BAN LEONG **ANNUAL REPORT** 2012

# Technologia

The Frontier of Today's Technology

# POWERING WHAT'S NEXT

## Embrace The New Technological Era

# CONTENTS








Designed by Rockstar Atelier

# TECHNOLOGIA
## BAN LEONG
## ANNUAL REPORT 2012

### PUBLISHER
Ban Leong Technologies Limited

### BOARD OF DIRECTORS
Ronald Teng Woo Boon - Managing Director
Neo Gim Kiong - Non Executive Director
Chng Hock Huat - Non Executive Director
Loh Yih - Independent Director
Tan Eng Bock - Independent Director

### COMPANY SECRETARIES
Pan Mi Keay
Lee Wei Hsiung

### 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 LLP
One Raffles Quay, North Tower, Level 18
Singapore 048583

### PARTNER-IN-CHARGE
Gajendran Vyapuri
Appointed since financial year ended 31 March 2011

### PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
10 Collyer Quay #20 Ocean Financial Centre
Singapore 049315

Citibank N.A.
8 Marina View #17-01 Asia Square Tower
Singapore 018960

DBS Bank Limited
6 Shenton Way, #43-00, DBS Building Tower One
Singapore 068809

Oversea-Chinese Banking Corporation Limited
63 Chulia Street #02-00 OCBC Centre East
Singapore 049514

United Overseas Bank Limited
80 Raffles Place #12-00 UOB Plaza
Singapore 048624

# PICKING UP MOMENTUM

BAN LEONG TECHNOLOGIES LIMITED REMAINS POISED AND RESILIENT IN THE FACE OF ECONOMIC OBSTACLES WITH IT'S STRONG FUNDAMENTALS IN STRATEGIC PLANNING AND THE RIGHT MIX OF INNOVATIVE CAPABILITIES, FARSIGHTEDNESS AND OPPORTUNE CAPITALISATION OF NEW VENTURES. THE GROUP WILL CONSOLIDATE IT'S POSITION AND RISE TO THE CHALLENGES TO ACHIEVE LONG TERM GROWTH AND SUSTAINABILITY TO IMPROVE SHAREHOLDERS' VALUE AND A STRONGER STANCE AHEAD.

A brand name in the technology products distribution industry for over 10 years. From a traditional IT products distributor, Ban Leong Technologies Ltd has successfully transformed into a new generation technology-driven specialist distributor under the leadership of Managing Director Ronald Teng who spearheaded the transformation since it was incorporated in 1993.

Leveraging on the almost 20 years brand history, Ban Leong Technologies Ltd re-positioned and strengthened it's brand as a name synonymous with innovative, fashionable and user-focused tech-savvy products through regular marketing activities.

Ban Leong Technologies Ltd has been listed on the SGX Main Board since 23 June 2005 and distributes a diverse range of multimedia and data storage products as well as IT accessories. Multimedia products primarily consist of audio and visual IT products such as large format display monitors, LCD monitors, speakers, graphic cards and earphones. Data storage products refer to those that are used in the storage of data such as HDD cases and DVD ROMs. IT accessories include smart phone accessories, PC-related accessories such as mice, keyboards and networking products such as switches, routers and wireless cards.

Ban Leong Technologies Ltd also constantly focus on identifying innovative IT products to enhance and expand it's range of products. In the years 2006 – 2007, Ban Leong Technologies Ltd gathered the brands of AVLABS and eGear under her wings and developed them as in-house brands, focusing on specific range of products.

Till date, Ban Leong Technologies Ltd already has more than 25 authorized distributorships for over 70 types of products under 45 brand names. This allows the endless bundling possibilities of different products to cater to customers' varied needs.

With an experienced management team with over 30 years of combined experience in the IT industry, Ban Leong Technologies Ltd is able to identify and establish strong relationships with vendors who have a track record of developing innovative products.

Ban Leong Technologies Ltd distributes products through two channels, namely, resellers such as retailers and chain stores and directly to corporate resellers and system integrators. To complement distribution services, Ban Leong Technologies Ltd provides after sales support services and offers out-of-box replacement warranty to customers. Ban Leong Technologies Ltd has it's own service centre with in-house technicians to handle all the hardware, technical problems as well as onsite repairing for certain products. By going the extra mile to serve customers, Ban Leong Technologies Ltd has established our name as a "reliable and trustworthy" partner.

Today, Ban Leong Technologies Ltd is based in Singapore and have regional offices in Malaysia, Thailand, Vietnam and Australia.

## 01 MULTIMEDIA

Consisting of audio and visual IT Products such as speakers, LCD monitors, graphic cards, MP3 players and earphones

## 02 DATA STORAGE


Products that are used in the storage of data such as tape storages, HDD cases, Blu-ray and DVD-roms.

## 03 IT ACCESSORIES

Consisting PC and Gaming-related, Apple-related accessories such as mice, keyboards, networking, iPhone and iPad accessories.

# CORPORATE STRUCTURE

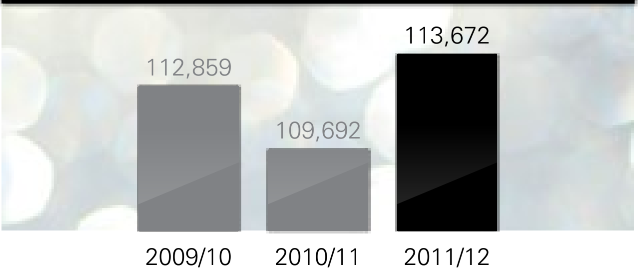
**BAN LEONG TECHNOLOGIES LIMITED**

Listing of Subsidiary Companies

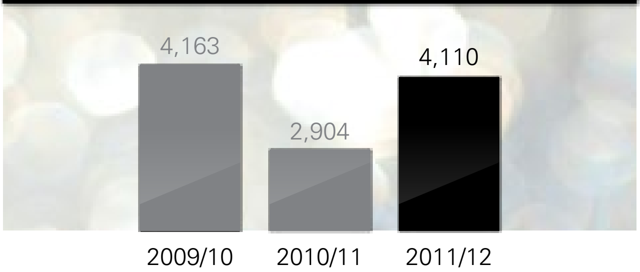
| | |
|---|---|
| 100% | Digital Hub Pte Ltd |
| 100% | Digitalblue Limited |
| 100% | BLC (China) Limited |
| 100% | Ban Leong Technologies Sdn Bhd |
| 100% | Ban Leong Technologies Australia Pty Ltd → 100% Audion Innovision Pty Ltd |
| 100% | AV Labs International Pte Ltd |
| 60% | Ban Leong Chin Inter Co., Ltd |
| 50% | Egear Inc Ltd |

# FINANCIAL HIGHLIGHTS

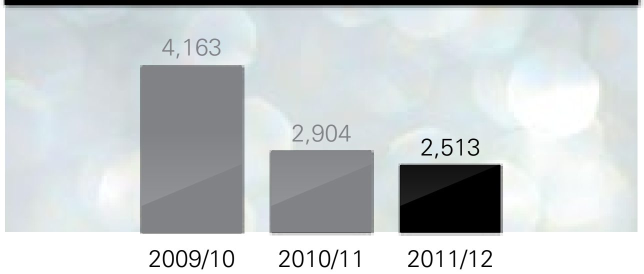
**REVENUE** In Thousands



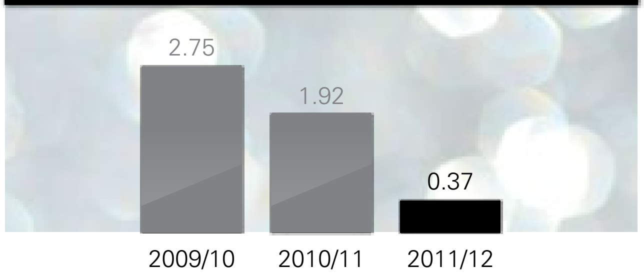

**OPERATING PROFIT BEFORE TAX** In Thousands



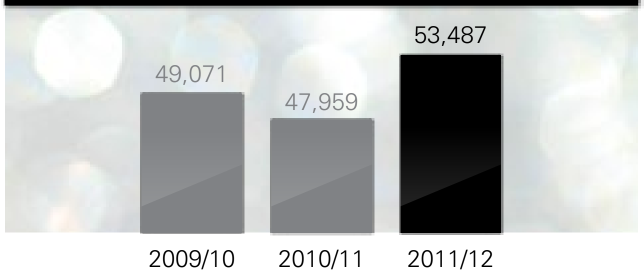

**PROFIT BEFORE TAX** In Thousands




**EARNING PER SHARE** In Cents




**TOTAL ASSETS** In Thousands




| **RESULT OF OPERATION** In Thousands | 2009/10 | 2010/11 | 2011/12 |
|---|---|---|---|
| Revenue | 112,859 | 109,692 | 113,672 |
| Operating Profit Before Taxation | 4,163 | 2,904 | 4,110 |
| Profit Before Taxation | 4,163 | 2,904 | 2,513 |
| Profit For The Year | 3,293 | 2,353 | 561 |
| Earning Per Share (Cents) | 2.75 | 1.92 | 0.37 |
| Net Assets | 22,720 | 23,815 | 23,647 |
| Total Assets | 49,071 | 47,959 | 53,487 |

# CHAIRMAN'S STATEMENT

> "WE REMAIN ROOTED IN OUR VISION TO BECOME ASIA'S PREMIUM BRAND NAME LEADING THE FASHION IN TECH SAVVY PRODUCTS AND SERVICES. GOOD PRODUCT OFFERINGS AND REASONABLE PRICING HAVE BEEN OUR UNDERLYING FACTORS OF SUCCESS"

## Dear Shareholders,

It is with a tinge of mixed feelings for me in delivering the Chairman's statement for this financial year. Amidst all the developments globally as well as regionally, I am pleased that our South East Asian operations did well, improving from prior year results despite the tough operating business environment. However, challenges at our Australia and New Zealand subsidiaries affected the group adversely, and we had to impair the goodwill and write off part of the deferred tax assets in these subsidiaries.

In this financial year, we have maintained our strict discipline and continued our ongoing efforts in managing our costs and expenses, which bear fruits for operations in Singapore, Malaysia and Thailand. Our operating efficiencies have allowed us to stay competitive, and laid some foundation in these markets for further product expansion plans.

The IT industry is expected to consolidate in the next few years, and the younger generation has proven that the thirst for newer technologies products and gadgets will only get stronger. This will present more opportunities for us, as well as challenges that we need to overcome. Most of the IT products will be closely associated with mobile phone equipment, and the convergence of the mobile accessories and IT accessories are already happening in the developed economies like Singapore.

We remain rooted in our Vision to become Asia's premium brand name leading the fashion in Tech Savvy products and services. Good product offerings and reasonable pricing have been our underlying factors of success. We intend to continue to leverage on the extensive sales network that have been built up painstakingly for years, and bring the consumers the hottest gadgets within the shortest possible timeframe, at prices that they find more than reasonable.

However, more efforts will be required for our Australia and New Zealand operations, as we comprehend the practical difficulties in overcoming the differences in managing the operations in these markets as compared to South East Asia markets. We remained committed in these markets, but while introducing more product range, we also have to constantly and prudently manage the inventory levels. Improving on our procedures and hence operating efficiencies are our current priorities in these markets.

After the impairment of goodwill and fair value adjustment of investment in associate for $1.6million and write off of deferred tax asset of $1.1million, we managed to deliver a net profit of $0.6million. Excluding these items, we would have recorded an operating profit before taxation of $4.1million.

Our cash flow remained well managed and hence we are in a financial position to declare higher dividends as compared to prior year.

With the changes expected within the industry, we will constantly evaluate merger and acquisition opportunities that can improve our business profitability, as well as providing a better return to shareholders.

## Dividends

We are pleased to inform shareholders that with prudent management of our cash position, the Board will be recommending a dividend payout of 1cent per share, a 100% increase from the previous financial year. As reiterated, we believe in sharing our profits and earnings with our shareholders, and based on the last transacted price of 0.14 cents, this represents a yield of more than 7.1%. From the first dividend payout in 2007 (immediately after listing), we would have made a total cumulative payout of 9.1cents per share.

## Appreciation

On behalf of the Board, I would like to thank all the people that have supported us, from our loyal shareholders, who continued to have faith in us, our dedicated staff, whom made the workplace a nicer place for all of us, our bankers, whom placed their trust with our finance, our suppliers for their ongoing support of new and interesting gadgets and products, our customers who supported our sales programs and facilitating the introduction of new products to the markets, to our business associates and friends who always believed in us.

We look forward to your continued support.

Thank you.

**Ronald Teng**
**Chairman and Managing Director**

# BOARD OF DIRECTORS

## Ronald Teng Woo Boon

**Managing Director**

Ronald Teng Woo Boon is our Managing Director and was appointed as a Director of our Company on 18 June 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.

## Neo Gim Kiong

**Non Executive Director**

Neo Gim Kiong is our Non Executive Director. He was in charge of our listing on the Mainboard of SGX in 2004 and from time to time, assists the Group in the strategic planning and business expansion plans, especially in financial related matters. Mr Neo is the founding director of Dollar Tree Inc Pte Ltd, a business advisory firm incorporated in Singapore in 2004. Prior to 2004, he was with the banking sector overseeing a portfolio of corporate clientele from 1994-2001. He joined Jackspeed Corporation Limited in 2001, and as executive director, spearheaded the listing of the group in 2003 on SGX-ST Mainboard. He left Jackspeed Corporation Ltd in 2004 and rejoined and appointed as group chief executive officer in 2009, where he successfully turnaround the business operations of the group from losses into profitability in 2011. Mr Neo is also the board chairman and audit chairman of Sky China Petroleum Services Ltd, a SGX-ST Mainboard listed company. In addition, he is a board member of both P.R.China Guangdong Province Overseas Exchange Association and Ningxia Autonomous Region Overseas Exchange Association. He holds a Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore.

## 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 the National University of Singapore 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.

## Chng Hock Huat

**Non Executive Director**

Chng Hock Huat was appointed as Non Executive Director on 28 July 2011 and has been in the infocom technology business for more than 15 years. He was the chief executive officer for Opentech Pte Ltd from 1998 to 2006. After its acquisition by Keane Inc in 2006, he became the chief executive officer of its Asia and Middle East operations from 2006 to 2010. He was the winner of the Association of SME Entrepreneur of the Year 2004 Award. He serves as the vice-chairman of Social Service and Youth Chairman for the Singapore Hokkien Huay Kuan. He is a member of the Citizen Consultative Committee (CCC) of the Hong Kah GRC. He is also an independent director of Sky China Petroleum Services Ltd which is listed on SGX-ST.

# KEY MANAGEMENT

## Jenny Teo Su Ching

**Head of Operations**

Jenny Teo Su Ching is the 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 and Malaysia. 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.

## Khoo Soo Fang

**Group Finance Controller**

Khoo Soo Fang is the Finance Controller of our Group, responsible for overseeing and supervising the Finance Department as well as monitoring the performance of our subsidiaries. Prior to joining the Group in 2007, she was the Financial Controller of Jackspeed Corporation Limited, a SGX-ST listed company , from 2001 to 2006. Khoo Soo Fang obtained a Bachelor of Accountancy degree from the Nanyang Technological University and is also a member of the Institute of Certified Public Accountants of Singapore.


