

**Jason**

JASON MARINE GROUP LIMITED

ANNUAL REPORT 2016



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*This annual report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.*

# MOVING BEYOND 40

There is no question about it – we will press on.  
There are challenges ahead, but Jason Marine has weathered economic storms and headwinds for the past forty years.

As we move forward, we will draw strength from a shared vision and purpose, staying relevant through technology and innovation, and honing our edge by working with the very best in the sector.

Our top priority is to reinvigorate the business, retaining and nurturing key talent while enhancing our capabilities, to recapture the momentum and pursue long-term growth.

These unwavering efforts will drive us on, allowing Jason Marine to look forward to fresh milestones as we continue our voyage.

## OUR VISION

To be a Global World Class Company in Marine Electronics

## OUR VALUES

### CHARACTER

Integrity and honesty  
Positive attitude  
Excellent teamwork

### COMPETENCE

Excellent quality work  
Deliver expected results  
Innovation and creativity

### COMMITMENT

Passion and drive  
Walk the extra mile  
Seek opportunities



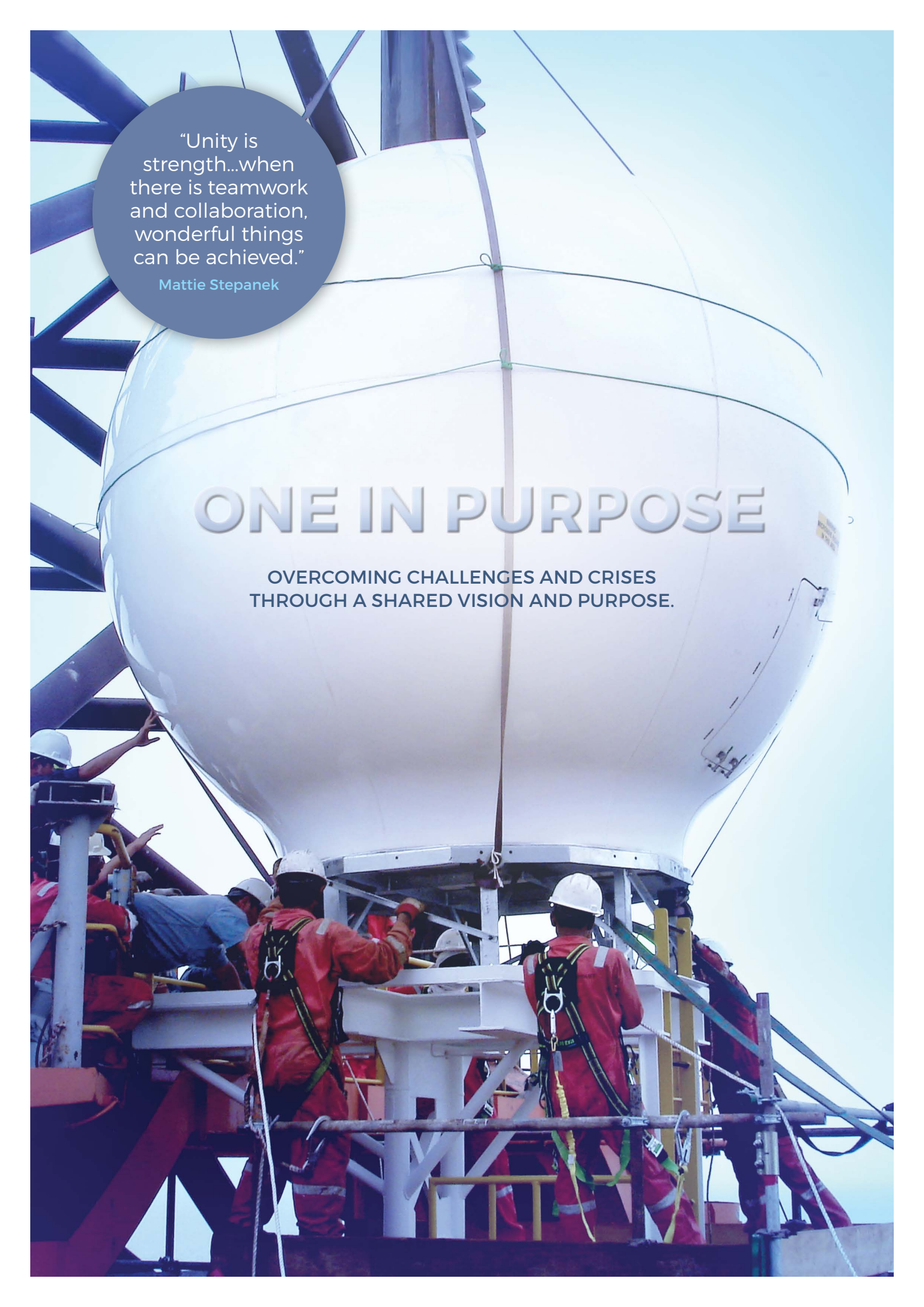
## CORPORATE PROFILE

Jason Marine Group Limited (“**Jason Marine**” or “**the Company**”) is a leading marine electronics systems integrator and support services provider for the marine and offshore oil & gas industries. The Company and its subsidiaries (the “**Group**”) have established a track record of delivering quality results safely and efficiently which has enabled it to become one of the industry’s key players in Singapore and forging lasting relationships with a global customer base.

Established in 1976 with its headquarters in Singapore, Jason Marine has since expanded to Indonesia, Malaysia, Thailand and into key shipbuilding markets such as South Korea and China. It carries an extensive range of supplies from renowned manufacturers and continues to add products chosen to meet customers’ exacting requirements.

The Group’s proven expertise in marine communication, navigation and automation systems enables it to offer one-stop solutions that span design, supply, integration, installation, testing, commissioning and maintenance. Jason Marine also provides certification services and sells satellite airtime services to complement its communications business.





"Unity is  
strength...when  
there is teamwork  
and collaboration,  
wonderful things  
can be achieved."

Mattie Stepanek

# ONE IN PURPOSE

OVERCOMING CHALLENGES AND CRISES  
THROUGH A SHARED VISION AND PURPOSE.



## CHAIRMAN'S STATEMENT

MR FOO CHEW TUCK  
Executive Chairman



"Together, we will overcome the current crisis and stay the course until we achieve our vision."

### DEAR VALUED SHAREHOLDERS,

Oil companies continued to defer or cancel capital expenditure and trim operating expenses as crude prices reached new lows in early 2016. As a result, the project pipeline for our sector shrank significantly, and this led to intense competition and depressed margins.

These challenges clearly affected Jason Marine's performance for the financial year ended 31 March 2016 ("FY2016"). Group revenue came in at S\$37.2 million against S\$56.4 million in FY2015, largely because of lower project sales in the oil & gas sector and delayed deliveries for some projects. Consequently, the Group incurred a net loss attributable to owners of the parent of S\$6.0 million for FY2016.

### LOOKING BACK AT 40 YEARS

Against this sombre backdrop, Jason Marine reached its 40th year in business. The Group has come a long way – growing

from a five-man operation into a SME, and evolving from a repairer into the leading marine electronics systems integrator and support services provider that it is today.

With our sights set on the future, our determination to succeed, our tenacity to overcome, we have been able to advance and grow despite the odds, building a foundation that helped us withstand the economic trials of the past four decades, including the 1997 and 2008 financial crises. We have worked tirelessly to enlarge and deepen our talent pool, upgrade and tighten our processes, work with new principals and partners, and widen our reach to new customers and new geographies.

As a result, we have established a brand in the industry that stands for reliability, relevance and resilience. We are known for our reliability in delivering projects safely and on time. We are continually upgrading our technical skills and broadening our product offerings to remain relevant to our pool of repeat

customers. We have also invested in our infrastructure to enhance the Group's resilience.

As we look back on our 40 years in the industry, we are thankful for the unwavering commitment of our management and people, the staunch support from our partners and customers, and the faith of our shareholders, who joined the Jason Marine family when we were listed in October 2009. Together, we persevered in our determination to grow and become an SME. Together, we prevailed over several downturns in the economy and the industry. Together, we will overcome the current crisis and stay the course until we achieve our vision to become a world-class player in the global maritime sector.

### MOVING FORWARD – 40 YEARS AND BEYOND

It is a difficult period and we will need to adjust the sails as we steer our way past the challenges before us. To weather the

current downturn, we will continue to exercise prudence in managing operating costs even as we actively seek out business opportunities that will expand our project pipeline. We will also keep a vigilant watch on our balance sheet, ensuring that it remains sound while we manage our working capital needs with equal care.

### One in Purpose

As we come to grips with these testing times, it is crucial that our people come together in unity and purpose – we must own our vision in order to rise above the trials ahead. As a team, we will plan with purpose, proceed with courage and pursue the dream with tenacity. Standing apart, we can do little. Standing together, we can achieve so much.

To foster greater unity and attract the best in the field, we have worked to create a vibrant, inclusive workplace where our staff can realise their full potential. Only by firing their passion and drive can we achieve excellence on all fronts. These efforts to engage and challenge them have been acknowledged once again, earning us three accolades at the 2015 Singapore HR Awards and a place among the finalists for the 2016 Exemplary Employer Award.

### One Step Ahead

To stay ahead and remain relevant in the marketplace, the Group plans to leverage on technology to offer innovative, effective and cost-efficient solutions to our customers. This is especially vital at a time when the maritime sector is undergoing a digital transformation that will be increasingly led by those who can successfully harness data growth and connectivity.

Recognising the potential in this emerging space, the Group – through its wholly owned subsidiary, Jason Venture Pte. Ltd. – has increased its investment in Sense Infosys Pte. Ltd., a Singapore-based company that develops customised analytics solutions for the maritime and security sectors using proprietary technology and data science service. This latest move comes on top of Jason Venture's initial investment in the company in March 2015.



### One with the Best

To further enhance our brand, we have to work with the best-in-class. That is why we will partner with the best principals and suppliers to offer superior products and solutions that will improve our clients' operational efficiencies both on land and at sea. At the same time, these collaborations will allow us to tap the expertise of our suppliers, so we can hone our technical and management skills as we align ourselves with the best practices in project execution.

We also want to work with the best customers – industry leaders whose vision, values and financial standing set them apart. To match their expectations, we have taken pains to nurture the best talent – people who excel in their fields and are committed to delivering the very best in meeting market demands.

The journey ahead will not be easy, but we have demonstrated our ability to endure and overcome adversity, gaining in strength with each obstacle surmounted. By training our sights on our ultimate goal, our vision for Jason Marine, we will press forward, bolstered by the conviction that we are building an enduring enterprise able to stand the test of time.

### PROPOSED DIVIDEND

In November 2015, we declared an interim dividend of 0.5 S\$ per ordinary share for HY2016, which was paid out on 7 December 2015. As no final dividend has been proposed, the total dividend for FY2016 will come in at 0.5 S\$ per ordinary share.

### ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board, I sincerely thank everyone for the steadfast support they have given Jason Marine over the years. The faith that our shareholders, customers, partners and suppliers have all shown has given us the strength to ride out the rough spells and remain riveted to our long-term agenda. To staff and senior management, we are deeply indebted to you for your dedication and perseverance, which have helped us conquer the hurdles and assert our targets for the future from a position of strength.

FOO CHEW TUCK  
Executive Chairman

## CORPORATE STRUCTURE



Note:

(1) Upon conversion of all the convertible preference shares issued by Sense Infosys Pte. Ltd. into ordinary shares

(2) 1% owned by Jason Asia Pte Ltd and 99% owned by Jason Venture Pte. Ltd.



# ONE STEP AHEAD

MOVING AHEAD AND STAYING RELEVANT  
THROUGH TECHNOLOGY AND INNOVATION.



"Don't wait  
for extraordinary  
opportunities.  
Seize common  
occasions and make  
them great."

Orison Swett Marden



## FINANCIAL & OPERATIONS REVIEW



### FY2016 IN REVIEW

Difficult market conditions arising from the sharp fall in oil prices continued to weigh on the industry, a downturn reflected in revenue and earnings at Jason Marine for the financial year ended 31 March 2016 (FY2016).

The Group posted revenue of S\$37.2 million for FY2016 against S\$56.4 million for the financial year ended 31 March 2015 (FY2015). The 34.1% decline was due mainly to a lower revenue contribution from its sale of goods segment. Weaker demand from the oil & gas sector played a key part; in addition, fewer project deliveries were executed as some customers pushed back delivery schedules.

The overall drop in revenue, coupled with a lower gross profit margin, saw the Group record S\$6.0 million in net loss attributable to owners of the parent for FY2016. Recognition of allowances for doubtful trade and non-trade receivables as well as impairment loss on available-for-sale financial assets were the main

contributing factor. The Group's efforts to reduce costs paid off when its general and administrative expenses declined by 7.5% to S\$5.6 million in FY2016.

In line with the year's performance, the total dividend for FY2016 came to 0.5 S¢ per share, versus 1.5 S¢ per share for FY2015. As the Group did not propose a final dividend for FY2016, the total dividend was based on the interim dividend of 0.5 S¢ per share, which was paid out on 7 December 2015.

### SEGMENT REVENUE AND PROFIT

The decline in Group revenue and profit was due largely to its sale of goods segment. In addition, competition in the market and cost reduction pursued by some key customers affected the gross profit margin, which fell from 26.1% to 19.1% in FY2016.

#### Sale of Goods

The sale of goods segment – the Group's key revenue contributor – reported a 47.6% drop in revenue to S\$22.9 million for FY2016. The reasons included a fall in

project sales in the oil & gas segment and a drop in project deliveries executed as some of the projects had their delivery schedules delayed.

Gross profit for the segment declined by 64.2% from S\$12.3 million to S\$4.4 million in FY2016. The gross profit margin also decreased, shrinking from 28.2% to 19.2%.

#### Rendering of Services

This segment maintained its revenue level, posting S\$8.0 million for FY2016. However, keen market competition affected both gross profits and gross profit margins. Gross profit fell by 16.7% to S\$1.5 million, while the gross profit margin decreased from 21.8% to 18.8% in FY2016.

#### Airtime Revenue

Segment revenue rose by 35.6% to S\$6.3 million for FY2016 thanks to an increase in airtime services taken up by customers. Gross profit doubled from S\$0.6 million to S\$1.2 million, while the gross profit margin rose from 14.0% to 19.2%.



## HIGHLIGHTS OF FINANCIAL POSITION AND CASH FLOW

### Financial Position

As at 31 March 2016, the Group's balance sheet remained sound with net cash of S\$14.0 million or 13.3 S¢ per share.

Equity attributable to owners of the parent amounted to S\$21.9 million, consisting mainly of S\$18.0 million in issued share capital and S\$4.3 million in retained earnings. This represents a net asset value of 20.9 S¢ per share as at 31 March 2016.

### Operating Activities

In FY2016, the Group used S\$4.2 million in net cash from operating activities before working capital changes. Net cash used in working capital amounted to S\$1.8 million, largely because of a S\$3.2 million increase in trade and other receivables and a S\$2.1 million decrease in trade and other payables. These amounts were partially offset by a S\$0.3 million decrease in inventories and a S\$3.2 million increase in advance billings. After payment of income tax of S\$0.4 million, net cash used in operating activities amounted to S\$6.4 million.

### Investing Activities

Net cash used in investing activities came to S\$0.2 million, largely because of purchases of plant and equipment amounting to S\$0.6 million. This amount was partially offset by S\$0.2 million in interest received and by S\$0.2 million in proceeds from the disposal of available-for-sale financial asset, namely the sale of the Group's entire investment in Rockson Automation GmbH.

### Financing Activities

Net cash used in financing activities amounted to S\$1.8 million, attributable largely to dividend payments of S\$1.6 million and the purchase of treasury shares of S\$0.2 million during FY2016.

As at 31 March 2016, the Group had 1,000,000 treasury shares, while issued shares, excluding treasury shares, totalled 105,000,000 ordinary shares.

## OPERATIONS REVIEW

During the year, we had consciously managed our costs to counter the impact of the tough market conditions on our business.



Meanwhile, we continued to stress the importance of skills training and upgrading, encouraging our staff to expand their capabilities and keep abreast of evolving market needs. These efforts will enable Jason Marine to push ahead once conditions improve.

### STRATEGIC INVESTMENTS

To hone our edge in this intensely competitive market, we recently increased our investment in Sense Infosys Pte. Ltd. (Sense Infosys) through our wholly owned subsidiary, Jason Venture Pte. Ltd. The Singapore-based company develops customised analytics solutions for the maritime and security sectors using proprietary technology and data science service that enable customers to make better analysis and more informed and timely decisions. Accredited by the Infocomm Development Authority, Sense Infosys serves both government agencies and customers in the commercial sectors.

In this latest investment, Jason Venture subscribed for 51,340 Series A2 convertible preference shares (Series A2 CPS) in the capital of Sense Infosys for S\$850,000, representing 45.9% of the total number of Series A2 CPS issued by the company. In the previous round, it subscribed for 52,000 Series A convertible preference shares (Series A CPS) for S\$450,000.

In the event that Jason Venture converts all of its Series A CPS and Series A2 CPS into ordinary shares, and the other holder of Series A2 CPS converts their Series A2 CPS into ordinary shares, Jason Venture would hold approximately 24.4% of the enlarged share capital of Sense Infosys.

### OUTLOOK

We expect operating conditions to remain difficult given the many challenges facing the industry. Even so, we will press on, crossing the hurdles ahead by building on our strengths and seeking out opportunities that will sustain long-term growth while taking further steps to minimise operating costs. In the past 40 years, we have braved rough seas time and again to transform Jason Marine into what it is today. In the years ahead, we will forge on in our quest to become a world-class player in the global marine electronics sector.

## 40<sup>TH</sup> ANNIVERSARY FEATURE

In these 40 years, Jason Marine has come a long way. To meet ever-changing market needs, the Group has transformed itself into a leading marine electronics system integrator and support service provider for the marine and offshore oil & gas industries.

During this memorable journey, we have marked many milestones that demonstrate how far we have grown and evolved since 1976.

**1976**



Started as Jason Electronics (Pte) Ltd ("Jason Electronics"), providing repair services for maritime electronic equipment



Jason Electronics' first home at Tan Boon Liat Building.

**1979**



Jason Electronics' first participation on a global platform — Marintec Asia '79, one of the largest international maritime exhibitions — marketing its capabilities and services to penetrate new segments.

**1980s**



Repositions Group as a one-stop solutions provider, expands business and acquires distributorships for many internationally renowned brands of marine equipment.

