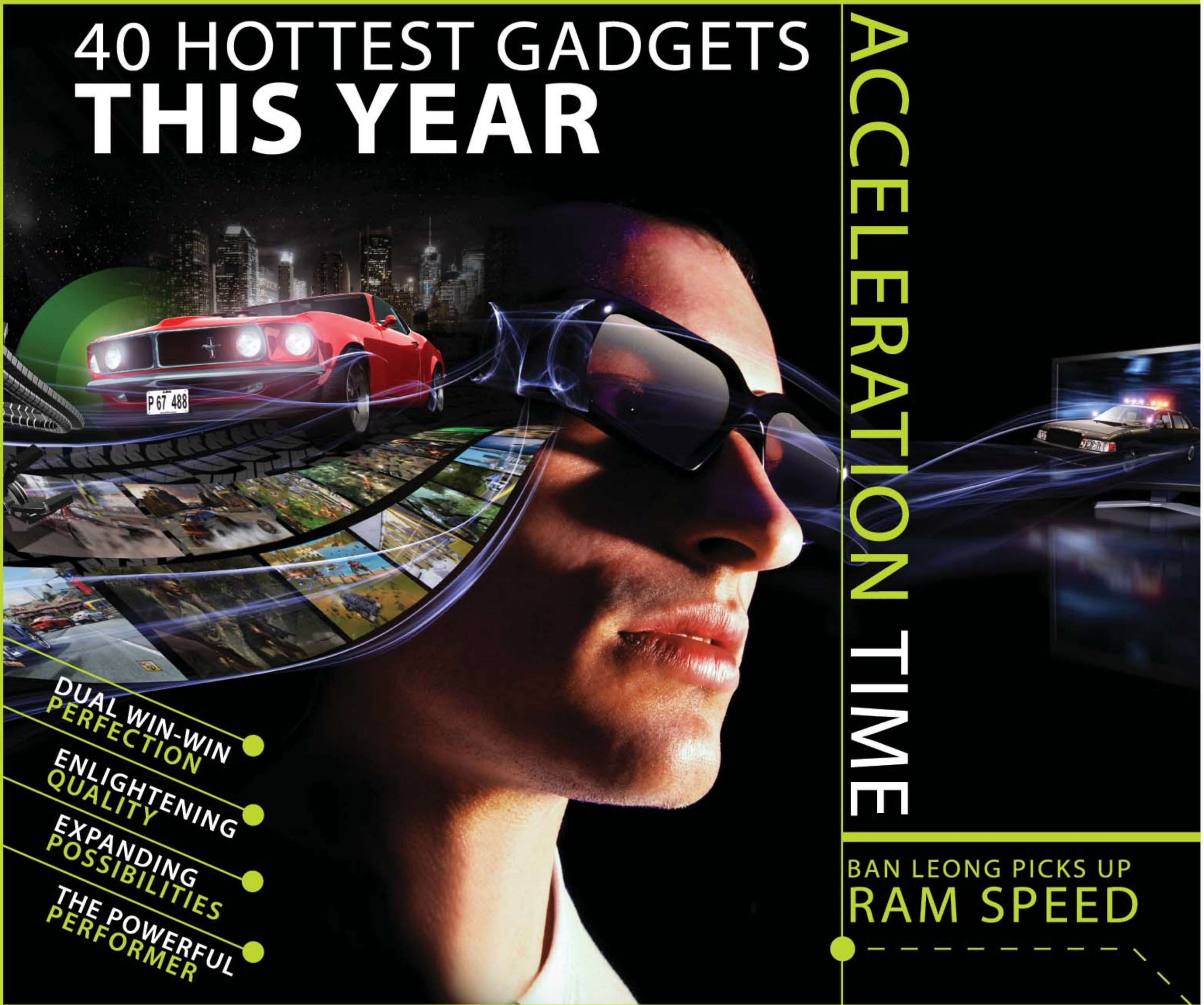
# TECH GAZETTE

LEADING THE FASHION OF TECH-SAVVY PRODUCTS IN ASIA



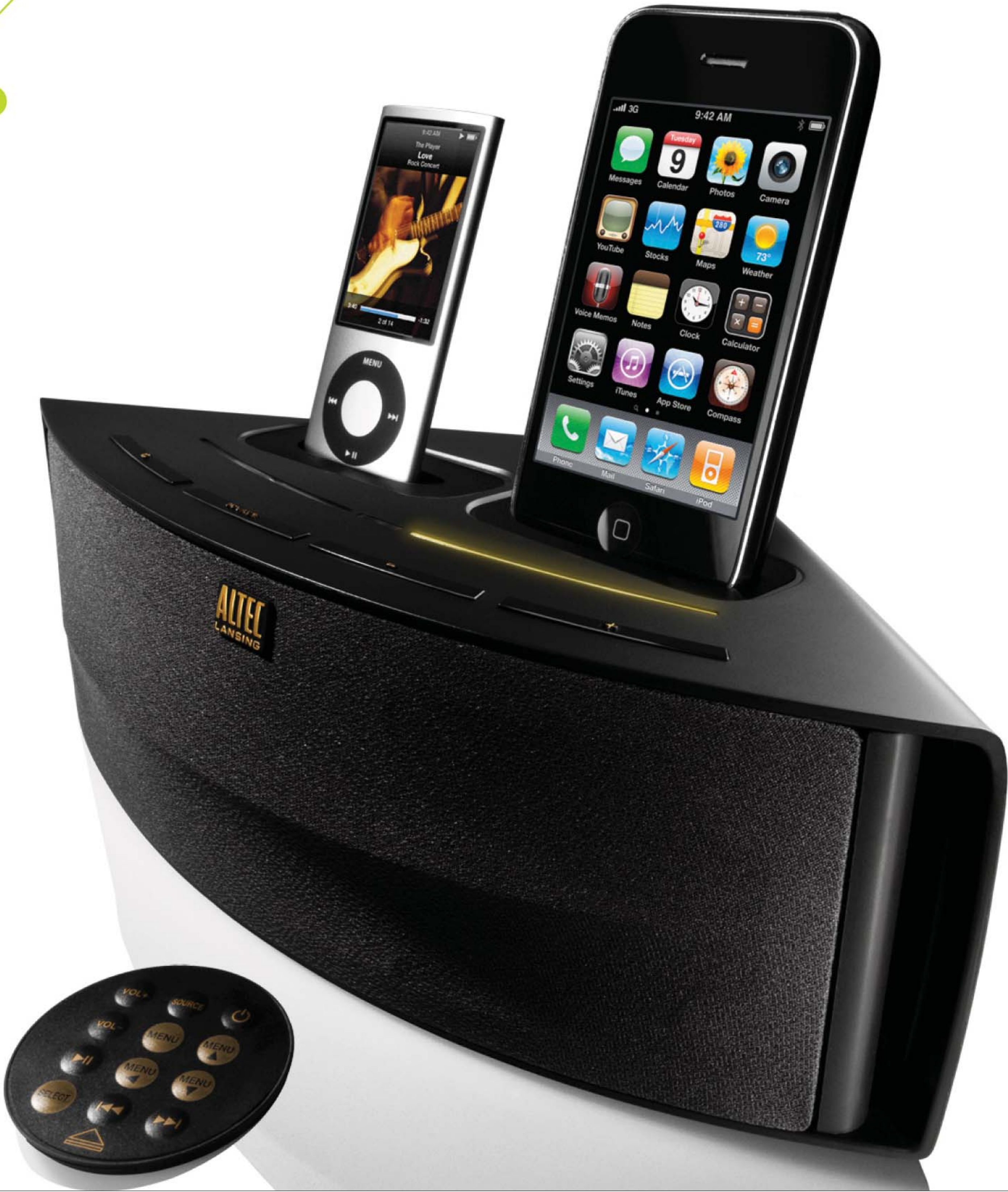


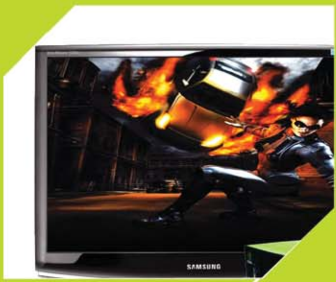

# BAN LEONG ANNUAL REPORT 2010

Ban Leong, is a brand name in the technology products retailing market for over 10 years. From a traditional IT product distributor, Ban Leong has been successfully transformed into a new generation master marketer of retailing who manages a customer base of more than 1000 retailers under the leadership of our Managing Director, Ronald Teng, who spearheaded the transformation over the pass 10 years.

# PICKING UP MOMENTUM

Ban Leong Technologies Limited remains poised and resilient in the face of the economic obstacles with its strong fundamentals in strategic planning and the right mix of innovative capabilities, farsightedness and opportune capitalisation of new ventures. The Group will consolidate its position and rise to the challenges to achieve long term growth and sustainability to improve shareholders' value and a stronger stance ahead.





# C O N T E N T S


CORPORATE DESKTOP 02
(CORPORATE INFORMATION)

A STAR UNLEASHED 03
(CORPORATE PROFILE)

VALUE AT A GLANCE 05
(FINANCIAL HIGHLIGHTS)

GATHERING VELOCITY 06
(CHAIRMAN'S STATEMENT &
OPERATIONS REVIEW)

INTEGRATED SYNERGY 09
(BOARD OF DIRECTORS)

SMART SOFTWARE 11
(KEY MANAGEMENT)

FASHION TECH-SAVVY 13
(PRODUCT LINES)

PICK OF THE CROP 14
(PRODUCT LINES)

GADGETEER'S MUST-HAVES 16
(PRODUCT LINES)

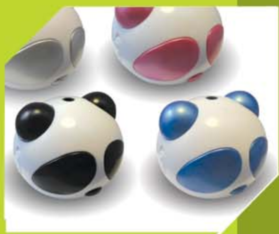
CORPORATE GOVERNANCE
REPORT 17

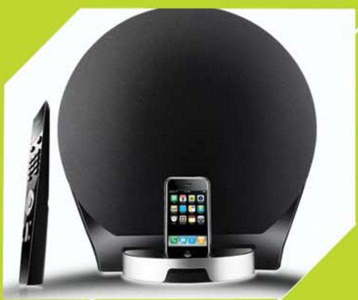
FINANCIAL CONTENTS 23

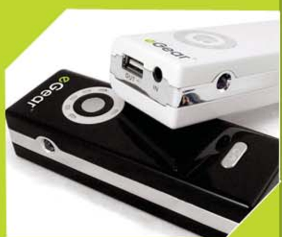
STATISTICS OF SHAREHOLDINGS 74

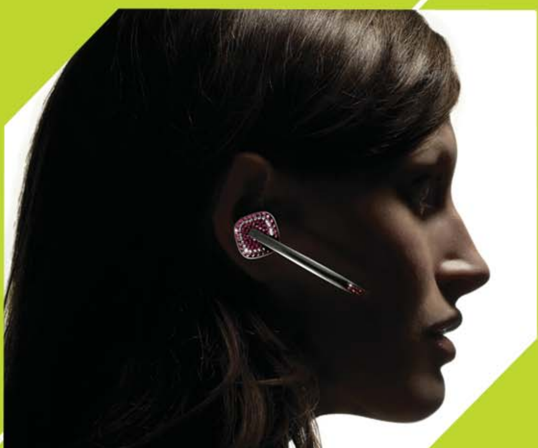
NOTICE OF ANNUAL
GENERAL MEETING 76

PROXY FORM







# CORPORATE DESKTOP

## TECH GAZETTE 2010

PUBLISHER
Ban Leong Technologies Limited

BOARD OF DIRECTORS
Ronald Teng Woo Boon *Managing Director*
Boyd Dainton *Executive Director*
Neo Gim Kiong *Non Executive Director : Re-designated on 29 July 2009*
Ch'ng Jit Koon *Non-Executive Director*
Loh Yih *Independent Director*
Tan Eng Bock *Independent Director*

COMPANY SECRETARY
Eliza Lim Bee Lin (ACIS)

REGISTERED OFFICE AND BUSINESS ADDRESS
150 Ubi Avenue 4 Level 4
Singapore 408825

REGISTRAR AND SHARE TRANSFER
M & C Services Private Limited
138 Robinson Road #17-00 The Corporate Office
Singapore 068906

AUDITORS AND REPORTING ACCOUNTANTS
Ernst & Young
Certified Public Accountants
One Raffles Quay North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE
Shekaran Krishnan
(appointed since financial year ended
31 December 2005)

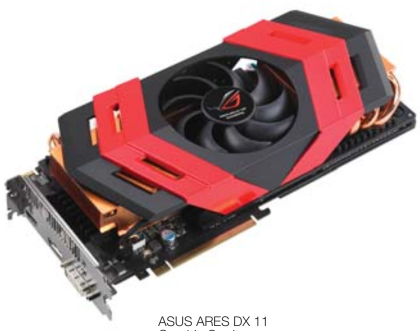
PRINCIPAL BANKERS
Australia and New Zealand
Banking Group Limited
1 Raffles Place, #42-00 One Raffles Place
Singapore 048616

Citibank N.A.
3 Temasek Avenue #10-01 Centennial Tower
Singapore 039190

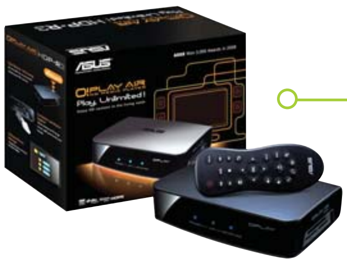
DBS Limited
6 Shenton Way
#40-00, DBS Building Tower One
Singapore 068809

Oversea-Chinese Banking Corporation Limited
65 Chulia Street OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

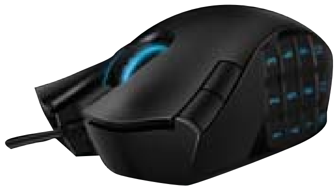


ASUS ARES DX 11
Graphic Card



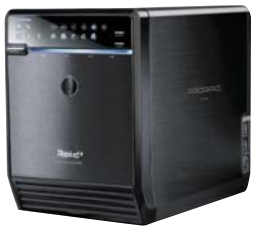
## MULTIMEDIA

This category primarily consists of audio and visual IT products such as speakers, LCD monitors, graphic cards, MP3 players and sound cards.



## IT ACCESSORIES

This category consists of PC-related accessories such as mice, keyboards and networking products such as switches, routers and wireless cards.



## DATA STORAGE

These include products that are used in the storage of data such as tape storage, HDD cases, Blu-ray and DVD-Roms.

**Ban Leong Technologies Limited**

- 100% **Digital Hub Pte Ltd**
- 100% **DigitalBlue Limited**
- 100% **BLC (China) Limited**
- 100% **Ban Leong Technologies Sdn Bhd**
- 100% **Ban Leong Technologies Australia Pty Ltd**
  - 100% **Audion Innovision Pty Ltd**
- 49% **Ban Leong Chin Inter Co., Ltd**
- 50% **AV Labs International Pte Ltd**
- 50% **eGear Inc Ltd**

Despite challenging market conditions, the Group will unleash more RAM power in our expertise and continuous research efforts to expand our resources to meet the growing demands of our products. We have seen improvements in the first quarter of this year and we are optimistic for the Group to elevate to new heights of achievements in the coming years.

RONALD TENG
Chairman and
Managing Director

## DEAR SHAREHOLDERS,

I am pleased to announce that we have returned to profitability despite the tough economic environment. Our efforts to cost-cutting measures, divesting non-performing investments and improving operational efficiencies allowed us to stay lean and focus on our core business activities, which contributed to our quick recovery and profitability. The team has done well and we have achieved a profit before tax of S$4.16million on a revenue of S$112.9million for FY2009/10.

Since our IPO in 2005, we have expanded relatively fast into the region, via acquisitions and setting up of new companies. The region's economy has been expanding and it is our intention, as a listed entity, to leverage on our expertise and brandname to grow regionally. However, our growth plans were put on hold when the economic crisis hit, where businesses all over the world were affected, and naturally, as a SME, we were not spared. Ban Leong Technologies Ltd, since 1993, has gone through recessions before, and each time, we have always remained profitable. The economic crisis in 2008 was the first time that we recorded our first loss, and as founder and Chairman of the Group, I am, of course, disappointed.

However, with the crisis, we believe we have become more resilient. I am very pleased to be able to gather a good team of management and staff, whom have made sacrifices, initiated and facilitated the various changes made over the past years, and together, stayed focus on the recovery plans by working on the fundamentals. The team was determined that we had to turnaround by this FY2010 and we are glad that we made it. At the same time, we are aware that the times ahead remained uncertain, and we will continue to strengthen our operations, especially in our inventory and receivables management, as well as cashflow management.

With a well-managed cashflow, we are able to reward the shareholders who supported us and continued to have faith in us. The Board will be recommending a dividend of 1 cent per share, a yield of more than 8% based on the share price prior to our results announcement.

## FY2010 FINANCIAL HIGHLIGHTS

The Group recorded a decline in revenue from S$158.9million in FY2008/9 to S$112.9million in FY2009/10, mainly due to a 15-month period in FY2008/9 as compared to a 12-month period in FY2009/10. The longer financial period last year was due to a change of financial year end from December to March. The reduction was also attributed to the lack of revenue contribution from Keen High MediaTech (KHMT), a subsidiary which was disposed off in May 2009. As a result of a lower turnover, our gross profits decreased from S$20.8millon in FY2008/9 to S$16.0million in FY2009/10.

Selling and distribution expenses decreased from S$11.6million in FY2008/9 to S$6.8million in FY2009/10. The higher expenses last year was a result of higher marketing expenses incurred as well as a higher allowance for doubtful trade receivables of S$0.8million made in FY2008/9. In comparison, allowance for doubtful trade receivables for FY2009/10 amounted to S$0.2million.

General administrative expenses decreased from S$9.6million to S$4.9million in FY2009/10. Other than the disposal of the China subsidiary and a 12-month financial year, the Group reported a foreign exchange gain of S$1.7million in FY2009/10 while a foreign exchange loss of S$1.6million was recorded in FY2008/9.

As the economic environment improved and stabilised, the Group recorded a net profit after taxation of S$3.3million in FY2009/10, from a net loss of S$0.7million in FY2008/9.

## SEGMENTAL ANALYSIS

Saved for IT accessories which recorded an increase in revenue, revenue decreased for all other business segments as compared to last year, a 15-month period. Multimedia segment representing the main revenue component constituted 65% of total revenue, as compared to 72% in FY2008/9.

The decreased in this segment was also attributed to the disposal of the China subsidiary selling only Multimedia products to Europe. Data Storage segment recorded a decrease of 31% from S$31.6million in FY2008/9 to S$21.7million in FY2009/10 as Australia and New Zealand do not contribute to this business segment.

Geographically, Singapore remained the primary market contributing 54% of the Group's total revenue, followed by Malaysia 14% and Australia 12%. The rest of the revenue came from Asia, New Zealand and Middle East countries.

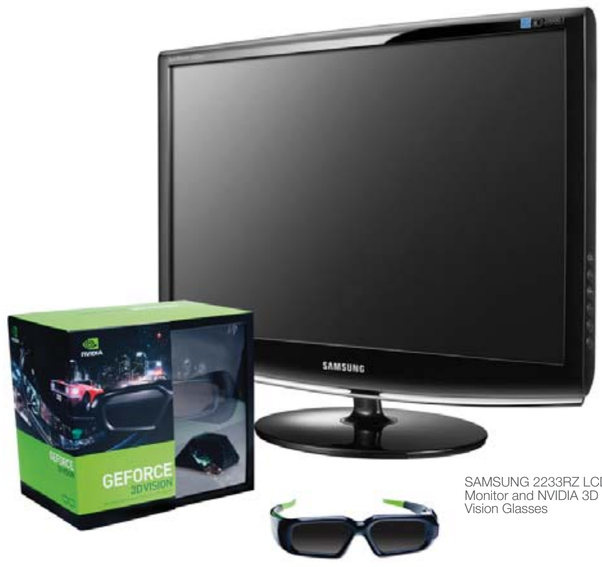
## DIVIDENDS

We would like to continue sharing the profits with our shareholders, which we have done so since our listing. After evaluating the current financial position of the Group, the Board is pleased to recommend a final dividend of 1 cent per share, subject to shareholders' approval at the upcoming Annual General Meeting.

## BUSINESS AND PROSPECTS AHEAD

The prospects seemed better as compared to the economic crisis days of 2008, but would continue to be uncertain.

Our vision is to become Asia's premium brandname leading the fashion in Tech-Savvy product and services, and our plans and




SAMSUNG 2233RZ LCD Monitor and NVIDIA 3D Vision Glasses

ability to move faster than our competitors, in the markets that we choose to compete in.

Identifying the right products at the right time will always be part of our plans, and having the right people to ensure that these products reach the consumers in the shortest possible time will allow us to remain competitive in these markets.

While we work with our principals closely, we will also be growing the product range of AVLabs and eGear, brands that we have control. The product portfolio has to be enhanced to give consumers a wider choice and better value. In the expansion of these brands, emphasis will also be placed on strengthening the operations in Australia and New Zealand. Though there are challenges, we believe we should be able to overcome them as these markets present us the next phase of growth opportunities.

The execution of our business plans and objectives will depend on the talent and dedication of our people, and we will need to continue to strive to attract, develop and retain our people with the right mix of incentives and remuneration packages.

## APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our Management team and Staff for their tireless efforts in working closely as a team during these challenging times. I would also like to thank our bankers, business associates, suppliers and customers and their staff for the support given to us. Last but not least, I would also like to thank our shareholders for your support and confidence in us and I look forward to your continued support.

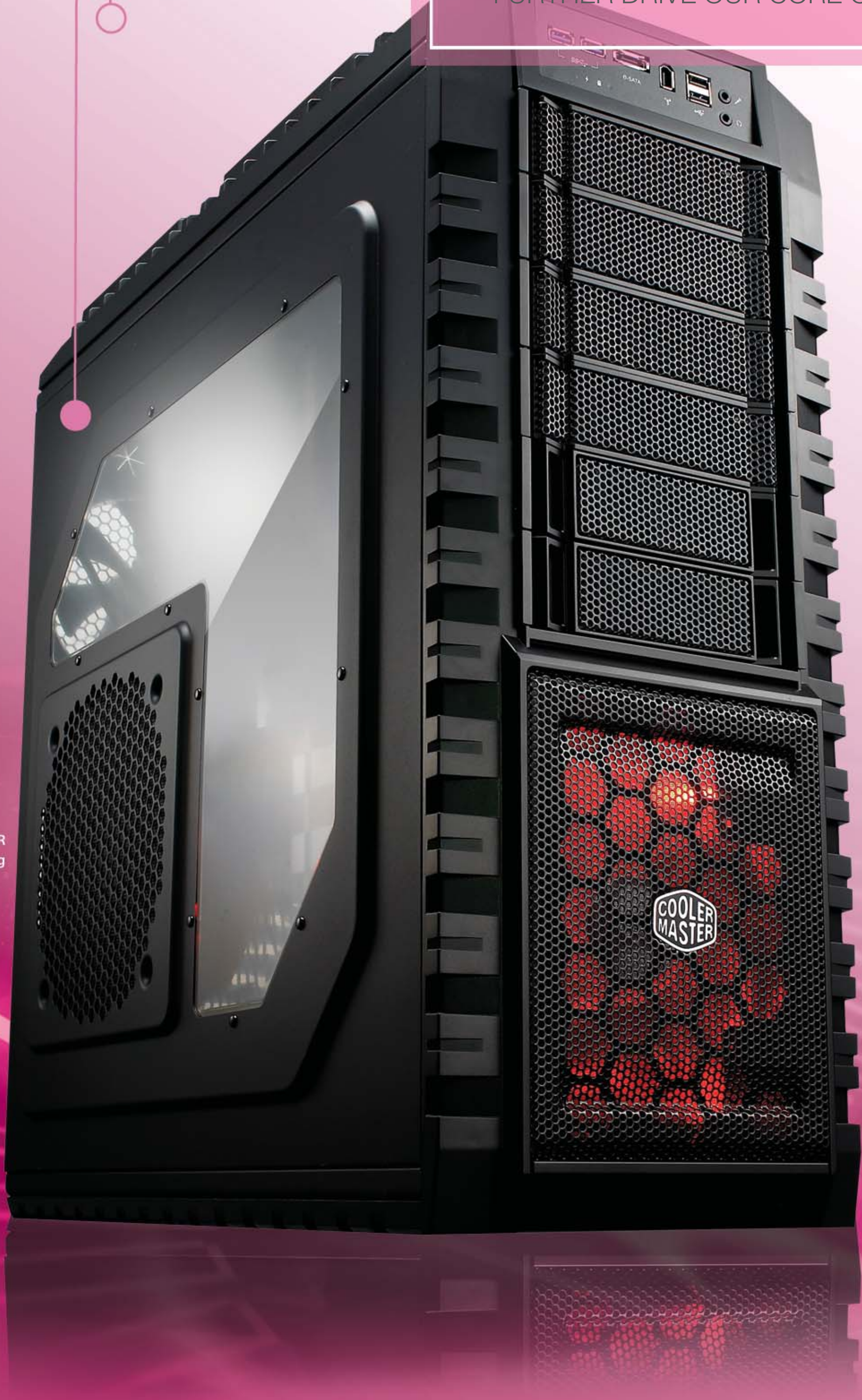
RONALD TENG
Chairman & Managing Director

## DATA STORAGE

TAPE STORAGE
HDD CASES
BLU-RAY
DVD-ROMS

# THINKING BIG

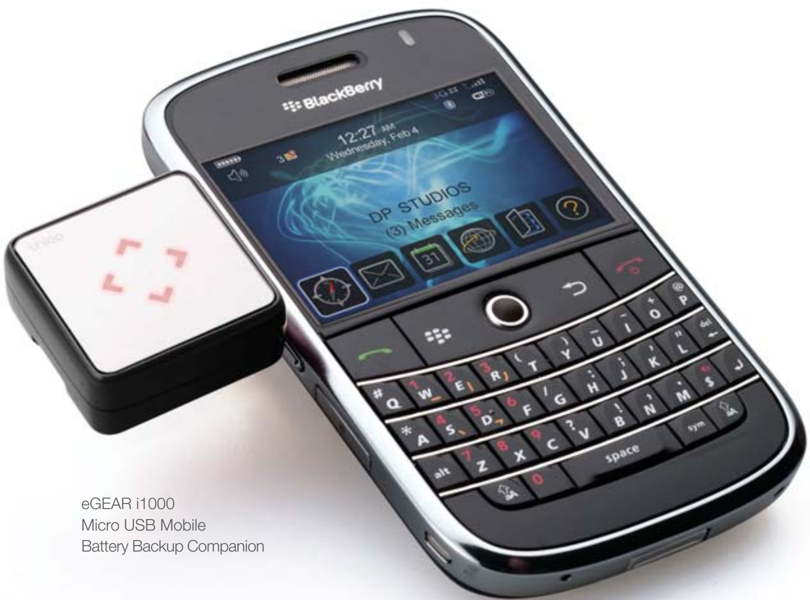
TO IMPROVE ON THE RIGHT MIX OF PRODUCT TRENDS AND OUT-OF-THE-BOX CUSTOMER RELATIONSHIP MANAGEMENT SKILLS TO FURTHER DRIVE OUR CORE COMPETENCIES.




COOLER MASTER
HAF-X Gaming Casing

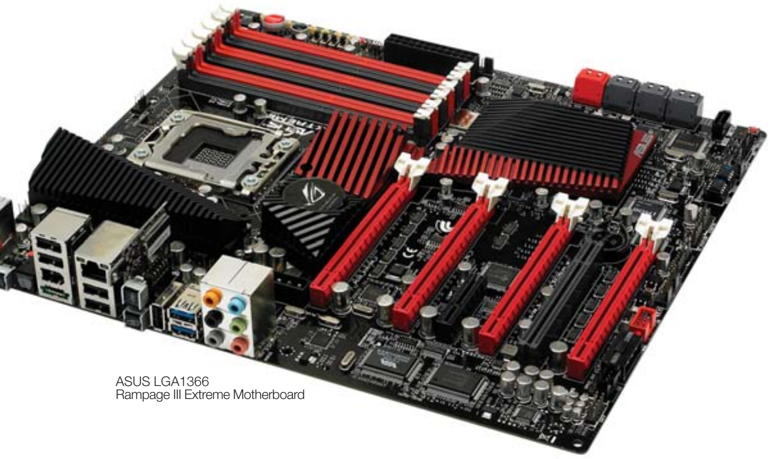
# BOARD OF DIRECTORS

1. Ronald Teng Woo Boon
2. Boyd Dainton
3. Neo Gim Kiong
4. Ch'ng Jit Koon
5. Loh Yih
6. Tan Eng Bock



eGEAR i1000
Micro USB Mobile
Battery Backup Companion

# INTEGRATED SYNERGY



ASUS LGA1366
Rampage III Extreme Motherboard

## Ronald Teng Woo Boon

Managing Director

Ronald Teng Woo Boon is our Managing Director and was appointed as a Director of our Company on June 18,1993. He is the founder of our Group and plays an important role in managing the overall business operations and profitability of our Group. His responsibilities include formulating and executing our Group's business strategies and policies as well as charting the growth of our Group. He also spearheads the sales and marketing function of our Group. In 2004, he received the Rotary ASMA Top Entrepreneur Of Year 2004 award presented by the Association of Small and Medium Enterprises (Singapore). He graduated from the National University of Singapore in 1993 with a Bachelor of Science Degree in Computer and Information Science.

## Boyd Dainton

Executive Director

Boyd Dainton was appointed as an Executive Director of our Company on 17 July 2007. He is overall in charge of the Group's product strategies, branding of AV Labs and operations in Australia and New Zealand. Mr Dainton was the founder and managing director of Audion Innovision Pty Ltd prior to joining the Group. He achieved a Graduate Diploma in Computer Science, Latrobe University 1986, and has more than 20 years of experience in the distribution business, together with 30 years experience in consumer electronics and Hi Fi industries, 1970-1980's.

## Neo Gim Kiong

Non-Executive Director

Mr Neo Gim Kiong was appointed the Executive Director in July 2004 and was re-designated to Non Executive Director in July 2009. He is currently the CEO of Jackspeed Corporation Limited, a SGX-ST listed company, where he was appointed in August 2009. He was with Jackspeed Corporation Limited from 2001-2004 and spearheaded Jackspeed Group's listing on SGX-ST in 2003. He is an independent director and Audit Committee Chairman of Sky China Petroleum Services Limited, which is listed on SGX-ST. He is also the founding director of Dollar Tree Inc. Pte Ltd, a financial advisory company in Singapore. He is also a board member of P.R. China Guangdong Province Overseas Exchange Association. From 1994-2001, he was with the banking sector overseeing a portfolio of corporate clientele. He holds a Bachelor of Science Degree in Mathematics (Honors) from the National University in Singapore.

## Ch'ng Jit Koon

Non-Executive Director

Ch'ng Jit Koon is a Non-Executive Director of our Company. He was appointed as a Director of our Company on 12 May 2005. He also sits on the board of other public-listed as well as private companies. Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996 and was holding the post of Senior Minister of State, Ministry of Community Development, when he retired in January 1997. An appointed Justice of the Peace, Mr Ch'ng currently serves in several community organisations.

## Loh Yih

Independent Director

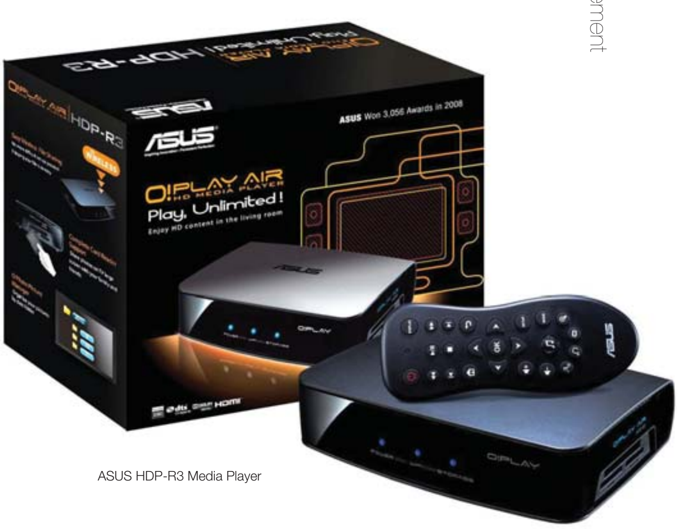
Loh Yih is an Independent Director of our Company. He was appointed as a Director of our Company on 12 May 2005. He has been the managing partner of MGF Capital Group since 19 July 2006. From January 2005 to July 2006, he was the managing director of Netplus Communications Pte Ltd, an internet service provider. Between 2001 and 2004, he was managing his personal private equity investment. From 1998 to 2000, he was managing an independent institutional marketing team in OSK Securities Berhad in Malaysia. Between 1995 to 1998, he headed the equities department of West Merchant Bank. Prior to that, he was a senior manager of the capital market department at Standard Chartered Merchant Bank where he managed equities trading and emerging market bonds investment. He graduated from Nanyang Technological University in 1988 with a Bachelor of Accountancy (Honours). He is also a chartered financial analyst.

## Tan Eng Bock

Independent Director

Tan Eng Bock has been a member of the Board since 12 May 2005. He also serves on the board of several private companies. Since 1970, Mr Tan has been instrumental in the growth of sports in Singapore. Some of his appointments in the sporting arena include committee member of Singapore National Olympic Council, chairman of Delta Sports Complex Advisory Committee and was deputy president of the Singapore Swimming Association. He was also the chairman of River Valley Constituency Sports Club. He was a member of the Technical Water Polo Committee of the World Swimming Body FINA as well as the vice chairman of the Asian Amateur Swimming Federation. From 1956 to 1991, Mr Tan's career saw him spent close to four decades in the Singapore Police Force where he held various appointments including Commander Detachments, Director Logistics, Director of Public Affairs and Director of Criminal Investigations Department (CID). He retired from the Singapore Police Force as an Assistant Police Commissioner. For his many contributions to the nation, Mr Tan was awarded The Public Service Star (BBM) in 1986.

# KEY MANAGEMENT



ASUS HDP-R3 Media Player

1

2 3

1. **Jenny Teo Su Ching**
2. **Tan You Hong**
3. **Philip Yeo Siong Chan**

## Jenny Teo Su Ching

Head of Operations

Jenny Teo Su Ching is Head of Operations of the Group. She has been primarily responsible for the administration, day-to-day operations of the accounts and human resource functions of our Group since 1993. Prior to that, she was a personal assistant to the managing director of Dan & Jon Interior Design Pte Ltd and an administration officer in Mode Circle Pte Ltd. She completed her LCCI Personal Secretary Course in 1989.

## Tan You Hong

Sales Director

Tan You Hong is the Sales Director of our Group, who also supervises our Group's sales and marketing operations in Singapore, Malaysia and Thailand. Prior to that, he was the country sales manager of Intranet (S) Pte Ltd where he was responsible for overseeing the company's operations. He graduated from the National University of Singapore in 1993 with a Bachelor of Science Degree in Computer and Information Science.

## Philip Yeo Siong Chan

General Manager, Digital Hub

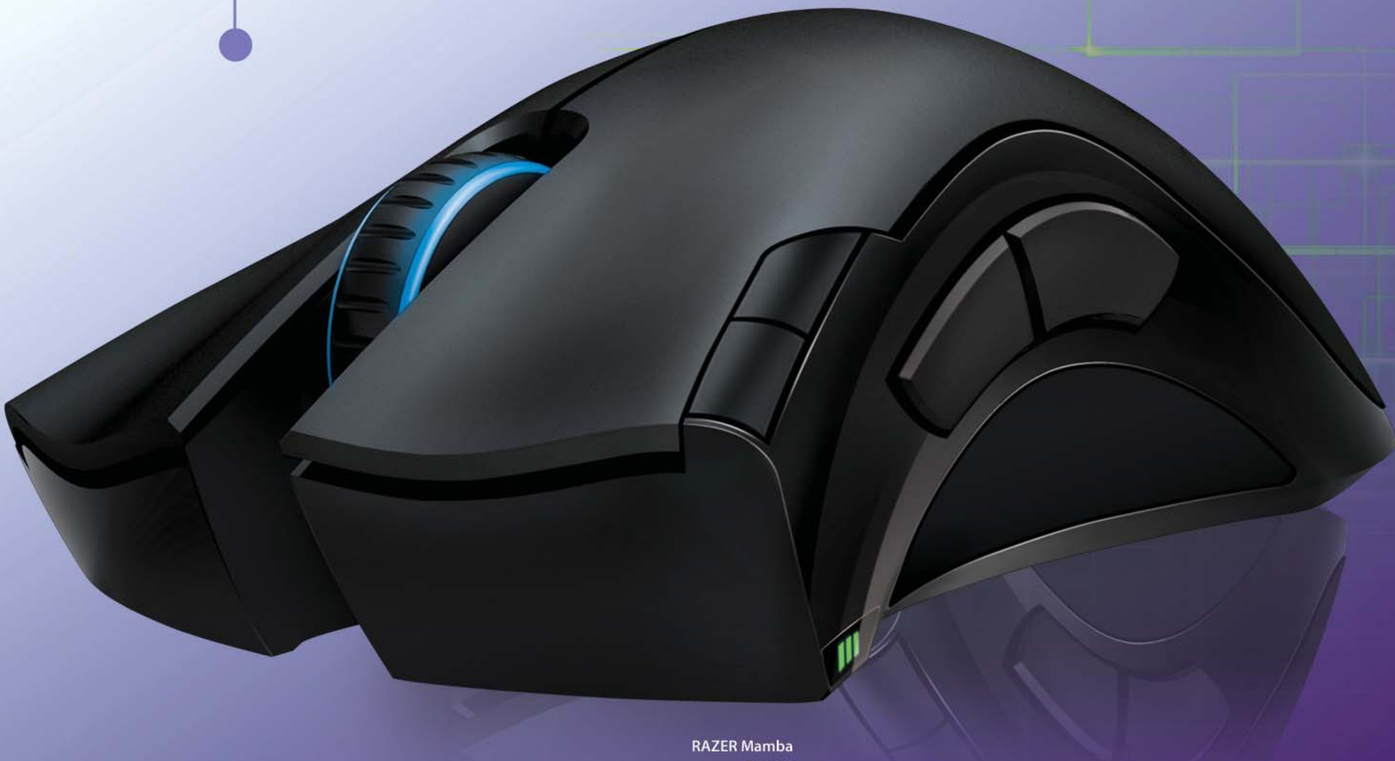
Philip Yeo Siong Chan is the General Manager of our subsidiary , Digital Hub. He joined our Group in 2003 to oversee the entire business operations of Digital Hub. His responsibility includes managing its local distribution sales and marketing function as well as formulating business strategies and expansion plans for the continuous growth of Digital Hub. Prior to that, he was regional sales and marketing manager of Samsung Asia Pte Ltd. He graduated with a Diploma in Sales and Marketing from the Marketing Institute of Singapore.

## IT ACCESSORIES

MICE
KEYBOARDS
NETWORK SWITCHES
WIRELESS ROUTERS
WIRELESS CARDS

# LOOKING BEYOND

TO CONSOLIDATE OUR RESOURCES AND ASSETS WITH STRATEGIC PRUDENCE AND SMART INVESTMENT MOVES TO MAXIMISE SHAREHOLDERS' VALUE IN THE LONG TERM.



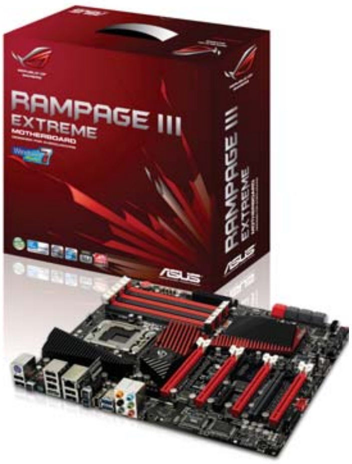
RAZER Mamba
Mouse

# FASHION TECH-SAVVY

product lines

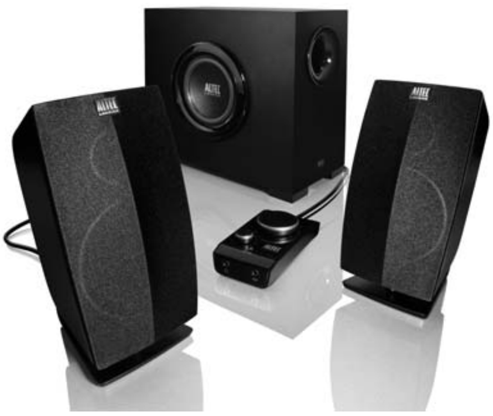
## ASUS LGA1366 Rampage III Extreme Motherboard

Designed for Intel LGA 1366 (Socket B) processors, the ROG Rampage III Extreme supports on-the-fly overclocking with ASUS ROG Connect. Just connect a laptop to the motherboard's USB socket or a compatible smartphone via Bluetooth, and you can tweak performance parameters on one screen and see the effect in a game or application on the desktop display all without rebooting.



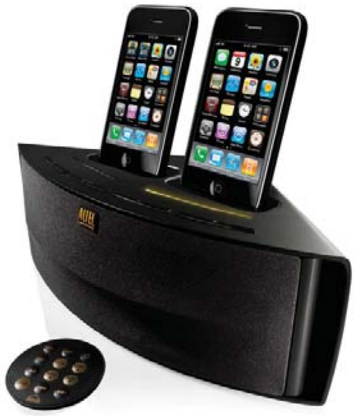

## ALTEC LANSING VS2721 Speaker

Altec Lansing, creator of the world's first computer speaker, presents this elegant powerful speaker system for the desktop. The VS2721 with powered subwoofer is designed to let you get the most from your music, games and movies.

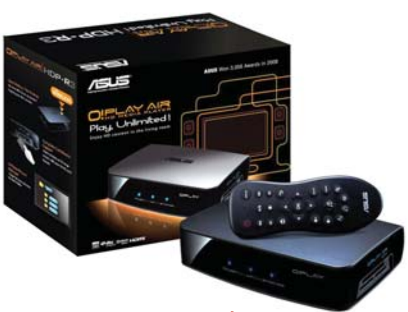


## ALTEC LANSING M202 Octiv Duo Docking Speaker

Discovering new music is part of the fun and the Octiv Duo gives you new possibilities. Dock, charge and play two players at once, while shuffling all their tunes with the free Music Mix applications.