SAMSUNG

# PRODUCTS FEATURE

## TO LEAD, CREATE. AND SHAPE THE TREND OF TECH-SAVVY PRODUCTS BY PRESENTING QUALITY, INNOVATIVE, USER-FOCUSED PRODUCTS AND SERVICES

Improving on the right mix of product trends and out-of-the-box customer relationship to further drive Ban Leong Technologies Limited's core competencies

# APPLE PRODUCTS

## Up by Jawbone

Powered by MotionX®, UP combines sophisticated technology and beautiful design to offer a durable, easy to wear, intelligent, motion-sensing band that lives on your wrist 24/7 and inspires you to live healthier.

**www.jawbone.com**

## eGear iFlow Cable

eGear iFlow Sync LED Cable is using Electroluminescent Light Technology to lower power consumption and save energy, at the same time the LED light show the rough power needed by your phone before it reaches full charge. Charging/LED will stop when reaches 100%, and this will prolong the lifespan for the phone battery. Support micro USB and Apple IOS devices.

**www.egearonline.com**

## Twenty by Griffin

Griffin's Twenty digital audio amplifier lets a user play digital audio from iTunes to an existing set of speakers wirelessly using an Airport Express wireless base station and Apple's AirPlay wireless audio/video protocol. The result is a zero-configuration audio set-up, streaming Apple Lossless sound from iTunes to the user's speakers via a low-profile digital amplifier.

**www.griffintechnology.com**

## Logitech Tablet Speaker

Hear more, share more, enjoy more with this clip-on speaker. A rubberized clip securely attaches the speaker to your iPad or other tablet. The 3.5mm audio cable plugs into the headphone jack. And just like that, you've got the sound that is worth sharing. With up to 8 hours* of battery life, you've got time to watch a full-length movie or two, and then some. And the speaker charges over USB, so you never need to worry about replacing batteries.

**www.logitech.com**

## Belkin Chef Stand + Stylus

Made especially for use in the kitchen, the Chef Stand + Stylus gives you the freedom to interact with your tablet while you cook—without worrying about touching your device with messy hands. The case-compatible stand has a non-slip rubber base and two different angles that are ideal for countertop use. The wand allows you to follow recipes and browse the Internet without ever laying a finger on your screen. It comes with its own storage stand and is easy to grab while you're busy handling food and other kitchen equipment. The magnetic tip works with any touchscreen, and can be used to wake up an iPad 2.

**www.belkin.com**

## Irig Mix by Ik Multimedia

iRig MIX is the first mobile mixer for iPhone, iPod touch, or iPad. iRig MIX offers the same controls you would expect from a professional DJ mixer (crossfader, cues, EQ and volume controls, etc.) in an ultra-compact mobile mixer that can be used with a huge variety of iOS DJ mixing and other apps.

**www.ikmultimedia.com**

## The Magic Feet by Mobee

The Magic Feet charges either the Apple Wireless Keyboard or the Apple Magic Trackpad, and the Apple Magic Mouse, wirelessly. It can charge up to 3 devices at once. A full charge from empty takes 6 hours and each charged device can last for 10 days. The Magic Feet's beautiful design fits perfectly among the Apple products on your desk. It is intended to sit under your monitor or iMac as a stylish complement. The Magic Feet, and indeed, all of our products are easy to install, easy to use, are cost-effective and very eco-friendly.

**www.mobeetechnology.com**

## Libratone Live

Libratone Live is designed to soundtrack your life. While our FullRoom technology puts sound in every corner of the room, the AirPlay technology allows you to wander free, playlist in hand. The FullRoom™ optimization feature allows you to customize the soundscape to match your room, while the voicing feature lets you choose an equalizer setting to match the type of audio you're listening to.

**www.libratone.com**

## Sound Step by Sound Freaq

Sound Step gives you more ways to listen to your audio than any other compact speaker. With its compact size, it fits well around the home and office, under computer monitors and TVs, on kitchen countertops, book shelves and night stands.

**www.soundfreaq.com**

## iCoat-Slim-Y+ by Ozaki

Protect your iPad fully with the iCoat-Slim-Y that comes along with a free stylus. This slim size iPad case with both portrait and landscape view has an adjustable multi-angle viewing mode for landscape view too. Great for watching movies and playing games as it stands steadily even when playing touch screen games.

**www.ozaki.co.uk**

## Targus Versavu Rotating Keyboard Case and Stand for The new iPad

Transform your iPad into the ultimate viewing and typing experience with the Versavu Keyboard Case from Targus. With 360 degree rotating axis and soft-touch liner, no other competitor offers you more. The Versavu Keyboard Case includes a QWERTY, low-profile Bluetooth® keyboard that provides tactile feedback to the user to improve typing accuracy and speed while maintaining a quiet typing experience.

**www.targus.com**

## iWalk 2000

The iWalk 2000 lasts up to 500 full charges and has five different color cases (White / Black / Pink / Lime / Yellow) bundled along with it. The high capacity lithium Polymer battery is able to charge an iPhone 4/4S fully. Accompanied with a LED battery meter display, iwALK 2000 is not only portable but also adds colour to your everyday usage!

**www.iwalk.net**

# AUDIO & VIDEO PRODUCTS

## Ultimate Ears 600vi

Our 600vi Noise-Isolating Headset uses a unique top-firing armature in each ear for an extended high-frequency response and a full soundstage. And with a built-in microphone and on-cord controls, you can easily switch between making calls and listening to music on your iPhone® or BlackBerry® (with 3.5 mm jack). Answer or end a call, change tracks or adjust volume—all without taking your iPhone or iPod® out of your pocket.

**www.logitech.com**

## Big Jambox by Jawbone

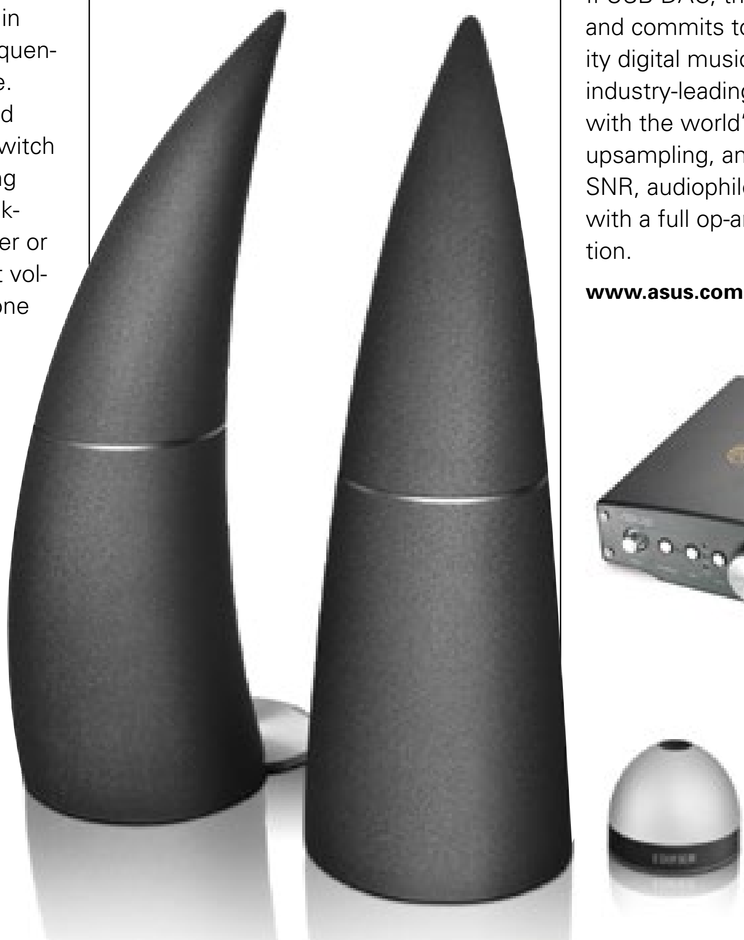
BIG JAMBOX turns any phone, tablet or mobile device into a portable, hi-fi sound system. Now you can play music, movies and games and fill even the largest spaces with sound. Stream all your digital media from any Bluetooth® device and control BIG JAMBOX from across the room, or use the buttons on top to pause, play and skip.

**www.jawbone.com**

## Spinnaker by Edifier

The award-winning Spinnaker™ by Edifier® is an iconic system, standing 15 inches tall the abstract shape is designed to be visually striking as well as a facilitator to enhance the audio performance. The shape projects sound towards the listener with a 19mm silk domed, front facing tweeter, a 2 3/4 inch mid-range driver, reinforced with a downward firing 4 inch bass driver in each satellite.

**www.edifier-international.com.com**



## Palo Alto Cubik Speaker

As a true hi-fi speaker with captivating design, cubik is an ideal partner for your computer. Paired with it, Cubik's hi-fi audio will bring music, movies and family videos to life. It's incredibly flat frequency response and superb acoustic tuning will delight your ears and move your soul.

**www.paloaltoaudio.com**

## ASUS Xonar Essence One

Catering to the needs of the user, the ASUS Xonar team launches its first hi-fi USB DAC, the Xonar Essence One, and commits to subvert the low quality digital music stereotype. It is the industry-leading, high-end USB DAC with the world's first 8x symmetrical upsampling, an extremely high 120dB SNR, audiophile class headphone AMP with a full op-amps swappable function.

**www.asus.com**

# IT PRODUCTS

## PowerColor HD7870 GHz Edition 2GB GDDR5

The PowerColor PCS+ HD7870 has factory overclocking setting at 1100MHz core speed and 1225MHz memory speed; with PowerColor unique cooling solution design, enabling 10% cooler performance and 15% better noisy level through 92mm ultra big cooling fan and SSU heat pipes direct touch technology, provides an outstanding gaming and cooling effect without any compromise.

**www.powercolor.com**

## Cooler Master TPC 812 Varpor Chamber CPU Cooler

TPC 812 is the Cooler Master Reference Cooler for optimal Performance and is a high end cooling system with perfect performance for overclocking and silent cooling. TPC 812 is the first-ever CPU heatsink to use vertical vapor chamber technology and combine it with heatpipe technology: the synergy of both Technologies working in tandem delivers the top cooling performance.

**www.coolmaster.com**


## OCZ Vertex 4 SATA III 2.5" SSD

As the fourth generation of the legendary Vertex family, the Vertex 4 Series pushes storage performance to the max and redefines the modern day computing experience. Vertex 4 SSDs are innovatively engineered to deliver industry-leading file transfer rates and superior system responsiveness, all while providing a more durable, reliable, and energy efficient storage solution compared to traditional hard drives. Designed to take full advantage of the SATA III interface, the Vertex 4 unleashes ultimate productivity, gaming, and multimedia applications.

**www.ocztechnology.com**

## ASUS Sabertooth Z77

The ultimate thermal solution for Intel Z77 motherboards with Thermal Armor and Thermal Radar. New generation Thermal Armor boosts cooling with dual turbo fans, enhancing the original TUF thermal design and helping direct hot air away from components and the motherboard via smart shunt funneling. Thermal Radar monitors temperatures in critical parts of the board, automatically adjusting fan speeds for better system stability.

**www.asus.com**

## NVIDIA Winfast GTX680 by Leadtek

NVIDIA's Kepler GPU architecture has been designed from the ground up not just for maximum performance in the latest DirectX 11 games, but optimal performance per watt. The new SMX streaming multiprocessor is twice as efficient as the prior generation and the new geometry engine draws triangles twice as fast. Enhanced memory speed and capacity ensures more flowing video quality in latest gaming environment especially in large scale textures processing.

**www.leadtek.com**

## Hotway 4 Bay Docking Station

Individual bay slot design supports up to 4 different brand / capacity / model / form factor HDD running concurrently. With individual power controller for each dock, it also supports single SATA HDD capacity of up to 3TB (OS must support GPT to use value over 2TB). Equipped with smart power sync function that supports PC and Toshiba REGZA TV.

**www.hotway.com.tw**

# CORPORATE PRODUCTS

## SCX-5637 Mono Multifunction Printer by Samsung

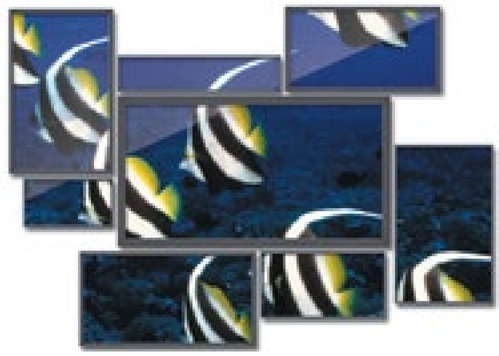
Samsung Network PC Fax gives you a simple way to manage fax messages from your computer. It is also a truly easier way to wirelessly print photos, web pages, and more from your mobile devices. This smart equipment works with both Android and iOS smartphones and tablets.

**www.samsung.com**

## Plantronics Savi 700

The Savi® 700 series is changing the way productivity-focused office professionals communicate. With three-way connectivity, easily manage and switch between PC, desk phone, and now mobile calls from a single wireless headset. With a new convertible headset we've added the lightest DECT™ headset on the market to our suite of wearing styles so you can choose the one that's best for you.

**www.plantronics.com**



## LFD Monitors by Samsung

Samsung LFD monitors are precise, professional displays with innovative features that create clear, inspirational images.ons (not available for B600 model).

**www.samsung.com**

## New Generation Eaton 5PX UPS

The Eaton 5PX Rack/Tower UPS provides line-interactive backup power and scalable runtimes for servers, storage systems, VoIP gear and network equipment. With a next-generation intuitive LCD display, energy consumption metering down to the outlet group level, and up to 99% efficiency, the 5PX is the perfect UPS to protect modern IT equipment.

**www.eaton.com**

# GAMING PRODUCTS

## COSMOS II by CoolerMaster

The COSMOS II Ultra Tower features a streamlined design accentuated by a pair of distinctive handles like no other. The smooth, brushed aluminum touch of the side panels unlock and swing open like the doors of a luxurious race-car. Hidden behind the front slide cover lies a stack of hot-swappable drive bays. The black interiors provide enough space for oversized XL-ATX System Boards equipped with 4 double width graphics accelerators. A second slide cover on top hides the Advanced Control Panel to manage up to 10 fans and their respective LED lights. The combination of its elegant looks, numerous expansion options and features make the COSMOS II a "Dream Case".

**www.coolmaster.com**

## Razer Naga Hex-MOBA Gaming Mouse

Gear up with the right items and dive into combat fearlessly with the Razer Naga Hex MOBA and action-RPG gaming mouse. Instead of the award-winning 12-button thumb grid MMO gamers have come to love with the Razer Naga, the Razer Naga Hex features 6 large thumb buttons optimized specifically for MOBA and action-RPG user interfaces. Spells, abilities, and items from these games can be mapped directly onto the 6 thumb buttons for extraordinary game control.

**www.razerone.com**

## DELL Alienware M14X Gaming Laptop

The Alienware M14x delivers powerful gaming performance in a compact laptop size. Enjoy incredible presentation and connectivity options for limitless entertainment with the Alienware M14x. Amazing graphics bring your games to life. Discrete GDDR5 mobile graphics — the most advanced graphics memory available — and optional 3rd Generation Intel Core i7 processors provide excellent performance in a laptop.