**1996**



Relocates to Pantech Business Hub to accommodate growing number of staff and marine equipment.

**2004**



Lands its maiden Singapore Health Award - the Bronze Award conferred by the Health Promotion Board.

**2005**



In recognition of its support and contributions to National Service (NS) activities, Jason Electronics receives the Ministry of Home Affairs Certificate for Employers.

**2006**



Jason Marine celebrates 30<sup>th</sup> Anniversary.

**2009**



Jason Marine receives the Singapore Compact CSR Award in acknowledgement of its efforts to promote corporate social responsibility (CSR).



2009



Successful initial public offer on the Catalyst board of the Singapore Exchange in October 2009.

2010



Mr Joseph Foo, Founder and Executive Chairman of Jason Marine, receiving the Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards, affirming his entrepreneurial attributes and tenacity in realising the Group's vision.



Honoured as a Heritage Brand at the Singapore Prestige Brand Awards. Recognised again in 2011 and 2012.

2011



Receives the Bronze Award in the Best Annual Report category at the Singapore Corporate Awards.

2014



Named SME Employer of the Year at the HRM Awards.

2015



Lauded once again as one of the Republic's Heritage Brands at the Singapore Prestige Brand Awards.

2015



Signing ceremony between Jason Marine Group Limited and Sense Infosys Pte. Ltd., signifying another move forward in the Group's strategy to leverage on technology to enhance its competitive edge.

2016



Group's wholly owned subsidiary, Jason Electronics Pte Ltd, becomes one of the finalists for the TAFEP 2016 Exemplary Employer Award.

2016



Jason Marine commemorates 40<sup>th</sup> Anniversary.

## BOARD OF DIRECTORS



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**“Success is where preparation and opportunity meet.”**

Bobby Unser

1

### **MR FOO CHEW TUCK**

Executive Chairman

For 40 years, Jason Marine's growth and aspirations have been shaped by our founder, Mr Foo Chew Tuck, 65, whose vision for the Group has enabled it to become a leader in integrated solutions provider of marine electronics systems. As a leader of the management team, he has demanded the highest standards of quality and service throughout the Group, helping it build strong ties with customers and partners alike that have stood the test of time, even in the most challenging of environment.

He has fostered strong bonds within Jason Marine, where his emphasis on character, competence and commitment

has nurtured a robust work ethic, within the workplace. Our people at Jason Marine work hard to create a brighter future for the Company, which in turn makes their welfare a top priority by championing their individual growth and working to enrich their lives with knowledge, skills and experience.

He is also a firm believer in giving back to society, devoting his personal time to community services.

A veteran in the marine electronics business, Mr Foo is a full member of the Singapore Institute of Directors. He earned his bachelor degree in science at Oklahoma City University in 1988 and a master degree in business administration in 1992. In addition, he has a diploma in marketing from The Chartered Institute of Marketing in the UK in 1987.



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**MR TAN LIAN HUAT**

Chief Executive Officer

Mr Tan Lian Huat, 63, is our Chief Executive Officer (CEO) and was appointed to the board on 9 September 2007. He has been a director of Jason Electronics (Pte) Ltd since 1982. He is responsible for the daily management and operations of the Group, and also oversees its strategies and growth. He has been instrumental in initiating and executing the penetration of new markets for our business. Before joining the Group in 1981, he was a production manager at a crystal manufacturing plant that also serviced the marine communication equipment industry.

Mr Tan obtained a diploma in marketing and sales management from the National Productivity Board in 1984, a diploma in marketing from the Marketing Institute of Singapore in 1987 and a master of business administration in strategic marketing from the University of Hull in the UK in 1993. He is a fellow member of The Chartered Institute of Marketing in the UK, a management committee member of the Singapore Productivity Association and a full member of the Singapore Institute of Directors.

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**MR EUGENE WONG HIN SUN**

Non-Executive Director

Mr Eugene Wong Hin Sun, 48, is a non-independent, non-executive director of the Group, having been appointed to the board on 15 September 2009. He founded Sirius Venture Capital Pte Ltd, a venture investment company, in September 2002, and has been its managing director since its incorporation. He is currently non-executive chairman of CrimsonLogic Pte Ltd and non-executive vice-chairman of Japan Foods Holding Ltd. He currently serves as a non-executive director of several private and public listed companies, including Singapore Kitchen Equipment Limited and Neo Group Limited which are listed on the Catalyst

board of the SGX-ST. He also sits on the board of AVA Singapore and International Enterprise Singapore and Cargo Community Network Pte Ltd, a subsidiary of Singapore Airlines Cargo and Singapore Cruise Centre Pte Ltd, a Temasek Portfolio company.

Mr Wong graduated from the National University of Singapore with a bachelor of business administration (first-class honours) in 1992, and earned a master of business administration from the Imperial College of Science, Technology and Medicine at the University of London in 1998. In 2011, Mr Wong completed the Owners President Management Program from the Harvard Business School. He has been qualified as a Chartered Financial Analyst (CFA) since 2001 and a Chartered Director (CDir) in 2014. He is a Fellow of the UK Institute of Directors, Australia Institute of Company Directors and a Council Member of the Singapore Institute of Directors.

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**MRS EILEEN TAY-TAN BEE KIEW**

Lead Independent Director

Mrs Eileen Tay-Tan Bee Kiew, 63, is the lead independent non-executive director of the Group, having been appointed to the board on 15 September 2009. She has more than 38 years of experience in areas such as accounting, auditing, taxation, public listings, due diligence, mergers and acquisitions, and business advisory. She was a partner at KPMG and served as a director of several companies, both private and publicly listed, in Singapore and Australia. Currently, she is also an independent director and chairman of SGX-ST Catalyst-listed Singapore Kitchen Equipment Limited, an independent director and chairman of the audit committee of SGX-ST Mainboard-listed Cordlife Group Limited and a member of the SPRING SEEDS Investment Panel.

Mrs Tay graduated from the University of Singapore in 1974 with a bachelor of accountancy (honours). She is a fellow member of the Institute of Singapore Chartered Accountants (ICSA), the

Chartered Institute of Management Accountants (CIMA) in the UK and CPA Australia, as well as a Licentiate of Trinity College London.

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**MR SIN HANG BOON**

Independent Director

Mr Sin Hang Boon @ Sin Han Bun, 77, is an independent non-executive director of the Group, having been appointed to the board on 15 September 2009. He has more than 40 years of experience in the telecommunications industry. He began his career in 1960 as a trainee engineer with the Singapore Telephone Board (which was eventually reorganised into today's SingTel), under a localisation programme to replace the expatriate officers on loan from the then British Post Office. During his term of service, he has undertaken executive responsibilities ranging from frontline operation, to engineering planning & support, and business development, including a posting as senior executive to Belgacom S.A. in Belgium for 3 years. He returned to SingTel in 1999 and served as chief executive officer of SingTel International, the company's strategic investment arm, overseeing merger and acquisition projects, until his retirement in 2002. After he retired, he continued to serve on the boards of some of SingTel's overseas joint-venture firms until 2004.

Mr Sin graduated from Nanyang University in 1959 with a bachelor of science in physics. He also obtained a diploma in business administration from the University of Singapore in 1973, and attended the Advanced Management Program at the Harvard Graduate School of Business Administration in 1993.

## SENIOR MANAGEMENT



1

### **MR FOO CHEW TUCK**

Executive Chairman

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### **MR TAN LIAN HUAT**

Chief Executive Officer

The full profile of Mr Foo Chew Tuck our Executive Chairman, and Mr Tan Lian Huat our Chief Executive Officer, can be found on pages 12 and 13 of the Annual Report.

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### **MS FOO HUI MIN**

Chief Financial Officer

Ms Foo Hui Min is our Chief Financial Officer. She joined our Group in March 2008, and is responsible for overseeing all accounting, financial and corporate secretarial matters related to our Group. Before joining our Group, she was the financial controller of Total Automation Pte Ltd from June 2006 to March 2008. She joined Total Automation Ltd (now known as Maveric Limited (liquidated)), a company listed on the SGX-ST, in October 1998 until June 2006, when it transferred all its business to Total Automation Pte Ltd pursuant to a restructuring exercise. Her last position with the company was financial controller. She also served as the company secretary of Total Automation Pte Ltd and some of its subsidiary companies.

Ms Foo obtained a bachelor of science with a major in economics from the National University of Singapore in 1998. She also holds a professional accounting qualification from the Association of Chartered Certified Accountants (ACCA) in the UK. She is a fellow member of the ACCA (FCCA) and a member of the Institute of Singapore Chartered Accountants (ICSA) holding the Chartered Accountant of Singapore (CA Singapore) designation. She obtained a master of business administration from the University of Manchester in the UK in 2011.



A full-page background image showing two men in business suits shaking hands in silhouette. They are standing on a high-rise floor with a large window overlooking a city skyline, including a prominent skyscraper. The scene is brightly lit, with the sun low in the sky, creating long shadows and a strong silhouette effect on the men and the floor.

“Alone we can  
do so little.  
Together we can  
do so much.”

Helen Keller

# ONE WITH THE BEST

EXPANDING AND HONING OUR CAPABILITIES THROUGH  
SEEKING OUT AND WORKING WITH THE BEST-IN-CLASS.

## OCCUPATIONAL HEALTH AND SAFETY

Over the years, we have continued to champion a safe, healthy and constructive workplace where we can work hand in hand with our people to drive positive change and growth. Ensuring their well-being on every level remains a key priority, allowing us to reap benefits in productivity, reliability and excellence.

Our investments in workplace safety and health (WSH) have enabled us to maintain service delivery standards and take measured steps towards greater efficiency. They have also served to reaffirm our brand by demonstrating our commitment to building a strong, engaged and productive workforce. In 2015, our efforts on this front saw us successfully renew our certifications for bizSAFE STAR, OHSAS 18001:2007 and OHSAS 9001:2008.

We have the processes and systems in place to safeguard our people, but a truly robust safety culture is possible only when everyone is committed to protecting lives by taking active steps to identify risks and eliminate hazards wherever they may arise at the workplace. Underscoring the need to stay aware and alert, we send both workshop-based and field staff for relevant risk management training sessions throughout the year, while familiarising them with the latest safety frameworks.

Specific programmes are conducted for our site engineers, who encounter higher risks than other staff. Courses include training sessions on how to work safely in confined spaces and at heights. They also undergo audiometric tests once a year, to prevent hearing issues from noise exposure.

To address the overall well-being of our people, we have worked in partnership with Dayspring Medical Group to design programmes and organise activities that help them stay fit, tackle health concerns and attain a fulfilling work-life balance. As always, talks and workshops on vital health matters proved popular, with many attending this year's sessions, which included Strike Before Stroke Does and Balancing the Equation, a workshop on cholesterol management. Weight management was another hot topic, drawing in quite a few staff at the Belly There workshop. We continued with the Hypertension Intervention Programme, offered over 12 sessions this year, to equip employees at risk with the skills

and knowledge to better manage their medical conditions.

To foster team bonding, we revved up our sports and physical activities line-up during the year, launching The Jason Amazing Race with the Pump It Up challenge series. The six-part event was an instant hit with our staff, testing the limits of their physical abilities as they worked together to conquer each challenge. Other fun fitness workouts featured ergonomic stretches and Bokwa, a dance exercise programme that has garnered fans all around the world.

There were team challenges to promote mental wellness as well, including The Puzzle Room, where participants had to work in groups to unravel a series of mind-bending clues and crack the final code. Other initiatives to foster mental and emotional well-being had staff enjoying a delightful talk on Batman, part of a Superhero series intended to demonstrate the power of positive thinking and how to work smart.





## CORPORATE SOCIAL RESPONSIBILITY

### CARING FOR OUR PEOPLE

At Jason Marine, we recognise that our future rests in our people, in creating a vibrant, inclusive workplace where they can find fulfilment in their jobs, in giving them the support they need to realise both their personal and career aspirations. Dedicated and motivated staff are critical to our drive to achieve operational excellence on all fronts.

Our successful efforts to engage our people and challenge them to fully develop their potential have been acknowledged time and again by the industry. At the 2015 Singapore HR Awards, Jason Marine received Leading HR Practices (Special Mention) Awards in three categories – learning & development, compensation & benefits, recruitment & selection. Organised annually by the Singapore HR Institute, the prestigious event showcases organisations and people managers whose human capital strategies have helped create quality workplaces while advancing business goals.

We were also among the finalists for the 2016 Exemplary Employer Award, conferred by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP). The event is held once every two years to honour outstanding organisations that have effectively implemented HR strategies, policies, programmes and practices designed to promote and sustain an inclusive workplace.

During 2015, we launched various initiatives to foster staff unity and cohesion, which included creating all-new platforms for bonding and communication. Our quarterly engagement lunch sessions have been particularly effective in building employee rapport, so we plan to take these efforts further in the coming year.

Also well-received were the interactive workshops organised to help our line



managers develop their engagement skills so as to promote effective communication with their teams. Facilitated by our HR adviser, the two-hour sessions focused on showing them how to lead and inspire their people, highlighting proven techniques through selected case studies. Areas covered included team building, conflict resolution and performance management.

Meanwhile, staff training and skills upgrading remain key imperatives, allowing us to meet rapidly evolving industry demands by strengthening our technical edge. To maintain our lead and satisfy ever more exacting client needs, we decided to send selected engineers from the energy division for Cisco Certified Network Associate (CCNA) certification.

This associate-level IT certification programme will equip them with essential skill sets that will enable us to drive our business forward.

In addition, key operations staff from our business excellence and logistics & procurement units were chosen to attend the OMNI-LITE programme. Launched in October 2015, it was jointly developed by the Singapore Workforce Development Agency (WDA) and the Singapore Institute of Manufacturing Technology to help SMEs boost their productivity capabilities and attain operational excellence without straining their manpower resources. After successfully completing the programme, our staff will receive Singapore Workforce Skills Qualifications (WSQ) certifications from WDA.



# CORPORATE SOCIAL RESPONSIBILITY

## CARING FOR THE ENVIRONMENT

Protecting and preserving the natural environment around us for future generations is the responsibility of every corporate citizen. At Jason Marine, we take pains to drive that message home to our people at every level, as we continue to build a work ethic and culture that uphold these values.

Initiatives to safeguard our natural resources include continually re-examining all our business processes as we seek innovative new ways to enhance our operations while limiting the ecological costs. Thanks to these efforts, we have successfully leveraged our IT systems in many areas – in particular, we now manage our filing and printing needs far more effectively by using the company intranet to store documents online. We are also taking steps to go electronic with billing and other processes as part of our Group-wide drive to adopt paperless solutions.

Managing our energy needs efficiently and sustainably is another key area where we have intensified efforts to curtail wastage and curb carbon emissions. Moves to actively engage our staff in these efforts include having them take part in cross-departmental inspections every month. We also employ energy-efficient systems that help us contain our environmental footprint while cutting operational costs.

On other fronts, we remain vigilant in our drive to encourage our staff to reuse and recycle materials wherever feasible. We also stress the importance of proper disposal, especially with items such as printer cartridges, which contribute heavily to carbon waste output.

## CARING FOR SOCIETY

Jason Marine's vision of the future champions a strong, cohesive society where every member can lead a rich, fulfilling life with the collective support of those around them.

To that end, we decided to join the Adopt-a-Precinct (AAP) scheme by the South West Community Development Council back in 2012, and we have continued to contribute to programmes for the needy and vulnerable in the Telok Blangah division. The Group has consistently



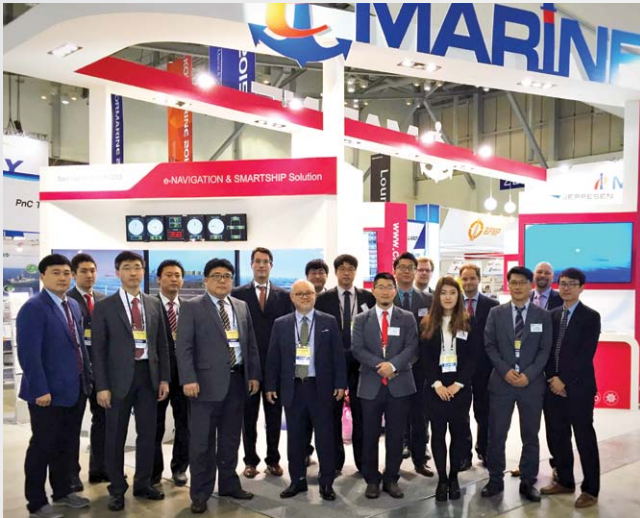
supported moves by the Blangah Garden Residents' Committee (RC) to help the elderly understand and cope with chronic disease. In July 2015, we took part in the RC's annual health screening event for Pioneer Generation residents. Our staff were on hand throughout to help seniors register and make the most of the resources offered.

We also do our part for schoolchildren from low-income households in the area by offering financial assistance and supporting relevant programmes. In December 2015, we sponsored an Edu Aid event held by the RC to help pupils buy books, shoes and uniforms. The children and their families, who received cash vouchers from the Group, were touched by the care and concern shown by the community and our volunteers.

During the year, we reached beyond our shores as well, to help the unfortunate victims of the devastating earthquakes that struck Nepal in April and May 2015. Moved by the plight of the countless people left homeless and destitute by the disaster, we joined hands with our staff to send cash donations that would help support relief and rescue efforts in the affected areas.



## KEY PARTNERS



### E-MARINE (South Korea)

e-Marine is a leading Marine ICT Provider that's been operational since 2001. Its mission is to develop solutions that best guarantees Safety of Life at Sea (SOLAS), and to provide them at the most affordable price. e-Marine is well-equipped with more than 40 professional staff, 15 years of know-how, and the strong sense of responsibility for its products and services. e-Marine's solutions are divided into three main categories: e-Navigation & SMARTSHIP, Marine Internet-of-Things, and Big Data. The main examples of which include ECDIS (electronic chart display and information system), ISIG (intra-ship integrated gateway), and Optimal Economic Routing System. e-Marine always strive to revolutionize its solutions to stay ahead of changes in market demand.



### KODEN ELECTRONICS (Japan)

Koden Electronics offers a wide range of marine equipment, including marine radars, echo sounders, GPS navigators & sensors, GPS compasses, and sonars. Founded in 1947, the company strives to improve the reliability and quality of its unique products and innovative customized technology through continuous development, more than meeting international standards of quality assurance.