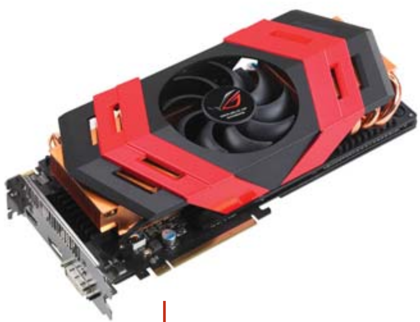


# LEADING TRENDS



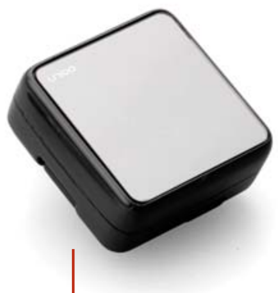

## ASUS HDP-R3 Media Player

The O!Play Air HDP-R3 supports an extensive array of audio and video (up to Full 1080p) file formats and the bundled remote control means that you don't need to get out of your seat to press the Play button. There's more to home entertainment than media streaming, of course, but the O!Play Air HDP-R3 also provides onboard USB 2.0 and eSATA for when you want to watch something that's stored on an external storage device.



## eGEAR i1000 Micro USB Mobile Battery Backup Companion

Your Emergency Micro and Mini USB Mobile Devices Battery Backup Companion provides up to 1000mAH of power and ideal for Blackberry users.



## ASUS ARES DX11 Graphic Card

ARES is one of those limited edition cards that could become collectibles thanks to their unique design and power overkill. It is a combination of two Radeon HD5870 cores, together fielding 3200 stream processors and 4GB of GDDR5 RAM. This is a serious chunk of memory, doubly useful since ARES is a DX11 card from the ground up. This means it not only works well with the new programming shortcuts and tricks DX11 delivers, such as tessellation and better ray tracing, it's also well-suited to parallel processing via DX11 routines such as DirectCompute.

# PICK OF THE CROP

## COOLER MASTER HAF-X Gaming Casing

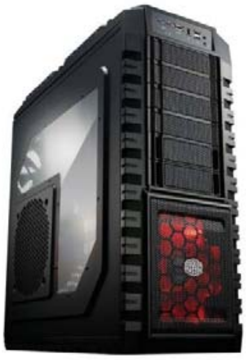
The much anticipated HAF-X debuts as the most powerful HAF (High Air Flow) chassis yet. Designed for performance systems, this chassis is able to house today's latest and hottest CPUs, motherboards, graphics cards and is even compatible with USB 3.0 devices. With specialised support and cooling for graphic cards, massive airflow with the help of up to four gigantic fans and easy access to installed components, this is as close as it gets to a system builder's 'dream case'.

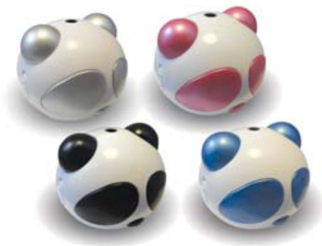
## eGEAR Gee Panda Mini Speakers

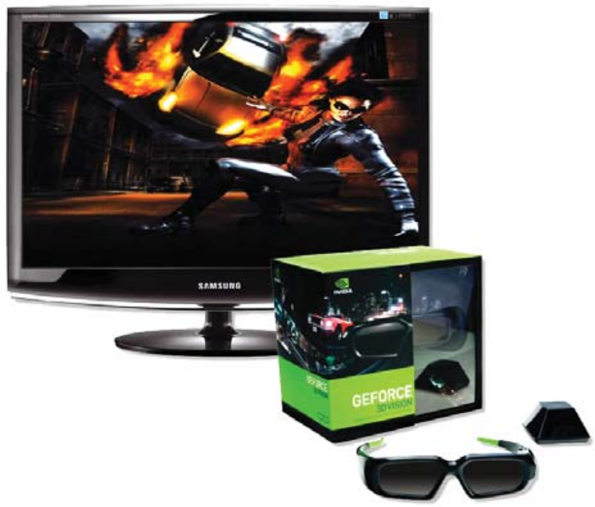
Delightfully small self-powered speakers that magnify the volume of digital audio devices/PCs. USB rechargeable Lithium ion battery inbuilt in the speaker that can allows up to 8hrs of usage.

## SAMSUNG 2233RZ LCD Monitor and NVIDIA 3D Vision Glasses

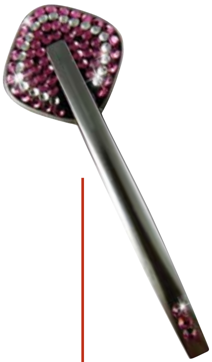
Experience ultra-realistic 3D with the SAMSUNG 2233RZ 22" 2D and 3D-ready LCD widescreen display. With a pair of NVIDIA 3D Vision glasses, a NVIDIA graphics card and Windows Vista, you can transform hundreds of PC games into full stereoscopic 3D. The SAMSUNG 2233RZ renders more realistic experience than conventional displays by using a 120 Hz signal, rather than the 60 Hz images that conventional 2D displays use, a lightning-fast 3 ms response time.

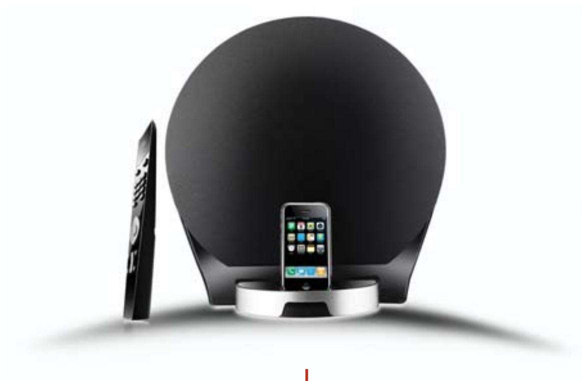







YOUR SAVVY-TECH



## PLANTRONICS D975 Hot Pink Bluetooth Headset

A lightweight bluetooth mobile phone headset featuring superior audio quality, using dual noise cancelling MIC and 3 layers of windshield technologies. This limited edition is embellished with authentic, top grade, pink rose-cut Swarovski crystals.

## eGEAR i1500 Power

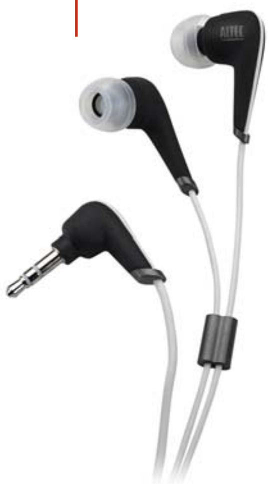
Your Svelte Emergency iPhone/ iPod Battery Backup Companion. Provides up to 1500mAH of power to iPhones /iPods.

## EDIFIER Luna5 Encore Docking Speaker

The Luna5 Encore is an elegant all-in-one audio system offering uncompromised audio quality. As an iPod, iPhone or MP3 docking station or when operated in FM radio mode the simplicity of use, design and audio quality of Luna5 Encore makes for an outstanding visual and audio experience

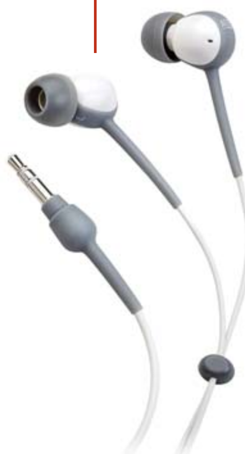
## ALTEC LANSING MZX106 Ear Piece

Vivid sound, excellent noise isolation.



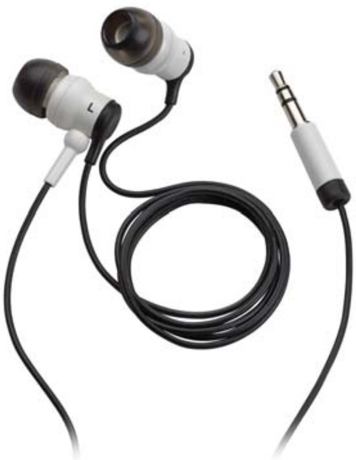
## ALTEC LANSING MZX116 Ear Piece

Pure sound, soft comfort fit.

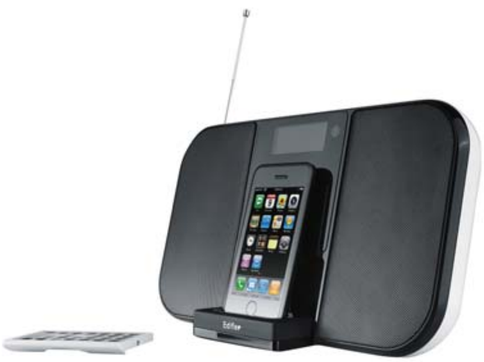


## ALTEC LANSING MZX126 Ear Piece

Active sport, sweat resistant.

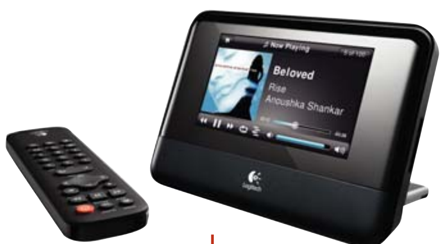


# GIZMO GALORE



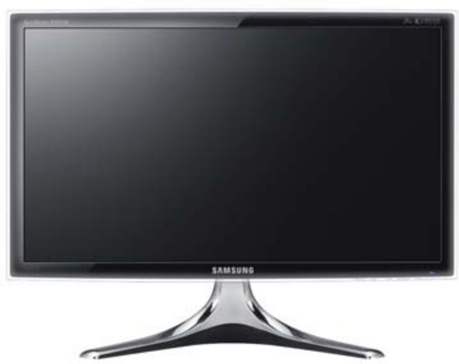
## EDIFIER On-The-Go Docking Speaker

Combining design, functionality and portability, the Edifier 'On The Go' - iF350 is the ideal musical companion for all occasions, whether at home, in the office or simply 'On The Go'




## LOGITECH Squeezebox Touch Wi-Fi Music Player

The colour touch-screen Wi-Fi music player that lets you discover a world of music. Listen to your personal digital music collection, new music from online music services and thousands of Internet radio stations - all through your stereo. A 10.9-cm (4.3-inch) colour touch screen makes it easy for anyone to use.




## SAMSUNG BX2450 LED Monitor

The incredible Full HD 1080p picture quality of Samsung Series 50 LED monitors is matched by their unique super-slim signature style and unrivalled HD connectivity. With 2 HDMI (High Definition Multimedia Interface) terminals, they are capable of transferring the highest quality images with seamless speed and perfect precision.

# GADGETEER'S MUST-HAVES

## PLANTRONICS Explorer 395 Bluetooth Headset

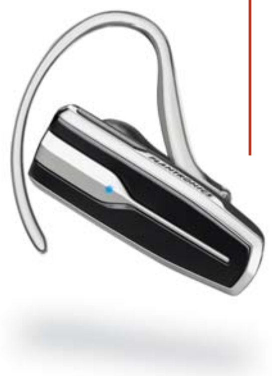
A lightweight, attractive styled, universal compatible Bluetooth headset that's extremely easy to use. An ergonomically designed swivel earloop and a contoured eartip. Technology-driven by digital signal processing (DSP) to reduce noise and wind, coupled with on/ off switch for prolonged battery life.

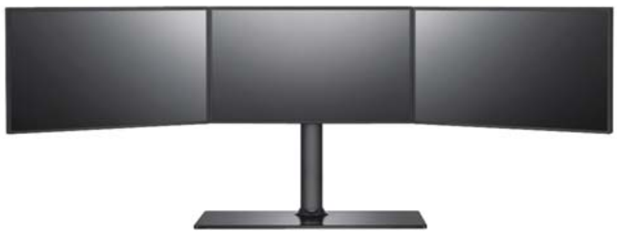
## SAMSUNG MD230 LCD Monitor

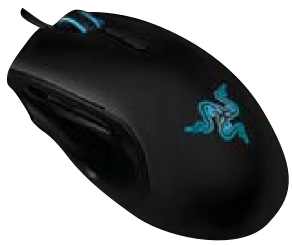
Multiple-screen display for gamers, control room, financial/ brokerage houses.

## RAZER Imperator Mouse

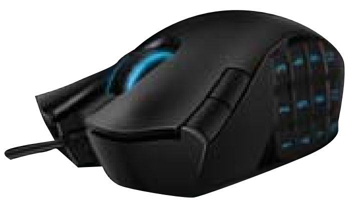
The Razer Imperator is not just a mere mouse, it is an extension of your hands. Its right-handed ergonomic form factor with a contoured thumb grip delivers comfort and a better fit for gaming, whether you use a palm or fingertip grip. Be empowered to take on foes and fatigue alike - for longer gaming sessions without strain.
When every aspect of your game matters, customise your game play with the unique adjustable side buttons, giving you optimal reach for easier access to mission critical keys and macros.

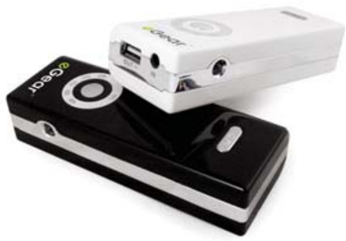


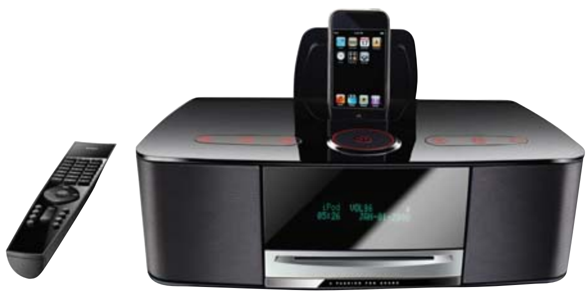




# EXTRA EDGE







## RAZER Naga Mouse

The Razer Naga is the ultimate Massively Multiplayer Online Gaming mouse that shifts the balance between keyboard and mouse by putting an unprecedented number of in-game commands in one place. A multi-button thumb grid and Razer's MMO game interface add-on combine to place every command you need in the palm of your hand. An ergonomic form shaped to maximise ease of use lets you game in comfort for hours on end.

## eGEAR i5400 Power

Slim Portable Battery Backup for Mobile Digital Products.
Provides up to 5400mAH of power with the interchangeable tips to a huge array of mobile devices.

## EDIFIER Esiena Docking Speaker

A complete home audio solution, the Esiena is a feature-rich product that provides for a multitude of audio applications with uncompromised audio quality.

# REPORT ON CORPORATE GOVERNANCE

Ban Leong Technologies Limited (the "Company") is committed to maintaining a high standard of corporate governance. Our Company understands that good corporate governance is an integral element of a sound corporation and enables us to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering to protect our shareholders' interests. This also helps our Company create long-term value and returns for our shareholders.

Our Company is pleased to report on our corporate governance processes and activities that were in place since the listing of Ban Leong Technologies Limited on 23 June 2005 and throughout the financial year as required by the Code of Corporate Governance ("the Code").

## 1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Besides carrying out its statutory responsibilities, our Board meets regularly to oversee the business affairs of the Group, approve financial objectives and the formulation of the Group's overall long-term strategic objectives and directions and adequacy of internal controls and risk management, both directly and through specialized committees set up by the Board.

Our Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of our Group's half-year and full year's results and interested person transactions of a material nature.

The Board is supported by three Board Committees comprising an Audit Committee (the "AC"), a Nominating Committee (the "NC") and a Remuneration Committee (the "RC") in the discharge of its oversight function. These committees are chaired by independent directors and they function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

## 2. BOARD COMPOSITION AND BALANCE

As at the date of this Report, our board of directors (the "Board") comprises the following members: -

| | |
|---|---|
| Ronald Teng Woo Boon | Managing Director |
| Boyd Dainton | Executive Director |
| Neo Gim Kiong | Non-Executive Director (re-designated on 29 July 2009) |
| Ch'ng Jit Koon | Non-Executive Director |
| Loh Yih | Independent Director |
| Tan Eng Bock | Independent Director |

The profiles of our directors are set out on page 9 of this Annual Report.

The Board, through its NC, examines, on an on-going basis, the size and composition of the Board in order to evaluate the Board's effectiveness in carrying out its duties. The NC is of the view that the current board size is appropriate and effective in carrying out its duties, taking into account the nature and scope of the Group's operations. The current Board comprises persons, who as a group, provides core competence necessary to meet the Group's objectives.

The NC is satisfied that the independent Directors have an independent element that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from Management.

Our Board meets regularly on a half-yearly basis. However, adhoc non-scheduled board meetings are convened as warranted by particular circumstances. Telephonic attendance and conference via audio communication at board meetings are allowed under the Company's Articles of Association. The number of meetings of our directors and the Audit Committee held during the financial year ended 31 March 2010 ("FY2009/10") were as follows:-

| | Board Committees | | | |
|---|---|---|---|---|
| | Board | Audit | Nominating | Remuneration |
| Number of meetings held | 2 | 2 | 1 | 1 |
| | Number of meetings attended | | | |
| Ronald Teng Woo Boon | 2 | NA | 1 | NA |
| Boyd Dainton | 2 | NA | NA | NA |
| Neo Gim Kiong | 2 | NA | NA | NA |
| Ch'ng Jit Koon | 2 | 2 | 1 | 1 |
| Loh Yih | 2 | 2 | NA | 1 |
| Tan Eng Bock | 2 | 2 | 1 | 1 |

The Company has and will organise orientation programmes for new directors to familiarise the new directors with the Group's operations and business issues and the relevant regulations and governance requirements.

# REPORT ON CORPORATE GOVERNANCE

## 2. BOARD COMPOSITION AND BALANCE (CONT'D)

The Company Secretary will attend all Board and Board Committee meetings. She is responsible for ensuring that procedures are followed and that the Company has complied with the requirements of the Companies Act and the SGX Listing Manual. The directors have independent access to the Company Secretary at all times.

Management provides the Board members with regular updates to keep them abreast with the Group's business development and performance. In addition, the Board members have separate and independent access to the executive officers, thus enabling them to make enquiries or seek clarifications on the Group's affairs.

The Board (whether individually or as a group) has, in the furtherance of its duties, access to independent professional advice if necessary, at the Company's expense.

## 3. ROLE OF CHAIRMAN AND MANAGING DIRECTOR

Mr. Ronald Teng Woo Boon currently holds the dual positions of Managing Director and Chairman of the Company. His responsibilities pertaining to the workings of our Board and his executive responsibilities pertaining to the Group's business are kept distinct, increasing the accountability and greater capacity of the Board for independent decision making. Our Board believes that Mr. Teng is the most appropriate person to undertake the positions, given his vast experience, expertise and familiarity with both our organization and the industry, and that such an arrangement is in the best interests of our Group and to ensure that the decision-making process of the Com pany would not be unnecessarily hindered. All major decisions made by Mr. Teng are reviewed by the Board. Mr. Teng keeps in regular communication with the Board to update them of corporate issues and developments.

The Board is of the view that there is also a balance of power and authority with the various committees chaired by the independent directors.

## 4. BOARD MEMBERSHIP

We believe the Board renewal should be an on-going process in order to ensure good corporate governance. Our Articles of Association require one-third of the directors to retire from office by rotation at each Annual General Meeting ("AGM").

## 5. BOARD PERFORMANCE

Our Board's performance is linked to the overall performance of our Group. Our Board should ensure compliance with the applicable laws and members of our Board are required to act in good faith, with due diligence and care in the best interests of our Company and our shareholders.

As at the date of this Report, the NC comprises the following members: -

| | |
|---|---|
| Tan Eng Bock | Chairman and Independent Director |
| Ch'ng Jit Koon | Non-Executive Director |
| Ronald Teng Woo Boon | Managing Director |

The NC uses its best efforts to ensure that the directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions.

The NC recommends, and the Board approves, a formal process for the selection of new Directors to increase transparency of the nominating process in identifying and evaluating nominees for Directors.

The NC will review and evaluate the performance of the Board as a whole, taking into considerations, attendance records at respective Board and committee meetings as well as the contribution of each individual director to the Board's effectiveness. In evaluating the Board Performance, the NC implements a self-assessment process that requires each director to submit the assessment of the performance of the Board as a whole during the year under review. This self-assessment process takes into account, inter alia, the board composition, maintenance of independence, board information, board process, board accountability, communication with top management and standard of conduct. The board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole.

The NC took into account the results of the assessment of the Board, the respective Director's actual conduct on the Board, in making the determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Directors.

The NC also determines on an annual basis whether or not a Director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent.

For FY2009/10, the NC is of the view that:-

the Board's current size and composition is appropriate, taking into account the nature and scope of the Group's operations and the diversity of the Board members' experience and attributes; and no individual or small group of individuals dominates the Board's decision-making process.

## 5. BOARD PERFORMANCE (CONT'D)

The NC is also charged with the responsibility of re-nomination of Directors, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour). The NC has recommended to the Board that, Mr. Neo Gim Kiong, Mr. Tan Eng Bock and Mr. Ch'ng Jit Koon, be re-elected as directors at the forthcoming Annual General Meeting.

## 6. ACCESS TO INFORMATION

All Directors are provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate unrestricted access to senior management and the Company Secretary in carrying out their duties.

Under the direction of the Managing Director, the Company Secretary ensures good information flows within the Board and its committees and between Management, Non-Executive Directors and Independent Directors. An agenda for Board meetings together with the relevant papers are prepared in consultation with the Managing Director and usually circulated before the holding of each Board and committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board. The Company Secretary also assists to facilitate orientation and professional development as and when required.

To keep pace with regulatory changes that have an important bearing and effect on our Company and directors, the board members will be required to attend briefing sessions conducted during Board meetings or at specially convened sessions conducted by professionals.