**www.dell.com**

## Project Fiona Concept PC Gaming Tablet by Razer

Project Fiona redefines how you control your tablet. Engineered with intuitive game controllers attached on both sides of the multi-touch display this tablet offers the ultimate tablet gaming experience. Other tablets force you to use touchscreens and accelerometers for gaming which is great for casual gaming but impossible for hardcore PC gaming. This constrains you to casual games that can be played with limited navigation and control capabilities. Adapted from a full featured PC gamepad, Project Fiona's integrated dual controllers coupled with its advanced multi-touch screen are designed to make complex game navigation ergonomic and intuitive without compromising on the portability of the tablet. You'll be able to carry out headshots and command troops in-game with ease. This first-of-its-kind PC gaming tablet with integrated dual controllers is definitely not for playing casual games about unhappy birds or zombie-killing flora.

**www.razerone.com**

# MOBILITY PRODUCTS AND ACCESSORIES

### Wireless Presenter with Cursor Control by Targus

The Wireless Presenter with Cursor Control is a sophisticated device with advanced features to help deliver professional presentations. It features long range wireless technology, storable USB receiver for convenience and portability, mouse feature, complete slideshow control and laser pointer to highlight keypoints.

**www.targus.com**

### Marque M155 by Plantronics

Sleek and lightweight, the Plantronics Marque M155 Bluetooth headset is ideal for smartphone users, freeing you to tap, type and swipe. Turn it on and it steps you through a voice-guided pairing for Android smartphones and iPhone. When a call comes in, just say "Answer" – no buttons to press. You can even listen to music, podcasts or GPS directions. The free MyHeadset app gives you tips and tools to get more from Marque. Plantronics Marque, the smart way to connect with your smartphone.

**www.plantronics.com**

### Hallmark Samsung Galaxy Note Case

With design and trendiness in mind, Hallmark Design collection came out with a series of Samsung cases that reflects each individual. The concept of its famous greeting card is also incorporated into the case. With Hallmark, you will find the consideration and design that differentiates you as it is designed for you, by people like you.

### eGear i2600 Portable Battery

eGear i2600mAh Portable Battery is a compact and lightweight Lithium-ion Battery Pack which is especially suitable best travelers. It can last up to 500 full charges via Micro USB Charging. This is compatible to all Apple ISO devices and Micro USB Devices. The package comes with a retractable Micro USB cum Apple 30pin connector.

**www.egearonline.com**

### Belkin Shield Case for Samsung Galaxy S III

Belkin's new accessories offer fresh styles, colors and finishes, allowing you to make your smartphone as unique as you are. Sleek, high-gloss opaque finish provides comfortable protection without bulk which comes in four different colours (Black, Glow, Whiteout, and Ruby).

**www.belkin.com**

# CONSUMER ELECTRONICS


## O!Play TV Pro by ASUS

ASUS-exclusive O!Easy Technology, a user-friendly interface, and support for a myriad of file formats, the ASUS O!Play TV Pro set top box ticks all the boxes when it comes to multimedia entertainment for the home. The O!Play TV Pro comes with a built in DVB-T digital tuner for immediate access to free-to-air high quality digital TV programming.

**www.asus.com**

## Dell Monitor U3011

Experience amazing wide-angle viewing and color consistency with the Dell UltraSharp U3011 30" Monitor with PremierColor. Extensive connectivity features and customization via CustomColor mode make the U3011 an ideal choice for professionals in CAD/CAM, graphic design and other fields where color precision matters.

**www.dell.com**

## Akai 9" Portable DVD Player

Akai's 9" portable DVD player allows you to watch your favourite DVDs anywhere, anytime. Playing movies, listening to MP3s, looking at photos has never been so easy!

**www.akai.com.au**

## LSX 10 LED Lamp Speaker by SCOTT

Expand and improve your wireless sound system with SCOTT i-DXS 10. The Luminor LED Wireless lamp is incorporated with a speaker of 2.4GHz and music power of 20 W. This Eco friendly product has light life of up to 30000 hours and utilizes LED lighting. Comes along with a high/low dimmer control too.

**www.audioscott.com**

## Samsung Monitor SB550

You can now experience your entertainment with the luxury of a full-size monitor and higher-quality viewing. Mobile content on a bigger screen with Mobile High-Definition Link (MHL) allows you to watch videos and other content on the move and then easily connect your mobile device to a monitor with the convenient cable included in the box. Mobile device will charge while connected, so you'll enjoy unlimited entertainment. With a built-in Samsung Stereo Speaker, you don't need expensive and bulky external speakers to take pleasure in great sound. This monitor is a complete audio-video solution.

**www.samsung.com**

# BRANDS LISTING

| | | | |
|---|---|---|---|
| AKAI | ALTEC LANSING | ASUS | AVerMedia |
| AV LABS | belkin | BRAVEN | CHOIIX |
| COOLER MASTER | CM STORM BY COOLER MASTER | DELL YOURS IS HERE | DURACELL |
| EATON Powering Business Worldwide | eGear | GRIFFIN | Hallmark DESIGN COLLECTION |
| hotway | ibattz | IK Multimedia | inature |
| iWALK | LEADTEK | Logitech | Logitech \| UE |
| LIBRATONE | mobee | NVIDIA | OCZ Technology |
| PALO ALTO AUDIO DESIGN | PHILIPS | plantronics | PowerColor |
| RAZER | SAMSUNG | SCOTT | Shuttle |
| SONY make.believe | socomec Innovative Power Solutions | TURTLE BEACH | ViewSonic |
| Withings | LG Life's Good | OZAKI | Targus |
| VANTEC | ifrogz | EDIFIER | JAWBONE |
| TECH LINK | j5create | SOUNDFREAQ | Genius |

# CORPORATE GOVERNANCE



# FINANCIAL CONTENTS

# REPORT ON CORPORATE GOVERNANCE

## INTRODUCTION

Ban Leong Technologies Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Group. The 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 the 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 the Company on 23 June 2005 and throughout the financial years as required by the Code of Corporate Governance 2005 (the "Code").

## BOARD MATTERS

### Principle 1: The Board's Conduct Of Its Affairs

Besides carrying out its statutory responsibilities, the Board of Directors (the "Board") meets regularly to oversee the business affairs of the Group, approve financial objectives, formulate the Group's overall long-term strategic objectives and directions as well as the adequacy of internal controls and risk management, both directly and through Board Committees.

The 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 has also established and delegated specific authority to the Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee. These sub-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 Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

### Principle 2: Board Composition And Balance

The Board comprises five Directors, two of whom are Independent Directors. The Directors of the Company as at the date of this report are:

| | |
|---|---|
| Ronald Teng Woo Boon | Managing Director |
| Neo Gim Kiong | Non Executive Director |
| Chng Hock Huat | Non Executive Director |
| Loh Yih | Independent Director |
| Tan Eng Bock | Independent Director |

The profiles of the Directors are set out on page 10 of this Annual Report.

The Board, through its Nominating Committee ("NC"), examines the size and composition of the Board on an on-going basis 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 its objective judgment on corporate affairs independently from the Management.

The 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 permitted under the Company's Articles of Association.

# REPORT ON CORPORATE GOVERNANCE

The Directors' attendance at the meetings of the Board and Board Committees during the financial year ended 31 March 2012 ("FY2011/2012") is shown below:

| | Board of Directors | | Audit Committee | | Nominating Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|
| | No. of meetings | | | | | | | |
| Name of Directors | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Ronald Teng Woo Boon | 2 | 2 | - | - | - | - | - | - |
| Neo Gim Kiong | 2 | 2 | - | - | - | - | - | - |
| Ch'ng Jit Koon [(1)] | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Chng Hock Huat [(2)] | 2 | 1 | 2 | 1 | - | - | - | - |
| Loh Yih | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Tan Eng Bock | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |

(1) Ch'ng Jit Koon was retired at the Annual General Meeting held on 28 July 2011
(2) Chng Hock Huat was appointed on 28 July 2011

The Company will organise orientation programmes for new directors appointed to the Board so that they are familiarised with the Group's operations and business issues as well as the relevant regulations and governance requirements.

The Company Secretary attends all Board meetings and Board Committees' 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 Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"). The Directors also have independent access, to the Company Secretary at all times.

The 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.

**Principle 3: Role Of Chairman And Managing Director**

Mr Ronald Teng Woo Boon currently holds dual positions of the Managing Director and Chairman of the Company. His responsibilities pertaining to the workings of the Board and his executive responsibilities pertaining to the Group's business are kept distinct, thereby increasing the accountability and greater capacity of the Board for independent decision making. The Board believes that Mr Teng is the most appropriate person to undertake these positions given his vast experience, expertise and familiarity with both the organisation and the industry. Such an arrangement is believed to be in the best interests of the Group and to ensure that the decision-making process of the Company would not be unnecessarily hindered. All major decisions made by Mr Teng will be reviewed by the Board. Mr Teng communicates with the Board regularly to update the 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.

**Principle 4: Board Membership**

The Board believes that the re-election of Directors should be an on-going process in order to ensure good corporate governance. The Company's Articles of Association requires one-third of the Directors to retire from office by rotation and be re-elected at every Annual General Meeting ("AGM"), subject to the approval of its shareholders.

# REPORT ON CORPORATE GOVERNANCE

## Principle 5: Board Performance

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

The NC comprises the following Directors as at the date of this report are: -

| | | | |
|---|---|---|---|
| Tan Eng Bock | Independent Director | - | Chairman |
| Loh Yih | Independent Director | - | Member |
| Neo Gim Kiong | Non Executive Director | - | Member |

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 Board through the recommendation of the NC, go through a formal process of selection for appointment of new Directors to increase the transparency of nominating process in indentifying and evaluating nominees for Directors.

The NC will review and evaluate the performance of the Board as a whole, taking into consideration of the attendance records of the respective Board and Board Committee meetings as well as the contribution of each individual director to the Board's effectiveness. In evaluating the Board's 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 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 of the Company.

The NC also determines the independence of each Director annually taking into consideration of the Code's definition of an "Independent Director" and the guidance as to relationships the existence of which would deem a Director not to be independent.

For FY2011/12, 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.

The NC is also charged with the responsibility of nomination of Directors for re-election/re-appointment, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour). The NC has recommended to the Board that, the following Directors of the Company who are retiring at the forthcoming AGM be re-elected as Directors in accordance with the Company's Articles of Association: -

| | |
|---|---|
| Ronald Teng Woo Boon | (retiring by rotation pursuant to Articles 107 and 108 of the Company's Articles of Association) |
| Chng Hock Huat | (retiring by rotation pursuant to Article 117 of the Company's Articles of Association) |

Tan Eng Bock will be seeking for re-appointment as Director of the Company at the forthcoming AGM in accordance with Section 153(6) of the Companies Act, Chapter 50

## Principle 6: Access To Information

All Directors have unrestricted access to the Company's senior management and 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 Board Committees and between Management, Non Executive Directors and Independent Directors. The agenda for board meetings together with the relevant papers are prepared in consultation with the Managing Director and usually circulated before

# REPORT ON
# CORPORATE GOVERNANCE

the holding of each Board and Board Committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board.

To keep pace with regulatory changes that have an important bearing and effect on the 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.

## Principle 7: Remuneration Matters

The Remuneration Committee ("RC") comprises the following Directors as at the date of this report are: -

| | | | |
|---|---|---|---|
| Loh Yih | Independent Director | - | Chairman |
| Tan Eng Bock | Independent Director | - | Member |
| Neo Gim Kiong | Non Executive Director | - | Member |

Out of the three members, two of whom are Independent Directors 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.

The Board has approved the terms of reference of the RC. The RC recommends to the Board for endorsement of a framework for 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 the 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 the RC is related to the employee under review, he will abstain from the review.

## Principle 8: Level And Mix Of Remuneration

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

The Managing Director has entered into a service agreement with the Company with a validity period of three (3) years and subject to renewal after expiry of every three (3) years. The review of the service contract of the Managing Director come under the purview of the RC to ensure fairness and reasonable terms of service is tied with his 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 Director 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 three key components, that is: -

(a) annual fixed cash,
(b) annual performance incentive; and
(c) long-term incentive.

The annual fixed cash component comprises the annual fixed salary plus other fixed allowances. The annual performance incentive is tied with the performances of the Company and the individual executive. 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.

# REPORT ON CORPORATE GOVERNANCE

Executive Directors do not receive Directors' fees. The Independent Directors and Non Executive Directors are paid Directors' fees without receiving additional attendance fee for attending meetings. The amount of Directors' fees payable to Independent Directors and Non Executive Directors is subject to the shareholders' approval at the forthcoming AGM of the Company.

### Principle 9: Disclosure On Remuneration

For the financial year ended 31 March 2012, the remuneration of Directors and key executives are set out as below:-

| | Salary % | Performance Bonus % | Directors' Fees % | Other Benefits % | Total % |
|---|---|---|---|---|---|
| Remuneration band Directors | | | | | |
| **Above S$250,000 to S$500,000** | | | | | |
| Ronald Teng Woo Boon | 63 | 37 | - | - | 100 |
| **Below S$250,000** | | | | | |
| Neo Gim Kiong | - | - | 100 | - | 100 |
| Ch'ng Jit Koon (1) | - | - | 100 | - | 100 |
| Chng Hock Huat (2) | - | - | 100 | - | 100 |
| Loh Yih | - | - | 100 | - | 100 |
| Tan Eng Bock | - | - | 100 | - | 100 |
| Executive Officers | | | | | |
| Tan You Hong | 49 | 47 | - | 4 | 100 |
| Philip Yeo Siong Chan | 56 | 35 | - | 9 | 100 |
| Jenny Teo Su Ching (3) | 80 | 20 | - | - | 100 |
| Khoo Soo Fang | 71 | 29 | - | - | 100 |

(1) Ch'ng Jit Koon was retired at the Annual General Meeting held on 28 July 2011
(2) Chng Hock Huat was appointed on 28 July 2011
(3) Jenny Teo Su Ching is the spouse of Managing Director, Ronald Teng Woo Boon

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

There were no employees of the Company or its subsidiaries who were immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeded $150,000 during FY2011/12.

**Details of Ban Leong Performance Share Plan**

The Ban Leong Performance Share Plan ("PSP") which was approved by the 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

# REPORT ON CORPORATE GOVERNANCE

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 RC, whose members are given in page 10 of this Annual Report.

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

**Principle 10: Accountability And Audit**

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

The Management currently provides the Board with a continual flow of relevant information on a timely basis in order to assist the Board to better understand the financial status and performance of the Group and effectively discharge its duties.

**2. Internal Audit**
The Board acknowledges that it is important to maintain an internal audit function within the Group. The AC has recommended a working committee to be established to review and identify the risk areas as well as establishing monthly Key Performance Indexes to measure and monitor the processes and controls of the Group on an on-going basis. The internal audit findings and conclusions will be reported directly to the Management and AC. Any risk undertaken by the Group in its activities will be reviewed, identified, analysed by the working committee. The working committee will also examine if there is any material non-compliance and internal control weakness as well as monitoring the implementation. The AC will oversee and monitor the implementation of any improvements thereto.

**3. Audit Committee**
The AC comprises the following Directors as at the date of this report are: -

| | | | |
|---|---|---|---|
| Loh Yih | Independent Director | - | Chairman |
| Tan Eng Bock | Independent Director | - | Member |
| Chng Hock Huat | Non Executive Director | - | Member |

Mr Loh Yih, Mr Tan Eng Bock and Mr Chng Hock Huat, do not have any existing business or professional relationship with the Group, Directors or substantial shareholders of the Company. None of the AC members are related to other Directors or substantial shareholders of the Company.