### SENSE INFOSYS (Singapore)

Sense Infosys develops customised analytics solutions for the maritime and security sectors. Its solutions enable analysts, planners, management and operations centres to make better analysis and more informed and timely decisions by harnessing multi-source, multi-modal data based on its proprietary technology "KLAVER" and data science service.

KLAVER is a data fusion analytics platform. It is an IDA (Infocomm Development Authority of Singapore) accredited product and continuously being enhanced by the Sense Infosys research and development team. It automates the data acquisition and fusion processes to significantly reduce data collection and preparation time, so that users can focus on knowledge transformation.

Sense Infosys solutions include Intelligent Fleet, Smart Port, Anti-Fraud & Compliance Monitoring, and News and Opinion Sensing. They are also developing new solutions in the area of maritime security, public order and counter-terrorism.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Foo Chew Tuck (Executive Chairman)  
Tan Lian Huat (Chief Executive Officer)  
Wong Hin Sun Eugene (Non-executive Director)  
Eileen Tay-Tan Bee Kiew (Lead Independent Director)  
Sin Hang Boon @ Sin Han Bun (Independent Director)

## AUDIT COMMITTEE

Eileen Tay-Tan Bee Kiew (Chairperson)  
Sin Hang Boon @ Sin Han Bun  
Wong Hin Sun Eugene

## NOMINATING COMMITTEE

Sin Hang Boon @ Sin Han Bun (Chairman)  
Eileen Tay-Tan Bee Kiew  
Wong Hin Sun Eugene

## REMUNERATION COMMITTEE

Sin Hang Boon @ Sin Han Bun (Chairman)  
Eileen Tay-Tan Bee Kiew  
Wong Hin Sun Eugene

## COMPANY SECRETARIES

Foo Hui Min  
Pan Mi Keay

## REGISTERED OFFICE

Jason Marine Group Limited  
194 Pandan Loop  
#06-05 Pantech Business Hub  
Singapore 128383  
Tel: +65-6477 7700  
Fax: +65-6872 1800  
Website: [www.jason.com.sg](http://www.jason.com.sg)  
Email: [jmg@jason.com.sg](mailto:jmg@jason.com.sg)

## SHARE REGISTRAR

B.A.C.S. Private Limited  
8 Robinson Road,  
#03-00, ASO Building,  
Singapore 048544

## INDEPENDENT AUDITORS

BDO LLP  
Public Accountants and  
Chartered Accountants  
21 Merchant Road #05-01  
Singapore 058267  
Partner-in-charge: Yeo Siok Yong  
(Appointed since financial year ended 31 March 2016)

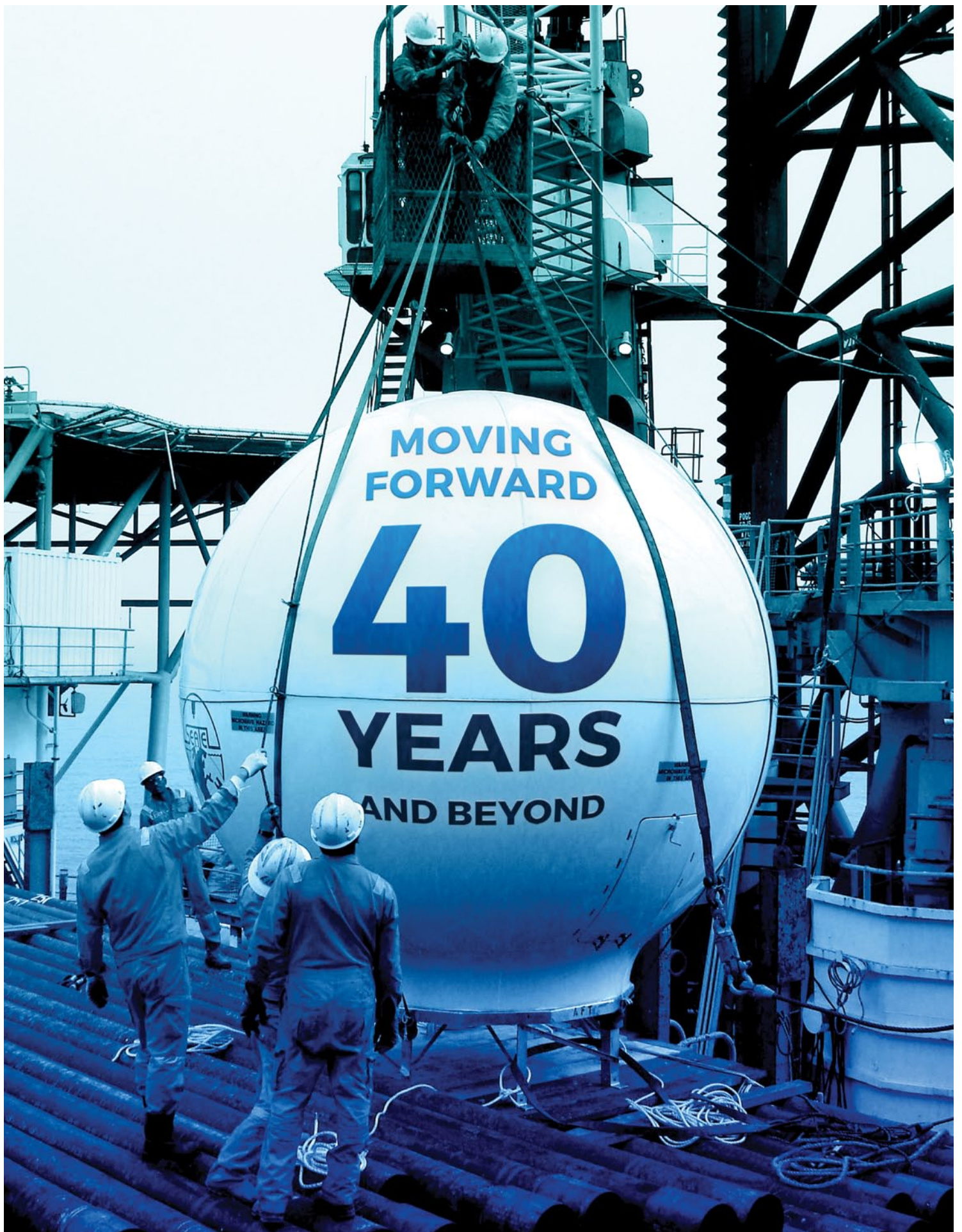
## PRINCIPAL BANKERS

- Australia and New Zealand Banking Group Limited
- Bank of China Limited, Singapore Branch
- CIMB Bank Berhad, Singapore Branch
- Citibank, N.A., Singapore Branch
- The Hongkong and Shanghai Banking Corporation Limited, Singapore Office

## SPONSOR

CIMB Bank Berhad, Singapore Branch  
50 Raffles Place  
#09-01 Singapore Land Tower  
Singapore 048623





**Jason**

**JASON MARINE GROUP LIMITED**

**CORPORATE GOVERNANCE AND FINANCIAL REPORT 2016**



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*This annual report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.*



# MOVING BEYOND 40

There is no question about it – we will press on.  
There are challenges ahead, but Jason Marine has weathered economic storms and headwinds for the past forty years.

As we move forward, we will draw strength from a shared vision and purpose, staying relevant through technology and innovation, and honing our edge by working with the very best in the sector.

Our top priority is to reinvigorate the business, retaining and nurturing key talent while enhancing our capabilities, to recapture the momentum and pursue long-term growth.

These unwavering efforts will drive us on, allowing Jason Marine to look forward to fresh milestones as we continue our voyage.

## OUR VISION

To be a Global World Class Company in Marine Electronics

## OUR VALUES

### CHARACTER

Integrity and honesty  
Positive attitude  
Excellent teamwork

### COMPETENCE

Excellent quality work  
Deliver expected results  
Innovation and creativity

### COMMITMENT

Passion and drive  
Walk the extra mile  
Seek opportunities

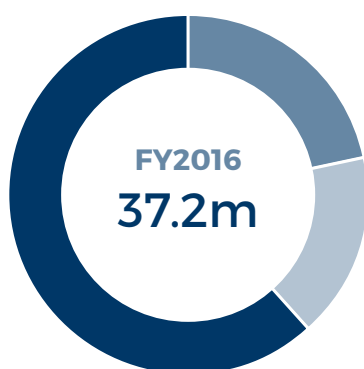
# FINANCIAL HIGHLIGHTS

## RESULTS OF OPERATIONS

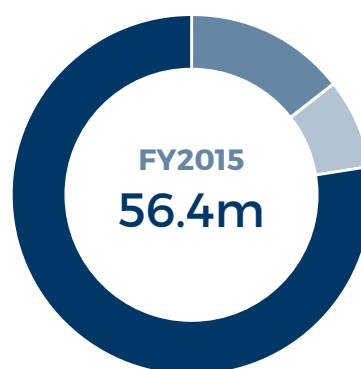
	FY2016 (S\$'000)	FY2015 (S\$'000)	FY2014 (S\$'000)	FY2013 (S\$'000)	FY2012 (S\$'000)
<b>Revenue</b>	<b>37,169</b>	56,421	50,188	37,896	44,451
<b>Gross profit</b>	<b>7,088</b>	14,729	13,612	10,843	13,164
<b>(Loss)/Profit before income tax</b>	<b>(5,960)</b>	4,361	3,032	581	1,399
<b>(Loss)/Profit attributable to owners of the parent</b>	<b>(5,996)</b>	3,890	2,780	517	1,389
<b>Earnings per share (cents) *</b>	<b>(5.70)</b>	3.70	2.64	0.49	1.32

\* For comparative purpose, earnings per share of the Group for the financial years shown were computed based on the weighted average number of ordinary shares in issue (excluding treasury shares) of 105,141,000 for FY2016.

## REVENUE BY BUSINESS SEGMENT



FY2016	S\$'000	%
■ Sale of goods	22,930	61.7
■ Rendering of services	7,980	21.5
■ Airtime revenue	6,259	16.8
<b>Total</b>	<b>37,169</b>	<b>100.0</b>



FY2015	S\$'000	%
■ Sale of goods	43,775	77.6
■ Rendering of services	8,037	14.2
■ Airtime revenue	4,609	8.2
<b>Total</b>	<b>56,421</b>	<b>100.0</b>



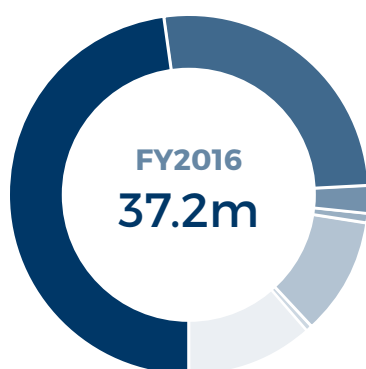
# FINANCIAL HIGHLIGHTS

## FINANCIAL POSITION

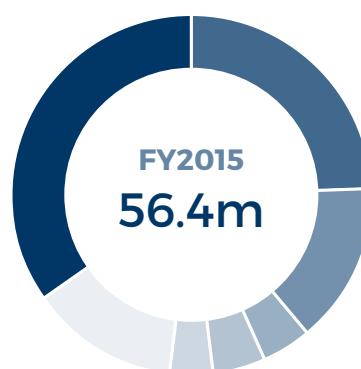
	2016 (S\$'000)	2015 (S\$'000)	As at 31 March 2014 (S\$'000)	2013 (S\$'000)	2012 (S\$'000)
<b>Non-current assets</b>	<b>2,173</b>	3,142	3,402	3,049	2,776
<b>Current assets</b>	<b>36,316</b>	42,528	44,774	32,346	31,061
<b>Current liabilities</b>	<b>16,526</b>	15,952	20,673	10,400	9,233
<b>Non-current liabilities</b>	<b>50</b>	105	129	131	9
<b>Equity</b>	<b>21,913</b>	29,613	27,374	24,864	24,595
<b>Net asset value per share (cents) #</b>	<b>20.87</b>	28.20	26.07	23.68	23.42

# For comparative purpose, net asset value per share of the Group for the financial years shown were computed based on 105,000,000 ordinary shares (excluding treasury shares) in issue as at 31 March 2016.

## REVENUE BY GEOGRAPHICAL SEGMENT



FY2016	S\$'000	%
■ Singapore	17,844	48.0
■ People's Republic of China	4,302	11.6
■ Brazil	90	0.3
■ Indonesia	3,949	10.6
■ Vietnam	224	0.6
■ Malaysia	1,015	2.7
■ Others	9,745	26.2
<b>Total</b>	<b>37,169</b>	<b>100.0</b>



FY2015	S\$'000	%
■ Singapore	19,705	34.9
■ People's Republic of China	13,666	24.2
■ Brazil	8,199	14.5
■ Indonesia	2,606	4.6
■ Vietnam	2,625	4.7
■ Malaysia	2,072	3.7
■ Others	7,548	13.4
<b>Total</b>	<b>56,421</b>	<b>100.0</b>

# CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**”) and the management of Jason Marine Group Limited (the “**Company**”) are strongly committed to high standards of corporate governance which are essential to the stability and sustainability of the performance of the Company and its subsidiaries (the “**Group**”), protection of the interests of the Company’s shareholders (“**Shareholders**”) and maximisation of long-term shareholder value.

This report describes the Company’s corporate governance practices with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”) issued on 2 May 2012. For the financial year ended 31 March 2016 (“**FY2016**”), the Company has generally adhered to the guidelines of the Code and deviations from any guideline of the Code are explained in this report.

## PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The primary function of the Board is to protect Shareholders’ interests and enhance long-term shareholder value and returns.

Besides carrying out its statutory responsibilities, the Board’s other roles are to:

- (i) provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (ii) establish a framework of prudent and effective controls which enables the identification, assessment and management of risks, including safeguarding of Shareholders’ interests and the Group’s assets;
- (iii) review management performance;
- (iv) identify the key stakeholder groups and recognise that their perceptions affect the Group’s reputation;
- (v) set the Group’s values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- (vi) consider sustainability issues, for example, environmental and social factors, as part of its strategic formulation; and
- (vii) provide oversight in the proper conduct of the Group’s business and assume responsibility for corporate governance.

The directors of the Company (the “**Directors**”) are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, various Board committees, namely, the Audit Committee, Nominating Committee and Remuneration Committee, have been established and delegated with certain functions. The Audit Committee is headed by the Lead Independent Director and the Nominating and Remuneration Committees are headed by an Independent Director. The chairperson of the respective committees will report to the Board on the outcome of the committee meetings and their recommendations on the specific agendas mandated to the committees by the Board. Further details of the scope and functions of the various committees are provided under the sections on Principles 4, 5, 7, 8 and 12 of this report.

The Board meets at least twice a year prior to the announcement of the Group’s half-yearly results and as warranted by circumstances. Ad-hoc meetings are convened as and when deemed necessary.

The Company’s Constitution provide for Board meetings by means of conference telephone, videoconferencing, audio-visual or other electronic means of communication.



# CORPORATE GOVERNANCE REPORT

The attendance of the Directors at meetings of the Board and the Board committees during FY2016 is tabulated below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>Total number of meetings held</b>	3	3	1	1
<b>Number of meetings attended by respective Directors</b>				
<b>Executive Directors</b>				
Mr Foo Chew Tuck	3	N/A	N/A	N/A
Mr Tan Lian Huat	3	N/A	N/A	N/A
<b>Non-Executive Non-Independent Director</b>				
Mr Wong Hin Sun Eugene	3	3	1	1
<b>Independent Directors</b>				
Mr Sin Hang Boon	3	3	1	1
Mrs Eileen Tay-Tan Bee Kiew	3	3	1	1

N/A denotes “not applicable”

Material matters which specifically require the Board’s decision or approval include the following corporate matters:

- (i) annual budgets;
- (ii) half-year and full-year results announcements and the release thereof;
- (iii) annual reports and accounts for presentation at annual general meetings (“AGMs”);
- (iv) annual corporate strategies;
- (v) new commitments to loans and lines of credit from banks and financial institutions;
- (vi) major increase or decrease in a subsidiary company’s capital;
- (vii) issuance of shares;
- (viii) investment and divestment, or entry into new businesses;
- (ix) convening of Shareholders’ meetings;
- (x) declaration of interim dividends and proposal of final dividends; and
- (xi) appointments to the Board and the various Board committees.

The Company has documented the guidelines for matters that require the Board’s decision or approval. The Company also has a Document Approval Authority matrix which sets the authorisation and approval limits for various transactions such as, sales quotation, purchase requisition and credit note requisition. Apart from matters that specifically require the Board’s approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Executive Directors and the management for operational efficiency.

There has been no change to the members of the Board since the Company’s listing on the Catalist board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in October 2009. The Company will provide a newly-appointed Director guidance and orientation (including management’s presentation) which will allow such person to understand the Group’s business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group’s local and overseas places of operation will be arranged for a newly-appointed Director. Upon appointment, a Director will be provided a formal letter which sets out his duties and obligations. If a newly-appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

# CORPORATE GOVERNANCE REPORT

While the Directors are generally responsible for their own individual training needs, continuous and on-going training programmes are made available to the Directors from time to time such as courses on directors' duties and responsibilities as well as seminars and talks on relevant subject fields.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, so as to update and refresh themselves on matters that may affect their performance as a Board, or as a member of a Board committee. Accordingly, further training for Directors will extend to relevant new laws, regulations and changing commercial risks from time to time when appropriate.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises five Directors, out of whom two are Independent Directors, one is a Non-Executive and Non-Independent Director and two are Executive Directors. The Independent Directors make up at least one-third of the Board.

While the Chairman of the Board is part of the management team, the Board is of the view that based on the Group's current size and operations, it is not necessary to have independent directors make up at least half of the Board at present as all the Board committees are chaired by Independent Directors. Nevertheless, the Board is reviewing the composition of Independent Directors on the Board with a view that Independent Directors will make up at least half of the Board by the 2018 AGM in accordance with the timeline specified under the guidelines of the Code.

As set out under the Code, an independent director is one who has no relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The Nominating Committee ("NC") deliberates annually to determine the independence of a Director bearing in mind the salient factors set out under this guideline in the Code as well as all other relevant circumstances and facts. To facilitate the NC in its review of the independent status of the Directors, each Non-Executive Director will confirm his/her independence on a yearly basis. The Executive Directors are considered non-independent. During FY2016, none of the Independent Directors has served beyond nine years from the respective date of their first appointment and none of the Independent Directors has the relationship as stated under the Code.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In particular, the Executive Directors have many years of experience in the industries that the Group operate in. The NC considers that the Board's present size is adequate for effective debate, strategic decision-making and in exercising accountability to Shareholders and delegating authority to the management, taking into account the nature and scope of the Group's operations. As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective.