The board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the Company's expense.

## 7. REMUNERATION MATTERS

As at the date of this Report, the RC comprises the following members: -

| | |
|---|---|
| Loh Yih | Chairman and Independent Director |
| Tan Eng Bock | Independent Director |
| Ch'ng Jit Koon | Non-Executive Director |

Of the three members, two are Independent Directors who are independent of Management and free from any business or other relationships that may materially interfere with the exercise of their independent judgment. The RC is chaired by an Independent Director and has at least one member who is knowledgeable in the field of executive compensation. In addition, the RC has access to expert advice on remuneration matters and will obtain such advice, if required.

Our Board has approved the terms of reference of the RC. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits in kind). It also determines specific remuneration packages for each Executive Director and our Managing Director for endorsement by the entire Board. No director is involved in deciding his own remuneration. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowance, bonuses and benefits in kind. In the event that a member of our Remuneration Committee ("RC") is related to the employee under review, he will abstain from the review.

## 8. LEVEL AND MIX OF REMUNERATION

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arises.

Our Managing Director has entered into service agreement with the Company, subject to renewal every three (3) years. The review of the service contract for the Manging Director comes under the purview of the RC to ensure that fair and reasonable terms of service is tie in to performance. The Managing Director is currently paid a fixed salary, guaranteed bonus plus an annual incentive bonus calculated based on the consolidated net profit before tax and extraordinary items.

### Remuneration Policy Of Executive Directors And Other Key Executives

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, the Company's and the individual executive's performance.

The total remuneration mix comprises of three key components, that is, annual fixed cash, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual fixed salary plus any other fixed allowances. The annual performance incentive is tied to the Company's and the individual executive's performance. The long-term incentive is in the form of award of fully-paid shares under the Ban Leong Performance Share Plan. To remain competitive and relevant, the Company aims to benchmark its annual fixed salary at market median with variables being strictly performance driven.

Executive Directors do not receive directors' fees.

The Non-Executive Directors are paid directors' fees. They do not receive an attendance fee for attending meetings. The amount of directors' fees payable to Non-Executive Directors is subject to shareholders' approval at the Company's Annual General Meetings.

# REPORT ON CORPORATE GOVERNANCE

## 9. DISCLOSURE ON REMUNERATION

For the financial year ended 31 March 2010, the remuneration of directors and key executives are set out below :-

| Remuneration band<br>Name of directors | Salary<br>(%) | Performance Bonus<br>(%) | Directors' Fees<br>(%) | Other Benefits<br>(%) | Total<br>(%) |
|---|---|---|---|---|---|
| **Above S$250,000 to S$500,000** | | | | | |
| Ronald Teng Woo Boon | 59 | 41 | - | - | 100 |
| **Below S$250,000** | | | | | |
| Boyd Dainton | 100 | - | - | - | 100 |
| Neo Gim Kiong | 49 | - | 51 | - | 100 |
| Ch'ng Jit Koon | - | - | 100 | - | 100 |
| Loh Yih | - | - | 100 | - | 100 |
| Tan Eng Bock | - | - | 100 | - | 100 |
| **Executive Officers** | | | | | |
| Tan You Hong | 65 | 31 | - | 4 | 100 |
| Philip Yeo Siong Chan | 46 | 49 | - | 5 | 100 |
| Jenny Teo Su Ching [(1)] | 78 | 22 | - | - | 100 |
| Christine Anne Mcgregor [(2)] | 100 | - | - | - | 100 |
| Khoo Soo Fang | 70 | 30 | - | - | 100 |

(1) Jenny Teo Su Ching is spouse of Managing Director, Ronald Teng Woo Boon
(2) Christine Anne Mcgregor is spouse of Executive Director, Boyd Dainton

Save for Mr. Ronald Teng Woo Boon, none of the directors' remuneration exceeds S$250,000 during the year.

There were no employees of our Company or its subsidiaries who were immediate family members of any director or the CEO whose remuneration, exceeded S$150,000 during FY2009/10. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister or parent.

The remuneration paid to employees who are immediate family members of our Directors will be disclosed in our annual report in the event that such remuneration exceeds S$150,000 for that financial year.

### Details Of Ban Leong Performance Share Plan

The Ban Leong Performance Share Plan ("PSP") which was approved by shareholders of the Company at the Extraordinary General Meeting of the Company held on 23 July 2009 was designed to reward persons who are in the employment of the Group and also the Non-Executive Directors (including Independent Directors) who are not employed by the Group but who nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group ("Participant").

The PSP is designed to reward its Participant by the issue and/or transfer of fully-paid shares free of consideration, according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

The aggregate number of new Shares over which the Awards Committee may grant Awards on any date, when added to the number of new Shares issued and issuable in respect of all Shares granted under this Plan and any other existing share schemes implemented or to be implemented by the Company shall not exceed 15% of the issued share capital of the Company on the day preceding that date (the "Plan Limit").

With regard to Controlling Shareholders and their Associates, the aggregate number of new Shares which may be granted to all Controlling Shareholders and their Associates will not exceed 25% of all the new Shares available under the Share Plan, and that the number of new Shares issued and issuable to each of the Controlling Shareholders and their Associates shall not exceed 10% of all the new Shares available under the Share Plan.

The PSP is to be administered by the Awards Committee which shall be the Remuneration Committee, whose members are given in page 19 of this Report.

Since the approval of the PSP, no Award has been granted under the Share Plan.

## 10. ACCOUNTABILITY AND AUDIT

### 1. Accountability

In presenting the half-year and full-year financial statements to shareholders, our Board aims to provide shareholders with a detailed and balanced analysis and explanation of our Group's financial position and prospects.

## 10. ACCOUNTABILITY AND AUDIT (cont'd)

Our Management currently provides our Board with a continual flow of relevant information on a timely basis in order to assist our Board in understanding the financial status and performance of our Group, in order for our Board to effectively discharge its duties.

### 2. Internal Audit

Our Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. Our Company has not established such an internal audit function. Internal controls that are in place are adequate, after considering the Group's type and volume of operations, in safeguarding shareholders' investments and our Group's business. The AC is satisfied that there are adequate internal controls within the Group. Our Audit Committee has recommended that the Company outsource the audit functions to a public accounting firm as and when the need arises.

### 3. Audit Committee

As at the date of this Report, the AC comprises the following members: -

| | |
|---|---|
| Loh Yih | Chairman and Independent Director |
| Tan Eng Bock | Independent Director |
| Ch'ng Jit Koon | Non-Executive Director |

Mr. Loh Yih, Mr. Tan Eng Bock and our Non-Executive Director, Mr. Ch'ng Jit Koon, do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders. Save for Mr. Ch'ng Jit Koon who is the father-in-law of our Non-Executive Director, Mr. Neo Gim Kiong, none of the AC members are related to our other Directors or Substantial Shareholders.

The members of the AC bring with them invaluable managerial, accounting and financial management expertise to discharge the AC's functions.

The AC has oversight of the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The AC has explicit authority to investigate any matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC had reviewed transactions falling within the scope of the Audit Committee terms of reference in respect of Interested Person Transaction and the Listing Manual of the SGX-ST.

The AC had reviewed with the external auditor and the Management the half-yearly and annual financial statements before submission to the Board for its approval.

The external auditors have unrestricted access to the AC. The AC had met with the external auditors, without the presence of Management, and reviewed the overall scope of the external audit and the assistance given by Management to the auditors.

The AC had reviewed and discussed with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response.

In addition, the AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewed the volume of non-audit services provided by the external auditors to the Company. It is satisfied that the nature and extent of such services performed by the external auditors will not prejudice the independence and objectivity of the external auditors.

The AC has recommended to the Board of directors that the auditors, Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

### Whistle Blowing Policy

The AC has recommended a policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters. It had recommended that formal mechanism be put in place for independent investigations of such matters and for appropriate follow up actions.

The AC may undertake such further functions as may be agreed to by the Committee and our Board from time to time.

## 11. INTERNAL CONTROLS

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of our assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments. Budgeting systems are in place to develop annual budgets covering key aspects of the business. Actual performance is compared against budgets and revised forecasts for the year are prepared on a regular basis.

The Board believes that the system of internal controls and risk management maintained by our Group is adequate to safeguard shareholders' investments and our Group's assets.

## 12. COMMUNICATIONS WITH SHAREHOLDERS AND SHAREHOLDER PARTICIPATION AT AGMS

Our Company recognises that effective communication can highlight transparency and enhance accountability to our shareholders. Our Company regularly conveys pertinent information, gather views or input, and address shareholders' concerns. In this regard, our Company provides timely information to its shareholders via SGXNET announcements and news releases, and ensures that price-sensitive information is publicly released and announced within the mandatory period.

Our Company does not practise selective disclosure. All shareholders of our Company will receive the Report and the notice of the AGM, which notice will also be advertised in a local newspaper and made available on SGXNET. Our Company encourages shareholders' participation at AGMs and all shareholders will be given the opportunity to voice their views and to direct queries regarding our Group to directors, including the chairperson of each of our Board Committees. Our Company will ensure that there are separate resolutions at general meetings on each distinct issue.

Our Board supports the Code's principle to encourage shareholder participation. Our Company's Articles of Association allow a member of our Company to appoint one or two proxies to attend and vote at general meetings. Our external auditors are also present to assist our Directors in addressing any relevant queries from our shareholders.

## 13. DEALING IN SECURITIES

Our Group has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST Best Practices Guide that is applicable to all its officers. All directors and officers of the Group who have access to "price-sensitive" information are required to observe this code. Under the code of conduct, the directors and these officers of our Group are prohibited from dealing in our Company's shares during the periods commencing on 1st April for the full year financial results, and 1st October for the half year results, ending on the date of announcement of the relevant results, or if they are in possession of unpublished material price-sensitive information of our Group. In addition, directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions.

The Board is satisfied with the Group's commitment in compliance with the Code, and on the adequacy of internal controls within the Group.

## 14. RISK MANAGEMENT

Our Company does not have a Risk Management Committee. However, our Management regularly reviews our Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Our Management reviews all significant control policies and procedures and highlights all significant matters to our directors and AC.

## 15. INTERESTED PERSON TRANSACTIONS

As a listed company on the SGX-ST, our Company has taken the following steps to ensure compliance with the requirements of Chapter 9 of the SGX-ST Listing Manual on interested person transactions, including ensuring that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis.

On a half-yearly basis, the AC reviewed the interested person transactions ("IPTs") reported by management. The IPTs are consistently reviewed by management. All findings were reported during the AC meetings.

The AC ensures that IPTs are carried out at arm's length, and ensures that the relevant rules under Chapter 9 are complied with. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of our Board.

For the financial year under review, the Group entered into interested person transactions with Sheffield Trading Pty Ltd.

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$ 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 S$ 100,000) |
|---|---|---|
| Sheffield Trading Pty Ltd | 135,211 | - |

## 16. STATEMENT OF COMPLIANCE

Our Board confirms that for FY2009/10, our Company has complied with the principal corporate governance recommendations as set out in the Best Practices Guide issued by the SGX-ST.

## DIRECTORS

| | |
|---|---|
| **Teng Woo Boon** | (Managing Director) |
| **Boyd Dainton** | (Executive Director) |
| **Neo Gim Kiong** | (Non Executive Director: re-designated on 29 July 2009) |
| **Ch'ng Jit Koon** | (Non Executive Director) |
| **Loh Yih** | (Independent Director) |
| **Tan Eng Bock** | (Independent Director) |

## COMPANY SECRETARY

**Eliza Lim Bee Lian**

## REGISTERED OFFICE

**150 Ubi Avenue 4**
**Level 4**
**Singapore 408825**
**Tel: (65) 6512 9221**
**Fax: (65) 6741 9295**
**Website: www.banleong.com**

## SHARE REGISTRAR

**M & C Services Private Limited**
**138 Robinson Road #17-00**
**The Corporate Office**
**Singapore 068906**

## AUDITORS

**Ernst & Young LLP**
**One Raffles Quay North Tower, Level 18**
**Singapore 048583**
**Partner in charge: Shekaran Krishnan**
**(since financial year ended 31 December 2005)**

## BANKERS

**Australia and New Zealand Banking Group Limited**
**Citibank N.A**
**DBS Limited**
**Oversea-Chinese Banking Corporation Limited**
**United Overseas Bank Limited**


| | |
|---|---|
| Directors' report | 24 |
| Statement by directors | 26 |
| Independent auditors' report | 27 |
| Consolidated statement of comprehensive income | 28 |
| Balance sheets | 30 |
| Statements of changes in equity | 31 |
| Consolidated cash flow statement | 32 |
| Notes to the financial statements | 33 |

# DIRECTORS' REPORT



The directors are pleased to present their report to the members together with the audited consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2010.

## Directors

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

| | |
|---|---|
| Teng Woo Boon | (Managing Director) |
| Boyd Dainton | (Executive Director) |
| Neo Gim Kiong | (Non-Executive Director: re-designated on 29 July 2009) |
| Ch'ng Jit Koon | (Non-Executive Director) |
| Loh Yih | (Independent Director) |
| Tan Eng Bock | (Independent Director) |

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| **Ban Leong Technologies Limited** | | | | |
| Ordinary shares | | | | |
| Teng Woo Boon | 40,000,000 | 40,000,000 | 2,678,000 | 2,678,000 [(1)] |
| Neo Gim Kiong | – | 694,000 | 3,700,000 | 3,700,000 [(2)] |
| Loh Yih | 500,000 | 500,000 | – | – |
| Boyd Dainton | – | – | 18,790,818 | 19,690,818 [(3)(4)] |

(1) Relates to shares held by Ms Teo Su Ching, spouse of Mr Teng Woo Boon.
(2) By virtue of section 7 of the Companies Act, Mr Neo Gim Kiong is deemed to be interested in the shares held by Dollar Tree Inc Pte. Ltd. in the Company.
(3) Includes 2,509,000 shares held by Ms Christine Anne McGregor, spouse of Mr Boyd Dainton.
(4) By virtue of section 7 of the Companies Act, Mr Boyd Dainton is deemed to be interested in the shares held by Sheffield Trading Pty Ltd (14,510,442 shares) and Dainton Nominees Pty Ltd (2,671,376 shares).

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2010.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## Directors' contractual benefits

Except as disclosed in the financial statements, 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.

## Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 March 2010, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

**Audit Committee**

The Audit Committee comprises one non-executive and two independent directors, one of whom is also the Chairman of the Committee. The members of the Audit Committee at the date of this report are as follows:

Loh Yih (Chairman)
Ch'ng Jit Koon
Tan Eng Bock

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee met during the period to review the scope of work of the statutory auditors, and the results arising therefrom. The consolidated financial statements of the Group were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The Audit Committee met twice during the financial year. In addition, the Audit Committee has reviewed all non-audit services provided by the external auditors of the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

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

**Auditors**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Teng Woo Boon
**Director**

Neo Gim Kiong
**Director**

Singapore
29 June 2010

# STATEMENT BY DIRECTORS



We, Teng Woo Boon and Neo Gim Kiong, being two of the directors of Ban Leong Technologies Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up 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 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) 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:

Teng Woo Boon
**Director**

Neo Gim Kiong
**Director**

Singapore
29 June 2010

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF BAN LEONG TECHNOLOGIES LIMITED



We have audited the accompanying financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 28 to 73 which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended on that date; and

(ii) 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.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
29 June 2010

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Continuing Operations | | Discontinued Operations | | Group | |
|---|---|---|---|---|---|---|---|
| | Note | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ |
| **Revenue** | 4 | 112,858,823 | 144,935,718 | - | 13,952,370 | 112,858,823 | 158,888,088 |
| Cost of sales | | (96,858,802) | (126,044,885) | - | (12,029,785) | (96,858,802) | (138,074,670) |
| **Gross profit** | | 16,000,021 | 18,890,833 | - | 1,922,585 | 16,000,021 | 20,813,418 |
| Other operating income | | 138,270 | 116,460 | - | 39,552 | 138,270 | 156,012 |
| Selling and distribution | | (6,793,606) | (10,021,843) | - | (1,584,170) | (6,793,606) | (11,606,013) |
| General and administrative | | (4,947,772) | (8,958,716) | - | (645,600) | (4,947,772) | (9,604,316) |
| **Profit/(loss) from operations** | 5 | 4,396,913 | 26,734 | - | (267,633) | 4,396,913 | (240,899) |
| Financial expenses | 7 | (321,195) | (711,919) | - | (46,348) | (321,195) | (758,267) |
| Financial income | 7 | 6,858 | 12,391 | - | - | 6,858 | 12,391 |
| Gain on disposal of subsidiary | 9 | 40,580 | - | - | - | 40,580 | - |
| Share of results of associate | | 40,267 | 114,784 | - | - | 40,267 | 114,784 |
| **Profit/(loss) before taxation** | | 4,163,423 | (558,010) | - | (313,981) | 4,163,423 | (871,991) |
| Taxation | 8 | (869,929) | 127,062 | - | - | (869,929) | 127,062 |
| **Profit/(loss) after taxation** | | 3,293,494 | (430,948) | - | (313,981) | 3,293,494 | (744,929) |
| **Other comprehensive income:** | | | | | | | |
| Foreign currency translation | | 139,950 | (582,755) | - | - | 139,950 | (582,755) |
| **Other comprehensive income for the year/ period, net of tax** | | 139,950 | (582,755) | - | - | 139,950 | (582,755) |
| **Total comprehensive income for the year/ period** | | 3,433,444 | (1,013,703) | - | (313,981) | 3,433,444 | (1,327,684) |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

| | Note | Continuing Operations | | Discontinued Operations | | Group | |
|---|---|---|---|---|---|---|---|
| | | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ | Year ended 31.3.2010 $ | 1.1.2008 to 31.3.2009 $ |
| **Profit attributable to:** | | | | | | | |
| Owners of the parent | | 3,227,987 | (497,155) | – | (160,131) | 3,227,987 | (657,286) |
| Minority interests | | 65,507 | 66,207 | – | (153,850) | 65,507 | (87,643) |
| | | 3,293,494 | (430,948) | – | (313,981) | 3,293,494 | (744,929) |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the parent | | 3,368,654 | (1,076,621) | – | (160,131) | 3,368,654 | (1,236,752) |
| Minority interests | | 64,7906 | 2,918 | – | (153,850) | 64,790 | (90,932) |
| | | 3,433,444 | (1,013,703) | – | (313,981) | 3,433,444 | (1,327,684) |
| **Earnings per share attributable to owners of the parent (cents per share)** | 10 | | | | | | |
| - Basic | | 2.77 | (0.42) | – | (0.14) | 2.77 | (0.56) |
| - Diluted | | 2.77 | (0.42) | – | (0.14) | 2.77 | (0.56) |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# BALANCE SHEETS

for the year ended 31 March 2010

| | Notes | Group 2010 $ | Group 2009 $ | Company 2010 $ | Company 2009 $ |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Plant and equipment | 12 | 864,408 | 1,047,417 | 253,679 | 431,682 |
| Investment in subsidiaries | 13 | – | – | 6,665,904 | 6,924,661 |
| Investment in associate | 14 | 552,252 | 511,985 | 339,042 | 339,042 |
| Investment in joint ventures | 15 | – | – | 10,235 | 10,235 |
| Deferred tax assets | 16 | 789,463 | 773,300 | – | – |
| Goodwill and intangible assets | 17 | 3,443,266 | 3,537,368 | – | – |
| **Current assets** | | | | | |
| Assets classified as held for sale | 9 | – | 5,644,885 | – | – |
| Inventories | 18 | 18,792,624 | 16,271,430 | 9,409,783 | 7,998,226 |
| Trade receivables | 19 | 17,891,943 | 14,647,983 | 9,746,777 | 7,492,332 |
| Other receivables and deposits | 20 | 1,557,890 | 1,544,852 | 959,210 | 1,192,647 |
| Prepayments | | 255,768 | 344,924 | 50,599 | 42,640 |
| Due from subsidiaries (trade) | 21 | – | – | 10,680,737 | 10,757,570 |
| Due from subsidiaries (non-trade) | 22 | – | – | 2,592,909 | 2,269,055 |
| Fixed deposit pledged as collaterals | 23 | 39,082 | – | – | – |
| Cash and cash equivalents | 23 | 4,629,983 | 4,948,758 | 3,393,462 | 3,900,577 |
| | | 43,167,290 | 43,402,832 | 36,833,477 | 33,653,047 |
| **Current liabilities** | | | | | |
| Liabilities associated with assets classified as held for sale | 9 | – | 5,120,876 | – | – |
| Trade payables | 24 | 12,786,435 | 12,021,821 | 11,268,249 | 10,761,568 |
| Bills payable to banks (unsecured) | 25 | 9,784,169 | 7,964,565 | 9,784,169 | 7,964,565 |
| Short term loans (unsecured) | 26 | – | 1,850,000 | – | 1,850,000 |
| Other payables and accruals | 27 | 2,717,683 | 1,905,345 | 1,671,046 | 1,157,850 |
| Due to associate (trade) | 21 | 126,288 | 136,924 | 256,285 | 191,491 |
| Finance lease obligations | 28 | 74,767 | 78,375 | 60,787 | 61,291 |
| Provision for taxation | | 361,971 | 376,571 | 355,543 | 450,793 |
| **Net current assets** | | 17,315,977 | 13,948,355 | 13,437,398 | 11,215,489 |
| **Non-current liabilities** | | | | | |
| Finance lease obligations | 28 | (128,888) | (198,317) | (106,226) | (167,233) |
| Deferred tax liabilities | 16 | (116,744) | (26,574) | (25,666) | (25,666) |
| **Net assets** | | 22,719,734 | 19,593,534 | 20,574,366 | 18,728,210 |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 29(a) | 11,173,106 | 11,173,106 | 11,173,106 | 11,173,106 |
| Treasury shares | 29(b) | (104,822) | (104,822) | (104,822) | (104,822) |
| Accumulated profits | | 12,012,516 | 9,134,051 | 9,506,082 | 7,659,926 |
| Translation reserve | 30 | (598,289) | (734,612) | – | – |
| Reserve of assets classified as held for sale | 9 | – | (4,344) | – | – |
| | | 22,482,511 | 19,463,379 | 20,574,366 | 18,728,210 |
| Minority interests | | 237,223 | 130,155 | – | – |
| **Total equity** | | 22,719,734 | 19,593,534 | 20,574,366 | 18,728,210 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY



| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital $ | Treasury shares $ | Retained earnings $ | Other reserve $ | Reserve of assets classified as held for sale $ | Equity attributable to owner of the parent $ | Minority interests $ | Total equity $ |
| **Group** | | | | | | | | |
| **Balance as at 1 January 2008** | 11,173,106 | – | 11,549,064 | (159,490) | – | 22,562,680 | 106,225 | 22,668,905 |
| Loss net of taxation | – | – | (657,286) | – | – | (657,286) | (87,643) | (744,929) |
| Other comprehensive income for the period | – | – | – | (579,466) | – | (579,466) | (3,289) | (582,755) |
| Total comprehensive income for the period | – | – | (657,286) | (579,466) | – | (1,236,752) | (90,932) | (1,327,684) |
| Dividends (Note 31) | – | – | (1,757,727) | – | – | (1,757,727) | – | (1,757,727) |
| Shares held in treasury | – | (104,822) | – | – | – | (104,822) | – | (104,822) |
| Acquisition of a subsidiary | – | – | – | – | – | – | 114,862 | 114,862 |
| Reserve of assets classified as held for sale | – | – | – | 4,344 | (4,344) | – | – | – |
| **Balance as at 31 March 2009 and 1 April 2009** | 11,173,106 | (104,822) | 9,134,051 | (734,612) | (4,344) | 19,463,379 | 130,155 | 19,593,534 |
| Profit net of taxation | – | – | 3,227,987 | – | – | 3,227,987 | 65,507 | 3,293,494 |
| Other comprehensive income for the year | – | – | – | 140,667 | – | 140,667 | (717) | 139,950 |
| Total comprehensive income for the year | – | – | 3,227,987 | 140,667 | – | 3,368,654 | 64,790 | 3,433,444 |
| Dividends (Note 31) | – | – | (349,522) | – | – | (349,522) | – | (349,522) |
| Disposal of a subsidiary | – | – | – | (4,344) | 4,344 | – | 42,278 | 42,278 |
| **Balance as at 31 March 2010** | 11,173,106 | (104,822) | 12,012,516 | (598,289) | – | 22,482,511 | 237,223 | 22,719,734 |

| | Share capital $ | Treasury shares $ | Retained earnings $ | Total equity $ |
|---|---|---|---|---|
| **Company** | | | | |
| **Balance as at 1 January 2008** | 11,173,106 | – | 7,195,278 | 18,368,384 |
| Profit net of taxation | – | – | 2,222,375 | 2,222,375 |
| Total comprehensive income for the period | – | – | 2,222,375 | 2,222,375 |
| Shares held in treasury | – | (104,822) | – | (104,822) |
| Dividends (Note 31) | – | – | (1,757,727) | (1,757,727) |
| **Balance as at 31 March 2009 and 1 April 2009** | 11,173,106 | (104,822) | 7,659,926 | 18,728,210 |
| Profit net of taxation | – | – | 2,195,678 | 2,195,678 |
| Total comprehensive income for the year | – | – | 2,195,678 | 2,195,678 |
| Dividends (Note 31) | – | – | (349,522) | (349,522) |
| **Balance as at 31 March 2010** | 11,173,106 | (104,822) | 9,506,082 | 20,574,366 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT



| | | Group | |
|---|---|---|---|
| | Notes | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| **Cash flows from operating activities** | | | |
| Profit/(loss) before taxation from continuing operations | | 4,163,423 | (558,010) |
| Loss before taxation from discontinued operations | | – | (313,981) |
| Adjustment for: | | | |
| Depreciation of plant and equipment | 5 | 452,114 | 671,464 |
| Amortisation of intangibles | 5 | 86,087 | 150,653 |
| Goodwill written off | 5 | (22,211) | – |
| Impairment of goodwill | 5 | 30,226 | – |
| Gain on disposal of plant and equipment | 5 | – | (18,876) |
| Plant and equipment written off | 5 | 65 | – |
| (Write back)/allowance for doubtful trade receivables, net | 5 | (140,795) | 488,884 |
| Trade receivables written off | 5 | 29,755 | 22,086 |
| Allowance for slow-moving stocks | 5 | 722,577 | 662,847 |
| Write back of allowance for inventory obsolescence | 5 | (212,851) | (201,982) |
| Gain on disposal of subsidiary | 9 | (40,580) | – |
| Share of results of associate | | (40,267) | (114,784) |
| Interest expense | | 321,195 | 758,267 |
| Interest income | | (6,858) | (12,391) |
| Translation difference | | 24,219 | (342,436) |
| **Operating profit before working capital changes** | | 5,366,099 | 1,191,741 |
| (Increase)/decrease in: | | | |
| Inventories | | (3,030,920) | 3,251,486 |
| Trade receivables | | (3,132,919) | 5,420,563 |
| Other receivables and deposits | | 598,173 | (2,020,614) |
| Prepayments | | 89,155 | (42,319) |
| Due from associate (trade) | | (10,635) | 762,251 |
| Due from directors | | – | 19,060 |
| Increase/(decrease) in: | | | |
| Trade payables | | 764,614 | (1,507,373) |
| Bills payable to banks (unsecured) | | 1,819,604 | (2,350,818) |
| Other payables and accruals | | 812,338 | 1,738,622 |
| **Cash generated from operations** | | 3,275,509 | 6,462,599 |
| Interest expense paid | | (321,195) | (758,267) |
| Interest income received | | 6,858 | 12,391 |
| Income tax paid | | (810,523) | (1,082,454) |
| **Net cash from operating activities** | | 2,150,649 | 4,634,269 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of plant and equipment | | 4,982 | 60,428 |
| Fixed deposit held as collaterals | 23 | (39,082) | – |
| Purchase of plant and equipment | 12 | (194,016) | (511,243) |
| Acquisition of subsidiary, net of cash acquired | 13 | – | 331,561 |
| Disposal of subsidiary | 13 | (502,336) | – |
| Proceeds from profit guarantee compensation | | – | 104,822 |
| **Net cash used in investing activities** | | (730,452) | (14,432) |
| Cash flows from financing activities | | | |
| Repayment of finance lease obligations | | (73,037) | (146,953) |
| Dividends paid | 31 | (349,522) | (1,757,727) |
| Repayment from short term loans | | (1,850,000) | (650,000) |
| **Net cash used in financing activities** | | (2,272,559) | (2,554,680) |
| **Net (decrease)/increase in cash and cash equivalents** | | (852,362) | 2,065,157 |
| **Effects of exchange rate changes on cash and cash equivalents** | | 31,251 | (160,444) |
| **Cash and cash equivalents at the beginning of year/period** | | 5,451,094 | 3,546,381 |
| **Cash and cash equivalents at the end of year/period** | 23 | 4,629,983 | 5,451,094 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## 1. Corporate information

Ban Leong Technologies Limited (the "Company") is a limited liability company, which is domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business of the Company is located at 150 Ubi Avenue 4 Level 4, Singapore 408825.

The principal activities of the Company and its subsidiaries (the "Group") are the wholesale and distribution of computer peripherals, accessories, other multimedia products as well as distribution of corporate gift cards.

In the previous financial period, the financial year of the Company and its subsidiaries, with the exception of its China subsidiary, has been changed from 31 December to 31 March to enable better management of the Company's internal processes and smoother flow of its operations to efficiently cater to the increased business activities during the Christmas and New Year festive seasons.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($ or SGD).

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group and the Company adopted the following Standards and Interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

*FRS 1 Presentation of Financial Statements – Revised Presentation*

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

### 2.2 Changes in accounting policies (cont'd)

*Amendments to FRS 107 Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 33 and Note 34(c) to the financial statements respectively.

*Improvements to FRSs issued in 2008*

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- FRS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

### 2.3 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 |
|---|---|
| Amendments to FRS 27 Consolidated and Separate Financial Statements | 1 July 2009 |
| Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item | 1 July 2009 |
| Revised FRS 103 Business Combinations | 1 July 2009 |
| Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations | 1 July 2009 |
| INT FRS 117 Distributions of Non-cash Assets to Owners | 1 July 2009 |
| Improvements to FRSs issued in 2009: | |
| – Amendments to FRS 38 Intangible Assets | 1 July 2009 |
| – Amendments to FRS 102 Share-based Payment | 1 July 2009 |
| – Amendments to INT FRS 109 Reassessment of Embedded Derivatives | 1 July 2009 |
| – Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation | 1 July 2009 |
| – Amendments to FRS 1 Presentation of Financial Statements | 1 January 2010 |
| – Amendments to FRS 7 Statement of Cash Flows | 1 January 2010 |
| – Amendments to FRS 17 Leases | 1 January 2010 |
| – Amendments to FRS 36 Impairment of Assets | 1 January 2010 |
| – FRS 39 Financial Instruments: Recognition and Measurement | 1 January 2010 |
| – Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations | 1 January 2010 |
| – Amendments to FRS 108 Operating Segments | 1 January 2010 |
| Amendments to FRS 102 Share-based Payment – Group Cash-settled Share-based Payment Transactions | 1 January 2010 |
| Amendment to FRS 32 Financial instruments: Presentation –Classification of Rights Issues | 1 February 2010 |
| INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010 |
| Revised FRS 24 Related Party Disclosures | 1 January 2011 |
| INT FRS 114 FRS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements | 1 January 2011 |

**2.3 Standards issued but not yet effective (cont'd)**

Except for the revised FRS 103 and the amendments to FRS 27, 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 revised FRS 103 and the amendments to FRS 27 are described below.

*Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in preparation of the consolidated financial statements are prepared for the same reporting date as the Company, except for BLC (China) Limited, which has accounting year ending 31 December as required by the laws of its country of incorporation. The consolidated financial statements incorporate the unaudited management accounts from 1 April to 31 March. BLC (China) Limited does not contribute materially to the Group's results. A list of the Group subsidiary companies is shown in Note 13. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.11(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the statement of comprehensive income on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

**2.5 Transactions with minority interests**

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

**2.6 Foreign currency**

Transactions in foreign currencies 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 balance sheet 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 balance sheet date are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated statement of comprehensive income on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive incomes are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

### 2.7 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment 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.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---|---|
| Computers | 1 - 5 years |
| Office equipment | 5 years |
| Furniture & fittings | 5 years |
| Motor vehicles | 5 years |
| Renovation | 5 years |
| Warehouse equipment | 1 year |

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further depreciation charge is made in respect of these assets.

### 2.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.9 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate are accounted for at cost less impairment.

### 2.10 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

### 2.10 Joint venture (cont'd)

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's financial statements, investment in joint venture is accounted for at cost less impairment.

### 2.11 Intangible assets

**(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses from the acquisition date.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

**(b) Non-contractual customer relationship**

Customer relationship acquired in a business combination are carried at fair value at date of acquisition, and amortised on a straight-line basis over the period of the expected benefits, which is estimated at 15 years.

### 2.12 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 annual impairment testing 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 independent of those from other assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised for the asset in prior years. Reversal of an impairment loss is recognised in the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.13 Financial assets

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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

### 2.13 Financial assets (cont'd)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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 has been recognised directly in equity is recognised in the statement of comprehensive income.

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 assets within the period generally established by regulation or convention in the marketplace concerned.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

**(b) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### 2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

**(a) Assets carried at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original 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 statement of comprehensive income.

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 value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

**(b) Assets carried at cost**

If there is objective evidence that an impairment loss on a financial asset 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.

### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank and fixed deposits.

### 2.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### 2.17 Provisions

Provisions are recognised when the Group has a present obligation, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date 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. If 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.

### 2.18 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities, other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

### 2.19 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 costs are capitalised until the assets are ready for their intended use or sale.

### 2.20 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

**(a) Sale of goods**

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. 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) Interest income**

Interest income is recognised using the effective interest method.

**(c) Management fees**

Management fees are recognised when corporate services are rendered.

### 2.21 Employee benefits

**(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

### 2.22 Income taxes

**(a) Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the statement of comprehensive income except that tax relating to items recognised outside income statement, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the statement of comprehensive income except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**(c) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.23 Leases

**As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capita lised at the inception of the lease at the fair value of the leased asset 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 to the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income 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.

### 2.24 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

### 2.25 Share capital and share issue expenses

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

### 2.26 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares.

### 2.27 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

### 2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

### 2.29 Discontinued Operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the statement of comprehensive income.

Prior year comparatives are re-presented so that the disclosures relate to all operations that have been discontinued by the balance sheet date of the current financial year.

## 3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

**Income taxes**

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables at the balance sheet date was $361,971 (2009: $376,571). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at the balance sheet date was $789,463 (2009: $773,300) and $116,744 (2009: $26,574) respectively.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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:

**(i) Useful lives of plant and equipment**

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 5 years. These are common life expectancies applied in the trading industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at 31 March 2010 was $864,408 (2009: $1,047,417).

**(ii) Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details on the key assumptions applied in the impairment assessment of goodwill and customer relationships, are given in Note 17 to the financial statements.

**(iii) Impairment of loans and receivables**

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at 31 March 2010 was $24,118,898 (2009: $21,141,593).

## 4. Revenue

Revenue represents sales of goods net of goods and services tax and less trade discounts and returns.

## 5. Profit/(loss) from operations

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

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| Depreciation of plant and equipment (Note 12) | 452,114 | 671,464 |
| Gain on disposal of plant and equipment | – | (18,876) |
| Plant and equipment written off | 65 | – |
| Amortisation of intangibles (Note 17) | 86,087 | 150,653 |
| Impairment of goodwill | 30,226 | – |
| Goodwill written off | (22,211) | – |
| Allowance for slow-moving stocks (Note 18) | 722,577 | 662,847 |
| Write back of allowance for inventory obsolescence (Note 18) | (212,851) | (201,982) |
| (Write back)/allowance for doubtful trade receivables (Note 19) | (140,795) | 488,884 |
| Trade receivables written off (Note 19) | 29,755 | 22,086 |
| Staff costs (Note 6) | 7,256,116 | 8,367,300 |
| Directors' remuneration | | |
| - directors of the Company | 593,226 | 696,043 |
| - directors of a subsidiary | 181,200 | 212,638 |
| Directors' fees | 122,000 | 114,500 |
| Foreign exchange (gain)/loss, net | (1,730,293) | 1,572,543 |
| Operating lease expenses | 456,490 | 693,184 |

## 6. Staff costs

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| Salaries and bonuses | 6,098,815 | 6,601,584 |
| Defined contribution plan expenses | 478,312 | 1,046,685 |
| Commissions | 545,566 | 615,248 |
| Other staff costs | 133,423 | 103,783 |
| | 7,256,116 | 8,367,300 |

## 7. Financial expenses/(income)

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| Interest expenses | | |
| - bank borrowings | 304,827 | 690,161 |
| - finance leases | 16,368 | 68,106 |
| | 321,195 | 758,267 |
| Interest income | | |
| - bank balances | (6,858) | (12,391) |
| | (6,858) | (12,391) |

## 8. Taxation

(a) **Major components of taxation**

The major components of taxation for the year/period ended 31 March are:

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| Statement of comprehensive income: | | |
| Current income tax | | |
| - current income taxation | 1,572,314 | 766,483 |
| - over provision in respect of previous years | (34,586) | (156,108) |
| | 1,537,728 | 610,375 |
| Deferred income tax | | |
| - origination and reversal of temporary differences | (672,719) | (737,437) |
| - effect of reduction in tax rate | 4,920 | – |
| Income tax recognised | 869,929 | (127,062) |

**8. Taxation (cont'd)**

(b) **Relationship between taxation and accounting profit**

A reconciliation between taxation and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the year/period ended 31 March 2010 and 31 March 2009 is as follows:

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| Accounting profit/(loss) before taxation from continuing operations | 4,163,423 | (558,010) |
| Loss before taxation from discontinued operation | – | (313,981) |
| | 4,163,423 | (871,991) |
| Tax at domestic tax rates applicable to profits in the countries where the Group operates * | 945,428 | (674,794 |
| Adjustments: | | |
| Non-deductible expenses, net | 53,495 | 779,835 |
| Effect of reduction in tax rate | 4,920 | – |
| Tax effect of double deduction of expenses | (6,185) | (12,522) |
| Utilisation of deferred tax asset not previously recognised | (61,862) | (20,667) |
| Deferred tax assets not recognised | 45,308 | 45,994 |
| Tax effect of Singapore statutory stepped income exemption | (51,850) | (51,850) |
| Overprovision in respect of previous years | (34,586) | (156,108) |
| Others | (24,739) | (36,950) |
| Taxation | 869,929 | (127,062) |

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company and its subsidiary incorporated in Singapore are subject to income tax at the statutory tax rate of 17% for the financial year/period ended 31 March 2010 and 31 March 2009.

The subsidiary incorporated in Malaysia is subject to statutory tax rate in Malaysia of 20% on MYR 500,000 of assessable profit for the year and 25% on the assessable profit in excess of MYR 500,000.

The corporate tax rate for the subsidiary in Thailand is 30%, under relevant Thailand laws for small-medium enterprises with assessable profit exceeding THB 3million, and 25% for assessable profits between THB 3million and THB 1million, 15% on the assessable profit between THB 1million and THB 0.15million and 0% for assessable profit below THB 0.15million.

Income derived by subsidiaries in Australia is taxed at a flat rate of 30%.

The subsidiary incorporated in New Zealand is subject to income tax at the corporate tax rate of 30%.

The subsidiary incorporated in China are subject to income tax at the corporate tax rate of 25%.

**9. Discontinued operations and subsidiary classified as held for sale**

On 27 February 2009, the Board of directors approved the disposal of 51% subsidiary, Keen High Mediatech Limited (KHMT), which has been underperforming.

As at 31 March 2009, the assets and liabilities related to KHMT have been presented in the balance sheet as "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" and its results are presented separately on the statement of comprehensive income as "Discontinued operations".

The disposal of KHMT was completed on 19 May 2009 with a net gain of $40,580 (Note 13).

## 9. Discontinued operations and subsidiary classified as held for sale (cont'd)

Balance sheet disclosures

The major classes of assets and liabilities of KHMT classified as held for sale as at 31 March 2009 are as follows:

| | 2009<br>$ |
|---|---|
| **Assets:** | |
| Plant and equipment | 311,427 |
| Inventories | 1,996,289 |
| Trade and other receivables | 2,834,833 |
| Cash and cash equivalent | 502,336 |
| Assets classified as held for sale | 5,644,885 |
| **Liabilities:** | |
| Trade and other payables | (5,120,876) |
| Liabilities associated with assets classified as held for sale | (5,120,876) |
| **Reserve:** | |
| Translation reserve | (4,344) |
| Reserve of assets classified as held for sale | (4,344) |

Cash flow statement disclosures

The cash flows attributable to KHMT are as follows:

| | Period from 1.1.2008 to 31.3.2009<br>$ |
|---|---|
| Operating activities | 140,322 |
| Investing activities | (108,800) |
| Net cash inflows | 31,522 |

## 10. Earnings per share attributable to owners of the parent

**(a) Continuing operations**

Basic and diluted earnings per share amounts from continuing operations are calculated by dividing net profit/(loss) attributable to owners of the parent of $3,227,987 (2009: $(497,155)) by the weighted average number of ordinary shares outstanding during the year/period of 116,500,000 (2009: 116,500,000) shares.

There are no potential dilutive shares.

**(b) Discontinued operations**

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operation attributable to equity holders of the parent of $Nil (2009: $(160,131)) by the weighted average number of ordinary shares outstanding during the year/period of 116,500,000 (2009: 116,500,000) shares.

There are no potential dilutive shares.

## 11. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or

(ii) it is subject to common control or significant influence.

**(a) Sale and purchase of goods and services**

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year/period at terms agreed between the parties:

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| **Expenses** | | |
| Purchases from an associate | (170,786) | (324,318) |
| **Income** | | |
| Management fee to an associate | (71,567) | 49,916 |

**(b) Compensation of key management personnel**

| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
|---|---|---|
| Directors' fees | 122,000 | 114,500 |
| Salaries and bonus | 1,421,285 | 1,476,905 |
| Defined contribution plan expenses | 100,202 | 135,859 |
| Other staff costs | 16,800 | 20,972 |
| Total compensation paid to key management personnel | 1,660,287 | 1,748,236 |
| Comprise amounts paid to: | | |
| Directors of the Company | 715,226 | 810,543 |
| Other key management personnel | 945,061 | 937,693 |
| | 1,660,287 | 1,748,236 |

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

No share options have been granted to the Company's executive and non-executive directors.