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 as well as 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 terms of reference of AC in respect of the interested person transaction and the Listing Manual of the SGX-ST.

The AC had reviewed and discussed with the external auditors as well as the Management for both the half-year and annual financial statements before submission to the Board for its approval.

# REPORT ON CORPORATE GOVERNANCE

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

The AC had reviewed and discussed with the external auditors for 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 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 that Messrs Ernst & Young LLP be nominated for re-appointment as auditors of the Company at the forthcoming AGM of the Company. In recommending the re-appointment of Ernst & Young LLP as the auditors, the AC considered and reviewed a number of key factors, including amongst other things, adequacy of the resources and experience of supervisory and professional staff as well as the audit engagement partner to be assigned to the audit and size of the complexity of the Group and its businesses and operations.

Both AC and the Board have reviewed the appointment of different auditors for its subsidiary and/or significant associated companies and satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rules 712, 715 and 716 of the Listing Rules of the SGX-ST.

**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 a 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 AC and the Board from time to time.

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**Principle 11: Internal Controls**

The Group's internal controls systems are designed to provide reasonable assurance to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the assets of the Company. 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 Audit Committee has reviewed the Company's system of internal controls and is satisfied that the overall systems of controls are adequate to meet the needs of the Group in its current environment. Based on the work performed by both External its internal audit team, the assurance from Management and the on-going review as well as the continuing efforts at enhancing controls and processes put in place, the Board, with the concurrence of the Audit Committee, is satisfied that there are adequate internal controls in place for the Group to address financial, operational and compliance risks during the year.

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**Principle 12: Communication With Shareholders And Greater Shareholder Participation**

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

# REPORT ON CORPORATE GOVERNANCE

The Company does not practise selective disclosure. All the shareholders of the Company will each receive a copy of the Annual Report and Notice of AGM (which will also be advertised in a local newspaper and made available to the public via SGXNET). The Company encourages shareholders' participation at AGM to voice their views and direct queries regarding the Group's operations to Directors, including the Chairman of each of the Board Committees. The Company will ensure that there are separate resolutions at general meetings on each distinct issue.

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

**Principle 13: Dealing In Securities**

The Group has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST's 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 the Group are prohibited from dealing in the Company's securities during the period commencing on 1st April for the full year financial results , and 1 October for the half year result, and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished material price-sensitive information of the Group. In addition, the 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.

The Board wishes to reaffirm that the officers do not deal in the Company's securities on short-term considerations pursuant to the SGX-ST's best practices on dealings in securities.

**Principle 14: Risk Management**

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

**Principle 15: Interested Person Transactions**

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

The AC reviewed the interested persons transactions ("IPTs") reported by the Management on a half-yearly basis. The IPTs are consistently reviewed by the Management and all findings were reported during the AC meetings.

The AC ensures that the IPTs are carried out on an arm's length basis and ensures that the relevant rules under Chapter 9 of the Listing Manual of SGX-ST 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 the Board.

The Company did not enter into any IPTs which require disclosure or shareholders' approval under SGX-ST Listing Rules regulating IPTs during the financial year ended 31 March 2012.

# 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 2012.

## Directors

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

| | |
|---|---|
| Teng Woo Boon | Managing Director |
| Neo Gim Kiong | Non Executive Director |
| Chng Hock Huat | 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 or date of appointment | At the end of financial year | At the beginning of financial year or date of appointment | At the end of financial year |
| **Ban Leong Technologies Limited** | | | | |
| Ordinary shares | | | | |
| Teng Woo Boon | 40,366,000 | 40,366,000 | 2,678,000 [1] | 2,678,000 |
| Neo Gim Kiong | 694,000 | 2,394,000 | 3,700,000 | - |
| Loh Yih | 500,000 | 500,000 | - | - |
| Chng Hock Huat | 12,508,000 | 12,508,000 | 2,008,000 [2] | 2,008,000 |

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2012.

(1) Relates to shares held by Ms Teo Su Ching, spouse of Mr Teng Woo Boon
(2) Relates to shares held by Ms Yu Lihong, spouse of Mr Chng Hock Huat

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' REPORT

### 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 except for emoluments received from the Company and related corporations in their capacities as full-time employees.

### Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 March 2012, 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)
Chng Hock Huat
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 financial year 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 2012

# 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 2012 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 2012

# INDEPENDENT AUDITORS' REPORT

For the financial year ended 31 March 2012

To the Members of Ban Leong Technologies Limited

## Report on the financial statements

We have audited the accompanying consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 38 to 80 which comprise the balance sheets of the Group and the Company as at 31 March 2012, 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 information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditor's responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## Report on other legal and regulatory requirements

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

**Ernst & Young LLP**
Public Accountants and
Certified Public Accountants
Singapore

29 June 2012

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2012

| | | Group | |
|---|---|---|---|
| | Note | 2012 ($) | 2011 ($) |
| **Revenue** | 4 | 113,671,826 | 109,691,519 |
| Cost of sales | | (95,412,085) | (91,872,913) |
| **Gross profit** | | 18,259,741 | 17,818,606 |
| Other operating income | | 213,758 | 133,212 |
| Selling and distribution cost | | (8,057,231) | (8,002,732) |
| General and administrative cost | | (6,084,086) | (6,675,550) |
| **Profit from operations** | 5 | 4,332,182 | 3,273,536 |
| Financial expenses | 7 | (238,209) | (236,556) |
| Financial income | 7 | 15,706 | 12,933 |
| Share of results of associate | | - | (145,521) |
| **Operating profit before taxation** | | 4,109,679 | 2,904,392 |
| Fair value adjustment of investment in associate | 12 | (256,792) | - |
| Impairment of goodwill | 16 | (1,340,000) | - |
| **Profit before taxation** | | 2,512,887 | 2,904,392 |
| Taxation | 8 | (1,951,514) | (551,850) |
| **Profit for the financial year** | | 561,373 | 2,352,542 |
| **Other comprehensive income:** | | | |
| Foreign currency translation | | (146,769) | (77,284) |
| **Other comprehensive income for the financial year, net of tax** | | (146,769) | (77,284) |
| **Total comprehensive income for the financial year** | | 414,604 | 2,275,258 |
| **Profit attributable to:** | | | |
| Owners of the Company | | 430,260 | 2,250,572 |
| Non-controlling interests | | 131,113 | 101,970 |
| | | 561,373 | 2,352,542 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 301,832 | 2,185,780 |
| Non-controlling interests | | 112,772 | 89,478 |
| | | 414,604 | 2,275,258 |
| **Earnings per share attributable to owners of the Company (cents per share)** | | | |
| - Basic | 9 | 0.37 | 1.92 |
| - Diluted | | 0.37 | 1.92 |

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

# BALANCE SHEETS

As at 31 March 2012

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 689,901 | 561,431 | 437,646 | 100,928 |
| Investment in subsidiaries | 12 | - | - | 5,490,614 | 6,665,904 |
| Investment in associate | 13 | - | 406,731 | - | 339,042 |
| Investment in joint venture | 14 | - | - | 10,235 | 10,235 |
| Deferred tax assets | 15 | 353,945 | 1,332,779 | - | - |
| Goodwill and intangible assets | 16 | 2,086,864 | 3,357,626 | - | 447 |
| | | 3,130,710 | 5,658,567 | 5,938,495 | 7,116,556 |
| **Current assets** | | | | | |
| Inventories | 17 | 20,081,298 | 15,400,003 | 9,550,772 | 7,971,793 |
| Prepayments | | 269,474 | 309,040 | 64,343 | 52,981 |
| Trade receivables | 18 | 18,762,591 | 17,055,917 | 24,277,532 | 17,773,026 |
| Other receivables and deposits | 19 | 2,042,620 | 2,704,630 | 3,210,033 | 4,623,643 |
| Cash and cash equivalents | 20 | 9,200,235 | 6,830,733 | 7,292,712 | 5,462,352 |
| | | 50,356,218 | 42,300,323 | 44,395,392 | 35,883,795 |
| **Current liabilities** | | | | | |
| Trade payables | 21 | 12,641,892 | 12,885,975 | 11,164,586 | 11,240,370 |
| Bills payable to banks (unsecured) | 22 | 12,633,677 | 7,506,609 | 12,633,677 | 7,506,609 |
| Other payables and accruals | 23 | 2,967,455 | 2,702,304 | 1,874,942 | 1,398,212 |
| Hire-purchase liabilities | 24 | 82,522 | 56,984 | 66,914 | 49,485 |
| Provision for taxation | | 1,109,763 | 764,105 | 803,756 | 578,037 |
| | | 29,435,309 | 23,915,977 | 26,543,875 | 20,772,713 |
| **Net current assets** | | 20,920,909 | 18,384,346 | 17,851,517 | 15,111,082 |
| **Non-current liabilities** | | | | | |
| Hire-purchase liabilities | 24 | (259,184) | (76,310) | (259,184) | (60,706) |
| Deferred tax liabilities | 15 | (145,779) | (152,051) | (11,629) | (11,629) |
| **Net assets** | | 23,646,656 | 23,814,552 | 23,519,199 | 22,155,303 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 25(a) | 11,173,106 | 11,173,106 | 11,173,106 | 11,173,106 |
| Returned shares | 25(b) | (104,822) | (104,822) | (104,822) | (104,822) |
| Retained earnings | | 12,880,163 | 13,093,940 | 12,450,915 | 11,087,019 |
| Other reserve | 26 | 65,685 | 4,148 | - | - |
| Foreign currency translation reserve | 26 | (791,509) | (663,081) | - | - |
| | | 23,222,623 | 23,503,291 | 23,519,199 | 22,155,303 |
| **Non-controlling interests** | | 424,033 | 311,261 | - | - |
| **Total equity** | | 23,646,656 | 23,814,552 | 23,519,199 | 22,155,303 |

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2012

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Group** | Share capital ($) | Returned shares ($) | Retained earnings ($) | Other reserve ($) | Foreign currency translation reserve ($) | Equity attributable to owners of the Company ($) | Non-controlling interests ($) | Total equity ($) |
| **Balance as at 1 April 2010** | 11,173,106 | (104,822) | 12,012,516 | - | (598,289) | 22,482,511 | 237,223 | 22,719,734 |
| Profit for the financial year | - | - | 2,250,572 | - | - | 2,250,572 | 101,970 | 2,352,542 |
| Other comprehensive income for the financial year | - | - | - | - | (64,792) | (64,792) | (12,492) | (77,284) |
| Total comprehensive income for the financial year | - | - | 2,250,572 | - | (64,792) | 2,185,780 | 89,478 | 2,275,258 |
| Transfer from retained earnings to other reserves | - | - | (4,148) | 4,148 | - | - | - | - |
| Dividends (Note 28) | - | - | (1,165,000) | - | - | (1,165,000) | (15,440) | (1,180,440) |
| **Balance as at 31 March 2011 and 1 April 2011** | 11,173,106 | (104,822) | 13,093,940 | 4,148 | (663,081) | 23,503,291 | 311,261 | 23,814,552 |
| Profit for the financial year | - | - | 430,260 | - | - | 430,260 | 131,113 | 561,373 |
| Other comprehensive income for the financial year | - | - | - | - | (128,428) | (128,428) | (18,341) | (146,769) |
| Total comprehensive income for the financial year | - | - | 430,260 | - | (128,428) | 301,832 | 112,772 | 414,604 |
| Transfer from retained earnings to other reserves | - | - | (61,537) | 61,537 | - | - | - | - |
| Dividends (Note 28) | - | - | (582,500) | - | - | (582,500) | - | (582,500) |
| **Balance as at 31 March 2012** | 11,173,106 | (104,822) | 12,880,163 | 65,685 | (791,509) | 23,222,623 | 424,033 | 23,646,656 |

| **Company** | Share capital ($) | Returned shares ($) | Retained earnings ($) | Total equity ($) |
|---|---|---|---|---|
| **Balance as at 1 April 2010** | 11,173,106 | (104,822) | 9,506,082 | 20,574,366 |
| Profit for the financial year | - | - | 2,745,937 | 2,745,937 |
| Total comprehensive income for the financial year | - | - | 2,745,937 | 2,745,937 |
| Dividends (Note 28) | - | - | (1,165,000) | (1,165,000) |
| **Balance as at 31 March 2011 and 1 April 2011** | 11,173,106 | (104,822) | 11,087,019 | 22,155,303 |
| Profit for the financial year | - | - | 1,946,396 | 1,946,396 |
| Total comprehensive income for the financial year | - | - | 1,946,396 | 1,946,396 |
| Dividends (Note 28) | - | - | (582,500) | (582,500) |
| **Balance as at 31 March 2012** | 11,173,106 | (104,822) | 12,450,915 | 23,519,199 |

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

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

| | Note | Group 2012 ($) | 2011 ($) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | 2,512,887 | 2,904,392 |
| Adjustment for: | | | |
| Depreciation of property, plant and equipment | 5 | 342,447 | 427,867 |
| Amortisation of intangibles | 5 | 97,660 | 88,381 |
| Impairment of goodwill | 5 | 1,340,000 | - |
| Fair value adjustment of investment in associate | | 256,792 | - |
| Gain on disposal of property, plant and equipment | 5 | (37,445) | (4,278) |
| Allowance/(write back) of allowance for doubtful trade receivables | 5 | 25,032 | (40,248) |
| Trade receivables written off | 5 | - | 121,973 |
| (Write back)/allowance for inventory obsolescence | 5 | (179,747) | (568,766) |
| Share of results of associate | | - | 145,521 |
| Interest expense | | 238,209 | 236,556 |
| Interest income | | (15,706) | (12,933) |
| Translation difference | | (133,082) | (80,231) |
| **Operating profit before working capital changes** | | 4,447,047 | 3,218,234 |
| (Increase)/decrease in: | | | |
| Inventories | | (4,501,548) | 3,953,195 |
| Prepayments | | 39,566 | (53,272) |
| Trade receivables | | (1,731,706) | 1,019,625 |
| Other receivables and deposits | | 662,010 | (1,146,740) |
| (Decrease)/increase in: | | | |
| Trade payables | | (244,083) | (281,514) |
| Bills payable to banks (unsecured) | | 5,127,068 | (2,277,560) |
| Other payables and accruals | | 265,151 | (15,379) |
| **Cash generated from operations** | | 4,063,505 | 4,416,589 |
| Interest expense paid | | (238,209) | (236,556) |
| Interest income received | | 15,706 | 12,933 |
| Income tax paid | | (633,294) | (625,154) |
| **Net cash from operating activities** | | 3,207,708 | 3,567,812 |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of property, plant and equipment | | 195,901 | 12,517 |
| Fixed deposit held as collateral | 20 | - | 39,082 |
| Purchase of property, plant and equipment and intangibles | | (265,929) | (138,303) |
| Acquisition of subsidiary, net of cash acquired | 12 | (18,806) | - |
| **Net cash used in investing activities** | | (88,834) | (86,704) |
| **Cash flows from financing activities** | | | |
| Repayment of hire-purchase liabilities | | (156,848) | (70,361) |
| Dividends paid to shareholders | 27 | (582,500) | (1,165,000) |
| Dividends paid to non-controlling interests | | - | (15,440) |
| **Net cash used in financing activities** | | (739,348) | (1,250,801) |
| **Net increase/(decrease) in cash and cash equivalents** | | 2,379,526 | 2,230,307 |
| **Effects of exchange rate changes on cash and cash equivalents** | | (10,024) | (29,557) |
| **Cash and cash equivalents at the beginning of year** | | 6,830,733 | 4,629,983 |
| **Cash and cash equivalents at the end of year** | 20 | 9,200,235 | 6,830,733 |

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 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 and other multimedia products.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group, 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 in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 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 107 Disclosures – Transfers of Financial Assets | 1 July 2011 |
| Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 July 2011 |
| Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets | 1 January 2012 |
| Amendments to FRS 1 Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Revised FRS 19 Employee Benefits | 1 January 2013 |
| Revised FRS 27 Separate Financial Statements | 1 January 2013 |
| Revised FRS 28 Investments in Associates and Joint Ventures | 1 January 2013 |
| FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| FRS 110 Consolidated Financial Statements | 1 January 2013 |
| FRS 111 Joint Arrangements | 1 January 2013 |
| FRS 112 Disclosure of Interest in Other Entities | 1 January 2013 |
| FRS 113 Fair Value Measurements | 1 January 2013 |
| INT FRS 120 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| FRS 32 Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation

**Basis of consolidation**

Basis of consolidation from 1 April 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, except for BLC (China) Limited and AV Labs International Pte Ltd, which have accounting year ending 31 December and 30 June respectively. The consolidated financial statements incorporate the unaudited management accounts for BLC (China) Limited and AV Labs International Pte Ltd. These subsidiaries do not contribute materially to the Group's results. A list of the Group subsidiaries is shown in Note 12. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Subsidiary is 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation before 1 April 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 April 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 April 2010 has not been restated.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation (cont'd)

**Business combinations**

Business combinations from 1 April 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 April 2010

In comparison to the above mentioned requirements, the following differences applied: Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**(a) Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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 profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

**(b) Group companies**

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statements of comprehensive income are translated at the 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 cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

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

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.22. The cost of an item of property, 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.