The current Board composition provides a diversity of knowledge and experience to the Company as follows:-

Core Competencies	Balance and Diversity of the Board	
	Number of Directors	Proportion of Board
Accounting or finance	2	40%
Business management	5	100%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	2	40%
Strategic planning experience	5	100%
Customer based experience or knowledge	2	40%
Gender	Number of Directors	Proportion of Board
Male	4	80%
Female	1	20%

The Non-Executive Directors (including the Independent Directors) provide constructive advice on the Group's strategic and business plans. They constructively challenge and help develop proposals on strategy for the Group. They also review the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance of the Group.

To facilitate more effective check on management, the Non-Executive Directors meet as and when necessary and at least once a year without the presence of the management.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company adopts a dual leadership structure, where there is a separate Chairman and Chief Executive Officer (“**CEO**”) on the Board. Mr Foo Chew Tuck who is the Executive Chairman determines the overall strategic and expansion plans and is responsible for the overall business development and general management of the Group. Mr Tan Lian Huat who is the CEO is responsible for the daily management and operations as well as the overseeing of the Group’s strategies and growth. The Executive Chairman and CEO are not related.

The Chairman’s duties include:

- (i) lead the Board to ensure its effectiveness on all aspects of its role;
- (ii) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (iii) promote a culture of openness and debate at the Board;
- (iv) ensure that the Directors receive complete, adequate and timely information;
- (v) ensure effective communication with Shareholders;
- (vi) encourage constructive relations within the Board and between the Board and the management;
- (vii) facilitate the effective contribution of Non-Executive Directors;
- (viii) encouraging constructive relations between Executive Directors and Non-Executive Directors; and
- (ix) promote high standards of corporate governance.

In view that the Executive Chairman of the Board is part of the management team and is not an independent director, Mrs Eileen Tay-Tan Bee Kiew is appointed as our Lead Independent Director in accordance with the guidelines set out in the Code. As a Lead Independent Director, she will be available to Shareholders if they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (“**CFO**”) has failed to resolve their concerns or is inappropriate. Whenever warranted, the Independent Directors will meet without the presence of the other Directors and will provide feedback to the Chairman after such meetings.

## PRINCIPLE 4: BOARD MEMBERSHIP

The appointment of new Directors to the Board is recommended by the NC which comprises three Directors, namely, Mr Sin Hang Boon (who is chairperson of the NC), Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun Eugene. As both Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon are Independent Directors, the NC comprises a majority of independent directors.

The principal functions of the NC, regulated by written terms of reference and undertaken by the NC during the year, are as follows:

- (i) review board succession plans for Directors, in particular, for the Chairman and the CEO;
- (ii) develop a process for evaluation of the performance of the Board, the various Board committees and the Directors;
- (iii) review the training and professional development programs for the Board;
- (iv) review, assess and make recommendation to the Board on all Board appointments and re-elections, taking into consideration the composition and progressive renewal of the Board and each Director’s competencies and contributions;
- (v) review and determine annually the independence of Directors;
- (vi) decide the assessment process and implement a set of objective performance criteria to be applied from year to year for evaluation of the Board’s performance; and
- (vii) evaluate the Board’s effectiveness as a whole and each Director’s contribution to its effectiveness in accordance with the assessment process and performance criteria adopted, including deciding whether a Director is able to and has been adequately carrying out his/her duties when he/she has multiple board representations.

## CORPORATE GOVERNANCE REPORT

The NC leads the process and makes recommendations to the Board for the selection and approval of appointment of new Directors as follows:

- (i) evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the management, prepares a description of the role and the essential and desirable competencies and changes in equity of the Company for a particular appointment;
- (ii) while existing Directors and the management may make suggestions, seeks external help where necessary to source for potential candidates;
- (iii) meets with short-listed candidates to assess their suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (iv) makes recommendations to the Board for approval.

At present, no alternative Director has been appointed to the Board.

Under the Constitution of the Company, the Directors are required to retire at least once in every three years and one-third of the Directors shall retire by rotation at each AGM. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, preparedness, participation and candour of past Directors although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board.

The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code and the declaration form completed by each Non-Executive Director disclosing the required information. The NC is of the opinion that in respect of FY2016, the Board has been able to exercise objective judgment on corporate affairs independently and that the Board's decision making process is not dominated by any individual or small group of individuals.

The NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2016, all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their multiple board representations.

The NC and the Board are of the view that there should not be any restriction to the number of board representations that each Director may take up as multiple board representations do not necessarily hinder the Directors from carrying out their duties. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

Key information regarding the Directors is disclosed under the section on "Board of Directors" in this Annual Report. The dates of first appointment and last re-election/re-appointment of each of the Directors are set out below:

Name of Director	Position in the Board	Date of first appointment	Date of last re-election / re-appointment
Mr Foo Chew Tuck	Executive Chairman	9 September 2007	23 July 2015
Mr Tan Lian Huat	CEO	9 September 2007	24 July 2014
Mr Wong Hin Sun Eugene	Non-Executive Non-Independent Director	15 September 2009	23 July 2015
Mr Sin Hang Boon	Independent Director	15 September 2009	23 July 2015
Mrs Eileen Tay-Tan Bee Kiew	Lead Independent Director	15 September 2009	24 July 2014

At the forthcoming AGM, Mr Tan Lian Huat and Mrs Eileen Tay-Tan Bee Kiew are due for re-election pursuant to the Constitution of the Company. Mr Sin Hang Boon who is above 70 years old was re-appointed during the Company's last AGM held on 23 July 2015 to hold office until this AGM pursuant to Section 153(6) of the Companies Act, Chapter 50 (the "**Companies Act**") which was then in force and repealed since 3 January 2016. Accordingly, Shareholders' approval is sought to re-appoint him during the forthcoming AGM to allow him to continue in office.

The NC has recommended and the Board has agreed for Mr Tan Lian Huat, Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon to retire and seek re-election/re-appointment at the forthcoming AGM.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 5: BOARD PERFORMANCE

The NC has implemented a formal board evaluation process in assessing the effectiveness of the Board as a whole, the various Board committees and the contribution of each individual Director to the effectiveness of the Board. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action.

The Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board, the various Board committees and the individual Directors for FY2016. The results of the appraisal exercise were tabulated, analysed and considered by the NC which then made recommendations to the Board on areas for improvement, aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on the following areas of evaluation:

- (i) Board and Board committees composition;
- (ii) information to the Board;
- (iii) Board and Board committees procedures;
- (iv) Board and Board committees accountability;
- (v) CEO and top management;
- (vi) standards of conduct;
- (vii) internal controls and risk management systems; and
- (viii) audit process.

The NC is of the view that the Board and its various Board committees have contributed to the overall effectiveness of the Board as a whole. The Chairman will act on the results of the performance evaluation and, in consultation with the NC, will propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

During FY2016, the Board did not engage any external facilitator for its evaluation process.

## PRINCIPLE 6: ACCESS TO INFORMATION

The Directors are provided with board papers for proposals and are given regular management information prior to each Board meeting and at such other time as necessary. Information provided to the Board includes background information relating to the matters to be brought before the Board. Relevant information on material events and transactions are circulated to the Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group with explanations for material variance between budget and actual performance.

The Board members have separate and independent access to the management, who will provide additional information as may be needed by the Board to make informed decisions.

The Board members also have separate and independent access to the Company Secretaries. The role of the Company Secretaries is clearly defined and includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries attend all Board meetings and ensures good information flows within the Board and its committees and between the management and the Non-Executive Directors. Minutes of the various Board committees are circulated to the whole Board for review and information.

The Board is fully involved in and responsible for the appointment and removal of the Company Secretaries.

Where the Directors, either individually or as a group, in the furtherance of their duties, require professional advice, the management will assist them in obtaining independent professional advice, at the Company's expense.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The members of the Remuneration Committee (“RC”) comprise entirely of Non-Executive Directors, namely Mr Sin Hang Boon (who is chairperson of the RC), Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun Eugene. Mr Sin Hang Boon and Mrs Eileen Tay-Tan Bee Kiew are Independent Directors. As such, the RC comprises a majority of independent directors.

The principal functions of the RC, regulated by written terms of reference and undertaken by the RC during the year, include the following:

- (i) review and recommend to the Board a general framework of remuneration and specific remuneration package for the Board and key management personnel covering all aspects of remuneration, including but not limited to fees, salaries, allowances, bonuses, share-based incentives and benefits-in-kind;
- (ii) review and ensure that the remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive;
- (iii) structure an appropriate portion of Executive Directors’ and key management personnel’s remuneration so as to link rewards to corporate and individual performance so as to align them with the interests of Shareholders and promote the long-term success of the Group; and
- (iv) review the Company’s obligations arising in the event of termination of the Executive Directors and key management personnel’s contracts of service to ensure that the termination clauses are fair and reasonable and not overly generous.

The RC reviews the framework for remuneration of the Directors and the management and recommends to the Board for adoption. The RC also determines specific remuneration packages and terms of employment for each Executive Director and management staff.

The RC’s recommendations in respect of the Directors’ remunerations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Director’s fees, salaries, allowances, bonuses, options and benefits-in-kind for the Board and senior management are covered by the RC.

Each member of the RC will abstain from voting on any resolutions in respect of his remuneration package.

If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration matters. During FY2016, the RC did not engage any remuneration consultant.

## PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Executive Directors do not receive Directors’ fees. The performance-related elements of remuneration are designed to align interests of Executive Directors with those of Shareholders and link rewards to the Group’s financial performance.

The Executive Directors have each entered into a service agreement with the Company in which the terms of their employment are stipulated. Their initial term of employment is for a period of three years from the date of admission of the Company to the Catalist (being 21 October 2009) and thereafter, their employment is renewed annually subject to termination clauses in the service agreements. The service agreement may be terminated by giving six (6) months’ prior written notice or an amount equal to six (6) months’ salary in lieu of such notice. Under the service agreements, each of the Executive Directors is entitled to be paid an incentive bonus annually which is pegged to the financial performance achieved by the Group for that financial year.

The Non-Executive Directors (including the Independent Directors) are paid a base fee. An additional fee is also paid to Non-Executive Directors for serving on any of the board committees, with the chairperson of each of these committees being paid twice the amount of such additional fee. The Lead Independent Director is entitled to an additional amount for acting in such capacity. Such fees are pro-rated if a Director serves for less than one year. The Directors’ fees are subject to approval by Shareholders at the AGM.



## CORPORATE GOVERNANCE REPORT

The Company has adopted the Jason Employee Share Option Scheme (the “**ESOS**”) in September 2009 prior to its listing on the Catalist board of the SGX-ST. The purpose of the ESOS is to provide an opportunity for employees of the Group to participate in the equity of the Company so as to motivate them towards greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Under the rules of the ESOS, the options that are granted may have exercise prices that are, at the RC’s discretion, set at the price (“**Market Price**”) equal to the average of the last dealt prices for the Company’s ordinary shares (“**Shares**”) on the Catalist for the five consecutive market days immediately preceding the relevant date of grant of the relevant option, or (provided that Shareholders’ approval is obtained in a separate resolution) at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercisable at any time by the participant after the first anniversary of the date of grant of that option while options granted at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the Scheme will have a life span of ten years. The options may be exercisable in full or in part only in respect of 1,000 Shares or multiple thereof, on payment of the exercise price. Since its adoption till the date of this report, no option has been granted under the ESOS. Accordingly, no Shares have been allotted on the exercise of options granted under the ESOS.

In addition to the ESOS, the Company has adopted the Jason Performance Share Plan (the “**PSP**”) which was approved by Shareholders at an extraordinary general meeting held on 27 July 2011. The PSP was implemented to complement the ESOS and to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. During FY2016, the Company purchased 897,000 treasury shares. No share awards were granted and no treasury shares were transferred to employees under the PSP during FY2016.

The ESOS and the PSP are administered by the RC currently comprising Mr Sin Hang Boon, Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun Eugene. The RC has deliberated and it is currently intended that the PSP will serve as the main share-based compensation scheme for the Group. It is envisaged that the ESOS will be discontinued for the time being and accordingly, Shareholders’ approval will be sought at the forthcoming AGM to empower Directors to allot and issue Shares pursuant to the PSP (but not in respect of the ESOS).

Controlling Shareholders and their associates are not entitled to participate in the ESOS and in the PSP. Non-Executive Directors are allowed to participate in the ESOS and in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest and not to compromise their independence, such Non-Executive Directors will be primarily remunerated for their services by way of directors’ fees and only a nominal amount of options and/or share awards will be granted to the Non-Executive Directors under the ESOS and PSP.

The aggregate number of Shares over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the ESOS, the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.

For the purpose of Rule 851 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), (i) there has been no grant of discounted options; (ii) none of the Directors of the Company has been granted any option or performance share; (iii) none of the participants under the ESOS and the PSP has been granted 5% or more of the total number of Shares available under the ESOS and the PSP; and (iv) as the Company does not have any parent company, the participants of the ESOS and the PSP do not include any directors or employees of any parent company and its subsidiaries.

In setting remuneration packages, the Company keeps in mind the pay and employment conditions within the industry and in comparable companies. If required, the Company will engage professional advice to provide guidance on remuneration matters.

The RC and Board are of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such exceptional circumstances or breach of fiduciary duty.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Given the highly competitive condition of the industry that the Group operates in, the Board is of the view that it is in the best interest of the Group to maintain confidentiality of the remuneration details of the Executive Directors and the key management personnel of the Group.

A breakdown showing the level and mix of the remuneration of the Directors in respect of FY2016 is as follows:

	Fees %	Salary and CPF <sup>^</sup> %	Performance- related income %	Others %	Benefit-in-kind %	Total %
<b>S\$500,000 to S\$749,999</b>						
Mr Foo Chew Tuck	–	80	6	–	14	100
<b>S\$250,000 to S\$499,000</b>						
Mr Tan Lian Huat	–	80	6	14	–*	100
<b>Below S\$250,000</b>						
Mrs Eileen Tay-Tan Bee Kiew	100	–	–	–	–	100
Mr Sin Hang Boon	100	–	–	–	–	100
Mr Wong Hin Sun Eugene	100	–	–	–	–	100

\* Less than 1%.

<sup>^</sup> CPF denotes Central Provident Fund.

No Director has been granted share-based award during FY2016.

In respect of FY2016, the amount of directors' fees proposed to be payable to the Non-Executive Directors (including the Independent Directors) subject to the approval of Shareholders at the forthcoming AGM are as follows:

Name	Amount
Mrs Eileen Tay-Tan Bee Kiew	S\$62,500
Mr Sin Hang Boon	S\$60,000
Mr Wong Hin Sun Eugene	S\$50,000

Apart from the Executive Directors, the Group's key management team includes Ms Foo Hui Min (Chief Financial Officer). A breakdown showing the level and mix of the remuneration of the Group's key management (who is not a Director or CEO) in respect of FY2016 is as follows:

	Salary and CPF <sup>^</sup> %	Performance- related income %	Others %	Benefit-in-kind %	Total %
<b>Below S\$250,000</b>					
Ms Foo Hui Min	91	7	2	–*	100

\* Less than 1%.

<sup>^</sup> CPF denotes Central Provident Fund.

In respect of FY2016, the aggregate amount of remuneration paid to the above key management personnel was approximately S\$204,000.

The Executive Directors and key management personnel are not entitled to any benefits upon termination, retirement or post-employment. During FY2016, the Group does not have any employees who are immediate family members of a Director or the CEO.

The variable bonus or incentive portion of the remuneration packages of the Executive Directors and key management personnel are linked to key performance indicators ("KPIs") that are determined in advance. Such KPIs typically include financial and non-financial KPIs. Financial KPIs are directly linked to the performance of the Group. Non-financial KPIs include action plans that are important to the long-term sustainability of the Group's performance, such as succession planning. During FY2016, the financial KPIs were not met but the non-financial KPIs have been met by the Executive Directors and key management personnel.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 10: ACCOUNTABILITY

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Group. The Board provides a balanced and understandable assessment of the Group's performance, position and prospects through announcements of the Group's half-year and full-year results and announcements of the Group's major corporate developments from time to time. In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website ([www.jason.com.sg](http://www.jason.com.sg)).

The Board is committed to ensure compliance with legislative and regulatory requirements including requirements under the Catalist Rules. The management provides the Board with monthly management accounts and as and when the Board may require from time to time. Such reports keep the Board informed of the Group's performance and contain explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

## PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's assets. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

The AC and the Board reviews on an annual basis the adequacy of the Group's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management. The system of internal controls and risk management established by the Company are designed to manage, rather than eliminate the risk of failure in achieving the Group's strategic objectives. The management is involved in regular reviews of the risks that are significant to the fulfilment of the objectives of the business. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss.

During FY2016, the Company's appointed internal auditor, PricewaterhouseCoopers LLP, has conducted internal audit review based on an agreed scope of review. In respect of FY2016, the Board has received from the Executive Chairman, CEO and CFO a letter of assurance confirming that the Group's financial records have been properly maintained and the Group's consolidated financial statements for FY2016 give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems were sufficiently effective.

Based on (i) the internal controls established and maintained by the Group, (ii) work performed by the internal and external auditors, (iii) reviews performed by the management, the AC and the Board, and (iv) the aforementioned letter of assurance provided by the Executive Chairman, CEO and CFO, the Board with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective for FY2016.

The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. However, the Board, together with the AC and the management, will review the adequacy and effectiveness of the internal control framework on an on-going basis and address any specific issues or risks whenever necessary.

The Company has established a Management Risk Committee, headed by the Executive Chairman, to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

## PRINCIPLE 12: AUDIT COMMITTEE

The Audit Committee ("AC") comprises three Non-Executive Directors, namely Mrs Eileen Tay-Tan Bee Kiew (who is chairperson of the AC), Mr Sin Hang Boon and Mr Wong Hin Sun Eugene. All the members of the AC are non-executive and the AC comprises a majority (including the chairperson of the AC) of independent directors.

All members of the AC have extensive management and financial experience. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibility in the AC.

The AC has full access to, and co-operation from the management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion.