## 12. Plant and equipment

| | Computers $ | Office equipment $ | Furniture and fittings $ | Motor vehicles $ | Renovation $ | Warehouse equipment $ | Trademarks $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2008 | 324,984 | 388,099 | 483,801 | 852,238 | 546,093 | 15,453 | – | 2,610,668 |
| Acquisition of a subsidiary | 20,111 | 134,723 | – | 44,038 | – | – | – | 198,872 |
| Additions | 144,652 | 282,452 | 36,443 | 66,890 | 5,366 | 1,840 | 3,600 | 541,243 |
| Disposals/written off | (613) | (986) | – | (82,739) | – | – | – | (84,338) |
| Translation differences | (48,238) | 3,010 | 13 | (34,160) | (40,038) | (110) | – | (119,523) |
| Attributable to discontinued operations | (35,465) | (380,042) | – | – | – | – | – | (415,507) |
| At 31 March 2009 and 1 April 2009 | 405,431 | 427,256 | 520,257 | 846,267 | 511,421 | 17,183 | 3,600 | 2,731,415 |
| Additions | 22,891 | 19,064 | 25,595 | 120,318 | 346 | 2,034 | 3,768 | 194,016 |
| Disposals/written off | (4,103) | (95) | (698) | – | – | (363) | – | (5,259) |
| Translation differences | 9,102 | 14,775 | 43,092 | 35,905 | 42,312 | 269 | – | 145,455 |
| At 31 March 2010 | 433,321 | 461,000 | 588,246 | 1,002,490 | 554,079 | 19,123 | 7,368 | 3,065,627 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2008 | 261,554 | 212,468 | 217,427 | 318,013 | 171,954 | 9,467 | – | 1,190,883 |
| Acquisition of a subsidiary | 1,610 | 3,498 | – | 3,058 | – | – | – | 8,166 |
| Depreciation charge – Continuing operations | 76,876 | 85,349 | 96,163 | 189,741 | 122,293 | 4,251 | 600 | 575,273 |
| Depreciation charge – Discontinued operations | 7,063 | 86,093 | – | 3,035 | – | – | – | 96,191 |
| Depreciation charge for the period | 83,939 | 171,442 | 96,163 | 192,776 | 122,293 | 4,251 | 600 | 671,464 |
| Disposals/written off | (9) | (292) | – | (42,487) | – | – | – | (42,788) |
| Translation differences | (17,639) | (1,108) | 1,742 | (16,002) | (6,542) | (98) | – | (39,647) |
| Attributable to discontinued operations | (9,169) | (94,911) | – | – | – | – | – | (104,080) |
| At 31 March 2009 and 1 April 2009 | 320,286 | 291,097 | 315,332 | 455,358 | 287,705 | 13,620 | 600 | 1,683,998 |
| Depreciation charge for the year | 60,882 | 67,291 | 82,531 | 147,456 | 86,517 | 2,739 | 4,698 | 452,114 |
| Disposals/written off | – | (32) | – | – | – | (182) | – | (214) |
| Translation differences | 7,734 | 9,101 | 15,263 | 18,620 | 14,446 | 157 | – | 65,321 |
| At 31 March 2010 | 388,902 | 367,457 | 413,126 | 621,434 | 388,668 | 16,334 | 5,298 | 2,201,219 |
| Net carrying amount | | | | | | | | |
| **At 31 March 2009** | 85,145 | 136,159 | 204,925 | 390,909 | 223,716 | 3,563 | 3,000 | 1,047,417 |
| **At 31 March 2010** | 44,419 | 93,543 | 175,120 | 381,056 | 165,411 | 2,789 | 2,070 | 864,408 |

### 12. Plant and equipment (continued)

During the financial year, the Group acquired plant and equipment with an aggregate value of $194,016 (2009: $541,243) of which $Nil (2009: $30,000) was financed via finance leases. Cash payments of $194,016 (2009: $511,243) were made to purchase plant and equipment.

As at 31 March 2010, the net carrying amount of motor vehicles of the Group held under finance leases was $186,850 (2009: $301,725).

| | Computers $ | Office equipment $ | Furniture and fittings $ | Motor vehicles $ | Renovation $ | Warehouse equipment $ | Trademarks $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2008 | 197,003 | 251,316 | 273,596 | 500,253 | 269,114 | 8,899 | – | 1,500,181 |
| Additions | 33,753 | 5,923 | 5,500 | 45,405 | – | 1,321 | 3,600 | 95,502 |
| Disposals | – | – | – | (36,416) | – | – | – | (36,416) |
| At 31 March 2009 and 1 April 2009 | 230,756 | 257,239 | 279,096 | 509,242 | 269,114 | 10,220 | 3,600 | 1,559,267 |
| Additions | 12,650 | 6,445 | 2,380 | – | – | 1,152 | 3,768 | 26,395 |
| At 31 March 2010 | 243,406 | 263,684 | 281,476 | 509,242 | 269,114 | 11,372 | 7,368 | 1,585,662 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2008 | 192,002 | 155,999 | 190,868 | 189,869 | 149,665 | 8,198 | – | 886,601 |
| Charge for the period | 27,042 | 45,337 | 33,382 | 110,288 | 59,282 | 1,469 | 600 | 277,400 |
| Disposals | – | – | – | (36,416) | – | – | – | (36,416) |
| At 31 March 2009 and 1 April 2009 | 219,044 | 201,336 | 224,250 | 263,741 | 208,947 | 9,667 | 600 | 1,127,585 |
| Charge for the year | 18,573 | 29,801 | 26,056 | 89,906 | 34,044 | 1,320 | 4,698 | 204,398 |
| At 31 March 2010 | 237,617 | 231,137 | 250,306 | 353,647 | 242,991 | 10,987 | 5,298 | 1,331,983 |
| Net carrying amount | | | | | | | | |
| **At 31 March 2009** | 11,712 | 55,903 | 54,846 | 245,501 | 60,167 | 553 | 3,000 | 431,682 |
| **At 31 March 2010** | 5,789 | 32,547 | 31,170 | 155,595 | 26,123 | 385 | 2,070 | 253,679 |

As at 31 March 2010, the net carrying amount of motor vehicles of the Company held under finance leases amounted to $149,473 (2009:$237,792).

## 13. Investment in subsidiaries

| | Company 2010 $ | Company 2009 $ |
|---|---|---|
| Shares, at cost | 6,924,661 | 7,021,997 |
| Impairment losses | (258,757) | (97,336) |
| | 6,665,904 | 6,924,661 |

Details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | Proportion of ownership interest 2010 % | 2009 % |
|---|---|---|---|---|
| Digital Hub Pte. Ltd. (“DHPL”) [1] | Singapore | Distribution of computer peripherals and accessories | 100 | 100 |
| Ban Leong Technologies Sdn Bhd (“BLTM”) [2] | Malaysia | Distribution of computer peripherals and accessories | 100 | 100 |
| Ban Leong Chin Inter Co., Ltd (formerly known as Ban Leong Technologies (Thailand) Co., Ltd (“BLCI”) [3] | Thailand | Distribution of computer peripherals and accessories | 49 | 49 |
| Ban Leong Technologies Australia Pty Ltd (“BLTA”) [4] | Australia | Investment holding | 100 | 100 |
| Digitalblue Limited (“DBL”) [5] | New Zealand | Distribution of computer peripherals and accessories | 100 | 100 |
| 宇扬(上海)投资咨询有限公司 (BLC (China) Limited) (“BLC”) [6] | China | Distribution of corporate gift cards | 100 | 100 |
| **Held through a subsidiary** | | | | |
| Audion Innovision Pty Ltd (“Audion”) [4] | Australia | Distribution of computer peripherals and accessories | 100 | 100 |

1 Audited by Ernst & Young, Singapore
2 Audited by Alan Yoon Associates, Chartered Accountants in Malaysia
3 Audited by Thiwan Auditing Office, Certified Accountant in Thailand
4 Audited by Metzke & Allen, Chartered Accountants in Australia
5 Audited by Hayes Knight NZ Limited, Chartered Accountants & Business Advisers in New Zealand
6 Unaudited management accounts

## 13. Investment in subsidiaries (cont'd)

**Acquisition of subsidiary**

On 9 January 2008, Ban Leong Technologies Ltd acquired 51% equity interest in Keen High Mediatech Limited (KHMT). Upon the acquisition, KHMT became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of KHMT as at the date of acquisition were:

| | Carrying amount before combination and recognised on date of acquisition $ |
|---|---|
| **Assets and liabilities:** | |
| Cash and cash equivalents | 428,897 |
| Trade and other receivables | 1,105,954 |
| Inventories | 204,662 |
| Plant and equipment | 190,706 |
| Trade and other payables | (1,695,810) |
| Net identifiable assets | 234,409 |
| Total cost of business combination | |
| The total cost of the business combination is as follows: | |
| Consideration for acquisition of 51% equity interest: | |
| - cash paid | 97,336 |
| The effect of acquisition on cash flows is as follows: | |
| Total consideration for 51% equity interest | 97,336 |
| Consideration settled in cash | 97,336 |
| Less: Cash and cash equivalents of subsidiary acquired | (428,897) |
| Net cash inflow on acquisition of KHMT | (331,561) |

The total consideration for the 51% equity interest in Keen High Mediatech Limited was paid by Ban Leong Technologies Ltd on 30 January 2008 and it represented the fair value of the net identifiable assets acquired on that date.

## 13. Investment in subsidiaries (cont'd)

### Disposal of subsidiary

On 19 May 2009, the Company announced the decision of its board of directors to dispose of one of its subsidiary, Keen High MediaTech Limited ("KHMT"), which has been under performing for the last financial year. As at 31 March 2009, the assets and liabilities related to KHMT have been presented in the balance sheet as "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" and its results are presented separately on the income statement as "Discontinued operations".

| | 2010<br>$ |
|---|---|
| **Assets:** | |
| Plant and equipment | 311,427 |
| Inventories | 1,996,289 |
| Trade and other receivables | 2,834,833 |
| Cash and cash equivalents | 502,336 |
| Assets classified as held for sale | 5,644,885 |
| **Liabilities** | |
| Trade and other payables | (5,120,876) |
| Liabilities associated with assets classified as held for sale | (5,120,876) |
| Net assets directly associated with assets classified as held for sale | 524,009 |
| **Reserve:** | |
| Reserves of assets classified as held for sale | (4,344) |

The gain on disposal of subsidiary was determined as follows:

| | |
|---|---|
| Total assets | 5,644,885 |
| Total liabilities | (5,727,744) |
| Net identifiable assets disposed | (82,859) |
| Less: Minority interest | 42,279 |
| Profit before taxation | (40,580) |
| Proceeds on disposal | – |
| Gain on disposal | (40,580) |

## 14. Investment in associate

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Shares, at cost | 339,042 | 339,042 | 339,042 | 339,042 |
| Share of post-acquisition reserves | 213,210 | 172,943 | – | – |
| | 552,252 | 511,985 | 339,042 | 339,042 |

| Name | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2010 % | 2009 % |
| **Held by the company** | | | | |
| AV Labs International Pte Ltd ("AV Labs") [1] | Singapore | Marketing and distribution of computer and hardware | 50 | 50 |

[1] Unaudited management accounts

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| **Assets and liabilities:** | | |
| Total assets | 363,323 | 316,432 |
| Total liabilities | 159,678 | 179,972 |
| **Results:** | | |
| Revenue | 194,368 | 409,461 |
| Profit for the year/ period | 79,364 | 229,568 |

## 15. Investment in joint ventures

| | Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Shares, at cost | 10,235 | 110,538 |
| Impairment losses | – | (100,303) |
| | 10,235 | 10,235 |

Previously, impairment losses have been recognised despite the joint ventures being in net positive current assets position and profit generating as a result of due consideration of the performance of the companies. One of the companies has been making losses for the past few years. Due to volatility in performance of the joint venture, the directors had retained the provision for impairment losses. The joint venture was struck off during the year.

## 15. Investment in joint ventures (cont'd)

The Group has nil% (2009: 49%) and 50% (2009: 50%) equity interest in eGear Technologies (HK) Ltd and eGear Inc Ltd, respectively. The details of these two joint-controlled entities are as follows:--

| Name | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2010 % | 2009 % |
| **Held by the Company** | | | | |
| eGear Technologies (HK) Ltd ("eGear Tech") | Hong Kong | Investment holding | – | 49 |
| eGear Inc Ltd ("eGear Inc") | Hong Kong | Marketing and distribution of products to European markets | 50 | 50 |

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| **Assets and liabilities:** | | |
| Current assets | – | 90,185 |
| Non-current assets | – | 8,788 |
| Total assets | – | 98,973 |
| Current liabilities | – | 75,239 |
| Total liabilities | – | 75,239 |

| | Group | |
|---|---|---|
| | Year ended 31.3.2010 $ | Period from 1.1.2008 to 31.3.2009 $ |
| **Results:** | | |
| Revenue | 13,602 | 43,537 |
| Expenses for the year/period | (78,587) | (22,295) |
| (Loss)/profit for the year/period | (64,985) | 21,242 |

## 16. Deferred tax assets/(liabilities)

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| Deferred tax liabilities | | | | |
| - excess of net book value over tax written down value of plant and equipment | (26,368) | (26,368) | (25,666) | (25,666) |
| - foreign unrealised exchange | (90,170) | – | – | – |
| - other items | (206) | (206) | – | – |
| | (116,744) | (26,574) | (25,666) | (25,666) |
| Deferred tax assets | | | | |
| - provisions | 92,669 | 75,052 | – | – |
| - unutilised tax losses | 649,763 | 633,482 | – | – |
| - excess tax written down value over net book value of property, plant and equipment | 43,185 | 61,621 | – | – |
| - other items | 3,846 | 3,145 | – | – |
| | 789,463 | 773,300 | – | – |

Unrecognised tax losses and unabsorbed capital allowances

At the balance sheet date, the Group has tax losses and capital allowance of approximately $865,000 and $24,000 (2009: $887,000 and $63,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## 17. Goodwill and intangible assets

| | Group | | |
|---|---|---|---|
| | Goodwill<br>$ | Non contractual customer relationships<br>$ | Total<br>$ |
| **Cost:** | | | |
| At 1 January 2008 | 2,628,564 | 1,291,312 | 3,919,876 |
| Acquisition of subsidiary | (22,211) | – | (22,211) |
| Less: Adjustments[1] | (209,644) | – | (209,644) |
| Balance at 31 March 2009 and 1 April 2009 | 2,396,709 | 1,291,312 | 3,688,021 |
| Disposal of subsidiary[2] | 22,211 | – | 22,211 |
| Balance at 31 March 2010 | 2,418,920 | 1,291,312 | 3,710,232 |
| **Accumulated amortisation and impairment:** | | | |
| Balance at 1 January 2008 | – | – | – |
| Amortisation | – | 150,653 | 150,653 |
| Balance at 31 March 2009 and 1 April 2009 | – | 150,653 | 150,653 |
| Amortisation | – | 86,087 | 86,087 |
| Impairment[3] | 30,226 | – | 30,226 |
| Balance at 31 March 2010 | 30,226 | 236,740 | 266,966 |
| Net carrying amount: | | | |
| At 31 March 2009 | 2,396,709 | 1,140,659 | 3,537,368 |
| At 31 March 2010 | 2,388,694 | 1,054,572 | 3,443,266 |

[1] Pursuant to the share sale agreement between the Company, Christine Anne Mcgregor and Innovision Technology Australia Pty Ltd, the parties agreed that the shortfall in guarantee profits will be compensated in the form of cash payment and the transfer of 681,818 shares in Ban Leong Technologies Limited into a custodian account. The aggregate compensation for the profit guarantee of $209,644 has been adjusted against goodwill.

[2] This relates to disposal of subsidiary, Keen High Mediatech Limited.

[3] This relates to goodwill written off due to impairment of subsidiary, Digitalblue Limited.

## 17. Goodwill and intangible assets (cont'd)

**Non-contractual customer relationships**

Non-contractual customer relationships were acquired in a business combination. Customer relationships relate to value of customer base with reference to recurring business dealings. As mentioned in Note 2.11, the useful life of customer relationship is estimated to be 15 years. The average remaining amortisation period is 12 years (2009: 13 years).

**Amortisation expense**

The amortisation of customer relationship is included in the "General and Administrative Expense" in the statement of comprehensive income.

**Impairment testing of goodwill**

Goodwill arising from business combinations relates specifically to Audion and DBL, which are deemed as separate cash-generating units (CGU).

The carrying amounts of goodwill allocated to each CGU are as follow:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Audion | 2,388,694 | 2,388,694 |
| DBL | 30,266 | 30,266 |

The recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets pproved by management covering a five year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are as follow:

| | 2010 | |
|---|---|---|
| | Audion | DBL |
| Growth rates | 1.2%-1.8% | 0.6%-1.0% |
| Pre-tax discount rates | 15% | 15% |

The calculations of value in use are most sensitive to the following assumptions:

**Budgeted Gross Margin** – Gross margin are based on forecasted sales and cost of sales expected to be incurred due to the change in business operations. These are increased over the budget period for anticipated efficiency improvements.

**Growth rates** – The forecasted rates are based on published industry research and do not exceed the long-term average growth rate for the industry.

**Pre-tax discount rates** – Discount rates reflect management's estimate of the risks specific to the entity. This benchmark is used by management to assess operating performance and to evaluate future investment proposals. In determining the appropriate discount rate, regard has been given to the five year forecast result of the company.

**Market share assumptions** – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assess how the entity's position, relative to its competitors, might change over the budgeted period. Management expects the Group's share of the industrial market to be stable over the budget period.

**Impairment loss recognised**

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill for DBL. The impairment loss of $30,226 (2009: $Nil) has been recognised in the statement of comprehensive income under the line item "selling and distribution".

## 18. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| **Balance sheet:** | | | | |
| Finished goods | 18,792,624 | 16,271,430 | 9,409,783 | 7,998,226 |
| **Statement of comprehensive income:** | | | | |
| Inventories recognised as an expense in cost of sales | 94,081,216 | 132,543,422 | 85,796,002 | 115,117,123 |
| Inclusive of the following charge/ (credit): | | | | |
| - Inventories written down | 722,577 | 662,847 | 147,541 | 266,744 |
| - Reversal of write-down of inventories | (212,851) | (201,982) | (120,387) | (175,449) |

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

## 19. Trade receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| Trade receivables | 18,719,888 | 15,599,729 | 10,106,507 | 7,975,536 |
| Less: Allowance for doubtful trade receivables | (798,190) | (929,660) | (359,730) | (483,204) |
| Less: Trade receivables written off | (29,755) | (22,086) | – | – |
| | 17,891,943 | 14,647,983 | 9,746,777 | 7,492,332 |

Trade receivables are non-interest bearing and on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Included in trade receivables of the Group and the Company are amounts denominated in foreign currencies as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| United States Dollars | 1,902,575 | 2,084,524 | 1,294,660 | 1,556,882 |
| Malaysian Ringgit | 2,455,339 | 2,982,882 | – | – |
| Thai Baht | 971,682 | 803,598 | – | – |
| Australian Dollars | 2,401,238 | 1,177,725 | – | – |
| New Zealand Dollars | 300,602 | 379,036 | – | – |
| | 8,031,436 | 7,427,765 | 1,294,660 | 1,556,882 |

## 19. Trade receivables (cont'd)

***Receivables that are past due but not impaired***

The Group and Company have trade receivables amounting to $11,039,502 and $5,008,291 (2009: $9,868,686 and $4,331,437 respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| Trade receivables past due: | | | | |
| Less than 30 days | 6,687,304 | 5,559,139 | 3,468,095 | 2,959,134 |
| 30 - 60 days | 3,077,631 | 2,497,659 | 1,305,406 | 822,392 |
| 61 - 90 days | 544,453 | 578,224 | 161,385 | 160,556 |
| 91 - 120 days | 391,724 | 727,044 | 16,728 | 174,695 |
| More than 120 days | 338,390 | 506,620 | 56,677 | 214,660 |
| | 11,039,502 | 9,868,686 | 5,008,291 | 4,331,437 |

***Receivables that are impaired***

The Group and Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

| | Individually impaired | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| Trade receivables – nominal amounts | 798,190 | 929,660 | 359,730 | 483,204 |
| Less: Allowance for impairment | (798,190) | (929,660) | (359,730) | (483,204) |
| | – | – | – | – |
| Movement in allowance accounts: | | | | |
| At 1 April/January | 929,660 | 448,342 | 483,204 | 283,819 |
| Charge for the year/period | 199,651 | 804,679 | 133,826 | 440,317 |
| Written back | (340,446) | (315,795) | (257,300) | (240,932) |
| Exchange differences | 9,325 | (7,566) | – | – |
| At 31 March | 798,190 | 929,660 | 359,730 | 483,204 |

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

## 20. Other receivables and deposits

| | Group | | Company | |
|---|---|---|---|---|
| | 2010<br>$ | 2009<br>$ | 2010<br>$ | 2009<br>$ |
| Other receivables | 1,204,289 | 1,033,995 | 701,308 | 773,070 |
| Deposits | 353,601 | 510,857 | 257,902 | 419,577 |
| | 1,557,890 | 1,544,852 | 959,210 | 1,192,647 |

Other receivables include advances to suppliers and recovery account from suppliers.

## 21. Due from subsidiaries (trade) / Due to associate (trade)

These balances are unsecured, interest-free and repayable on demand. They are to be settled in cash.