Depreciation 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 property, 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 property, 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 any impairment losses.

### 2.9 Associates and joint venture company

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

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's investments in associated companies and joint venture company are accounted for using the equity method. Under the equity method, the investment in associated company and joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company and joint venture company and is neither amortised nor tested individually for impairment. Goodwill relating to associated companies and joint venture company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated companies and joint venture company's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associated companies and joint venture company in the period in which the investment is acquired.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Associates and joint venture company (cont'd)

The profit or loss reflects the share of the results of operations of the associated companies and joint venture company. Where there has been a change recognised in other comprehensive income by the associated companies and joint venture company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated companies and joint venture company are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associated companies and joint venture company is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associated companies and joint venture company.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated companies and joint venture company. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associated companies and joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated companies and joint venture company and its carrying value and recognises the amount in profit and loss.

The financial statements of the associated companies and joint venture company 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.

Upon loss of significant influence over the associated companies and joint venture company, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associated companies and joint venture company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.10 Intangible assets

**(a) Goodwill**

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 profit or loss. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Intangible assets (cont'd)

**(b) Other intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**Customer relationships**

Customer relationships were acquired in business combinations and are carried at fair value at date of acquisition. The useful lives of these intangible assets are assessed to be 15 years based on average number of years the customers have been with the acquired company and are amortised on a straight-line basis.

**Trademarks**

Trademarks are initially recorded at cost. Subsequent to recognition, the trademarks are measured at cost less accumulated amortisation. Amortisation is computed on a straight-line basis over the estimated useful lives of the individual trademarks.

### 2.11 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

### 2.12 Financial assets

**Initial recognition and measurement**

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

**Subsequent measurement**

<u>Loans and receivables</u>

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**Derecognition**

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 had been recognised in other comprehensive income is recognised in profit or loss.

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

### 2.13 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

**Financial assets carried at amortised cost**

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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 profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Impairment of financial assets (cont'd)

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 incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

**Financial assets carried at cost**

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

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which are subjected to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.15 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.

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

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

### 2.16 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.

### 2.17 Financial liabilities

**Initial recognition and measurement**

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. The Group determines the classification of its financial liabilities at initial recognition.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Financial liabilities (cont'd)

**Subsequent measurement**

Other financial liabilities

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

Derecognition

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

### 2.18 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.

### 2.19 Returned shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as returned 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 returned shares.

### 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.

**(d) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

### 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 year 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Borrowing costs

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

### 2.23 Income taxes

**(a) Current tax**

Current tax assets and liabilities 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, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except that the tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(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 liability arises from the initial recognition of goodwill or 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; and
– In respect of taxable temporary differences associated with investments in subsidiary companies and associated companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable futures.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred income tax asset relating to the deductible temporary difference 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; and
– In respect of deductible temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets 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 tax asset to be utilised. Unrecognised deferred 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Income taxes (cont'd)

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

**(c) Sales tax**

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

– Where the sales tax incurred in 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.

### 2.24 Leases

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

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased 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 profit or loss. 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 profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.26 Government grants

Government grants are recognised at their fair values when there is reasonable assurance that the grant will be received and all attaching conditions will be compiled with. Grants in recognition of specific expenses are taken to income in the same year as the relevant expenses.

### 2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;

(ii) Has significant influence over the Group; or

(iii) Is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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 periods.

### 3.1 Judgements made in applying accounting policies

The management has not made any significant judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

### 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) Allowance for stock obsolescence**

Allowance for stock obsolescence is estimated based on the best available facts and circumstances, including but not limited to the stocks' own physical conditions, their market selling prices and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories as of 31 March 2012 was $20,081,298 (2011: $15,400,003).

**(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 16 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 2012 is disclosed in Note 29.

**(iv) Income taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### 3.2 Key sources of estimation uncertainty (cont'd)

**(iv) Income taxes (cont'd)**

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

The Group recognises liabilities for expected tax issues based on estimates of 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 provision for taxation at the balance sheet date was $1,109,763 (2011: $764,105). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at the balance sheet date was $353,945 (2011: $1,332,779) and $145,779 (2011: $152,051) respectively.

## 4. REVENUE

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

## 5. PROFIT FROM OPERATIONS

The following items have been included in arriving at profit before taxation:

| | | Group | |
|---|---|---|---|
| | Note | 2012 ($) | 2011 ($) |
| Audit fee | | | |
| - auditors of the company | | 102,000 | 69,000 |
| - other auditors | | 62,588 | 64,803 |
| Non-audit fees to other auditors | | 8,619 | 55,594 |
| Depreciation of property, plant and equipment | 11 | 342,447 | 427,867 |
| Gain on disposal of property, plant and equipment | | (37,445) | (4,278) |
| Amortisation of intangibles/assets | 16 | 97,660 | 88,381 |
| Allowance for slow-moving inventories | 17 | 466,748 | 630,039 |
| Write back of allowance for inventory obsolescence | 17 | (646,495) | (1,198,805) |
| Allowance/(write back) of allowance for doubtful trade receivables | 18 | 12,852 | (40,248) |
| Trade receivables written off | | - | 121,973 |
| Staff costs | 6 | 7,840,096 | 8,004,554 |
| Directors' remuneration | | | |
| - directors of the Company | | 359,866 | 480,724 |
| - directors of subsidiaries | | 219,095 | 180,280 |
| Directors' fees | | | |
| - directors of the Company | | 140,000 | 140,000 |
| - director of a subsidiary | | 7,857 | 3,767 |
| Foreign exchange gain, net | | (531,931) | (359,060) |
| Operating lease expenses | | 825,058 | 863,553 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 6. STAFF COSTS

| | Group 2012 ($) | Group 2011 ($) |
|---|---|---|
| Salaries and bonuses | 6,052,614 | 6,430,437 |
| Defined contribution plan expenses | 706,312 | 756,435 |
| Commissions | 838,322 | 722,767 |
| Other staff costs | 242,848 | 94,915 |
| | 7,840,096 | 8,004,554 |

## 7. FINANCIAL EXPENSES/(INCOME)

| | Group 2012 ($) | Group 2011 ($) |
|---|---|---|
| Interest expenses | | |
| - bank borrowings | 225,769 | 222,516 |
| - hire-purchase | 12,440 | 14,040 |
| | 238,209 | 236,556 |
| Interest income | | |
| - bank balances | 4,411 | 12,933 |
| - fixed deposit | 11,295 | - |
| | 15,706 | 12,933 |

## 8. TAXATION

**(a) Major components of taxation**

The major components of taxation for the financial years ended 31 March 2012 and 2011 are:

| | Group 2012 ($) | Group 2011 $) |
|---|---|---|
| **Statement of comprehensive income:** | | |
| Current income tax | | |
| - current income taxation | 1,082,278 | 932,382 |
| - (over)/under provision in respect of previous years | (119,256) | 38,169 |
| | 963,022 | 970,551 |
| Deferred income tax | | |
| - origination and reversal of temporary differences | (856,683) | (475,438) |
| - impairment of deferred tax asset in a subsidiary | 1,460,931 | - |
| - under provision in respect of previous years | 370,848 | - |
| | 975,096 | (475,438) |
| Withholding tax | 13,396 | 56,737 |
| Income tax recognised | 1,951,514 | 551,850 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 8. TAXATION (CONT'D)

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

A reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2012 and 2011 is as follows:

| | Group | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| Accounting profit before taxation | 2,512,887 | 2,904,392 |
| Tax at domestic tax rates applicable to profits in the countries where the Group operates * | (14,061) | 344,242 |
| Adjustments: | | |
| Non-deductible expenses | 337,355 | 48,773 |
| Income not subject to taxation | (34,777) | (12,316) |
| Tax effect of double deduction of expenses | - | (3,588) |
| Utilisation of deferred tax asset not previously recognised | - | (4,461) |
| Deferred tax assets not recognised | - | 142,760 |
| Effect of partial tax exemption and tax relief | (51,850) | (63,768) |
| Under provision in respect of previous years | 251,592 | 38,169 |
| Impairment of deferred tax asset in a subsidary | 1,460,931 | - |
| Withholding tax | 13,396 | 56,737 |
| Others | (11,072) | 5,302 |
| Taxation | 1,951,514 | 551,850 |

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

The Company and its subsidiaries incorporated in Singapore are subject to income tax at the statutory tax rate of 17% for the financial year ended 31 March 2012 and 2011.

The subsidiary incorporated in Malaysia is subject to income tax at the statutory tax rate of 25% for the financial year ended 31 March 2012 and 2011.

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

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 28%. (2011:30%)

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

**(c) Tax charge relating to other comprehensive income**

The tax charge relating to each component of other comprehensive income is as follows:

| | Group | | |
|---|---|---|---|
| | Before tax ($) | Tax (charge)/credit ($) | After tax ($) |
| **2012** | | | |
| Foreign currency translation | (146,769) | - | (146,769) |
| **2011** | | | |
| Foreign currency translation | (77,284) | - | (77,284) |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic and diluted earnings per share amounts from continuing operations are calculated by dividing net profit attributable to owners of the parent of $430,260 (2011: $2,250,572) by the weighted average number of ordinary shares outstanding during the financial year of 117,181,818 (2011: 117,181,818) shares.

There are no dilutive potential shares.

## 10. RELATED PARTY TRANSACTIONS

**(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 financial year at terms agreed between the parties:

| | Group | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| **Expenses** | | |
| Purchases/(returns) from an associate | 5,729 | (26,803) |
| Purchases from companies related to directors | - | 253,388 |
| Purchase from non-controlling interest of a subsidary | 3,526,320 | 3,584,656 |
| Rental paid to non-controlling interest of a subsidary | 35,861 | 30,239 |
| Service fee paid to a related party | 130,573 | 156,727 |
| **Income** | | |
| Sales to an associate | 3,593 | - |
| Sales to companies related to directors | - | 12,089 |

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

| | Group | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| Directors' fees | 140,000 | 140,000 |
| Salaries and bonus | 1,218,164 | 1,281,409 |
| Defined contribution plan expenses | 65,563 | 95,912 |
| Other staff costs | 24,414 | 22,200 |
| Total compensation paid to key management personnel | 1,448,141 | 1,539,521 |
| Comprise amounts paid to: | | |
| Directors of the Company | 499,866 | 620,724 |
| Other key management personnel | 948,275 | 918,797 |
| | 1,448,141 | 1,539,521 |

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 11. PROPERTY, PLANT AND EQUIPMENT

| Group | Computers ($) | Office equipment ($) | Furniture and fittings ($) | Motor vehicles ($) | Renovation ($) | Warehouse Equipment ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2010 | 433,321 | 461,000 | 588,246 | 1,002,490 | 554,079 | 19,123 | 3,058,259 |
| Additions | 30,895 | 26,360 | 6,950 | 70,619 | 1,641 | 1,167 | 137,632 |
| Disposals/written off | - | (10,137) | (245) | (24,885) | - | - | (35,267) |
| Translation differences | (2,233) | (5,000) | 348 | (3,209) | 2,508 | (176) | (7,762) |
| At 31 March 2011 and 1 April 2011 | 461,983 | 472,223 | 595,299 | 1,045,015 | 558,228 | 20,114 | 3,152,862 |
| Additions | 67,189 | 38,340 | 20,791 | 485,339 | 16,765 | 2,765 | 631,189 |
| Disposals/written off | - | (92,480) | (232,909) | (423,749) | (231,740) | (212) | (981,090) |
| Translation differences | (1,432) | 1,199 | 280 | (1,974) | (665) | (110) | (2,702) |
| At 31 March 2012 | 527,740 | 419,282 | 383,461 | 1,104,631 | 342,588 | 22,557 | 2,800,259 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2010 | 388,902 | 367,457 | 413,126 | 621,434 | 388,668 | 16,334 | 2,195,921 |
| Depreciation charge for the financial year | 55,252 | 50,026 | 79,530 | 160,654 | 80,323 | 2,082 | 427,867 |
| Disposals/written off | - | (9,597) | (251) | (18,612) | - | - | (28,460) |
| Translation differences | (1,704) | (3,423) | 1,137 | (2,255) | 2,510 | (162) | (3,897) |
| At 31 March 2011 and 1 April 2011 | 442,450 | 404,463 | 493,542 | 761,221 | 471,501 | 18,254 | 2,591,431 |
| Depreciation charge for the financial year | 38,797 | 29,800 | 51,927 | 168,960 | 50,646 | 2,317 | 342,447 |
| Disposals/written off | - | (81,211) | (196,675) | (347,300) | (197,313) | (135) | (822,634) |
| Translation differences | (1,233) | 1,343 | 115 | (711) | (324) | (76) | (886) |
| At 31 March 2012 | 480,014 | 354,395 | 348,909 | 582,170 | 324,510 | 20,360 | 2,110,358 |
| **Net carrying amount** | | | | | | | |
| At 31 March 2011 | 19,533 | 67,760 | 101,757 | 283,794 | 86,727 | 1,860 | 561,431 |
| At 31 March 2012 | 47,726 | 64,887 | 34,552 | 522,461 | 18,078 | 2,197 | 689,901 |

During the financial year, the Group acquired motor vehicles with an aggregate cost of $365,260 (2011: $Nil) by means of hire-purchase. The cash outflow on acquisition of property, plant and equipment amounted to $265,929.