## CORPORATE GOVERNANCE REPORT

The duties and responsibilities of the AC are contained in written terms of reference, which are mainly to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. During the year, the AC performed the following main functions:

- (i) recommending to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;
- (ii) reviewing the scope, changes, results and cost-effectiveness of the external and internal audit plan and process, and the independence and objectivity of the auditors;
- (iii) reviewing the Group's half-yearly and annual financial statements and related notes and announcements relating thereto; accounting principles adopted, and the external auditors' report prior to recommending to the Board for approval;
- (iv) reviewing, evaluating and reporting to the Board at least annually, having regard to input from external and internal auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational, compliance and information technology controls;
- (v) reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
- (vi) reviewing any significant financial reporting issues and judgments and estimates made by the management, so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (vii) reviewing the effectiveness of the Group's internal audit function; and
- (viii) reviewing the interested person transactions reported by the management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of Shareholders.

During FY2016, the AC has met with the external auditors and internal auditors to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained in the Group. The AC has also met with the internal auditors and external auditors without the presence of the Company's management in March 2016 and May 2016 respectively.

In respect of FY2016, the AC has reviewed the independence of the external auditors, Messrs BDO LLP and recommended that Messrs BDO LLP be nominated for re-appointment as auditors at the forthcoming AGM. In recommending the re-appointment of the auditors, the AC considered and reviewed a number of key factors, including amongst other things, the adequacy of the resources and experience of the supervisory and professional staff as well as audit engagement partner to be assigned to the audit, and size and complexity of the Group and its businesses and operations.

Both the AC and the Board have reviewed the appointment of different auditors for its subsidiaries and significant associated companies and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly, the Company is in compliance with the Rules 712 and 716 of the Catalist Rules.

During FY2016, there was no non-audit services provided by Messrs BDO LLP and the amount of audit fees payable to Messrs BDO LLP and its network member firm in FY2016 was S\$84,800. The AC confirms that it has undertaken a review and there was no non-audit service provided by the external auditors, Messrs BDO LLP, during FY2016. Accordingly, there was no factor affecting Messrs BDO LLP's independence in the AC's opinion.

The AC has the authority to investigate any matter brought to its attention within its terms of reference, with the authority to engage professional advice at the Company's expense.

The AC and the Board have put in place a whistle-blowing policy which allows employees or any other persons to raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports will be addressed to the chairperson of the AC. Details of the whistle-blowing policy have been made available to all employees of the Group.

Details of the activities of the AC are also provided under Principles 11 and 13 of this report. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements as well as attending the relevant external training and seminars in respect thereof.

No former partner or director of the Company's existing auditing firm is a member of the AC.



# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 13: INTERNAL AUDIT

The internal audit function is currently outsourced to PricewaterhouseCoopers LLP, which reports directly to the AC. The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

In the opinion of the Board, PricewaterhouseCoopers LLP meets the standards set out by both nationally and internationally recognised professional bodies, and the Board is satisfied that the internal auditors are qualified and experienced personnel.

The internal audit plans are approved by the AC, with the arising audit outcome presented and reviewed by the management, the AC and the Board.

The AC annually reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. With the appointment of PricewaterhouseCoopers LLP, the AC has reviewed and is satisfied with the adequacy and effectiveness of the internal control function.

## PRINCIPLE 14: SHAREHOLDER RIGHTS

Shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and Companies Act, the Board's policy is that Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments of the Group which would likely to materially affect the price or value of the Company's Shares.

Shareholders have the opportunity to participate effectively in and vote at general meetings of Shareholders. They will be informed of the rules, including voting procedures that govern the general meetings.

The Company allows corporations which provide nominee or custodial services to appoint not more than two proxies so that Shareholders who hold Shares through such corporations can attend and participate in general meetings as proxies.

## PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders is managed by the Board and is facilitated through professional investors' relations firms engaged by the Company, namely Oaktree Advisors Pte Ltd and ShareInvestor Pte Ltd.

The Company does not make price-sensitive disclosure to a selected group. All announcements are released via the SGXNET and are also available on the Company's corporate website ([www.jason.com.sg](http://www.jason.com.sg)) and the website of ShareInvestor Pte Ltd ([www.shareinvestor.com](http://www.shareinvestor.com)). Shareholders receive the Annual Report together with the notice of AGM which is also accessible through the SGXNET. The notice of AGM is also advertised in a local newspaper.

The Company organises regular briefings with media and analysts, and participates in investor seminars to update the investing community of the Group's performance and developments. During such briefings and meetings, the Company solicits and understands the views of Shareholders and the investment community.

Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, the Board intends to recommend and distribute not less than 25% of the Group's audited consolidated net profits attributable to shareholders as dividends annually. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors. The Company will disclose the reason if dividends are not declared in accordance to the dividend policy.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Board supports the Code's principle to encourage Shareholders' participation at general meetings.

The Board encourages Shareholders to attend general meetings to ensure a greater level of Shareholders' participation and to meet with the Board and the key management personnel so as to stay informed of the Group's developments and to raise issues and ask the Directors or the management questions regarding the Group's business and operations. The Directors and the management as well as external auditors will be present at general meetings to address Shareholders' queries.

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The Company practises having separate resolutions at general meetings on each substantially separate issue. The Company also makes available minutes of general meetings to Shareholders upon their requests.

The Company conducts voting by poll and makes an announcement on the detailed results showing the number of votes cast for and against each resolution and the respective percentages. At present, the Company does not conduct voting by poll via electronic polling method as Shareholders' turn-out at the AGMs has been manageable.

## DEALINGS IN SECURITIES

An Internal Code of Best Practices on Securities Transactions has been adopted to prescribe the internal regulations pertaining to the securities of the Company. This code prohibits securities dealings by the Directors and the Group's employees while in possession of price-sensitive information and on short-term considerations. All Directors and the Group's employees are also prohibited from dealing in the securities of the Company for a period of one month prior to the release of the half-year and full-year financial results of the Company.

## CONTINUING SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2016.

## INTERESTED PERSON TRANSACTIONS

Details of the interested person transactions for FY2016 presented in the format as required pursuant to Rule 907 of the Catalist Rules is tabled below:

Name of interested person	Aggregate value of all interested person transactions during FY2016 (excluding transactions less than S\$100,000 and conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Mr Foo Chew Tuck		
Lease of office premises from:		
(i) JE Holdings Pte Ltd	221	—
(ii) Unity Consultancy Pte Ltd	16	—
(iii) Jason Harvest Pte Ltd	51	—
Total:	288	—

The Company did not obtain any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Save as disclosed above, there are no material contracts or loans entered into by the Group involving the interests of the CEO, any Director or Controlling Shareholder of the Company, either still subsisting at the end of FY2016 or if not subsisting, were entered into since 1 April 2016.



# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT

### Inherent industry risk

The Group is exposed to the volatility in market condition of the industries that it operates in. Such volatility could be due to factors like, volatility in freight and charter rates, oil price and the demand and supply of shipping capacity. However, the Group's exposure to such fluctuations is reduced by the establishment of the Group's operations in the various geographical locations, its worldwide customer base and involvement in different sectors and industries. Through the geographic spread and diversity of industry of the Group's operations, the Group reduces dependence on market conditions within a particular sector or location.

In addition, the Group actively seeks to develop new markets and expand its scope of products and services for further growth. Hence, the Group is able to spread its business risks and reduce excessive reliance on any one particular customer, location or industry.

### Dependence on key management personnel

The continued success of the Group, to certain extent, is dependent on its key management, technical and engineering personnel. The Group constantly looks into the issue of attracting, retaining, training and recruiting suitably qualified personnel for its operations to ensure that the team continues to be driven and well-guided to pursue further challenges ahead.

The Group is committed to provide the necessary training to its technical and engineering staff force to ensure that their skills stay relevant and measure up to the industries' and customers' requirements in order to retain its competitive edge.

### Project execution risk

The Group is required to conform with technical specifications, operational procedures and time schedule for the satisfactory completion of any project contracted to the Group. The agreement between the Group and its customers would normally include a provision for the payment of liquidated damages by the Group in the event that the Group is unable to complete the projects in accordance with the terms of the contract. Unforeseeable circumstances could disrupt or delay the completion of the projects that the Group undertakes from time to time. Such disruption and/or delay will result in cost overruns and higher operating costs which may materially and adversely affect the Group's profitability. If the Group is the cause of the delay in the completion of the projects, the Group will be liable for liquidated damages which may materially and adversely affect its reputation, operations or financial performance. In addition, any failure by the Group to complete projects according to customers' specifications may also lead to claims of liquidated damages against the Group which would adversely affect its financial performance.

# DIRECTORS' STATEMENT

The Directors of the Jason Marine Group Limited (the “**Company**”) present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2016 and the statement of financial position of the Company as at 31 March 2016.

## 1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) The consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Foo Chew Tuck  
Tan Lian Huat  
Wong Hin Sun Eugene  
Sin Hang Boon @ Sin Han Bun  
Eileen Tay-Tan Bee Kiew

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

## 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the “**Act**”), the Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations, except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 April 2015	Balance at 31 March 2016	Balance at 1 April 2015	Balance at 31 March 2016
<b>Company</b>				
Number of ordinary shares				
Foo Chew Tuck	81,300,000	81,300,000	–	–
Tan Lian Huat	1,020,000	1,020,000	–	–
Wong Hin Sun Eugene	–	–	3,150,000	2,650,000

By virtue of Section 7 of the Act, Mr Foo Chew Tuck is deemed to have interests in the shares of all the wholly-owned subsidiary corporations of the Company as at the beginning and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interests as at 21 April 2016 in the shares of the Company have not changed from those disclosed as at 31 March 2016.

# DIRECTORS' STATEMENT

## 5. SHARE OPTIONS

### Jason Employee Share Option Scheme

The Company has implemented a share option scheme known as the “Jason Employee Share Option Scheme” (“**ESOS**”). The ESOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 15 September 2009. The ESOS is administered by the Remuneration Committee. No share options have been granted to-date under the ESOS.

### Jason Performance Share Plan

The Company has implemented a performance share plan known as the “Jason Performance Share Plan” (“**PSP**”). The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 27 July 2011. The PSP is administered by the Remuneration Committee.

The ESOS and PSP apply to group employees, executive directors and non-executive directors, who are not controlling shareholders or their associates.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

## 6. AUDIT COMMITTEE

The Audit Committee comprises the following members, who are either Non-Executive or Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Eileen Tay-Tan Bee Kiew (Chairperson)  
Sin Hang Boon @ Sin Han Bun  
Wong Hin Sun Eugene

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

- (i) reviewing the audit plans and results of the external audit;
- (ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
- (iii) reviewing the Group's financial and operating results and accounting policies;
- (iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;
- (v) reviewing the half yearly and annual announcements on the results of the Company and the Group;
- (vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;
- (vii) making recommendation to the Board on the re-appointment of the Group's internal and external auditors; and
- (viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.



## DIRECTORS' STATEMENT

### 6. **AUDIT COMMITTEE** (Continued)

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and noted that there were no non-audit services provided by the external auditors that would affect the independence of the external auditors.

The Audit Committee has full access to and the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The internal and external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

### 7. **INDEPENDENT AUDITOR**

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

### 8. **ADDITIONAL DISCLOSURE REQUIREMENTS OF THE LISTING MANUAL OF THE SGX-ST**

The auditors of the subsidiary corporations and associates of the Company are disclosed in Notes 6 and 7 to the financial statements. In the opinion of the Board of Directors and Audit Committee, Rule 716 of the Listing Manual of the SGX-ST has been complied with.

On behalf of the Board of Directors

**Foo Chew Tuck**  
Director

**Tan Lian Huat**  
Director

Singapore  
22 June 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Jason Marine Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) which comprise the consolidated statements of financial position of the Group and of the Company as at 31 March 2016, statement of changes in equity of the Group and of the Company and the consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditor's responsibility*

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

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

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

### *Opinion*

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
22 June 2016

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

		Group		Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-current assets</b>					
Intangible asset	4	31	64	–	–
Plant and equipment	5	901	773	–	–
Investments in subsidiaries	6	–	–	15,480	14,480
Investments in associates	7	578	184	–	–
Available-for-sale financial assets	8	662	1,932	–	–
Other receivables	9	–	186	–	–
Deferred tax assets	10	1	3	–	–
<b>Total non-current assets</b>		<b>2,173</b>	<b>3,142</b>	<b>15,480</b>	<b>14,480</b>
<b>Current assets</b>					
Inventories	11	5,895	6,240	–	–
Trade and other receivables	9	16,051	13,743	8	76
Derivative financial	15	139	–	–	–
Prepayments		274	247	31	23
Current income tax recoverable		1	4	–	–
Cash and cash equivalents	12	13,956	22,294	5,060	5,292
<b>Total current assets</b>		<b>36,316</b>	<b>42,528</b>	<b>5,099</b>	<b>5,391</b>
Less:					
<b>Current liabilities</b>					
Trade and other payables	13	6,748	8,872	316	301
Advances from customers	14	9,763	6,579	–	–
Derivative financial	15	–	184	–	–
Current income tax payable		15	317	1	–
<b>Total current liabilities</b>		<b>16,526</b>	<b>15,952</b>	<b>317</b>	<b>301</b>
<b>Net current assets</b>		<b>19,790</b>	<b>26,576</b>	<b>4,782</b>	<b>5,090</b>
Less:					
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	50	105	–	–
<b>Net assets</b>		<b>21,913</b>	<b>29,613</b>	<b>20,262</b>	<b>19,570</b>
<b>Equity</b>					
Share capital	16	17,967	17,967	17,967	17,967
Treasury shares	17	(255)	(25)	(255)	(25)
Foreign currency translation account	18	(111)	(196)	–	–
Retained earnings		4,288	11,859	2,550	1,628
<b>Equity attributable to owners of the parent</b>		<b>21,889</b>	<b>29,605</b>	<b>20,262</b>	<b>19,570</b>
Non-controlling interests		24	8	–	–
<b>Total equity</b>		<b>21,913</b>	<b>29,613</b>	<b>20,262</b>	<b>19,570</b>

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



# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 \$'000	2015 \$'000
Revenue	19	37,169	56,421
Cost of sales		(30,081)	(41,692)
Gross profit		7,088	14,729
<b>Other item of income</b>			
Other income	20	1,253	2,066
<b>Other items of expense</b>			
Distribution costs		(6,271)	(5,859)
General and administrative expenses		(5,557)	(6,005)
Other expenses		(2,441)	(440)
Share of results of associates, net of tax		(32)	(130)
<b>(Loss)/profit before income tax</b>	21	(5,960)	4,361
Income tax expense	22	(24)	(492)
<b>(Loss)/profit for the financial year</b>		(5,984)	3,869
<b>(Loss)/profit attributable to:</b>			
Owners of the parent		(5,996)	3,890
Non-controlling interests		12	(21)
		(5,984)	3,869
<b>Earnings per share</b>			
– Basic and diluted	23	(5.70) cents	3.67 cents

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
(Loss)/profit for the financial year	(5,984)	3,869
<b>Other comprehensive income:</b>		
<i>Items that will or may be reclassified subsequently to profit or loss:</i>		
Foreign currency differences on translation of foreign operations	89	(116)
Other comprehensive income for the financial year, net of tax	89	(116)
Total comprehensive income for the financial year	(5,895)	3,753
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	(5,911)	3,780
Non-controlling interests	16	(27)
	(5,895)	3,753

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

	Note	Share capital \$'000	Treasury shares \$'000	Foreign currency translation account \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Group</b>								
Balance at 1 April 2015		17,967	(25)	(196)	11,859	29,605	8	29,613
<b>Loss for the financial year</b>		–	–	–	(5,996)	(5,996)	12	(5,984)
<b>Other comprehensive income for the financial year</b>								
Foreign currency differences on translation of foreign operations		–	–	85	–	85	4	89
<b>Total comprehensive income for the financial year</b>		–	–	85	(5,996)	(5,911)	16	(5,895)
Treasury shares	17	–	(230)	–	–	(230)	–	(230)
Dividends	24	–	–	–	(1,575)	(1,575)	–	(1,575)
		–	(230)	–	(1,575)	(1,805)	–	(1,805)
Balance at 31 March 2016		17,967	(255)	(111)	4,288	21,889	24	21,913
Balance at 1 April 2014		17,967	–	(86)	9,555	27,436	(62)	27,374
<b>Profit for the financial year</b>		–	–	–	3,890	3,890	(21)	3,869
<b>Other comprehensive income for the financial year</b>								
Foreign currency differences on translation of foreign operations		–	–	(110)	–	(110)	(6)	(116)
<b>Total comprehensive income for the financial year</b>		–	–	(110)	3,890	3,780	(27)	3,753
Disposal of subsidiary	6	–	–	–	–	–	97	97
Treasury shares	17	–	(25)	–	–	(25)	–	(25)
Dividends	24	–	–	–	(1,586)	(1,586)	–	(1,586)
		–	(25)	–	(1,586)	(1,611)	97	(1,514)
Balance at 31 March 2015		17,967	(25)	(196)	11,859	29,605	8	29,613

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



# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

	Note	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
<b>Company</b>					
Balance at 1 April 2015		17,967	(25)	1,628	19,570
<b>Profit for the financial year</b>		–	–	2,497	2,497
<b>Total comprehensive income for the financial year</b>		–	–	2,497	2,497
Treasury shares	17	–	(230)	–	(230)
Dividends	24	–	–	(1,575)	(1,575)
		–	(230)	(1,575)	(1,805)
Balance at 31 March 2016		17,967	(255)	2,550	20,262
Balance at 1 April 2014		17,967	–	1,136	19,103
<b>Profit for the financial year</b>		–	–	2,078	2,078
<b>Total comprehensive income for the financial year</b>		–	–	2,078	2,078
Treasury shares	17	–	(25)	–	(25)
Dividends	24	–	–	(1,586)	(1,586)
		–	(25)	(1,586)	(1,611)
Balance at 31 March 2015		17,967	(25)	1,628	19,570

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
<b>Operating activities</b>			
(Loss)/profit before income tax		(5,960)	4,361
Adjustments for:			
Allowance for impairment loss on doubtful third parties trade receivables	9	665	79
Allowance for impairment loss on doubtful third parties non-trade receivables	9	505	–
Allowance for impairment loss on doubtful associate non-trade receivables	9	50	–
Impairment loss on available-for-sale financial assets	8	780	–
Allowance for inventory obsolescence	21	–	218
Amortisation of intangible asset	4	33	28
Realised gain on derivative financial instruments	20	(184)	–
Fair value (gain)/loss on derivative financial instruments	20, 21	(139)	141
Depreciation of plant and equipment	5	491	609
Loss on disposal of plant and equipment	21	4	2
Gain on disposal of a subsidiary	6	–	(151)
Gain on disposal of available-for-sale financial assets	20	(186)	–
Interest income	20	(144)	(171)
Share based expenses		–	35
Share of results of associates	7	32	130
Trade payable written off		–	(162)
Write-back of allowance for impairment loss on doubtful third parties trade receivables	9	(48)	(10)
Operating cash flows before working capital changes		(4,101)	5,109
Working capital changes:			
Inventories		345	2,511
Trade and other receivables		(3,294)	4,396
Prepayments		(27)	(91)
Trade and other payables		(2,124)	(1,363)
Advances from customers		3,184	(2,394)
Cash generated from operations		(6,017)	8,168
Income tax paid		(376)	(489)
Net cash (used in)/from operating activities		(6,393)	7,679
<b>Investing activities</b>			
Acquisition of intangible asset		–	(53)
Acquisition of available-for-sale financial assets		–	(450)
Interest received		144	171
Disposal of subsidiary, net of cash disposed		–	16
Disposal of available-for-sale financial assets	8	226	–
Dividend received	7	24	–
Proceeds from disposals of plant and equipment		3	–
Purchase of plant and equipment	5	(626)	(362)
Net cash used in investing activities		(229)	(678)
<b>Financing activities</b>			
Dividends paid	24	(1,575)	(1,586)
Purchase of treasury shares	17	(230)	(60)
Net cash used in financing activities		(1,805)	(1,646)
Net change in cash and cash equivalents		(8,427)	5,355
Cash and cash equivalents at beginning of financial year		22,294	17,060
Effects of foreign exchange rate changes on cash and cash equivalents		89	(121)
Cash and cash equivalents at end of financial year	12	13,956	22,294

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

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

## 1. GENERAL CORPORATE INFORMATION

Jason Marine Group Limited (the “**Company**”) is a public limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383. The Company’s registration number is 200716601W. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The ultimate controlling party is Mr Foo Chew Tuck, a director of the Company.