## 22. Due from subsidiaries (non-trade)

These balances are unsecured, interest-free and repayable on demand. They are to be settled in cash.

## 23. Cash and bank balances

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposit earns interest at 4.84% per annum.

For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Fixed deposit | 39,082 | – | – | – |
| Cash and bank balances | | | | |
| - continuing operations | 4,629,983 | 4,948,758 | 3,393,462 | 3,900,577 |
| - discontinued operations | – | 502,336 | – | – |
| Less: Fixed deposit pledged as collaterals | (39,082) | – | – | – |
| | 4,629,983 | 5,451,094 | 3,393,462 | 3,900,577 |

As at 31 March 2010, the Company had available $17,965,831 (2009: $20,185,435) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. Fixed deposit pledged as collateral pertains to a security for cost of legal case against subsidiary's supplier (Note 37).

Included in cash and cash equivalents of the Group and the Company are amounts denominated in foreign currencies as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| United States Dollars | 1,150,979 | 2,756,347 | 1,055,436 | 2,204,225 |
| Malaysian Ringgit | 409,921 | 391,559 | – | – |
| Thai Baht | 262,905 | 96,659 | – | – |
| Australian Dollars | 155,907 | 339,738 | 551 | 115,755 |
| New Zealand Dollars | 260,881 | 151,491 | – | – |
| Chinese Renminbi | 1,811 | – | – | – |
| | 2,242,404 | 3,735,794 | 1,055,987 | 2,319,980 |

## 24. Trade payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Trade payables | 12,786,435 | 12,021,821 | 11,268,249 | 10,761,568 |

Trade payables are non-interest bearing and have an average term of 30 to 60 days.

Included in trade payables of the Group and the Company are amounts denominated in foreign currencies as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| United States Dollars | 4,680,485 | 5,925,864 | 4,927,719 | 4,548,690 |
| Malaysian Ringgit | 596,582 | 535,580 | – | – |
| Thai Baht | 875,320 | 603,597 | – | – |
| Australian Dollars | 191,352 | 150,300 | – | – |
| New Zealand Dollars | 85,665 | 161,724 | – | – |
| | 6,429,404 | 7,377,065 | 4,927,719 | 4,548,690 |

## 25. Bills payable to banks (unsecured)

Bills payable to banks have repayment terms of approximately 120 - 150 days. Bills payable to banks bear interest at 2.40% (2009: 4.48%) per annum.

## 26. Short term loans (unsecured)

These loans bore interest at 2.51% to 3.30% (2009: 2.57% to 4.15%) per annum and were unsecured. The interest rates of these floating rate loans are repriced when due for renewal. The short term loans were repaid during the year.

## 27. Other payables and accruals

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Other payables | 1,482,188 | 1,016,311 | 971,774 | 461,613 |
| Accrued operating expenses | 1,235,495 | 889,034 | 699,271 | 696,237 |
| | 2,717,683 | 1,905,345 | 1,671,045 | 1,157,850 |

Other payables include freight payable and marketing fund contribution payable to suppliers and customers.

## 28. Finance lease obligations

The Group and the Company have finance leases for motor vehicles. There are no restrictions placed upon the Group by entering into these leases. These leases have an average life of between 1 to 5 years (2009: 1 to 5 years) with an option to purchase at the end of the lease term. The weighted average effective interest rate implicit in the leases is about 6.1% to 9.2% (2009: 6.1% to 9.2%) per annum. The outstanding amount of finance lease obligations is secured by way of a legal mortgage on the underlying lease assets.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | Total minimum lease payments $ | Present value of payments $ | Total minimum lease payments $ | Present value of payments $ |
| **2010** | | | | |
| Within one year | 95,218 | 74,767 | 73,020 | 60,787 |
| After one year but not later than five years | 146,835 | 128,888 | 126,731 | 106,226 |
| Total minimum lease payments | 242,053 | 203,655 | 199,751 | 167,013 |
| Less amounts representing finance charges | (38,398) | – | (32,738) | – |
| Present value of minimum lease payments | 203,655 | 203,655 | 167,013 | 167,013 |
| **2009** | | | | |
| Within one year | 91,820 | 78,375 | 72,894 | 61,291 |
| After one year but not later than five years | 238,206 | 198,317 | 199,877 | 167,233 |
| Total minimum lease payments | 330,026 | 276,692 | 272,771 | 228,524 |
| Less amounts representing finance charges | (53,334) | – | (44,247) | – |
| Present value of minimum lease payments | 276,692 | 276,692 | 228,524 | 228,524 |

The fair values of the finance lease obligations approximates their carrying amounts.

### 29. Share capital and treasury shares

#### *(a) Share capital*

| | Group and Company | | | |
|---|---|---|---|---|
| | 2010<br>No. of shares | 2010<br>$ | 2009<br>No. of shares | 2009<br>$ |
| Issued and fully paid: | | | | |
| At 1 April 2009/<br>1 January 2008 | 117,181,818 | 11,173,106 | 117,181,818 | 11,173,106 |
| At 31 March | 117,181,818 | 11,173,106 | 117,181,818 | 11,173,106 |

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

#### *(b) Treasury shares*

| | Group and Company | | | |
|---|---|---|---|---|
| | 2010<br>No. of shares | 2010<br>$ | 2009<br>No. of shares | 2009<br>$ |
| At 1 April 2009/<br>1 January 2008 | 681,818 | 104,822 | – | – |
| Acquired during the<br>financial year/period | – | – | 681,818 | 104,822 |
| At 31 March | 681,818 | 104,822 | 681,818 | 104,822 |

Treasury shares relate to ordinary shares of the Company that is held by the Company.

In the previous financial period, the Company had acquired 681,818 shares in the Company as a result of the compensation for the shortfall in profits guaranteed under the share sale agreements signed between the Company, Christine Anne McGregor and Innovision Technology Australia Pty Ltd.

### 30. Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 31. Dividends

| | Group and Company | |
|---|---|---|
| | 2010<br>$ | 2009<br>$ |
| **Declared and paid during the year/ period:** | | |
| Dividends on ordinary shares: | | |
| Final one-tier tax exempt dividend - 31 March 2009: 0.3 cent<br>(31 December 2007: 1.5 cent) per share | 349,522 | 1,757,727 |
| **Proposed but not recognised as a liability as at 31 March** | | |
| Final one-tier tax exempt dividend - 31 March 2010: 1.0 cent<br>(31 March 2009: 0.3 cent) per share | 1,165,000 | 351,545 |

## 32. Non-cancellable operating lease commitments - as lessee

The Group has entered into commercial leases for office and warehouse facilities as at 31 March 2010. These leases have remaining non-cancellable lease term of between 12 months to 48 months with options for renewal. There are no restrictions placed upon the Group by entering into these leases. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments payable under non-cancellable operating leases are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Future minimum lease payments: | | | | |
| Not later than one year | 820,686 | 742,289 | 437,095 | 437,095 |
| Later than one year but not later than five years | 1,989,103 | 2,275,259 | 1,402,255 | 1,839,349 |
| | 2,809,789 | 3,017,548 | 1,839,350 | 2,276,444 |

## 33. Financial instruments

### Classification of financial instruments

| | Loans and receivables $ | Financial liabilities at amortised cost $ | Total $ |
|---|---|---|---|
| **Group** | | | |
| **2010** | | | |
| **Assets** | | | |
| Trade receivables | 17,891,943 | – | 17,891,943 |
| Other receivables and deposits | 1,557,890 | – | 1,557,890 |
| Fixed deposits pledged as collaterals | 39,082 | – | 39,082 |
| Cash and cash equivalents | 4,629,983 | – | 4,629,983 |
| Total financial assets | 24,118,898 | – | 24,118,898 |
| Total non-financial assets | | | 24,697,781 |
| Total assets | | | 48,816,679 |
| **Liabilities** | | | |
| Trade payables | – | 12,786,435 | 12,786,435 |
| Bills payables to bank (unsecured) | – | 9,784,169 | 9,784,169 |
| Other payables and accruals | – | 2,717,683 | 2,717,683 |
| Due to associate (trade) | – | 126,288 | 126,288 |
| Finance lease obligation | – | 203,655 | 203,655 |
| Total financial liabilities | – | 25,618,230 | 25,618,230 |
| Total non-financial liabilities | | | 478,715 |
| Total liabilities | | | 26,096,945 |

**33. Financial instruments (cont'd)**

| | Loans and receivables $ | Available -for -sale financial assets $ | Financial liabilities at amortised cost $ | Available-for-sale financial liability $ | Total $ |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2009** | | | | | |
| **Assets** | | | | | |
| Assets classified as held for sale | – | 5,644,885 | – | – | 5,644,885 |
| Trade receivables | 14,647,983 | – | – | – | 14,647,983 |
| Other receivables and deposits | 1,544,852 | – | – | – | 1,544,852 |
| Cash and cash equivalents | 4,948,758 | – | – | – | 4,948,758 |
| Total financial assets | 21,141,593 | 5,644,885 | – | – | 26,786,478 |
| Total non-financial assets | | | | | 22,486,424 |
| Total assets | | | | | 49,272,902 |
| **Liabilities** | | | | | |
| Liabilities associated with assets classified as held for sale | – | – | – | 5,120,876 | 5,120,876 |
| Trade payables | – | – | 12,021,821 | – | 12,021,821 |
| Bills payables to bank (unsecured) | – | – | 7,964,565 | – | 7,964,565 |
| Short term loans (unsecured) | – | – | 1,850,000 | – | 1,850,000 |
| Other payables and accruals | – | – | 1,905,345 | – | 1,905,345 |
| Due to associate (trade) | – | – | 136,924 | – | 136,924 |
| Finance lease obligation | – | – | 276,692 | – | 276,692 |
| Total financial liabilities | – | – | 24,155,347 | 5,120,876 | 29,276,223 |
| Total non-financial liabilities | | | | | 403,145 |
| Total liabilities | | | | | 29,679,368 |

## 33. Financial instruments (cont'd)

| | Loans and receivables $ | Financial liabilities at amortised cost $ | Total $ |
|---|---|---|---|
| **Company** | | | |
| **2009** | | | |
| **Assets** | | | |
| Trade receivables | 9,746,777 | – | 9,746,777 |
| Other receivables and deposits | 959,210 | – | 959,210 |
| Due from subsidiaries (trade) | 10,680,737 | – | 10,680,737 |
| Due from subsidiaries (non-trade) | 2,592,909 | – | 2,592,909 |
| Cash and cash equivalents | 3,393,462 | – | 3,393,462 |
| Total financial assets | 27,373,095 | – | 27,373,095 |
| Total non-financial assets | | | 16,729,242 |
| Total assets | | | 44,102,337 |
| **Liabilities** | | | |
| Trade payables | – | 11,268,249 | 11,268,249 |
| Bills payables to bank (unsecured) | – | 9,784,169 | 9,784,169 |
| Other payables and accruals | – | 1,671,046 | 1,671,046 |
| Due to associate (trade) | – | 256,285 | 256,285 |
| Finance lease obligations | – | 167,013 | 167,013 |
| Total financial liabilities | – | 23,146,762 | 23,146,762 |
| Total non-financial liabilities | | | 381,209 |
| Total liabilities | | | 23,527,971 |

## 33. Financial instruments (cont'd)

| | Loans and receivables $ | Financial liabilities at amortised cost $ | Total $ |
|---|---|---|---|
| **Company** | | | |
| **2009** | | | |
| **Assets** | | | |
| Trade receivables | 7,492,332 | – | 7,492,332 |
| Other receivables and deposits | 1,192,647 | – | 1,192,647 |
| Due from subsidiaries (trade) | 10,757,570 | – | 10,757,570 |
| Due from subsidiaries (non-trade) | 2,269,055 | – | 2,269,055 |
| Cash and cash equivalents | 3,900,577 | – | 3,900,577 |
| Total financial assets | 25,612,181 | – | 25,612,181 |
| Total non-financial assets | | | 15,746,486 |
| Total assets | | | 41,358,667 |
| **Liabilities** | | | |
| Trade payables | – | 10,761,568 | 10,761,568 |
| Bills payables to bank (unsecured) | – | 7,964,565 | 7,964,565 |
| Short term loans (unsecured) | – | 1,850,000 | 1,850,000 |
| Other payables and accruals | – | 1,157,850 | 1,157,850 |
| Due to associate (trade) | – | 191,491 | 191,491 |
| Finance lease obligations | – | 228,524 | 228,524 |
| Total financial liabilities | – | 22,153,998 | 22,153,998 |
| Total non-financial liabilities | | | 476,459 |
| Total liabilities | | | 22,630,457 |

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

Trade receivables (Note 19), Other receivables and deposits (Note 20), Amount due from subsidiaries and amount due to associate (Note 21/22),Cash and cash equivalents (Note 23), Trade payables (Note 24) and Other payables and accruals (Note 27).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

## 34. Financial risk management objectives and policies

The Group's principal financial instruments comprise finance leases cash and bank balances and bills payable. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables/payables and bills payables, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

**34. Financial risk management objectives and policies (cont'd)**

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bills payable and short term loans. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2009: less than 6 months) from the balance sheet date.

*Sensitivity analysis for interest rate risk*

At the balance sheet date, if SGD interest rates had been 15 (2009: 15) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $15,000 (2009: $15,000) higher/lower, arising mainly as a result of lower/higher interest expense on bills payable and short term loans.

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Malaysian Ringgit ("MYR"), Thai Baht ("THB"), Australian Dollar ("AUD") and New Zealand Dollar ("NZD"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"). Approximately 17% (2009: 20%) of the Group's sales are denominated in foreign currencies whilst almost 52% (2009: 59%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to $1,150,979 and $1,055,436 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, New Zealand, Australia and China. The Group's net investments in Malaysia, Thailand, New Zealand, Australia and China are not hedged as currency positions in these respective currencies are considered to be long-term in nature.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AUD, NZD, MYR and THB exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation and equity.

| | | | 2010 | | 2009 | |
|---|---|---|---|---|---|---|
| | | | Profit net of taxation $ | Equity $ | Profit net of taxation $ | Equity $ |
| USD | - | strengthened by 3% (2009: 3%) | (49,000) | (49,000) | (33,000) | (33,000) |
| | - | weakened by 3% (2009: 3%) | 49,000 | 49,000 | 33,000 | 33,000 |
| AUD | - | strengthened by 3% (2009: 3%) | 71,000 | 71,000 | 42,000 | 42,000 |
| | - | weakened by 3% (2009: 3%) | (71,000) | (71,000) | (42,000) | (42,000) |
| NZD | - | strengthened by 3% (2009: 3%) | 14,000 | 14,000 | 11,000 | 11,000 |
| | - | weakened by 3% (2009: 3%) | (14,000) | (14,000) | (11,000) | (11,000) |
| MYR | - | strengthened by 3% (2009: 3%) | 68,000 | 68,000 | 85,000 | 85,000 |
| | - | weakened by 3% (2009: 3%) | (68,000) | (68,000) | (85,000) | (85,000) |
| THB | - | strengthened by 3% (2009: 3%) | 11,000 | 11,000 | 9,000 | 9,000 |
| | - | weakened by 3% (2009: 3%) | (11,000) | (11,000) | (9,000) | (9,000) |

**34. Financial risk management objectives and policies (cont'd)**

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks.

At the balance sheet date, approximately 99% (2009: 98%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayments obligations.

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | 1 year or less | 1 to 5 years | Total | 1 year or less | 1 to 5 years | Total |
| | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | |
| **Financial assets** | | | | | | |
| Assets classified as held for sale | – | – | – | 5,644,885 | – | 5,644,885 |
| Trade receivables | 17,891,943 | – | 17,891,943 | 14,647,983 | – | 14,647,983 |
| Other receivables and deposits | 1,557,890 | – | 1,557,890 | 1,544,852 | – | 1,544,852 |
| Fixed deposit pledged as collateral | 39,082 | – | 39,082 | – | – | – |
| Cash and cash equivalents | 4,629,983 | – | 4,629,983 | 4,948,758 | – | 4,948,758 |
| Total undiscounted financial assets | 24,118,898 | – | 24,118,898 | 26,786,478 | – | 26,786,478 |
| **Financial liabilities** | | | | | | |
| Liabilities associated with assets classified as held for sale | – | – | – | 5,120,876 | – | 5,120,876 |
| Trade payables | 12,786,435 | – | 12,786,435 | 12,021,821 | – | 12,021,821 |
| Loans and bills payable | 9,784,169 | – | 9,784,169 | 9,814,565 | – | 9,814,565 |
| Other payables and accruals | 2,717,683 | – | 2,717,683 | 1,905,345 | – | 1,905,345 |
| Due to associate (trade) | 126,288 | – | 126,288 | 136,924 | – | 136,924 |
| Finance lease obligations | 95,218 | 146,835 | 242,053 | 91,820 | 238,206 | 330,026 |
| Total undiscounted financial liabilities | 25,509,793 | 146,835 | 25,656,628 | 29,091,351 | 238,206 | 29,329,557 |
| Total net undiscounted financial liabilities | (1,390,895) | (146,835) | (1,537,730) | (2,304,873) | (238,206) | (2,543,079) |

**34. Financial risk management objectives and policies (cont'd)**

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | 1 year or less $ | 1 to 5 years $ | Total $ | 1 year or less $ | 1 to 5 years $ | Total $ |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| Trade receivables | 9,746,777 | – | 9,746,777 | 7,492,332 | – | 7,492,332 |
| Other receivables and deposits | 959,210 | – | 959,210 | 1,192,647 | – | 1,192,647 |
| Due from subsidiaries (trade) | 10,680,737 | – | 10,680,737 | 10,757,570 | – | 10,757,570 |
| Due from subsidiaries (non-trade) | 2,592,909 | – | 2,592,909 | 2,269,055 | – | 2,269,055 |
| Cash and cash equivalents | 3,393,462 | – | 3,393,462 | 3,900,577 | – | 3,900,577 |
| Total undiscounted financial assets | 27,373,095 | – | 27,373,095 | 25,612,181 | – | 25,612,181 |
| **Financial liabilities** | | | | | | |
| Trade payables | 11,268,249 | – | 11,268,249 | 10,761,568 | – | 10,761,568 |
| Loans and bills payable | 9,784,169 | – | 9,784,169 | 9,814,565 | – | 9,814,565 |
| Other payables and accruals | 1,671,046 | – | 1,671,046 | 1,157,850 | – | 1,157,850 |
| Due to associate (trade) | 256,285 | – | 256,285 | 191,491 | – | 191,491 |
| Finance lease obligations | 73,020 | 126,731 | 199,751 | 72,894 | 199,877 | 272,771 |
| Total undiscounted financial liabilities | 23,052,769 | 126,731 | 23,179,500 | 21,998,368 | 199,877 | 22,198,245 |
| Total net undiscounted financial assets/(liabilities) | 4,320,326 | (126,731) | 4,193,595 | 3,613,813 | (199,877) | 3,413,936 |

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

*Exposure to credit risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

## 34. Financial risk management objectives and policies (cont'd)

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| **Group** | | | | |
| **By country:** | | | | |
| Singapore | 11,763,082 | 66 | 9,227,243 | 63 |
| Malaysia | 2,455,339 | 14 | 2,982,882 | 20 |
| Thailand | 971,682 | 5 | 803,598 | 5 |
| New Zealand | 300,602 | 2 | 380,534 | 3 |
| Australia | 2,401,238 | 13 | 1,176,227 | 8 |
| Others | – | – | 77,499 | 1 |
| | 17,891,943 | 100 | 14,647,983 | 100 |

At the balance sheet date, approximately:

- 19% (2009: 20%) of the Group's trade receivables were due from 5 major customers who are retailers and superstore operators in the multimedia and IT accessories industry located in Singapore and Australia.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

## 35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year/period ended 31 March 2010 and 31 March 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to owners of the parent.

**35. Capital management (cont'd)**

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade payables | 12,786,435 | 12,021,821 |
| Bills payable to banks (unsecured) | 9,784,169 | 7,964,565 |
| Short-term loans (unsecured) | – | 1,850,000 |
| Other payables and accruals | 2,717,683 | 1,905,345 |
| Due to associate (trade) | 126,288 | 136,924 |
| Finance lease obligations (Note 28) | 203,655 | 276,692 |
| Less: Cash and cash equivalents (Note 23) | (4,629,983) | (4,948,758) |
| Net debt | 20,988,247 | 19,206,589 |
| Equity attributable to owners of the parent, representing total capital | 22,482,511 | 19,463,379 |
| Capital and net debt | 43,470,758 | 38,669,968 |
| Gearing ratio | 48% | 50% |

**36. Segment information**

For management purposes, the Group is organised into business units based on their products and services and is organised into 3 main operating segments, namely:

- Multimedia (Audio and visual IT products, such as speakers, LCD monitors, graphic cards, MP3 players and sound cards)
- Data Storage (Products that are used in the storage of data such as tape storage, HDD cases, Blu-ray and DVD-Roms)
- IT accessories (PC-related accessories such as mice, keyboards and networking products such as switches, routers and wireless cards)

There are no sales between business segments.