As at 31 March 2012, the net carrying amount of motor vehicles of the Group held under hire-purchase agreements is $378,760 (2011: $80,894). Leased assets are pledged as security for the related hire-purchase liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

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

| Company | Computers ($) | Office equipment ($) | Furniture and fittings ($) | Motor vehicles ($) | Renovation ($) | Warehouse Equipment ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2010 | 243,406 | 263,684 | 281,476 | 509,242 | 269,114 | 11,372 | 1,578,294 |
| Additions | 23,368 | 9,526 | - | 129 | - | 719 | 33,742 |
| At 31 March 2011 and 1 April 2011 | 266,774 | 273,210 | 281,476 | 509,371 | 269,114 | 12,091 | 1,612,036 |
| Additions | 24,071 | 14,857 | 7,137 | 452,991 | - | 784 | 499,840 |
| Disposals | - | - | - | (299,698) | - | - | (299,698) |
| At 31 March 2012 | 290,845 | 288,067 | 288,613 | 662,664 | 269,114 | 12,875 | 1,812,718 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2010 | 237,617 | 231,137 | 250,306 | 353,647 | 242,991 | 10,987 | 1,326,685 |
| Charge for the financial year | 22,640 | 25,485 | 25,418 | 84,162 | 26,123 | 595 | 184,423 |
| At 31 March 2011 and 1 April 2011 | 260,257 | 256,622 | 275,724 | 437,809 | 269,114 | 11,582 | 1,511,108 |
| Charge for the financial year | 21,229 | 7,038 | 3,287 | 100,444 | - | 908 | 132,906 |
| Disposals | - | - | - | (269,482) | - | - | (269,482) |
| At 31 March 2012 | 281,486 | 263,660 | 279,011 | 268,771 | 269,114 | 12,490 | 1,374,532 |
| **Net carrying amount** | | | | | | | |
| At 31 March 2011 | 6,517 | 16,588 | 5,752 | 71,562 | - | 509 | 100,928 |
| At 31 March 2012 | 9,359 | 24,407 | 9,602 | 393,893 | - | 385 | 437,646 |

During the financial year, the Company acquired motor vehicles with an aggregate cost of $365,260 (2011: $Nil) by means of hire-purchase. The cash outflow on acquisition of property, plant and equipment amounted to $134,580.

As at 31 March 2012, the net carrying amount of motor vehicles of the Company held under hire-purchase agreements is $376,073 (2011: $69,773). Leased assets are pledged as security for the related hire-purchase liabilities.

## 12. INVESTMENT IN SUBSIDIARIES

| | Company 2012 ($) | Company 2011 ($) |
|---|---|---|
| Unquoted equity shares, at cost | 7,346,058 | 6,924,661 |
| Impairment losses | (1,855,444) | (258,757) |
| | 5,490,614 | 6,665,904 |
| Movement in impairment: | | |
| At 1 April | 258,757 | 258,757 |
| Charge for the financial year | 1,596,687 | - |
| At 31 March | 1,855,444 | 258,757 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | Proportion of ownership interest 2012 (%) | Proportion of ownership interest 2011 (%) |
|---|---|---|---|---|
| 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 ("BLCI") [3] | Thailand | Distribution of computer peripherals and accessories | 60 | 60 |
| 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 |
| AV Labs International Pte Ltd ("AV Labs") [6] | Singapore | Marketing and distribution of computer and hardware | 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 LLP, Singapore
[2] Audited by Ernst & Young, 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 are used for consolidation purposes

**Acquisition of subsidiary**

In December 2011, the Group acquired the remaining 50% equity interest in its 50% owned associate, AV Labs International Pte Ltd ("AV Labs"), a distributor of multimedia IT products, data storage products and IT accessories (Note13). Upon the acquisition, AV Labs became a wholly-owned subsidiary of the Group.

The Group acquired AV Labs in order to strengthen its position as a leading distributor of multimedia IT products and to enlarge the range of products it can offer to its customers.

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

| | Fair value recognised on acquisition ($) |
|---|---|
| Other receivables | 5,999 |
| Cash | 699 |
| | 6,698 |
| Trade payables | (2,540) |
| Other payables and accruals | (6,346) |
| | (8,886) |
| Total net identifiable liabilities at fair value | (2,188) |
| Trademarks arising from acquisition | 166,898 |
| | 164,710 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

| | Fair value recognised on acquisition ($) |
|---|---|
| Effect of the acquisition of AV Labs on cash flows | |
| Total consideration for 50% equity interest acquired | 82,355 |
| Less: Dividend income received | (62,850) |
| Consideration settled in cash | 19,505 |
| Less: Cash and cash equivalents of subsidiary acquired | (699) |
| Net cash outflow on acquisition of subsidiary | 18,806 |

**Loss on remeasuring previously held equity interest in AV Labs to fair value at acquisition date**
The Group recognised a loss of $256,792 as a result of measuring at fair value its original 50% equity interest in AV Labs held before the business combination. The loss was recorded in the Group's consolidated statement of comprehensive income for the financial year ended 31 March 2012.

**Impact of the acquisition on the consolidated statement of comprehensive income**
From the acquisition date, AV Labs has incurred $27,206 of losses, which has been taken up in the Group's profit net of taxation. Even if the business combination had taken place at the beginning of the financial year, there will be no material changes to the Group's revenue and profit from operations, net of tax.

**Provisional accounting of the acquisition of AV Labs**
A trademark has been identified as an intangible asset arising from this acquisition. The Group will engage an independent valuer to determine the fair value of the trademark. As at 31 March 2012, the fair value of the trademark amounting to $166,898 has been determined on a provisional basis as the results of the independent valuation have not been received by the date the financial statements was authorised for issue. The carrying amount of the trademark and amortisation of the trademark will be adjusted accordingly on a retrospective basis when the valuation of the trademark is finalised.

## 13. INVESTMENT IN ASSOCIATE

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Shares, at cost | - | 339,042 | - | 339,042 |
| Share of post-acquisition reserves | - | 67,689 | - | - |
| | - | 406,731 | - | 339,042 |

| Name | Country of incorporation | Principal activities | Proportion of ownership interest 2012 (%) | Proportion of ownership interest 2011 (%) |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| AV Labs International Pte Ltd ("AV Labs") [1] | Singapore | Marketing and distribution of computer and hardware | - | 50 |

[1] 30 June year end. Unaudited management accounts were used for equity accounting.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 13. INVESTMENT IN ASSOCIATE (CONT'D)

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

| | Group | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| **Assets and liabilities:** | | |
| Total assets | - | 276,482 |
| Total liabilities | - | 134,806 |
| **Results:** | | |
| Revenue | - | - |
| Loss for the year | - | 291,042 |

The associate became a subsidary during the financial year (Note 12)

## 14. INVESTMENT IN JOINT VENTURE

| | Company | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| Unquoted equity shares, at cost | 10,235 | 10,235 |

The details of the jointly-controlled entity are as follows:

| Name | Country of incorporation | Principal activities | Proportion of ownership interest 2012 (%) | Proportion of ownership interest 2011 (%) |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| eGear Inc Ltd ("eGear Inc") | Hong Kong | Marketing and distribution of electronic accessories | 50 | 50 |

The summarised financial information of the joint venture has not been presented as it is immaterial and accordingly not equity accounted for in the Group's consolidated statement of comprehensive income.

## 15. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| **Deferred tax assets** | | | | |
| At 1 April | 1,332,779 | 789,463 | - | - |
| Charge for the financial year | 479,542 | 507,190 | - | - |
| Impairment | (1,460,931) | - | - | - |
| Translation differences | 2,555 | 36,126 | - | - |
| At 31 March | 353,945 | 1,332,779 | - | - |
| Breakdown of deferred tax assets: | | | | |
| Deferred tax assets | | | | |
| - provisions | 310,973 | 219,289 | - | - |
| - unutilised tax losses | - | 1,045,351 | - | - |
| - difference in depreciation for tax purposes | 11,949 | 64,396 | - | - |
| - other items | 31,023 | 3,743 | - | - |
| | 353,945 | 1,332,779 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| **Deferred tax liabilities** | | | | |
| At 1 April | (152,051) | (116,744) | (11,629) | (25,666) |
| Charge for the financial year | 6,293 | (31,751) | - | 14,037 |
| Translation differences | (21) | (3,556) | - | - |
| At 31 March | (145,779) | (152,051) | (11,629) | (11,629) |
| Breakdown of deferred tax liabilities: | | | | |
| Deferred tax liabilities | | | | |
| - difference in depreciation for tax purposes | (15,609) | (13,175) | (11,629) | (11,629) |
| - foreign unrealised exchange | (134,150) | (138,223) | - | - |
| - other items | 3,980 | (653) | - | - |
| | (145,779) | (152,051) | (11,629) | (11,629) |

During the year, the Company performed an impairment assessment (Note 16) and recorded an impairment charge of $1,460,931 (2011:$Nil) of previously recognised deferred tax assets arising from Audion Innovision Pty Ltd.

Unrecognised tax losses and unabsorbed capital allowances
At the balance sheet date, the Group has tax losses and capital allowance of approximately $4,038,000 and $40,000 (2011: $1,341,000 and $6,000) 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.

## 16. GOODWILL AND INTANGIBLE ASSETS

| | Group | | | |
|---|---|---|---|---|
| | Goodwill ($) | Non contractual customer relationships ($) | Trade marks ($) | Total ($) |
| **Cost:** | | | | |
| At 1 April 2010 | 2,418,920 | 1,291,312 | 7,368 | 3,717,600 |
| Additions | - | - | 671 | 671 |
| At 31 March 2011 and 1 April 2011 | 2,418,920 | 1,291,312 | 8,039 | 3,718,271 |
| Acquisition of subsidiary (Note 12) | - | - | 166,898 | 166,898 |
| Balance at 31 March 2012 | 2,418,920 | 1,291,312 | 174,937 | 3,885,169 |
| **Accumulated amortisation and impairment:** | | | | |
| At 1 April 2010 | 30,226 | 236,740 | 5,298 | 272,264 |
| Amortisation | - | 86,087 | 2,294 | 88,381 |
| At 31 March 2011 and 1 April 2011 | 30,226 | 322,827 | 7,592 | 360,645 |
| Amortisation | - | 86,087 | 11,573 | 97,660 |
| Impairment of goodwill | 1,340,000 | - | - | 1,340,000 |
| At 31 March 2012 | 1,370,226 | 408,914 | 19,165 | 1,798,305 |
| **Net carrying amount:** | | | | |
| At 31 March 2011 | 2,388,694 | 968,485 | 447 | 3,357,626 |
| At 31 March 2012 | 1,048,694 | 882,398 | 155,772 | 2,086,864 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 16. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

| | Company Trademarks ($) |
|---|---|
| **Cost:** | |
| At 1 April 2010 | 7,368 |
| Additions | 671 |
| At 31 March 2011 and 1 April 2011 | 8,039 |
| Additions | - |
| At 31 March 2012 | 8,039 |
| **Accumulated amortisation and impairment:** | |
| At 1 April 2010 | 5,298 |
| Amortisation | 2,294 |
| At 31 March 2011 and 1 April 2011 | 7,592 |
| Amortisation | 447 |
| At 31 March 2012 | 8,039 |
| **Net carrying amount:** | |
| At 31 March 2011 | 447 |
| At 31 March 2012 | - |

**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 2.10, the useful life of customer relationship is estimated to be 15 years. The average remaining amortisation period is 10 years (2011: 11 years).

**Trademarks**
Trademarks were acquired in a business combination. The useful life of trademarks is estimated to be 5 years.

**Amortisation expense**
The amortisation of customer relationship and trademarks are 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 Innovision Pty Ltd ("Audion"), which is deemed as a cash generating unit (CGU).

The carrying amount of goodwill allocated to the CGU as at 31 March is as follow:

| | 2012 ($) | 2011 ($) |
|---|---|---|
| Audion | 1,048,694 | 2,388,694 |

The recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved 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:

| | 2012 ($) | 2011 ($) |
|---|---|---|
| Growth rates | 5.0% - 10.0% | 10.0% - 33.0% |
| Pre-tax discount rates | 20.0% | 6.4% |

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. GOODWILL AND INTANGIBLE ASSETS (CONT'D)

*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 market to be stable over the budget period.

**Impairment loss recognised**

In the financial year ended 31 March 2012, an impairment loss of $1,340,000 (2011:$Nil) was recognised to write-down the carrying amount of goodwill attributable to Audion to $1,048,694. The impairment loss of $1,340,000 is included in the statement of comprehensive income.

## 17. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| **Balance sheet:** | | | | |
| Finished goods | 20,081,298 | 15,400,003 | 9,550,772 | 7,971,793 |
| **Statement of comprehensive income:** | | | | |
| Inventories recognised as an expense in cost of sales | 93,051,586 | 90,236,749 | 87,637,372 | 80,504,727 |
| Inclusive of the following charge/(credit): | | | | |
| - Inventories written down | 466,748 | 630,039 | 107,020 | 186,367 |
| - Reversal of write-down of inventories | (646,495) | (1,198,805) | (186,369) | (493,461) |

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

## 18. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Trade receivables | 19,181,289 | 17,589,122 | 11,186,202 | 9,896,492 |
| Due from subsidiaries | - | - | 13,152,528 | 7,919,257 |
| Allowance for doubtful trade receivables | (418,698) | (411,232) | (61,198) | (42,723) |
| Trade receivables written off | - | (121,973) | - | - |
| | 18,762,591 | 17,055,917 | 24,277,532 | 17,773,026 |

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.

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand. They are to be settled in cash.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| United States dollars | 1,807,105 | 1,249,236 | 12,745,746 | 7,448,159 |
| Malaysian Ringgit | 2,285,899 | 1,972,368 | - | - |
| Thai Baht | 1,414,207 | 1,161,778 | - | - |
| Australian dollars | 2,773,986 | 2,196,435 | - | - |
| New Zealand dollars | 76,159 | 493,012 | - | - |
| | 8,357,356 | 7,072,829 | 12,745,746 | 7,448,159 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. TRADE RECEIVABLES (CONT'D)

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

The Group and Company have trade receivables amounting to $12,070,267 and $6,269,414 (2011: $10,258,472 and $4,830,146) 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 | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Trade receivables past due: | | | | |
| Less than 30 days | 7,996,883 | 6,353,003 | 4,955,750 | 3,340,211 |
| 30 - 60 days | 2,839,471 | 2,582,582 | 746,443 | 856,065 |
| 61 - 90 days | 418,337 | 650,413 | 191,529 | 277,750 |
| 91 - 120 days | 503,021 | 264,839 | 102,699 | 44,654 |
| More than 120 days | 312,555 | 407,635 | 272,993 | 311,466 |
| | 12,070,267 | 10,258,472 | 6,269,414 | 4,830,146 |

**Receivables that are impaired**

The Group and Company's trade receivables that are individually impaired at the balance sheet date are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Trade receivables – nominal amounts | 418,698 | 519,601 | 61,198 | 42,723 |
| Allowance for impairment | (418,698) | (411,232) | (61,198) | (42,723) |
| | - | 108,369 | - | - |

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.

The movement of the allowance accounts used to record the impairment are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Movement in allowance accounts: | | | | |
| At 1 April | 411,232 | 798,190 | 42,723 | 359,730 |
| Charge/(write back) for the financial year | 12,852 | (40,248) | 18,475 | (73,223) |
| Bad debts written off against provision | - | (336,152) | - | (243,784) |
| Exchange differences | (5,386) | (10,558) | - | - |
| At 31 March | 418,698 | 411,232 | 61,198 | 42,723 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 19. OTHER RECEIVABLES AND DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Other receivables | 1,813,481 | 2,151,198 | 1,482,406 | 1,666,751 |
| Deposits | 229,139 | 291,874 | 143,673 | 242,604 |
| Due from subsidiaries | - | - | 1,583,954 | 2,585,256 |
| Due from associate | - | 261,558 | - | 129,032 |
| | 2,042,620 | 2,704,630 | 3,210,033 | 4,623,643 |

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

Amounts due from subsidiaries and associate are unsecured, non-interest bearing and are repayable on demand. They are to be settled in cash.