The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2016 were authorised for issue in accordance with a Directors’ resolution dated 22 June 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“**FRS**”) including related interpretations of FRS (“**INT FRS**”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar (“**\$**”) which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand (“**\$’000**”) as indicated.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement, estimates and assumptions that affect Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgments or estimates have significant effect on the financial statement are disclosed in Note 3.

During the financial year, the Group adopted the new or revised FRS that are relevant to their operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS. The adoption of the new or revised FRS did not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current and prior financial years.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

*FRS issued but not yet effective*

As at the date of the authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41 (Amendments)	: Agriculture: Bearer Plants	1 January 2016
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110, 112 and 28	: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111 (Amendments)	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	: Regulatory Deferral Accounts	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (November 2014)		
FRS 19 (Amendments)	: Employee Benefits	1 January 2016
FRS 34 (Amendments)	: Interim Financial Reporting	1 January 2016
FRS 105 (Amendments)	: Non-current Assets Held for sale and Discontinued Operations	1 January 2016
FRS 107 (Amendments)	: Financial Instruments: Disclosures	1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

Except as disclosed below, management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

*FRS issued but not yet effective (Continued)*

*FRS 109 Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group and the Company will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group and the Company are holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group and the Company will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

*FRS 115 Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period except as disclosed in Note 6 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

### 2.3 Business combinations

#### Business combinations from 1 April 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Business combinations (Continued)

#### Business combinations from 1 April 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

#### Business combinations before 1 April 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were 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 were treated as a revaluation and recognised in equity.

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 would otherwise have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Intangible asset

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual 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 changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at 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.

#### *Computer software*

Computer software license is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is calculated using the straight-line method to allocate the amount of the computer software over its estimated useful life of three years.

Computer software license is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at each financial year-end to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the computer software.

### 2.5 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.5 Plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the plant and equipment over their estimated useful lives as follows:

	Years
Office equipment	7
Furniture and fittings	10
Motor vehicles	5
Electrical fittings	7
Plant and machinery	1-7
Renovation	3
Computers	3

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

### 2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

### 2.7 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associates.

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in associates.

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss, unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "weighted average" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less estimated cost of completion and costs incurred in marketing and distribution. When necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Financial assets

The Group classifies financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets are acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables” and “cash and cash equivalents” on the statements of financial position.

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

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the assets within 12 months after the end of the reporting period.

#### *Recognition and derecognition*

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### *Initial and subsequent measurement*

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

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

After initial recognition, available-for-sale financial assets are re-measured at fair value with gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Financial assets (Continued)

#### *Impairment*

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### (i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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 loss was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

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

Significant or prolonged decline in the fair value of debt or equity security below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that the available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in equity is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments is recognised directly in equity except for impairment losses on equity instruments at cost which are not reversed. Reversals of impairment loss on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### 2.11 Derivative financial instruments

Derivative financial instruments held by the Group are recognised as assets or liabilities on the statement of financial position and classified as financial assets or financial liabilities at fair value through profit or loss.

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and equity price risks, including foreign exchange forward contracts and put options.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.13 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as fair value through profit or loss upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

#### (i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instruments.

#### *Recognition and derecognition*

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

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.

### 2.14 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

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

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised within the statements of changes in equity of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates and discounts and sales related taxes.

Revenue from sale of goods is recognised when equipments are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Revenue from rendering of services and airtime is recognised when the services have been performed and accepted by the customers in accordance to the relevant terms and conditions of the contracts.

Interest income is recognised on a time-proportion basis using the effective interest method.

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

### 2.16 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

### 2.17 Leases

*As lessee*

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 lease term on a straight-line basis.

*As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as leasing income.

### 2.18 Employee benefits

*Defined contribution plans*

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

*Employee leave entitlement*

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

### 2.19 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.20 Taxes

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or other comprehensive income.

Taxable profit differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Current income tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred 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 liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### 2.21 Foreign currency translations and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.21 Foreign currency translations and translation (Continued)

For the purpose of presenting consolidated financial statements, the results and financial positions of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rate at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity.

### 2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the financial year in which the dividends are approved by the shareholders.

### 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

- (i) Impairment of available-for-sale equity instruments

The Group records impairment charges on available-for-sale equity investments when there have been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates using valuation techniques including the market approach performed by an independent valuation firm. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgements is required to determine the duration and extent to which the fair value of an investment is less than its cost. The carrying amounts of the Group's available-for-sale equity instruments as at 31 March 2016 were approximately \$662,000 (2015: \$1,932,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### 3.1 Critical judgements made in applying the accounting policies (Continued)

(ii) Impairment of investments in subsidiaries

Management reviews the investments in subsidiaries for indication of impairment on an annual basis. Management has evaluated and concluded that there is no further indication of impairment in the investment of subsidiaries as at 31 March 2016 and for the financial year then ended as the subsidiaries are assessed to be commercially viable. The total carrying amounts of the investment in subsidiaries in the Company's statement of financial position as at 31 March 2016 are \$15,480,000 (2015: \$14,480,000).

(iii) Significant influence

Significant influence is presumed to exist (or not exist) when an entity holds 20% or more (or less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group has 17% of the voting rights in Sense Infosys Pte. Ltd ("Sense Infosys") over which the Group has determined that it has significant influence in view that the Group has representative in the board of directors of Sense Infosys to participate in all the financial and operating policy decisions of the investee.

Based on this, the Group considers that it has the power to exercise significant influence and has equity accounted its interest in Sense Infosys as an associate (Note 7).

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The management estimates the useful lives of these assets to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at 31 March 2016 was approximately \$901,000 (2015: \$773,000).

(ii) Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the weighted average method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical, estimated future demand and related pricing. In determining excess quantities, the management considers inventory forecast uncertainty, recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 March 2016 was approximately \$5,895,000 (2015: \$6,240,000).

(iii) Allowance for impairment loss of trade and other receivables

The management establishes allowance for impairment loss on doubtful receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 March 2016 were approximately \$16,051,000 and \$8,000 (2015: \$13,743,000 and \$76,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 4. INTANGIBLE ASSET

	Group	
	2016 \$'000	2015 \$'000
<b>Computer software</b>		
<b>Cost</b>		
Balance at beginning of year	650	596
Additions	–	53
Currency translation adjustment	–	1
Balance at end of year	650	650
<b>Accumulated amortisation</b>		
Balance at beginning of year	586	557
Amortisation for the year	33	28
Currency translation adjustment	–	1
Balance at end of year	619	586
<b>Carrying amount</b>		
Balance at end of year	31	64

Amortisation of the computer software costs is included in the “General and administrative expenses” line item in the Group’s profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 5. PLANT AND EQUIPMENT

	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Electrical fittings \$'000	Plant and machinery \$'000	Renovation \$'000	Computers \$'000	Total \$'000
<b>Group</b>								
<b>2016</b>								
<b>Cost</b>								
Balance at 1 April 2015	254	347	422	60	1,372	179	911	3,545
Additions	26	–	178	–	384	1	37	626
Disposals	(10)	–	(213)	–	(420)	–	(90)	(733)
Currency translation adjustment	(1)	–	(2)	–	(1)	–	(2)	(6)
Balance at 31 March 2016	269	347	385	60	1,335	180	856	3,432
<b>Accumulated depreciation</b>								
Balance at 1 April 2015	177	287	371	46	981	148	762	2,772
Depreciation for the year	21	11	49	4	285	21	100	491
Disposals	(8)	–	(213)	–	(416)	–	(89)	(726)
Currency translation adjustment	(1)	–	(2)	–	(1)	–	(2)	(6)
Balance at 31 March 2016	189	298	205	50	849	169	771	2,531
<b>Carrying amount</b>								
Balance at 31 March 2016	80	49	180	10	486	11	85	901
<b>2015</b>								
<b>Cost</b>								
Balance at 1 April 2014	249	336	419	60	1,118	177	875	3,234
Additions	4	13	–	–	253	2	90	362
Disposals	–	(2)	–	–	–	–	(55)	(57)
Currency translation adjustment	1	–	3	–	1	–	1	6
Balance at 31 March 2015	254	347	422	60	1,372	179	911	3,545
<b>Accumulated depreciation</b>								
Balance at 1 April 2014	153	278	349	42	546	128	721	2,217
Depreciation for the financial year	23	11	21	4	435	20	95	609
Disposals	–	(2)	–	–	–	–	(55)	(57)
Currency translation adjustment	1	–	1	–	–	–	1	3
Balance at 31 March 2015	177	287	371	46	981	148	762	2,772
<b>Carrying amount</b>								
Balance at 31 March 2015	77	60	51	14	391	31	149	773



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	\$'000	\$'000
Unquoted equity shares, at cost	15,100	15,100
Addition	1,000	–
Allowance for impairment loss	(620)	(620)
	15,480	14,480

Movement in allowance for impairment loss is as follows:

	Company	
	2016	2015
	\$'000	\$'000
Balance at beginning of year	620	208
Allowance made during the year*	–	412
Balance at end of year	620	620

\* The impairment loss was included in the “General and administrative expenses” in the Company’s profit or loss for the financial year then ended.

During the previous year, the Group carried out a review of the recoverable amount of the investment in Jason Asia Pte. Ltd., a subsidiary incorporated in Singapore, due to the losses reported by this subsidiary as a result of loss of key customer. The review led to a further recognition of an impairment loss of \$412,000 that has been recognised in profit or loss. The investment in the subsidiary has been fully impaired.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2016	2015	2016	2015
		%	%	%	%
<b>Held by the Company</b>					
Jason Electronics (Pte) Ltd <sup>(1)</sup> (Singapore)	Design, integration, installation and commissioning of radio, satellite communication and navigational systems	100	100	–	–
Jason Asia Pte Ltd <sup>(1)</sup> (Singapore)	Servicing of communication and navigational systems	100	100	–	–
Jason Venture Pte. Ltd. <sup>(1)</sup> (Singapore)	Investment holding company	100	100	–	–
Jason Energy Pte. Ltd. <sup>(1)</sup> (Singapore)	Sale and service of marine communication, navigation and automation systems	100	100	–	–
Marine Innovation Pte. Ltd. <sup>(1)</sup> (Singapore)	Sale and service of marine communication, navigation and automation equipment	100	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 6. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2016 %	2015 %	2016 %	2015 %
<b>Held by Jason Venture Pte. Ltd.</b>					
Jason Elektronik (M) Sdn. Bhd. <sup>(2)</sup> (Malaysia)	Trading and servicing of communication, navigation, and automation equipment	100	100	–	–
Jason (Shanghai) Co., Ltd <sup>(3)</sup> (People’s Republic of China)	Sales and service of radio, satellite communication and navigation system	100	100	–	–
PT Jason Elektronika <sup>(4)</sup> (Indonesia)	Import trading, maintenance and support services of communication, navigation and automation equipment and spares	99	99	–	–
Jason Korea Co., Ltd. <sup>(5)</sup> (South Korea)	Manufacture, sales and service of marine offshore and industrial communication, navigation and automation systems	51	51	49	49
Koden Singapore Pte. Ltd. <sup>(1)</sup> (Singapore)	Marketing, sale, distribution and servicing of marine electronics products	60	60	40	40
<b>Held by Jason Asia Pte. Ltd.</b>					
PT Jason Elektronika <sup>(4)</sup> (Indonesia)	Import trading, maintenance and support services of communication, navigation and automation equipment and spares	1	1	–	–

(1) Audited by BDO LLP, Chartered Accountants, Singapore

(2) Audited by UHY, Chartered Accountants, Malaysia

(3) Audited by SBA Stone Forest Shanghai, Certified Public Accountants (Partnership), People's Republic of China

(4) Audited by Tanubrata Sutanto Fahmi & Rekan, a member of BDO International Limited, Indonesia

(5) Audited by Daesung Tax Accounting Corp., South Korea

The financial statements of Jason (Shanghai) Co., Ltd is made up to 31 December each year. This was the financial reporting date established when the subsidiary was incorporated, and a change of reporting date is not permitted because of the regulatory requirements. For the purpose of consolidation, the financial statements of Jason (Shanghai) Co., Ltd for the year ended 31 December 2015 has been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2016.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### Incorporation of subsidiary

On 25 May 2015, the Company incorporated a wholly-owned subsidiary, Marine Innovation Pte. Ltd. (“**Marine Innovation**”) in Singapore with an issued share capital of S\$1,000,000 comprising 1,000,000 ordinary shares. Marine Innovation has been established with the purpose to widen the Group’s customer base and product portfolio through the sale and service of marine communication, navigation and automation equipment.

### Disposal of subsidiary

On 3 April 2014, the Company’s wholly-owned subsidiary, Jason Venture Pte. Ltd. disposed of its 51% equity interest, comprising 51,000 ordinary shares, in the share capital of Baze Marine & Offshore Pte. Ltd. (“**BMO**”) to the other shareholder, Baze Technology AS for a cash consideration of \$51,000.

The effects of the disposal as at the date of disposal were:

	Carrying amount \$’000
Trade and other receivables	1
Cash and cash equivalents	35
	36
Trade and other payables	(839)
Total liabilities	(803)
Less: Waiver of payables	606
Net identifiable liabilities	(197)
Less: Non-controlling interests	97
	(100)

The effects of disposal of subsidiary on cash flows are as follows:

	2015 \$’000
Net identifiable liabilities disposed (as above)	(100)
Gain on disposal	151
Cash proceeds from disposal	51
Cash and cash equivalents disposed	(35)
Net cash inflow on disposal	16

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 7. INVESTMENTS IN ASSOCIATES

	Group	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	158	158
Reclassification	450	–
Share of post acquisition results	(30)	26
	<u>578</u>	<u>184</u>

During the current financial year, the Group recognised \$32,000 (2015: \$130,000) loss after tax in the consolidated statement of comprehensive income and dividend of \$24,000 (2015: \$Nil) was received by the Group during the year.

The details of the associates are as follows:

Name of associates (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group	
		2016 %	2015 %
Jason Electronics (Thailand) Co., Ltd <sup>(1)</sup> (Thailand)	Sales and service of radio, satellite communications and navigational system	49	49
iPromar (Pte.) Ltd. <sup>(2)</sup> (Singapore)	Process plant and engineering services	25	25
Sense Infosys Pte Ltd <sup>(3)</sup> (Singapore)	Provision of consultancy and software development and marine networking and communication	17	–*

(1) Audited by BDO Limited, a member of BDO International Limited, Thailand

(2) Audited by AAA Assurance PAC Chartered Accountants, Singapore

(3) Audited by Brandon Soh & Associates PAC, Singapore

\* The Group account for it as an available-for-sale financial assets in 2015.

Although the Group holds less than 20% of the voting power in Sense Infosys Pte Ltd (“**Sense Infosys**”), this entity is equity accounted in view that the Group has representative in the board of directors of Sense Infosys.

### Summarised financial information (immaterial associates)

The following table summarises, in aggregate, the Group’s share of profit and other comprehensive income of the Group’s individually immaterial associated companies accounted for using the equity method:

	2016 \$'000	2015 \$'000
Loss for the financial year representing total comprehensive income	<u>(32)</u>	<u>(130)</u>
Carrying value of immaterial associates	<u>578</u>	<u>184</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2016 \$'000	2015 \$'000
At 1 April	1,932	1,482
Additions	–	450
Reclassification	(450)	–
Impairment loss* (Note 21)	(780)	–
Disposal	(40)	–
At 31 March	662	1,932

	Group	
	2016 \$'000	2015 \$'000
Available-for-sale financial assets, at cost	214	1,932
Available-for-sale financial assets, at fair value	448	–
At 31 March	662	1,932

\* The impairment loss is included in the “Other expenses” line item in the profit or loss of the Group for the financial year then ended.

During the financial year, the Group recognised an impairment loss of \$780,000 (2015: \$Nil) for unquoted equity securities as there were significant decline in the fair value of the investments in e-Marine Co., Ltd. Correspondingly, the Group had also recognised the fair value gain on the put option embedded within the investment (Note 15).

On 29 October 2015, the Company disposed its entire 9% shareholding interest in the issued share capital of Rockson Automation GmbH to Highlander Ocean Engineering Technology Development (HK) Co., Limited of Hong Kong, for a cash consideration of EUR149,500 (or approximately S\$226,000).

In the previous financial year, included in the above unquoted investments is an investment in Sense Infosys amounting to \$450,000 whereby under the preference share subscription agreement with Sense Infosys, Sense Infosys has granted 52,000 Series A convertible preference shares (“Preference Shares”) to the Group. The Preference Shares, if converted, will be at a rate of 1 Preference Shares for 1 Ordinary Shares subject to Preference Shares Anti-Dilution Carve-Outs. The conversion of the preference shares may be exercised at any time by providing not less than 30 days’ notice in writing.