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 financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Revenue from external customers, assets and liabilities cannot be directly attributable to individual segments and it is impractical to arbitrarily allocate them to the segments. Accordingly, it is not meaningful to disclose revenue from external customers assets and liabilities by the operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

**36. Segment information** (cont'd)

| 2010 | Continuing Operations Multimedia $ | Data storage $ | IT accessories $ | Eliminations $ | Discontinued Operations Multimedia $ | Total $ |
|---|---|---|---|---|---|---|
| Revenue | 73,690,472 | 21,734,872 | 52,007,906 | (34,574,427) | – | 112,858,823 |
| Segment results | 2,544,322 | 439,687 | 2,254,887 | (841,983) | – | 4,396,913 |
| Financial expenses | | | | | – | (321,195) |
| Financial income | | | | | – | 6,858 |
| Gain on disposal of subsidiary | | | | | – | 40,580 |
| Share of results of associate | | | | | – | 40,267 |
| Profit before taxation | | | | | – | 4,163,423 |
| Taxation | | | | | – | (869,929) |
| Profit after taxation | | | | | – | 3,293,494 |
| Depreciation | | | | | – | 452,114 |
| Amortisation | | | | | – | 86,087 |
| Impairment of non-financial assets | | | | | – | 30,226 |
| Capital expenditure | | | | | – | 194,016 |
| Other non-cash expenses | | | | | – | 376,540 |

| 2009 | Continuing Operations Multimedia $ | Data storage $ | IT accessories $ | Eliminations $ | Discontinued Operations Multimedia $ | Total $ |
|---|---|---|---|---|---|---|
| Revenue | 115,059,553 | 31,629,339 | 47,425,232 | (49,178,406) | 13,952,370 | 158,888,088 |
| Segment results | (1,326,737) | 669,683 | 923,730 | (239,942) | (267,633) | (240,899) |
| Financial expenses | | | | | (46,348) | (758,267) |
| Financial income | | | | | – | 12,391 |
| Share of results of associate | | | | | – | 114,784 |
| Loss before taxation | | | | | (313,981) | (871,991) |
| Taxation | | | | | – | 127,062 |
| Loss after taxation | | | | | (313,981) | (744,929) |
| Depreciation | | | | | 96,191 | 671,464 |
| Amortisation | | | | | – | 150,653 |
| Capital expenditure | | | | | 253,249 | 541,243 |
| Other non-cash expenses | | | | | – | 952,959 |

## 36. Segment information (cont'd)

**Geographical segments**

| 2010 | Singapore $ | Malaysia $ | Thailand $ | Asia[(1)] $ | Australia $ | Others[(2)] $ | Eliminations $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| Revenue : | | | | | | | | |
| Sales to external customers | 60,980,407 | 15,413,577 | 6,577,608 | 9,787,012 | 13,726,501 | 6,373,718 | – | 112,858,823 |
| Inter-segment sales | 11,443,699 | 8,996,298 | 2,245,596 | – | 9,430,301 | 2,458,533 | (34,574,427) | – |
| Segment revenue | 72,424,106 | 24,409,875 | 8,823,204 | 9,787,012 | 23,156,802 | 8,832,251 | (34,574,427) | 112,858,823 |
| Assets | 27,941,096 | 5,666,256 | 1,927,123 | 24,023 | 11,495,920 | 1,762,261 | – | 48,816,679 |
| Capital expenditure | 29,174 | 6,537 | 30,358 | – | 118,109 | 9,838 | – | 194,016 |

| 2009 | Singapore $ | Malaysia $ | Thailand $ | Asia[(1)] $ | Australia $ | Others[(2)] $ | Eliminations $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| Revenue : | | | | | | | | |
| Sales to external customers | 79,165,438 | 22,800,688 | 7,122,375 | 13,663,223 | 16,834,847 | 19,301,517 | – | 158,888,088 |
| Inter-segment sales | 13,979,793 | 15,473,052 | 2,228,154 | – | 15,697,715 | 1,799,691 | (49,178,405) | – |
| Segment revenue | 93,145,231 | 38,273,740 | 9,350,529 | 13,663,223 | 32,532,562 | 21,101,208 | (49,178,405) | 158,888,088 |
| Assets | 24,418,934 | 6,333,828 | 1,629,639 | 5,744,168 | 9,554,603 | 1,591,730 | – | 49,272,902 |
| Capital expenditure | 125,642 | 58,460 | 11,650 | 265,458 | 67,847 | 12,186 | – | 541,243 |

(1) Asia includes the People's Republic of China, Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal and Asean member countries excluding Singapore, Malaysia and Thailand.

(2) Others include countries such as New Zealand, Africa, America, Saudi Arabia and United Arab Emirates.

## 37. Events after the balance sheet date

The directors of the Company recommend that a final one-tier tax exempt dividend of 1.0 cent per ordinary share amounting to $1,165,000 to be paid in respect of the financial year ended 31 March 2010. The proposed dividend, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, has not been accrued as liability for the current financial year.

On 30 June 2009, Digitalblue Limited ("Digitalblue"), a subsidiary of the Company, commenced a lawsuit against GN Netcom Australia Pty Ltd ("GN Netcom") in relation to a unilateral termination of a distribution agreement. On 7 April 2010, the two parties reached an agreement to settle the lawsuit, with GN Netcom being liable to pay Digitalblue a sum of A$45,000. The recovery of this settlement net of legal cost is expected to be A$16,764. Digitalblue will release GN Netcom from any further claims and GN Netcom will release Digitalblue from its Statutory Demand of A$77,047.

## 38. Comparatives

The Company reported its financial results covering a 15 months' period from 1 January 2008 to 31 March 2009 in its last financial statement due to a change in financial year end from 31 December to 31 March.

## 39. Authorisation of financial statements for issue

The financial statements for the period ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 29 June 2010.

# STATISTICS OF SHAREHOLDINGS

As at 21 June 2010

Issued and Fully paid up capital: S$11,173,106
Class of Shares: Ordinary Shares with equal voting rights

## Distribution of shareholdings

| Range of Shareholdings | Number of Shareholders | Percentage | No. of Shares | Percentage |
|---|---|---|---|---|
| 1 - 999 | 0 | 0.00 | 0 | 0.00 |
| 1,000 - 10,000 | 201 | 49.03 | 1,071,000 | 0.91 |
| 10,001 - 1,000,000 | 190 | 46.34 | 18,657,818 | 15.92 |
| 1,000,001 and above | 19 | 4.63 | 97,453,000 | 83.17 |
| TOTAL | 410 | 100.00 | 117,181,818 | 100.00 |

## Twenty largest shareholders

| No | Name of Shareholder | Number of Shares Held | Percentage |
|---|---|---|---|
| 1 | Teng Woo Boon | 40,061,000 | 34.19 |
| 2 | Sheffield Trading Pty Ltd | 14,510,442 | 12.38 |
| 3 | Teng Kin Chong | 7,939,000 | 6.77 |
| 4 | Kim Seng Holdings Pte Ltd | 4,999,000 | 4.27 |
| 5 | Lim Siew Eng | 4,126,000 | 3.52 |
| 6 | Dollar Tree Inc Pte Ltd | 3,700,000 | 3.16 |
| 7 | Teng Kim Sui | 2,871,000 | 2.45 |
| 8 | Teo Su Ching | 2,678,000 | 2.29 |
| 9 | McGregor Christine Anne | 2,509,000 | 2.14 |
| 10 | Hong Leong Finance Nominees Pte Ltd | 2,300,000 | 1.96 |
| 11 | Dainton Nominees Pty Ltd | 1,989,558 | 1.70 |
| 12 | Yeo Siong Chan | 1,509,000 | 1.29 |
| 13 | Peh Beng Yong | 1,379,000 | 1.18 |
| 14 | DBS Vickers Securities (S) Pte Ltd | 1,350,000 | 1.15 |
| 15 | OCBC Securities Private Limited | 1,228,000 | 1.05 |
| 16 | DBS Nominees Pte Ltd | 1,146,000 | 0.98 |
| 17 | Merrill Lynch (Singapore) Pte Ltd | 1,080,000 | 0.92 |
| 18 | HSBC (Singapore) Nominees Pte Ltd | 1,043,000 | 0.89 |
| 19 | Ng Poh Kheng | 1,035,000 | 0.88 |
| 20 | Ang Chai Ling (Hong Cailing) | 900,000 | 0.76 |
| | | 98,353,000 | 83.93 |

# STATISTICS OF SHAREHOLDINGS

As at 21 June 2010

## Substantial Shareholders' Interests in the Company's Shares

The Shareholdings of the Substantial Shareholders as shown in the Registers of Substantial Shareholders' as at 21 June 2010:-

| | Substantial Shareholder | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|---|
| | | No. of shares | % | No. of shares | % |
| 1. | Teng Woo Boon [1] | 40,061,000 | 34.19 | 2,678,000 | 2.29 |
| 2. | Teo Su Ching [2] | 2,678,000 | 2.29 | 40,061,000 | 34.19 |
| 3. | Boyd Dainton [3] | - | - | 19,690,818 | 16.80 |
| 4. | Neo Gim Kiong [4] | 694,000 | 0.59 | 3,700,000 | 3.16 |
| 5. | McGregor Christine Anne [5] | 2,509,000 | 2.14 | 17,181,818 | 14.66 |
| 6. | Teng Kin Chong | 7,951,000 | 6.78 | - | - |

## Notes

(1) Teng Woo Boon's deemed interest arose through 2,678,000 shares held by his wife, Teo Su Ching.

(2) Teo Su Ching's deemed interest arose through 40,061,000 shares held by her husband, Teng Woo Boon.

(3) Boyd Dainton's deemed interest arose through 2,671,376 held by Dainton Nominees Pty Ltd, 14,510,442 shares held by Sheffield Trading Pty Ltd and 2,509,000 shares held by his wife, McGregor Christine Anne.

(4) Neo Gim Kiong's deemed interest arose through 3,700,000 held by Dollar Tree Inc Pte Ltd.

(5) McGregor Christine Anne's deemed interest arose through 2,671,376 held by Dainton Nominees Pty Ltd and 14,510,442 shares held by Sheffield Trading Pty Ltd.

## Shareholdings in hand of public

The percentage of shareholdings in the hand of public was approximately 29.80% as at 21 June 2010 and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAN LEONG TECHNOLOGIES LIMITED (the "Company") will be held at the Registered Office, 150 Ubi Avenue 4 Level 4, Singapore 408825 on Thursday, 29 July 2010 at 10.00 a.m. for the following purposes:

**As Ordinary Business:**

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the year ended 31 March 2010 and the Independent Auditors' Report thereon. **[Resolution No. 1]**

2. To re-elect Mr. Neo Gim Kiong who is retiring under Article 107 of the Company's Articles of Association. **[Resolution No. 2]**

3. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to re-appoint Mr. Ch'ng Jit Koon as Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 3]**

4. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to re-appoint Mr. Tan Eng Bock as Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 4]**

5. To approve the payment of directors' fees of $122,000 for the year ended 31 March 2010. [2009:S$114,500] **[Resolution No. 5]**

6. To approve the payment of a final dividend of 1.0 cent per ordinary share for the year ended 31 March 2010. **[Resolution No. 6]**

7. To appoint auditors and to authorise the directors to fix their remuneration. **[Resolution No. 7]**

**As Special Business:**

8. To consider and if thought fit, to pass the following Ordinary Resolutions:

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") authority be and is hereby given to the Directors to: -

(A) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:

1) 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):

(a) by way of renounceable rights issues on a pro rata basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below); and

(b) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") shall not exceed 50 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per cent of the total number of issued shares In the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below);

2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below);

3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1)(a) and (1)(b) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new share arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares; and

4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

5) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution No. 8]**

9. That: -

a. for the purposes of Section 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of all the powers to purchase or otherwise acquire issued ordinary shares in the capital of Company ("Ordinary Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), by way of Market Purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST") and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Repurchase Mandate");

b. unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Repurchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Repurchase Mandate is revoked or varied;

c. in this Resolution:-

"Market Purchase" means market acquisitions of Ordinary Shares through the SGX-ST's Central Limit Order Book trading system undertaken by the Company in accordance with the Companies Act;

"Maximum Percentage" means that number of issued Ordinary Shares representing 10 per cent of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share to be purchased or acquired, means the maximum purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses), which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price (as defined hereinafter),

"Average Closing Price" means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

d. the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **[Resolution No. 9]**

10. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Eliza Lim Bee Lian
Company Secretary
14 July 2010

# NOTICE OF ANNUAL GENERAL MEETING

Note:
A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding of the meeting.

Explanatory Notes on Ordinary Resolutions:

a) Mr. Neo Gim Kiong is a Non-Executive Director.

b) Mr. Ch'ng Jit Koon is a Non-Executive Director and if he is elected, he will remain as member of the Audit Committee, Nominating Committee and Remuneration Committee.

c) Mr. Tan Eng Bock is an Independent Director and if he is re-elected, he will remain as Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.

d) The Audit Committee has recommended that Ernst & Young LLP be re-appointed as Auditors.

e) Resolution No. 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 8 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

f) The ordinary Resolution No. 9, if passed at the Annual General Meeting, will renew the Shares Buy Back Mandate approved by the Shareholders of the Company from the date of the Annual General Meeting until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier. The Company did not buy back any shares subsequent to the last Annual General Meeting on 23 July 2009.

   The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired.

   Based on the existing issued and paid-up ordinary share capital of the Company as at 21 June 2010 (the "Latest Practicable Date"), the purchase by the Company of 10 per cent of its issued ordinary shares will result in the purchase or acquisition of 11,718,181 ordinary shares.

   Assuming that the Company purchases or acquires the 11,718,181 Shares by way of Market Purchases at the Maximum Price of S$0.1575 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the Official List of SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately S$1,845,614.

   In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires Shares at the Maximum Price of S$0.18 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the Official List of SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 11,718,181 Shares is S$2,109,273.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Ban Leong Technologies Limited (the "Company") will be closed at 5.00 p.m. on 12 August 2010 (the "Books Closure Date") for the purpose of determining the entitlements of shareholders in respect of the proposed final dividend of 1.0 cent per ordinary share.

Shareholders whose securities accounts with The Central Depository (Pte) Ltd are credited with shares as at 5.00 p.m. on the Books Closure Date will be entitled to the dividend.

Registrable transfers (in respect of Share not registered in the name of CDP) together with all relevant documents of title received by the Company's Registrar, M&C Services Private Ltd at 138 Robinson Road #17-00 The Corporate Office Singapore 068906, up to 5.00 p.m. on the Books Closure Date will, subject to the Articles of Association of the Company, be registered before entitlements to the dividend are determined.

The Final Ordinary Dividend if approved by shareholders, will be paid on or about 23 August 2010.

By Order of the Board

Eliza Lim Bee Lian
Company Secretary
14 July 2010

# PROXY FORM

**BAN LEONG TECHNOLOGIES LIMITED**
(Incorporated in the Republic of Singapore)
(Registration number 199303898C)

**Important:**
1. For investors who have used their CPF monies to buy Ban Leong Technologies Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved nominee and is sent solely 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 ______________________________ (Name)

of ______________________________ (Address) being a member/members of Ban Leong Technologies Limited ("the Company") hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) | |
|---|---|---|---|---|
| | | | No. of shares | (%) |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) | |
|---|---|---|---|---|
| | | | No. of shares | (%) |
| | | | | |

as my/our proxy/proxies to attend and 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 150 Ubi Avenue 4 Level 4, Singapore 408825 on Thursday, 29 July 2010 at 10.00 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

| | Resolutions relating to: | For | Against |
|---|---|---|---|
| 1. | Adoption of Reports and Accounts for the year ended 31 March 2010 and the Independent Auditors' Report thereon. | | |
| 2. | Re-election of Mr. Neo Gim Kiong as a Director | | |
| 3 | Re-appointment of Mr. Ch'ng Jit Koon as a Director | | |
| 4. | Re-appointment of Mr. Tan Eng Bock as a Director | | |
| 5. | To approve the payment of Directors' fees of $122,000 | | |
| 6. | To approve the payment of Final Dividend of 1.0 cent per ordinary share | | |
| 7. | Appointment of Auditors | | |
| 8. | Authority to Issue Shares pursuant to Section 161 of the Companies Act, Cap. 50 | | |
| 9. | Renewal of Share Buy Back Mandate. | | |

Signed this ......... day of July 2010

| Total Number of Shares Held in: | |
|---|---|
| CDP Register | |
| Register of Members | |

-----------------------------------------------------
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

Important: Please read notes overleaf

Postage
Stamp

**To: The Company Secretary**
**BAN LEONG TECHNOLOGIES LIMITED**
150 Ubi Avenue 4, Level 4
Singapore 408825

Fold along dotted line

Fold along dotted line

NOTES:

a. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares entered against your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.

b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

c. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy by resolution of its directors or other governing body such person as it thinks fit to vote on its behalf.

d. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.

e. 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.

f. In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to 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 as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting as certified by the CDP to the Company.

g. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

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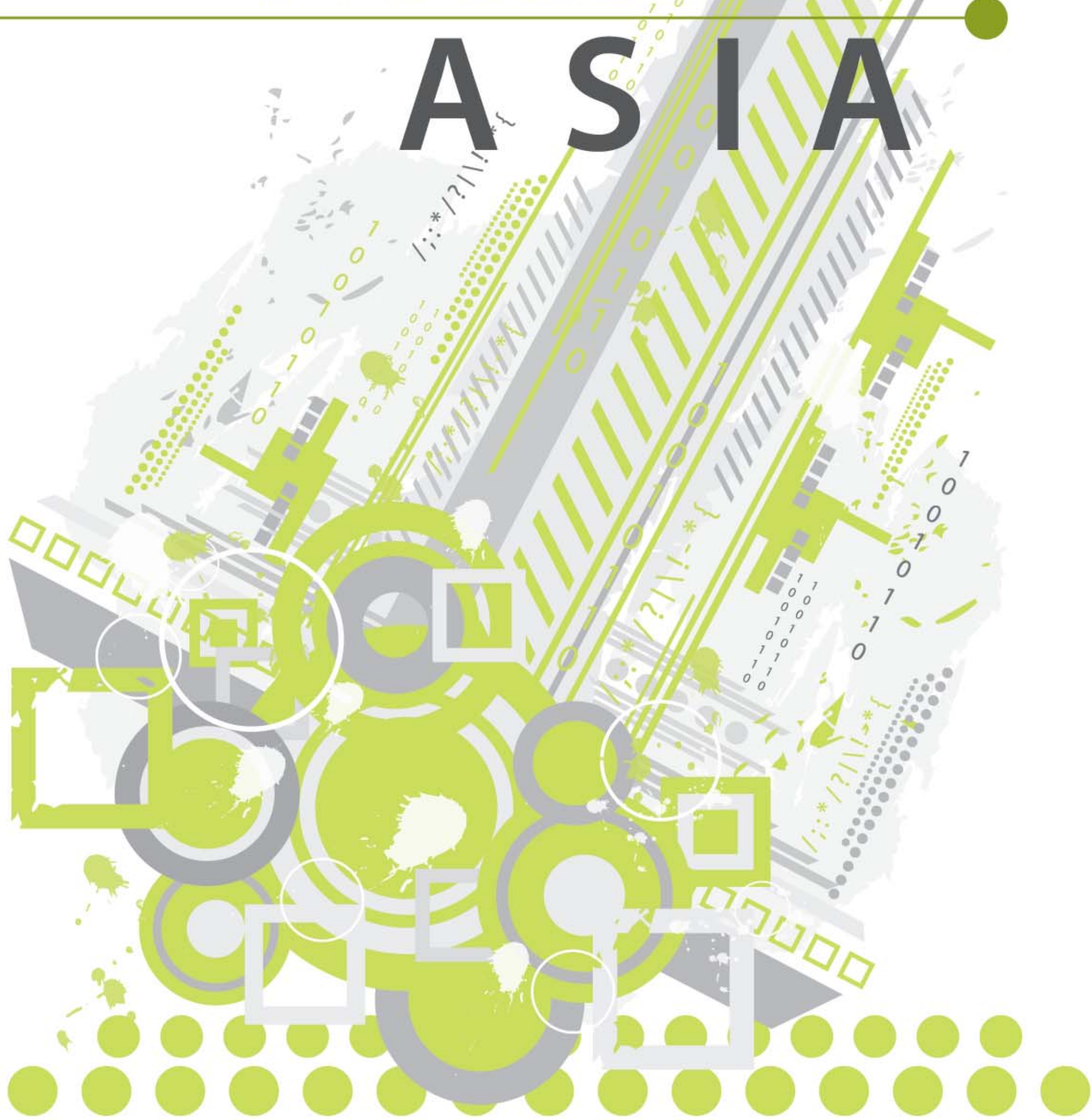
h. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

Ban Leong
Technologies Limited

ALTEC LANSING
ASUS
AV LABS
BELKIN
CHOIIX
COOLER MASTER
DELL YOURS IS HERE
EATON Powering Business Worldwide
eGear
EVGA
GRIFFIN
hotway
iKlear
NORTEK nortekonline.com
NVIDIA
LEADTEK
Logitech
OCZ Technology
PLANTRONICS SOUND INNOVATION
PowerColor
RAZER
SAMSUNG
Sarotech
socomec Innovative Power Solutions
SONY
TDK Life on Record
TREND MICRO
UE ULTIMATE EARS BY LOGITECH
LG Life's Good
ViewSonic
Shuttle
Edifier a Passion for Sound
VANTEC
Targus
Genius
NZXT. CRAFTED GAMING ARMOR
ifrogz
Enjoyable, Convenient, Healthy Computer Life! OZAKI

**Leading** the Fashion
of Tech-Savvy
Products in
ASIA



BAN LEONG 2010
ANNUAL REPORT

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Technologies Limited

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