## 20. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Fixed deposits | 1,640,614 | - | 1,640,614 | - |
| Cash and bank balances | 7,559,621 | 6,830,733 | 5,652,098 | 5,462,352 |
| | 9,200,235 | 6,830,733 | 7,292,712 | 5,462,352 |

Fixed deposits are made for varying periods of between 1 week and 1 month depending on the immediate cash requirements of the Group and earn interest from 4.00% to 4.22% per annum. Cash at bank earns interest at floating rates based on daily bank deposit rates.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| United States dollars | 1,069,326 | 1,315,046 | 1,047,536 | 1,272,176 |
| Malaysian Ringgit | 431,928 | 391,919 | - | - |
| Thai Baht | 384,304 | 401,159 | - | - |
| Australian dollars | 448,183 | 120,956 | 7,214 | 3,007 |
| New Zealand dollars | 42,215 | 95,839 | - | - |
| | 2,375,956 | 2,324,919 | 1,054,750 | 1,275,183 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 21. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Third party | 12,641,892 | 12,570,042 | 10,350,163 | 10,924,437 |
| Due to subsidiaries | - | - | 814,423 | - |
| Due to associate | - | 315,933 | - | 315,933 |
| | 12,641,892 | 12,885,975 | 11,164,586 | 11,240,370 |

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

Amounts due to subsidiaries and associate are unsecured, non-interest bearing and are repayable on demand. These are to be settled in cash.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| United States dollars | 5,144,046 | 5,342,434 | 5,079,709 | 5,453,854 |
| Malaysian Ringgit | 162,540 | 213,713 | - | - |
| Thai Baht | 1,250,679 | 1,133,825 | - | - |
| Australian dollars | 450,291 | 343,737 | - | - |
| New Zealand dollars | 17,688 | 47,444 | - | - |
| | 7,025,244 | 7,081,153 | 5,079,709 | 5,453,854 |

## 22. BILLS PAYABLE TO BANKS (UNSECURED)

Bills payable to banks have repayment terms of approximately 120 - 150 days. Bills payable to banks bear interest at effective rates at 1.88% (2011: 1.86%) per annum.

## 23. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Other payables | 1,284,375 | 1,410,644 | 840,426 | 648,967 |
| Due to subsidiaries | - | - | - | 46,386 |
| Accrued operating expenses | 1,683,080 | 1,291,660 | 1,034,516 | 702,859 |
| | 2,967,455 | 2,702,304 | 1,874,942 | 1,398,212 |

Other payables include marketing fund contribution from suppliers and customers and freight charges.

## 24. HIRE-PURCHASE LIABILITIES

The Group and the Company have purchased motor vehicles under hire-purchase agreements. There are no restrictions placed upon the Group by entering into these agreements. These agreements have an average life of between 1 to 7 years (2011: 1 to 5 years) with an option to purchase at the end of the hire-purchase term. The weighted average effective interest rate implicit in the hire-purchase agreements is about 1.88% to 3.55% (2011: 6.1% to 9.2%) per annum. The outstanding amount of hire-purchase obligations is secured by way of a legal mortgage on the underlying assets under hire- purchase agreements.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 24. HIRE-PURCHASE LIABILITIES (CONT'D)

The future minimum payments under hire-purchase agreements to acquire motor vehicles are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | Total minimum payments ($) | Present value of payments ($) | Total minimum payments ($) | Present value of payments ($) |
| **2012** | | | | |
| Within one year | 93,032 | 82,522 | 76,975 | 66,914 |
| After one year but not later than five years | 243,474 | 214,620 | 243,474 | 214,620 |
| After five years | 50,508 | 44,564 | 50,508 | 44,564 |
| Total minimum hire- purchase payments | 387,014 | 341,706 | 370,957 | 326,098 |
| Less amounts representing finance charges | (45,308) | - | (44,859) | - |
| Present value of minimum hire-purchase payments | 341,706 | 341,706 | 326,098 | 326,098 |
| **2011** | | | | |
| Within one year | 69,920 | 56,984 | 60,603 | 49,485 |
| After one year but not later than five years | 87,712 | 76,310 | 71,659 | 60,706 |
| Total minimum hire- purchase payments | 157,632 | 133,294 | 132,262 | 110,191 |
| Less amounts representing finance charges | (24,338) | - | (22,071) | - |
| Present value of minimum hire-purchase payments | 133,294 | 133,294 | 110,191 | 110,191 |

## 25. SHARE CAPITAL AND RETURNED SHARES

**(a) Share capital**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2012 No. of shares | 2012 ($) | 2011 No. of shares | 2011 ($) |
| Issued and fully paid: | | | | |
| At beginning and end of financial year | 117,181,818 | 11,173,106 | 117,181,818 | 11,173,106 |

The holders of ordinary 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) Returned shares**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2012 No. of shares | 2012 ($) | 2011 No. of shares | 2011 ($) |
| At beginning and end of financial year | 681,818 | 104,822 | 681,818 | 104,822 |

Returned shares relate to 681,818 ordinary shares of the Company that was transferred from Christine Anne McGregor and Innovision Technology Australia Pty Ltd as a result of the compensation for the shortfall in guaranteed profits.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 26. FOREIGN CURRENCY TRANSLATION RESERVE AND LEGAL RESERVE

**Foreign currency translation reserve**

The foreign currency 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.

**Other reserve**

Other reserve represents non-distributable amounts set aside in compliance with local laws of certain overseas subsidiary companies. During the financial year, an amount of $61,537 (2011: $Nil) was transferred from retained earnings to other reserve due to capitalisation of profits into additional share capital by a subsidiary company.

## 27. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| **Declared and paid during the financial year:** | | |
| Dividends on ordinary shares: | | |
| Final one-tier tax exempt dividend - 31 March 2011: 0.5 cent (31 March 2010: 1.0 cent) per share | 582,500 | 1,165,000 |
| **Proposed but not recognised as a liability as at 31 March** | | |
| Final one-tier tax exempt dividend - 31 March 2012: 1.0 cent (31 March 2011: 0.5 cent) per share | 1,165,000 | 582,500 |

The directors of the Company recommend that a final one-tier tax exempt dividend of 1.0 cents per ordinary share amounting to $1,165,000 to be paid in respect of the financial year ended 31 March 2012. 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.

## 28. OPERATING LEASE COMMITMENTS – AS LESSEE

The Group has entered into commercial leases for office and warehouse facilities as at 31 March 2012. These leases have remaining non-cancellable lease term of between 12 months to 18 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 | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Not later than one year | 726,415 | 788,305 | 509,899 | 446,195 |
| Later than one year but not later than five years | 687,006 | 1,162,039 | 446,161 | 956,060 |
| | 1,413,421 | 1,950,344 | 956,060 | 1,402,255 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 29. FINANCIAL INSTRUMENTS

| Group | Loans and recievables ($) | Financial liabilities at amortised cost ($) | Total ($) |
|---|---|---|---|
| **2012** | | | |
| **Assets** | | | |
| Trade receivables | 18,762,591 | - | 18,762,591 |
| Other receivables and deposits | 2,042,620 | - | 2,042,620 |
| Cash and cash equivalents | 9,200,235 | - | 9,200,235 |
| Total financial assets | 30,005,446 | - | 30,005,446 |
| Total non-financial assets | | | 23,481,482 |
| Total assets | | | 53,486,928 |
| **Liabilities** | | | |
| Trade payables | - | 12,641,892 | 12,641,892 |
| Bills payables to bank (unsecured) | - | 12,633,677 | 12,633,677 |
| Other payables and accruals | - | 2,967,455 | 2,967,455 |
| Hire-purchase liabilities | - | 341,706 | 341,706 |
| Total financial liabilities | - | 28,584,730 | 28,584,730 |
| Total non-financial liabilities | | | 1,255,542 |
| Total liabilities | | | 29,840,272 |
| **2011** | | | |
| **Assets** | | | |
| Trade receivables | 17,055,917 | - | 17,055,917 |
| Other receivables and deposits | 2,704,630 | - | 2,704,630 |
| Cash and cash equivalents | 6,830,733 | - | 6,830,733 |
| Total financial assets | 26,591,280 | - | 26,591,280 |
| Total non-financial assets | | | 21,367,610 |
| Total assets | | | 47,958,890 |
| **Liabilities** | | | |
| Trade payables | - | 12,885,975 | 12,885,975 |
| Bills payables to bank (unsecured) | - | 7,506,609 | 7,506,609 |
| Other payables and accruals | - | 2,702,304 | 2,702,304 |
| Hire-purchase liabilities | - | 133,294 | 133,294 |
| Total financial liabilities | - | 23,228,182 | 23,228,182 |
| Total non-financial liabilities | | | 916,156 |
| Total liabilities | | | 24,144,338 |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 29. FINANCIAL INSTRUMENTS (CONT'D)

| Company | Loans and recievables ($) | Financial liabilities at amortised cost ($) | Total ($) |
|---|---|---|---|
| **2012** | | | |
| **Assets** | | | |
| Trade receivables | 24,277,532 | - | 24,277,532 |
| Other receivables and deposits | 3,210,033 | - | 3,210,033 |
| Cash and cash equivalents | 7,292,712 | - | 7,292,712 |
| Total financial assets | 34,780,277 | - | 34,780,277 |
| Total non-financial assets | | | 15,553,610 |
| Total assets | | | 50,333,887 |
| **Liabilities** | | | |
| Trade payables | - | 11,164,586 | 11,164,586 |
| Bills payables to bank (unsecured) | - | 12,633,677 | 12,633,677 |
| Other payables and accruals | - | 1,874,942 | 1,874,942 |
| Hire-purchase liabilities | - | 326,098 | 326,098 |
| Total financial liabilities | - | 25,999,303 | 25,999,303 |
| Total non-financial liabilities | | | 815,385 |
| Total liabilities | | | 26,814,688 |
| **2011** | | | |
| **Assets** | | | |
| Trade receivables | 17,773,026 | - | 17,773,026 |
| Other receivables and deposits | 4,623,643 | - | 4,623,643 |
| Cash and cash equivalents | 5,462,352 | - | 5,462,352 |
| Total financial assets | 27,859,021 | - | 27,859,021 |
| Total non-financial assets | | | 15,141,330 |
| Total assets | | | 43,000,351 |
| **Liabilities** | | | |
| Trade payables | - | 11,240,370 | 11,240,370 |
| Bills payables to bank (unsecured) | - | 7,506,609 | 7,506,609 |
| Other payables and accruals | - | 1,398,212 | 1,398,212 |
| Hire-purchase liabilities | - | 110,191 | 110,191 |
| Total financial liabilities | - | 20,255,382 | 20,255,382 |
| Total non-financial liabilities | | | 589,666 |
| Total liabilities | | | 20,845,048 |

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 18), Other receivables and deposits (Note 19), Cash and cash equivalents (Note 20), Trade payables (Note 21), Bills payable to banks (unsecured) (Note 22), Other payables and accruals (Note 23) and Hire-purchase liabilities (Note 24).

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise hire-purchase liabilities, cash and cash equivalents 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, which arise directly from its operations. It is, and has been throughout the financial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk, and credit risk. The policies for managing each of these risks 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. 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 (2011: 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 (2011: 15) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $12,830 (2011: $11,300) higher/lower, arising mainly as a result of lower/higher interest expense on bills payable.

### (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 44% (2011: 15%) of the Group's sales are denominated in foreign currencies whilst almost 51% (2011: 55%) 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 are disclosed in Note 20.

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 foreign subsidiary companies 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.

| | | | 2012 ($) | 2011 ($) |
|---|---|---|---|---|
| USD | - | strengthened by 3% (2011: 3%) | (68,028) | (65,000) |
| | - | weakened by 3% (2011: 3%) | 68,028 | 65,000 |
| AUD | - | strengthened by 3% (2011: 3%) | 83,156 | 59,000 |
| | - | weakened by 3% (2011: 3%) | (83,156) | (59,000) |
| NZD | - | strengthened by 3% (2011: 3%) | 3,021 | 16,000 |
| | - | weakened by 3% (2011: 3%) | (3,021) | (16,000) |
| MYR | - | strengthened by 3% (2011: 3%) | 76,659 | 65,000 |
| | - | weakened by 3% (2011: 3%) | (76,659) | (65,000) |
| THB | - | strengthened by 3% (2011: 3%) | 16,435 | 13,000 |
| | - | weakened by 3% (2011: 3%) | (16,435) | (13,000) |

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 30. 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.

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.

| | 2012 | | | | 2011 | | |
|---|---|---|---|---|---|---|---|
| | 1 year or less ($) | 1 year to 5 years ($) | Over 5 years ($) | Total ($) | 1 year or less ($) | 1 year to 5 years ($) | Total ($) |
| **Group** | | | | | | | |
| **Financial assets** | | | | | | | |
| Trade receivables | 18,762,591 | - | - | 18,762,591 | 17,055,917 | - | 17,055,917 |
| Other receivables and deposits | 2,042,620 | - | - | 2,042,620 | 2,704,630 | - | 2,704,630 |
| Cash and cash equivalents | 9,200,235 | - | - | 9,200,235 | 6,830,733 | - | 6,830,733 |
| Total undiscounted financial assets | 30,005,446 | - | - | 30,005,446 | 26,591,280 | - | 26,591,280 |
| **Financial liabilities** | | | | | | | |
| Trade payables | 12,641,892 | - | - | 12,641,892 | 12,885,975 | - | 12,885,975 |
| Bills payable to banks (unsecured) | 12,723,207 | - | - | 12,723,207 | 7,558,222 | - | 7,558,222 |
| Other payables and accruals | 2,967,455 | - | - | 2,967,455 | 2,702,304 | - | 2,702,304 |
| Hire-purchase liabilities | 93,032 | 243,474 | 50,508 | 387,014 | 69,920 | 87,712 | 157,632 |
| Total undiscounted financial liabilities | 28,425,586 | 243,474 | 50,508 | 28,719,568 | 23,216,421 | 87,712 | 23,304,133 |
| Total net undiscounted financial assets/(liabilities) | 1,579,860 | (243,474) | (50,508) | 1,285,878 | 3,374,859 | (87,712) | 3,287,147 |
| **Company** | | | | | | | |
| **Financial assets** | | | | | | | |
| Trade receivables | 24,277,532 | - | - | 24,277,532 | 17,773,026 | - | 17,773,026 |
| Other receivables and deposits | 3,210,033 | - | - | 3,210,033 | 4,623,643 | - | 4,623,643 |
| Cash and cash equivalents | 7,292,712 | - | - | 7,292,712 | 5,462,352 | - | 5,462,352 |
| Total undiscounted financial assets | 34,780,277 | - | - | 34,780,277 | 27,859,021 | - | 27,859,021 |
| **Financial liabilities** | | | | | | | |
| Trade payables | 11,164,586 | - | - | 11,164,586 | 11,240,370 | - | 11,240,370 |
| Bills payable to banks (unsecured) | 12,723,207 | - | - | 12,723,207 | 7,558,222 | - | 7,558,222 |
| Other payables and accruals | 1,874,942 | - | - | 1,874,942 | 1,398,212 | - | 1,398,212 |
| Hire-purchase liabilities | 76,975 | 243,474 | 50,508 | 370,957 | 60,603 | 71,659 | 132,262 |
| Total undiscounted financial liabilities | 25,839,710 | 243,474 | 50,508 | 26,133,692 | 20,257,407 | 71,659 | 20,329,066 |
| Total net undiscounted financial assets/(liabilities) | 8,940,567 | (243,474) | (50,508) | 8,646,585 | 7,601,614 | (71,659) | 7,529,955 |

As at 31 March 2012,the Company has $13,116,323 (2011:$20,243,391) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**(d) Credit risk**

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

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.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country 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:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| **Group** | $ | % | $ | % |
| **By Country** | | | | |
| Singapore | 11,761,763 | 63 | 10,787,798 | 63 |
| Australia | 2,780,040 | 15 | 2,196,435 | 13 |
| Malaysia | 2,285,899 | 12 | 1,972,368 | 12 |
| Thailand | 1,446,297 | 8 | 1,193,868 | 7 |
| New Zealand | 76,159 | 0 | 493,012 | 3 |
| Others | 412,433 | 2 | 412,436 | 2 |
| | 18,762,591 | 100 | 17,055,917 | 100 |

At the balance sheet date, approximately:

- 16% (2011: 17%) 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 are placed with reputable financial institutions.