In the current financial year, investment in SIS had been reclassified to investments in associates, which the Group has determined to have significant influence.

Certain investments in unquoted equity securities are stated at cost less impairment loss, if any, as its fair value cannot be determined reliably.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-current</b>				
Other receivables – third party	–	186	–	–
<b>Current</b>				
Trade receivables				
– third parties	15,908	13,365	–	–
– an associate	44	43	–	–
	15,952	13,408	–	–
Allowance for impairment loss on doubtful trade receivables – third parties	(1,136)	(707)	–	–
	14,816	12,701	–	–
Non-trade receivables				
– third parties	589	535	4	9
– subsidiaries	–	–	–	67
– associates	337	20	–	–
	926	555	4	76
Allowance for impairment loss on doubtful non-trade receivables – third parties	(505)	–	–	–
Allowance for impairment loss on doubtful non-trade receivables – associate	(50)	–	–	–
	371	555	4	76
Security and other deposits	126	98	–	–
Advances to suppliers	693	352	4	–
Advances to staff	45	37	–	–
	16,051	13,743	8	76
Total trade and other receivables	16,051	13,929	8	76

Trade receivables are unsecured, interest-free and generally on 30 to 90 (2015: 30 to 90) days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade amount due from an associate is unsecured, interest-free and repayable within the normal trade credit terms and are to be settled in cash.

The non-trade amounts due from a third party is unsecured, bears interest at Nil% (2015: 4%) per annum with fixed repayment terms.

The non-trade amounts due from subsidiaries and associates are unsecured, interest-free, repayable on demand and are to be settled in cash.

Advances to suppliers pertain to the payments made by Group in advance for the purchase of inventories.

Advances to staff is unsecured, interest-free and repayable on demand.

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience. The carrying amount of third parties trade receivables individually determined to be impaired is as follows:

	Group	
	2016 \$'000	2015 \$'000
Past due for more than 365 days	1,136	707

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 9. TRADE AND OTHER RECEIVABLES (Continued)

Movements in allowance for impairment loss on doubtful third parties trade receivables are as follows:

	Group	
	2016 \$'000	2015 \$'000
Balance at beginning of financial year	707	638
Allowance made during the financial year (Note 21)	665	79
Write-back of allowance during the financial year (Note 20)	(48)	(10)
Allowance written off during the financial year	(188)	–
Balance at end of financial year	1,136	707

Allowance for impairment loss on doubtful third parties trade receivables of approximately \$665,000 (2015: \$79,000) was recognised in profit or loss subsequent to a debt recovery assessment performed during the financial year.

The write-back of allowance for impairment loss on doubtful third parties trade receivables amounting to approximately \$48,000 (2015: \$10,000) was recognised in profit or loss when the related trade receivables were subsequently recovered.

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancement.

### Receivables that are impaired

At the end of the reporting period, the Group has provided an allowances of approximately \$1,136,000 (2015: 707,000) for impairment of third party trade receivables which relate to debtors who have defaulted in payment.

Movements in allowance for impairment loss on doubtful third parties non-trade receivables are as follows:

	Group	
	2016 \$'000	2015 \$'000
Balance at beginning of year	–	–
Allowance made during the financial year (Note 21)	505	–
Balance at end of financial year	505	–

Movements in allowance for impairment loss on doubtful associate non-trade receivables are as follows:

	Group	
	2016 \$'000	2015 \$'000
Balance at beginning of year	–	–
Allowance made during the financial year (Note 21)	50	–
Balance at end of financial year	50	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 9. TRADE AND OTHER RECEIVABLES (Continued)

The currency profiles of trade and other receivables as at the end of the reporting period are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States dollar	5,720	6,525	–	–
Singapore dollar	9,981	7,205	8	76
Euro	193	58	–	–
Chinese renminbi	31	38	–	–
Korean won	1	5	–	–
Norwegian kroner	7	6	–	–
Ringgit Malaysia	–	17	–	–
Others	118	75	–	–
	16,051	13,929	8	76

## 10. DEFERRED TAX ASSETS / (LIABILITIES)

	Group	
	2016 \$'000	2015 \$'000
<i>Deferred tax assets</i>		
Balance at beginning of year	3	2
(Credited)/Charged to profit or loss	(2)	1
Balance at end of year	1	3
<i>Deferred tax liabilities</i>		
Balance at beginning of year	(105)	(129)
Credited to profit or loss	55	24
Balance at end of year	(50)	(105)

Deferred tax assets/(liabilities) arise as a result of temporary differences between the tax written down values and the carrying amounts of plant and equipment computed at the prevailing statutory income tax rate of 17% (2015: 17%).



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 11. INVENTORIES

	Group	
	2016 \$'000	2015 \$'000
Trading goods	5,895	6,240

The cost of inventories recognised as an expense and included in “cost of sales” line item in profit or loss was approximately \$17,890,000 (2015: \$29,871,000) for the financial year ended 31 March 2016.

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence of approximately \$Nil (2015: \$218,000) that had been included in “other expenses” line item in profit or loss.

## 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fixed deposits	7,938	17,018	4,069	4,955
Cash and bank balances	6,018	5,276	991	337
Cash and cash equivalents as per statements of financial position	13,956	22,294	5,060	5,292

Fixed deposits are placed between one month to twelve months (2015: one month to twelve months) from the end of the reporting period and the effective interest rates on the fixed deposits were 0.430% to 7.750% (2015: 0.200% to 6.290%) per annum.

The currency profiles of cash and cash equivalents as at the end of the reporting period are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States dollar	5,730	10,715	–	–
Singapore dollar	7,090	10,309	5,060	5,292
Ringgit Malaysia	319	324	–	–
Indonesian rupiah	363	343	–	–
Euro	264	432	–	–
Chinese renminbi	97	75	–	–
Others	93	96	–	–
	13,956	22,294	5,060	5,292

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 13. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables				
– third parties	3,920	4,876	–	–
– an associate	29	64	–	–
– non-controlling interests	239	91	–	–
	4,188	5,031	–	–
Non-trade payables				
– third parties	395	282	31	53
– an associate	–	23	–	–
	395	305	31	53
Accrued expenses	1,794	2,913	285	248
Customers' deposits	371	623	–	–
Total trade and other payables	6,748	8,872	316	301

Trade payables are unsecured, interest-free and repayable within the normal trade credit terms of 30 to 120 (2015: 30 to 120) days.

The trade amounts due to an associate and non-controlling interests are unsecured, interest-free, repayable within the normal credit terms and to be settled in cash.

The non-trade amount due to an associate is unsecured, interest-free, repayable on demand and to be settled in cash.

The currency profiles of trade and other payables, as at the end of the reporting period are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore dollar	3,645	5,032	316	301
United States dollar	1,219	2,354	–	–
Norwegian kroner	92	246	–	–
Euro	587	163	–	–
Chinese renminbi	732	680	–	–
Korean won	27	169	–	–
British pound	211	42	–	–
Japanese yen	214	124	–	–
Others	21	62	–	–
	6,748	8,872	316	301

## 14. ADVANCES FROM CUSTOMERS

### Group

Advances from customers relate to billings made to customers for goods yet to be delivered and services yet to be rendered.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 15. DERIVATIVE FINANCIAL

	Group	
	2016 \$'000	2015 \$'000
<b>Assets</b>		
Put option	139	–
<b>Liabilities</b>		
Foreign currency forward contracts	–	184

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and equity price risks, including foreign exchange forward contracts.

### Put option arising from investment in e-Marine Co., Ltd

The Group entered into a shareholder agreement with e-Marine Co., Ltd where a put option had been granted in respect of the 23,486 common shares held. The put option, if exercised, will require e-Marine to acquire a part or all of the 23,486 common shares for KRW44,069 (equivalent to \$51) per share, plus interest accrued on the aggregate consideration at a rate of 5.38% per annum for the period from 28 October 2011 to the date the put option is exercised. The exercise period of the put option is from 1 January 2017 to 31 December 2019.

As at 31 March 2016, the fair value gain of the put option contracts is estimated to be \$139,000 (2015: \$Nil). The valuation techniques used are binomial model and market approach to determine the underlying fair value of equity in e-Marine and that derives the fair value of put option.

The Group did not perform any valuation on the put options in prior years as it was not practicable to determine the fair value with sufficient reliability due to no other available methods. Subsequent to 31 March 2015, reliable financial information was made available to the Group due to a change in the controlling shareholder of e-Marine Co., Ltd.

### Foreign currency forward contracts

The Group is a party to a variety of foreign currency forward contracts in the management of its exchange rates exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

As at the end of the reporting period, the outstanding forward foreign currency contracts to which the Company is committed are as follows:

	Foreign currency		Group Notional amount		Fair value	
	2016 '000	2015 '000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Sell United States dollar	–	2,000	–	2,572	–	184

As at 31 March 2016, there is no outstanding forward foreign currency contract. In prior year, the fair value loss of the forward foreign currency contracts was \$141,000 (Note 21). These amounts are determined based on quoted market prices for equivalent forward currency contracts at the end of the reporting period.

The foreign currency forward contracts were settled within 90 days after the reporting period end 31 March 2015 on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 16. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Issued and fully-paid</b>		
106,000,000 ordinary shares at beginning and end of financial year	17,967	17,967

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

## 17. TREASURY SHARES

	<b>Group and Company</b>			
	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>'000</b>	<b>'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	103	–	25	–
Acquired during the financial year	897	250	230	60
Re-issued for share awards vested	–	(147)	–	(35)
Balance at end of financial year	1,000	103	255	25

During the financial year, the Company acquired 897,000 (2015: \$250,000) of its ordinary shares through purchases in the open market. The total amount paid to acquire the shares was approximately \$230,000 (2015: \$60,000) and has been deducted from shareholders' equity.

The treasury shares has been used and released for share awards vested under the Jason Performance Share Plan. The difference between the actual price paid to acquire treasury shares and the share grant price has been presented within the consolidated statement of changes in equity.

## 18. FOREIGN CURRENCY TRANSLATION ACCOUNT

The foreign currency translation account comprises all foreign 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 and is not distributable.

## 19. REVENUE

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods	22,930	43,775
Rendering of services	7,980	8,037
Airtime revenue	6,259	4,609
	37,169	56,421



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 20. OTHER INCOME

	Group	
	2016 \$'000	2015 \$'000
Gain on disposal of subsidiary (Note 6)	–	151
Trade payable written off	–	162
Realised gain on derivative financial instruments	184	–
Fair value gain on derivative financial instruments	139	–
Foreign exchange gain, net	–	1,102
Gain on disposal of available-for-sale financial assets	186	–
Government grants	336	258
Interest income	144	171
Marketing income	158	198
Sundry income	58	14
Write-back of allowance for impairment loss on doubtful third parties trade receivables (Note 9)	48	10
	<u>1,253</u>	<u>2,066</u>

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

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2016 \$'000	2015 \$'000
<i>Cost of sales</i>		
Depreciation of plant and equipment	<u>260</u>	<u>411</u>
<i>Distribution costs</i>		
Advertisement and promotion	200	41
Entertainment	155	133
Transportation and travelling	<u>227</u>	<u>197</u>
<i>General and administrative expenses</i>		
Amortisation of intangible asset (Note 4)	33	28
Audit fees		
– auditors of the Company	79	73
– other auditors	12	17
Depreciation of plant and equipment	231	198
Legal and professional fees	795	560
Operating lease expenses		
– rental of office equipment	32	32
– rental of office premises	<u>717</u>	<u>717</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 21. (LOSS)/PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2016 \$'000	2015 \$'000
<i>Other expenses</i>		
Allowance for impairment loss on doubtful third parties trade receivables (Note 9)	665	79
Allowance for impairment loss on doubtful third parties non-trade receivables (Note 9)	505	–
Allowance for impairment loss on doubtful associate non-trade receivables (Note 9)	50	–
Impairment loss on available-for-sale financial assets (Note 8)	780	–
Allowance for inventory obsolescence (Note 11)	–	218
Loss on disposal of plant and equipment	4	2
Fair value loss on derivative financial instruments	–	141
Foreign exchange loss, net	487	–

The (loss)/profit before income tax also includes:

	Group	
	2016 \$'000	2015 \$'000
<i>Employee benefits expense</i>		
Salaries, wages and bonuses	10,998	11,663
Contributions to defined contribution plans	1,092	1,113
Other employee benefits	275	342
	12,365	13,118

The employee benefits expense are recognised in the following line items in profit or loss:

	Group	
	2016 \$'000	2015 \$'000
Cost of sales	4,172	4,492
Distribution costs	5,611	5,400
General and administrative expenses	2,582	3,226
	12,365	13,118

The employee benefits expense include the remuneration of Directors as shown in Note 26 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 22. INCOME TAX EXPENSE

	Group	
	2016 \$'000	2015 \$'000
Current income tax		
– current financial year	9	516
– under provision in respect of prior financial years	69	1
	78	517
Deferred income tax		
– current financial year	(55)	(28)
– under provision in prior financial years	1	3
	(54)	(25)
Total income tax expense recognised in profit or loss	24	492

### Reconciliation of effective income tax rate

	Group	
	2016 \$'000	2015 \$'000
(Loss)/profit before income tax	(5,960)	4,361
Share of results of associates	32	130
	(5,928)	4,491
Income tax calculated at Singapore's statutory income tax rate of 17% (2015: 17%)	(1,008)	763
Effect of different income tax rate in other countries	(98)	31
Expenses not deductible for income tax purposes	390	288
Income not subject to income tax	(87)	(197)
Deferred tax assets not recognised	913	21
Enhanced tax deduction and tax rebate	(117)	(291)
Tax exemption	(11)	(58)
Under provision in respect of prior financial years	70	4
Utilisation of deferred tax assets previously not recognised	(32)	(72)
Others	4	3
Total income tax expense recognised in profit or loss	24	492

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 22. INCOME TAX EXPENSE (Continued)

### Unrecognised deferred tax assets

	Group	
	2016 \$'000	2015 \$'000
Balance at beginning of financial year	280	360
Utilised during the financial year	(32)	(72)
Amount not recognised during the financial year	913	21
Deferred tax assets of disposal group	–	(50)
Currency translation adjustment	4	21
Balance at end of financial year	1,165	280

Unrecognised deferred tax assets are attributable to:

	Group	
	2016 \$'000	2015 \$'000
Unutilised tax losses	1,072	270
Unabsorbed capital allowance	93	10
	1,165	280

As at 31 March 2016, the Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately \$544,000 (2015: \$58,000) and \$6,475,000 (2015: \$1,589,000) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

The total unutilised tax losses of the Group included that of a subsidiary which is in People's Republic of China amounting to \$1,491,000 (2015: \$1,117,000) can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred. The breakdown of total unutilised tax losses of a subsidiary which is in People's Republic of China are as follows:

Year of tax losses	2016		2015	
	\$'000	Expiry date	\$'000	Expiry date
2010	–	–	60	Dec-2015
2011	616	Dec-2016	616	Dec-2016
2012	441	Dec-2017	441	Dec-2017
2015	223	Dec-2020	–	–
2016	211	Dec-2021	–	–

The unrecognised deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 23. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
(Loss)/profit attributable to owners of the parent (\$'000)	(5,996)	3,890
Actual/Weighted number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	105,141	105,798
– Basic and diluted earnings per share (in cents)	(5.70)	3.67

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

## 24. DIVIDENDS

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim one-tier exempt dividend of \$0.005 (2015: \$0.005) per share in respect of current financial year	525	529
Final tax-exempt dividend of \$0.01 (2015: \$0.002) per share in respect of the previous financial year	1,050	211
Special tax-exempt dividend of \$Nil (2015: \$0.008) per share in respect of the previous financial year	–	846
	<b>1,575</b>	<b>1,586</b>

The Directors recommend a final tax-exempt dividend of \$Nil (2015: \$0.01) per share and interim one-tier exempt dividend of \$0.005 (2015: \$0.005) per share amounting to a total of approximately \$Nil (2015: \$1,050,000) and \$525,000 (2015: \$529,000) respectively to be paid in respect of the current financial year ended 31 March 2016. The final tax-exempt dividend has not been recognised as a liability at the end of the reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 25. OPERATING LEASE COMMITMENTS

### *Group as a lessor*

The Group has entered into commercial leases on its maritime equipment. These non-cancellable leases have remaining lease terms of between one to two years. Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one financial year	221	586
After one financial year but not later than five financial years	36	145
	<u>257</u>	<u>731</u>

### *Group as a lessee*

The minimum lease commitments under non-cancellable operating leases in respect of the office premise and office equipment contracted for as at the end of the reporting period are as follows:

	Group	
	2016 \$'000	2015 \$'000
Not later than one financial year	659	605
After one financial year but not later than five financial years	221	69
	<u>880</u>	<u>674</u>

The above operating lease commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in future. The leases typically run for an initial period of 1 to 4 (2015: 1 to 5) years, with an option to renew the lease for another 1 (2015: 1) year.

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to those related party information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed:

	Group	
	2016 \$'000	2015 \$'000
<b>Related parties*</b>		
Rental expense for office premises	<u>288</u>	<u>291</u>
<b>Associates</b>		
Sales	223	214
Purchases	10	18
Sub-contract charges	44	80
Dividend received	24	–
Loan to	<u>282</u>	<u>20</u>

\* The Group has entered into a lease agreement of office premises with JE Holdings Pte Ltd, Unity Consultancy Pte Ltd and Jason Harvest Pte Ltd, companies in which Mr Foo Chew Tuck have beneficial interests.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

### *Compensation of key management personnel*

The remuneration of Directors of the Company who are also the key management personnel of the Group during the financial year are as follows:

	Group	
	2016 \$'000	2015 \$'000
Short-term employee benefits	705	1,120
Post-employment benefits	11	23
Directors' fees	173	173
	<u>889</u>	<u>1,316</u>

## 27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, People's Republic of China, Brazil, Indonesia, Vietnam, Malaysia and other countries. These locations are engaged in sale of goods, rendering of services and airtime revenue.

Sale of goods related to the design, supply and sale of marine, communication, navigation and automation equipment. Rendering of services relate to the provision of maintenance and support services including repair works, troubleshooting, commissioning, radio survey and annual performance tests. Airtime revenue relates to provision of airtime for the satellite communication system.