**Financial assets that are either past due or impaired**

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 31. 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 financial years ended 31 March 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group aims to keep the gearing ratio at a minimal level. The Group includes within net debt, trade and other payables and accruals, bills payable, hire- purchase liabilities, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

| | Group | |
|---|---|---|
| | 2012 ($) | 2011 ($) |
| Trade payables | 12,641,892 | 12,885,975 |
| Bills payable to banks (unsecured) | 12,633,677 | 7,506,609 |
| Other payables and accruals | 2,967,455 | 2,702,304 |
| Hire-purchase liabilities (Note 24) | 341,706 | 133,294 |
| Less: Cash and cash equivalents (Note 20) | (9,200,235) | (6,830,733) |
| Net debt | 19,384,495 | 16,397,449 |
| Equity attributable to owners of the Company, representing total capital | 23,222,623 | 23,503,291 |
| Capital and net debt | 42,607,118 | 39,900,740 |
| Gearing ratio | 46% | 41% |

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

Segment assets and liabilities, depreciation and amortisation, capital expenditure and other non-cash expenses 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 assets and liabilities by the operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 32. SEGMENT INFORMATION (CONT'D)

| Group | Multimedia ($) | Data storage ($) | IT accessories ($) | Total ($) |
|---|---|---|---|---|
| **2012** | | | | |
| Sales to external customers | 58,212,817 | 5,488,652 | 49,970,357 | 113,671,826 |
| Segment results | 1,652,934 | 288,105 | 2,391,143 | 4,332,182 |
| Financial expenses | | | | (238,209) |
| Financial income | | | | 15,706 |
| Share of results of associate | | | | - |
| Operating Profit before taxation | | | | 4,109,679 |
| Fair value adjustment of investment in associate | | | | (256,792) |
| Impairment of goodwill | | | | (1,340,000) |
| Profit before taxation | | | | 2,512,887 |
| Taxation | | | | (1,951,514) |
| Profit after taxation | | | | 561,373 |
| **Other segment information** | | | | |
| Depreciation | | | | 342,447 |
| Amortisation | | | | 97,660 |
| Capital expenditure | | | | 798,087 |
| Other non-cash expenses | | | | 1,442,076 |
| **2011** | | | | |
| Sales to external customers | 54,656,252 | 7,552,679 | 47,482,588 | 109,691,519 |
| Segment results | 1,343,101 | 294,958 | 1,635,477 | 3,273,536 |
| Financial expenses | | | | (236,556) |
| Financial income | | | | 12,933 |
| Share of results of associate | | | | (145,521) |
| Profit before taxation | | | | 2,904,392 |
| Taxation | | | | (551,850) |
| Profit after taxation | | | | 2,352,542 |
| **Other segment information** | | | | |
| Depreciation | | | | 427,867 |
| Amortisation | | | | 88,381 |
| Capital expenditure | | | | 138,303 |
| Other non-cash income | | | | (487,041) |

Capital expenditure relates to additions to property, plant and equipment, goodwill and intangible assets.

Other non-cash items relate to movement in allowance for impairment in trade receivable and inventories, as well as impairment of goodwill and fair value adjustment of investment in associate.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

## 32. SEGMENT INFORMATION (CONT'D)

**Geographical segments**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | Revenues | | Non-current assets | |
|---|---|---|---|---|
| | 2012 ($) | 2011 ($) | 2012 ($) | 2011 ($) |
| Singapore | 68,545,698 | 64,473,800 | 635,470 | 102,877 |
| Malaysia | 13,691,928 | 12,700,719 | 147,094 | 33,385 |
| Thailand | 10,158,046 | 8,763,997 | 127,457 | 126,588 |
| Asia [1] | 6,593,073 | 7,148,762 | - | - |
| Australia | 14,056,352 | 13,373,814 | 2,220,689 | 4,957,692 |
| Others [2] | 626,729 | 3,230,427 | - | 31,294 |
| | 113,671,826 | 109,691,519 | 3,130,710 | 5,251,836 |

(1) Asia includes the People's Republic 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.

Non-current assets information presented above consists of property, plant and equipment, goodwill and intangible assets, and deferred tax assets as presented in the consolidated balance sheet.

## 33. COMPARATIVE INFORMATION

The following comparative figures of the Group and Company have been reclassified to provide a meaningful comparison with the current year's presentation.

| | 2011 | |
|---|---|---|
| Balance Sheets | As reclassified ($) | As previously reported ($) |
| **Group** | | |
| Property, plant and equipment | 561,431 | 561,878 |
| Goodwill and intangible assets | 3,357,626 | 3,357,179 |
| Other receivables and deposits | 2,704,630 | 2,443,072 |
| Due from associate | - | 261,558 |
| Trade payables | 12,885,975 | 12,570,042 |
| Due to associate | - | 315,933 |
| **Company** | | |
| Property, plant and equipment | 100,928 | 101,375 |
| Goodwill and intangible assets | 447 | - |
| Trade receivables | 17,773,026 | 9,853,769 |
| Other receivables and deposits | 4,623,643 | 1,909,355 |
| Due from subsidiaries | - | 10,458,127 |
| Due from associate | - | 129,032 |
| Trade payables | 11,240,370 | 10,924,437 |
| Other payables and accruals | 1,398,212 | 1,351,826 |
| Due to associate | - | 315,933 |

## 34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 29 June 2012

# STATISTICS OF SHAREHOLDINGS

## ANALYSIS OF SHAREHOLDINGS AS AT 18 JUNE 2012

| Range of Shareholdings | Number of Shareholders | Percentage | No. of Shares | Percentage |
|---|---|---|---|---|
| 1 - 999 | 0 | 0.00 | 0 | 0.00 |
| 1,000 - 10,000 | 178 | 44.72 | 903,000 | 0.77 |
| 10,001 - 1,000,000 | 201 | 50.50 | 18,361,818 | 15.67 |
| 1,000,001 and above | 19 | 4.78 | 97,917,000 | 83.56 |
| Total | 398 | 100.00 | 117,181,818 | 100.00 |

## MAJOR SHAREHOLDERS AS AT 18 JUNE 2012

| No. | Name of Shareholders | Shares Held | Percentage |
|---|---|---|---|
| 1 | Teng Woo Boon | 40,366,000 | 34.45 |
| 2 | Chng Hock Huat | 12,508,000 | 10.67 |
| 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 | Wong Hin Sun Eugene | 4,000,000 | 3.41 |
| 7 | Hong Leong Finance Nominees Pte Ltd | 2,850,000 | 2.43 |
| 8 | Teng Kim Sui | 2,732,000 | 2.33 |
| 9 | Teo Su Ching | 2,678,000 | 2.29 |
| 10 | Neo Gim Kiong | 2,394,000 | 2.04 |
| 11 | Lo Yew Seng | 2,266,000 | 1.94 |
| 12 | Yu Lihong | 2,008,000 | 1.71 |
| 13 | Yeo Siong Chan | 1,809,000 | 1.55 |
| 14 | Ang Chai Ling (Hong Cailing) | 1,500,000 | 1.28 |
| 15 | Peh Beng Yong | 1,379,000 | 1.18 |
| 16 | OCBC Securities Private Ltd | 1,198,000 | 1.02 |
| 17 | Merrill Lynch (Singapore) Private Limited | 1,080,000 | 0.92 |
| 18 | DBS Vickers Securities (S) Pte Ltd | 1,050,000 | 0.90 |
| 19 | Ng Poh Kheng | 1,035,000 | 0.88 |
| 20 | UOB Kay Hian Pte Ltd | 681,818 | 0.58 |
| | Total | 98,598,818 | 84.14 |

# STATISTICS OF SHAREHOLDINGS

## SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY'S SHARES

The Shareholdings of the Substantial Shareholders as shown in the Registers of Substantial Shareholders' as at 18 June 2012:

| Name of Directors/ Substantial Shareholders | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | Percentage | No. of Shares | Percentage |
| Teng Woo Boon [(1)] | 40,366,000 | 34.45 | 2,678,000 | 2.29 |
| Teo Su Ching [(2)] | 2,678,000 | 2.29 | 40,366,000 | 34.45 |
| Neo Gim Kiong | 2,394,000 | 2.04 | - | - |
| Loh Yih | 500,000 | 0.43 | - | - |
| Chng Hock Huat [(3)] | 12,508,000 | 10.67 | 2,008,000 | 1.71 |
| Teng Kin Chong | 7,939,000 | 6.77 | - | - |
| Total | 66,385,000 | 56.65 | 45,052,000 | 38.45 |

[(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 40,366,000 shares held by her husband, Teng Woo Boon.
[(3)] Chng Hock Huat's deemed interest arose through 2,008,000 shares held by his wife, Yu Lihong.

**Shareholdings in hand of public**
The percentage of shareholidngs in the hand of public was approximately 41.64% as at 18 June 2012 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 150 Ubi Avenue 4, Level 4, Singapore 408825 on Thursday, 26 July 2012 at 10:00 a.m. to transact the following businesses:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2012 and the Directors' Reports and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of 1 Singapore cent per ordinary share in respect of the financial year ended 31 March 2012. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$140,000 for the financial year ended 31 March 2012. (2011: S$140,000) **(Resolution 3)**

4. To re-appoint Mr Tan Eng Bock as Director of the Company, who is retiring pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 4)**

5. To re-elect Mr Ronald Teng Woo Boon as Director who is retiring by rotation pursuant to Articles 107 and 108 of the Company's Articles of Association. **(Resolution 5)**

6. To re-elect Mr Chng Hock Huat as Director who is retiring by rotation pursuant to Article 117 of the Company's Articles of Association. **(Resolution 6)**

7. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

## SPECIAL BUSINESS

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

8. AUTHORITY TO ALLOT AND ISSUE SHARES

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue ordinary 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) issue Shares in pursuance of any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares, if any (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("Shareholders") are not given the opportunity to participate in the same on a pro-rata basis ("non pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares in the capital of the Company, excluding treasury shares, if any (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares, excluding treasury shares, shall be based on the total number of issued Shares of the Company ,excluding treasury shares, at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." **(Resolution 8)**

9. RENEWAL OF SHARE BUY BACK MANDATE

"That:

(a) for the purposes of Section 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and 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 Buy Back Mandate"),

# NOTICE OF ANNUAL GENERAL MEETING

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

(i) the date on which the next Annual General Meeting of the Company is held; or

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

(c) in this Resolution:

**"Maximum Percentage"** means that number of issued Ordinary Shares representing 10% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution;

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

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

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

**"Average Closing Price"** means the average of the closing market prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of 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 in accordance with the Listing Rules for any corporate action which occurs after the relevant five Market Days;

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

(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 9)**

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

**By Order of the Board**

**Pan Mi Keay**
Company Secretary
11 July 2012
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## STATEMENT PURSUANT TO ARTICLE 71 OF THE COMPANY'S ARTICLE OF ASSOCIATION

The effects of the resolutions under the heading "Ordinary Business" and "Special Business" in this Notice of Annual General Meeting are:

(a) Mr Tan Eng Bock will remain as the Chairman of the Nominating Committee, Member of the Audit Committee and Remuneration Committee upon re-election as Director of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

(b) Mr Chng Hock Huat will remain as the Member of the Audit Committee upon re-election as Director of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

(c) The proposed ordinary resolution 8 if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(d) The proposed ordinary resolution 9 if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to purchase or acquire up to 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buy Back Mandate are set out in the Addendum to this Annual Report.

(i) As at the date of this Notice, the Company has not purchased any share by way of market acquisition for cancellation

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

(iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buy Back Mandate on the Group's audited financial statements for the financial year ended 31 March 2012 are set out in the Addendum to this Annual Report and are for illustration only.

**Notes:**

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 150 Ubi Avenue 4, Level 4, Singapore 408825 not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

# PROXY FORM

Annual General Meeting

**Ban Leong Technologies Limited**
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199303898C)

**IMPORTANT**

1. For investors who have used their CPF monies to buy shares in the capital of Ban Leong Technologies Limited., the Annual Report is forwarded to them at the request of their CPF Approved Nominees 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)____________________(NRIC/Passport No.) of ________________________________________________(address) being a member/ members of Ban Leong Technologies Limited (the "Company"), hereby appoint:-

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

and/or failing him (delete as appropriate)

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

or failing him, the Chairman of the Annual General Meeting ("AGM") of the Company 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 AGM of the Company to be held at 150 Ubi Avenue 4, Level 4, Singapore 408825 on Thursday, 26 July 2012 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

| No. | Ordinary Resolutions | To be used on a show of hands | | To be used in the event of a poll | |
|---|---|---|---|---|---|
| | | For | Against | No of votes For | No of votes Against |
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2012 and the Reports of the Directors and the Auditors thereon. | | | | |
| 2. | To declare a tax exempt (one-tier) final dividend of 1 Singapore cent per ordinary share for the financial year ended 31 March 2012. | | | | |
| 3. | To approve the payment of proposed Directors' fees of S$140,000 by the Company for the financial year ended 31 March 2012. | | | | |
| 4. | To re-appoint Mr Tan Eng Bock as Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50. | | | | |
| 5. | To re-elect Mr Ronald Teng Woo Boon as Director of the Company pursuant to Articles 107 and 108 of the Company's Articles of Association. | | | | |
| 6. | To re-elect Mr Chng Hock Huat as Director of the Company pursuant to Article 117 of the Company's Articles of Association. | | | | |
| 7. | To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. | | | | |
| 8. | To authorise Directors to allot and issue shares. | | | | |
| 9. | To renew the Share Buy Back Mandate. | | | | |

Dated this __________ day of __________ 2012

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

| Total Number of Shares Held in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

**Notes:-**

1. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 150 Ubi Avenue 4, Level 4, Singapore 408825 not less than 48 hours before the time appointed for the Annual General Meeting.
5. 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 seal or under the hand of an officer or attorney duly authorised.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the 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.

**General**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Affix
Postage
Stamp

**The Company Secretary**

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