The Group's reportable segments are strategic units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resource to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 27. SEGMENT INFORMATION (Continued)

	Sale of goods \$'000	Rendering of services \$'000	Airtime revenue \$'000	Unallocated \$'000	Eliminations \$'000	Total \$'000
<b>2016</b>						
<b>Revenue</b>						
External revenue	22,930	7,980	6,259	–	–	37,169
Inter-segment revenue	541	1,557	–	–	(2,098)	–
	23,471	9,537	6,259	–	(2,098)	37,169
<b>Results</b>						
Changes in fair value of derivative financial instruments	–	–	–	323	–	323
Gain on disposal of available-for-sale financial assets	–	–	–	186	–	186
Write-back of allowance for impairment loss on doubtful third parties trade receivables	43	5	–	–	–	48
Interest income	53	18	20	53	–	144
Interest expense	–	–	–	–	–	–
Depreciation of plant and equipment	(272)	(74)	(109)	(36)	–	(491)
Amortisation of intangible asset	–	–	–	(33)	–	(33)
Share of results of associates	–	–	–	–	(32)	(32)
Other non-cash expenses:						
– allowance for impairment loss on doubtful third parties trade receivables	(130)	(515)	(20)	–	–	(665)
– allowance for impairment loss on doubtful third parties non-trade receivables	–	–	–	(505)	–	(505)
– allowance for impairment loss on doubtful associate non-trade receivables	–	–	–	(50)	–	(50)
– Impairment loss on available-for-sale financial assets	–	–	–	(780)	–	(780)
– loss on disposal of plant and equipment	–	–	–	(4)	–	(4)
Segment (loss)/profit	(3,090)	(1,024)	48	1,109	(3,003)	(5,960)
<b>Capital expenditure</b>						
Plant and equipment	412	156	58	–	–	626
<b>Assets and liabilities</b>						
Segment assets	23,875	8,367	6,098	5,574	(6,665)	37,249
Available-for-sale financial assets	–	–	–	666	(4)	662
Investments in associates	–	–	–	513	65	578
						38,489
Segment liabilities	10,844	5,396	2,693	4,514	(6,886)	16,561
Current income tax payable	8	4	2	1	–	15
						16,576

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 27. SEGMENT INFORMATION (Continued)

	Sale of goods \$'000	Rendering of services \$'000	Airtime revenue \$'000	Unallocated \$'000	Eliminations \$'000	Total \$'000
<b>2015</b>						
<b>Revenue</b>						
External revenue	43,775	8,037	4,609	–	–	56,421
Inter-segment revenue	476	2,141	–	–	(2,617)	–
	44,251	10,178	4,609	–	(2,617)	56,421
<b>Results</b>						
Interest income	109	22	15	57	(32)	171
Gain on disposal of a subsidiary	–	–	–	151	–	151
Write-back of allowance for impairment loss on doubtful third parties trade receivables	3	7	–	–	–	10
Interest expense	–	(1)	–	(31)	32	–
Depreciation of plant and equipment	(462)	(99)	(48)	–	–	(609)
Amortisation of intangible asset	–	–	–	(28)	–	(28)
Share of results of associates	–	–	–	–	(130)	(130)
Other non-cash expenses:						
– allowance for impairment loss on doubtful third parties trade receivables	(3)	(76)	–	(95)	95	(79)
– allowance for inventory obsolescence	(184)	(34)	–	–	–	(218)
– changes in fair value of derivative financial instruments	–	–	–	(141)	–	(141)
– loss on disposal of plant and equipment	–	–	–	(2)	–	(2)
Segment profit	3,764	85	151	3,299	(2,938)	4,361
<b>Capital expenditure</b>						
Plant and equipment	274	62	26	–	–	362
Intangible asset	–	–	–	53	–	53
<b>Assets and liabilities</b>						
Segment assets	33,620	6,397	3,555	6,168	(6,186)	43,554
Available-for-sale financial assets	–	–	–	1,936	(4)	1,932
Investments in associates	–	–	–	103	81	184
						45,670
Segment liabilities	12,602	3,712	1,271	4,547	(6,392)	15,740
Current income tax payable	240	50	24	3	–	317
						16,057

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 27. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's three business segments operate in six main geographical areas. Revenue is based on the country in which the customer is located.

	Group	
	2016 \$'000	2015 \$'000
<b>Revenue from external customers</b>		
Singapore	17,844	19,705
People's Republic of China	4,302	13,666
Brazil	90	8,199
Indonesia	3,949	2,606
Vietnam	224	2,625
Malaysia	1,015	2,072
Others	9,745	7,548
	<u>37,169</u>	<u>56,421</u>
<b>Non-current assets</b>		
Singapore	1,312	812
United States of America	–	–
People's Republic of China	30	39
Others	168	170
	<u>1,510</u>	<u>1,021</u>

Non-current assets information presented above excludes available-for-sale financial assets, deferred tax assets and other receivables.

### Major customers

During the financial year, revenue from two customers amounting to approximately \$6,337,000 (2015: \$8,199,000) under sale of goods segment, represents approximately 17% (2015: 15%) of total revenue.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to financial risks (including credit risk, foreign currency risk, and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy to seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure these risks.

### 28.1 Credit risk

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top five (2015: five) trade receivables from third parties amounting to approximately \$8,658,000 (2015: \$2,789,000) as at the end of the reporting period. The Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately \$Nil (2015: \$67,000) as at 31 March 2016.

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents are mainly deposits with reputable banks with high credit ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group. The Group's historical experience in the collection of receivables falls within the credit terms granted. The Company does not have trade receivables.

The age analysis of the Group's trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	2016 \$'000	2015 \$'000
Past due for 1 to 30 days	1,902	2,591
Past due for 31 to 60 days	530	928
Past due for 61 to 90 days	163	656
Past due for more than 90 days	1,540	1,891

Management believes that no impairment allowance is necessary in respect of those trade receivables that are past due but not impaired. They are substantially companies with good collection track record and no recent history of default.

The Company has undertaken to provide continued financial support to certain of its subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the end of reporting period. As at year end, certain subsidiaries have deficiencies in shareholders' fund aggregating \$4,627,000 (2015: \$2,883,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

### 28.2 Foreign currency risk

#### *Foreign exchange risk management*

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Euro and Chinese renminbi. The Company does not have exposures to foreign currency risk as it does not maintain currencies other than its functional currency.

The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in the currency that is not the entity's functional currency.

It is not the Group's policy to take speculative positions in foreign currencies. Where appropriate, the Group enters into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases).

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Monetary assets		Group Monetary liabilities	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States dollar	10,939	18,059	949	3,015
Euro	457	491	587	163
Chinese renminbi	128	1,278	732	655

#### *Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to a 5% (2015: 5%) change in United States dollar, Euro and Chinese renminbi against Singapore dollar. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar, Euro and Chinese renminbi are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Group Increase/(Decrease) Profit or Loss	
	2016 \$'000	2015 \$'000
<i>United States dollar</i>		
Strengthened against Singapore dollar	500	752
Weakened against Singapore dollar	(500)	(752)
<i>Euro</i>		
Strengthened against Singapore dollar	(7)	16
Weakened against Singapore dollar	7	(16)
<i>Chinese renminbi</i>		
Strengthened against Singapore dollar	(30)	31
Weakened against Singapore dollar	30	(31)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

### 28.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient level of cash to meet their working capital requirements.

#### *Contractual maturity analysis*

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay. The table includes interest and principal cash flows.

	Within one financial year \$'000	After one financial year but within five financial years \$'000	After five financial years \$'000	Total \$'000
<b>Group</b>				
<b>2016</b>				
<b><u>Financial assets</u></b>				
Available-for-sale financial assets	–	–	662	662
Trade and other receivables	15,358	–	–	15,358
Cash and cash equivalents	14,038	–	–	14,038
Total undiscounted financial assets	29,396	–	662	30,058
<b><u>Financial liabilities</u></b>				
Trade and other payables	6,280	–	–	6,280
Total undiscounted financial liabilities	6,280	–	–	6,280
<b>2015</b>				
<b><u>Financial assets</u></b>				
Available-for-sale financial assets	–	–	1,932	1,932
Trade and other receivables	13,402	187	–	13,589
Cash and cash equivalents	22,441	–	–	22,441
Total undiscounted financial assets	35,843	187	1,932	37,962
<b><u>Financial liabilities</u></b>				
Trade and other payables	8,232	–	–	8,232
Total undiscounted financial liabilities	8,232	–	–	8,232

In respect of derivative financial instruments as shown in Note 15 to the financial statements, the derivative assets and liabilities are due within one financial year. Foreign currency forward contracts are settled on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

### 28.3 Liquidity risk (Continued)

*Contractual maturity analysis (Continued)*

	Within one financial year \$'000
<b>Company</b>	
<b>2016</b>	
<b>Financial assets</b>	
Other receivables	4
Cash and cash equivalents	5,070
Total undiscounted financial assets	<u>5,074</u>
<b>Financial liabilities</b>	
Other payables, representing total undiscounted financial liabilities	<u>316</u>
<b>2015</b>	
<b>Financial assets</b>	
Other receivables	76
Cash and cash equivalents	5,297
Total undiscounted financial assets	<u>5,373</u>
<b>Financial liabilities</b>	
Other payables, representing total undiscounted financial liabilities	<u>301</u>

The Group's and the Company's operations are financed mainly through equity and retained earnings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The table below shows the contractual expiry by maturity of the Group and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within one financial year		Within two to five years	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Company</b>				
Financial guarantees	2,398	958	1,285	2,709

As at 31 March 2016, the Company has provided corporate guarantees to banks for performance guarantees given to the subsidiary customers amounting to approximately \$3,683,000 (2015: \$3,667,000). As at the end of the reporting period, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

### 28.4 Capital management policies and objectives

The Group and the Company manage capital so as to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2015.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt. The Group includes within net debt, trade and other payables less cash and cash equivalents.

The gearing ratio of the Group and the Company as at 31 March 2016 and 31 March 2015 are not disclosed as it is not meaningful because the cash and cash equivalents is higher than all the Group's and the Company's liabilities respectively.

The Group is not subject to externally imposed capital requirements for the financial years ended 31 March 2016 and 31 March 2015.

### 28.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

#### *Fair value hierarchy*

The Group and the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

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



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

*Fair value of financial instruments that are not carried at fair value*

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities recorded at amortised cost in financial statements approximately their respective fair values at the end of reporting period due to the relatively short term maturity of these financial instruments.

*Fair value of financial instruments carried at fair value*

The fair value of current financial assets and liabilities carried at fair value in relation to derivative financial instruments is disclosed in Note 15 to the financial statements.

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2016</b>				
<b>Assets</b>				
Available-for-sale financial assets –				
Unquoted equity securities	–	–	448	448
Derivative financial	–	–	139	139
	–	–	587	587
<b>2015</b>				
<b>Liabilities</b>				
Derivative financial	–	184	–	184

There have been no transfer between Level 1, Level 2 and Level 3 during 2016 and 2015.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instrument	Valuation techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Unquoted equity securities	Market approach based on Earning Before Interest Tax Depreciation and Amortisation ("EBITDA") method	<ul style="list-style-type: none"> <li>Historical comparable EBITDA multiple (ranging 7.84 to 11.89; weighted average 9.4) (2015: N.A.)</li> <li>Marketability discount rate (33%) (2015: N.A.)</li> </ul>	Increased weighted average of EBITDA multiple and marketability discount rate would increase and decrease fair value respectively; lower weighted average EBITDA multiple and marketability discount rate would decrease and increase fair value respectively.
Put option	Market approach based on Earning Before Interest Tax Depreciation and Amortisation ("EBITDA") method	<ul style="list-style-type: none"> <li>Historical comparable EBITDA multiple (ranging 7.84 to 11.89; weighted average 9.4) (2015: N.A.)</li> <li>Marketability discount rate (33%) (2015: N.A.)</li> </ul>	Increased weighted average of EBITDA multiple and marketability discount rate would decrease and increase fair value respectively; lower weighted average EBITDA multiple and marketability discount rate would increase and decrease fair value respectively.

## 28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

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

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Unquoted equity securities \$'000
<b>At 1 April 2015</b>	1,228
Impairment loss for the year included in profit or loss	(780)
<b>At 31 March 2016</b>	<u>448</u>
	Put option \$'000
<b>At 1 April 2015</b>	–
Gains for the year included in profit or loss	139
<b>At 31 March 2016</b>	<u>139</u>

### 28.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial assets</b>				
Derivative financial	139	–	–	–
Loans and receivables	29,314	35,871	5,064	5,368
Available-for-sale financial assets	662	1,932	–	–
	<u>30,115</u>	<u>37,803</u>	<u>5,064</u>	<u>5,368</u>
<b>Financial liabilities</b>				
Derivative financial	–	184	–	–
Other financial liabilities, at amortised cost	6,280	8,232	316	301
	<u>6,280</u>	<u>8,416</u>	<u>316</u>	<u>301</u>

## 29. EVENTS AFTER THE REPORTING PERIOD

On 6 May 2016, a wholly-owned subsidiary of the Company, Jason Venture Pte Ltd subscribed for 51,340 new Series A2 Preference Shares in the capital of Sense Infosys for an aggregate subscription price of \$850,000 or an issue price of approximately \$16.56 for each Series A2 Preference Shares. Upon completion of the subscription, the Group has 24.4% deemed interest in the shareholding of Sense Infosys.

# SHAREHOLDING STATISTICS

As at 15 June 2016

NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	105,000,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	1,000,000 (0.95%)
CLASS OF SHARES	:	ORDINARY SHARES WITH EQUAL VOTING RIGHTS

Size of Shareholdings			No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1	–	99	0	0.00	0	0.00
100	–	1,000	146	29.38	143,300	0.14
1,001	–	10,000	139	27.97	897,400	0.86
10,001	–	1,000,000	207	41.65	13,791,300	13.13
1,000,001	&	ABOVE	5	1.00	90,168,000	85.87
TOTAL			497	100.00	105,000,000	100.00

## TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
FOO CHEW TUCK	81,300,000	77.43
TAN FUH GIH	3,970,000	3.78
SIRIUS VENTURE CAPITAL PTE LTD	2,650,000	2.52
PHILLIP SECURITIES PTE LTD	1,228,000	1.17
TAN LIAN HUAT	1,020,000	0.97
CHEW KENG SENG	1,000,000	0.95
NAH WEE KEE (LAN WEIQI)	736,000	0.70
PANG YOKE MIN	500,000	0.48
RAFFLES NOMINEES (PTE) LTD	479,700	0.46
UOB KAY HIAN PTE LTD	450,700	0.43
SEAH CHYE ANN (XIE CAI'AN)	435,400	0.41
YEAP LAM YANG	250,000	0.24
NG HUA CHONG OR SIA MOI	201,000	0.19
SEAH LEE LIM LLP	200,000	0.19
ONG WAI MENG	196,000	0.19
TANG BEE YIAN	195,000	0.19
CIMB SECURITIES (S'PORE) PTE LTD	188,000	0.18
TAN SIONG GUAN BENJAMIN (CHEN SHANGYUAN BENJAMIN)	175,000	0.17
TAN CHAIR KOONG	172,500	0.16
LEE GEOK LOY	170,000	0.16
TOTAL	95,517,300	90.97

Substantial Shareholder	Direct Interest	Deemed Interest
FOO CHEW TUCK	81,300,000	–

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 15 June 2016, approximately 19.08% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalyst is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of Jason Marine Group Limited (the “**Company**”) will be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 26 July 2016 at 11.30 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2016, the Statement of Directors and the Report of the Auditors thereon. **(Resolution 1)**
2. To approve the Directors’ fees of S\$172,500 for the financial year ended 31 March 2016. (2015: S\$172,500) **(Resolution 2)**
3. To re-elect Mr Tan Lian Huat, a Director retiring under Article 98 of the Constitution of the Company. **(Resolution 3)**  
*[See Explanatory Note 1]*
4. To re-elect Mrs Eileen Tay-Tan Bee Kiew, a Director retiring under Article 98 of the Constitution of the Company. **(Resolution 4)**  
*[See Explanatory Note 1]*
5. To re-appoint Mr Sin Hang Boon as a Director of the Company. **(Resolution 5)**  
*[See Explanatory Note 1]*
6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

## SPECIAL BUSINESS

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

### 7. AUTHORITY TO ALLOT AND ISSUE SHARES

“THAT pursuant to Section 161 of the Companies Act and subject to Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), authority be and is hereby given to the Directors of the Company to issue and allot new ordinary shares in the capital of the Company (“**Shares**”) (whether by way of rights, bonus or otherwise) and/or 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, PROVIDED ALWAYS 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 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a 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 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (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 (excluding treasury shares) of the Company 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 exercise of any share options 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;

## NOTICE OF ANNUAL GENERAL MEETING

- (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 Catalist Rules 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 Constitution of the Company for the time being; and
- (4) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”  
*[See Explanatory Note 2]* **(Resolution 7)**

### 8. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE JASON PERFORMANCE SHARE PLAN

“That pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Jason Performance Share Plan (the “**PSP**”), provided always that the aggregate number of additional new Shares to be allotted and issued pursuant to the PSP and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”  
*[See Explanatory Note 3]* **(Resolution 8)**

### 9. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

“That:

- (1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined hereinafter), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:
  - (a) market purchase(s) (each a “**Market Purchase**”) on the SGX-ST; and/or
  - (b) off-market purchase(s) (each an “**Off-Market Purchase**”) 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, regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);
- (2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
  - (i) the date on which the next AGM of the Company is held or required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;



# NOTICE OF ANNUAL GENERAL MEETING

(3) in this Resolution:

“**Maximum Limit**” means the number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the total number of Shares shall be taken to be the total number of Shares as altered;

“**Relevant Period**” means the period commencing from the date on which the ordinary resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-market day period;

“**day of the making of the offer**” means the day 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; and

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 may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

*[See Explanatory Note 4]*

**(Resolution 9)**

## 10. OTHER BUSINESS

To transact any other ordinary business that may be properly transacted at an AGM of the Company.

BY ORDER OF THE BOARD

Foo Hui Min  
Pan Mi Keay  
Company Secretaries  
11 July 2016

# NOTICE OF ANNUAL GENERAL MEETING

## **NOTES:**

- (1) (a) A member of the Company who is entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (b) A member of the Company who is entitled to attend and vote at the AGM and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

- (2) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.
- (3) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
- (4) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383 not later than 48 hours before the time appointed for the AGM.

## **EXPLANATORY NOTES**

1. Mrs Eileen Tay-Tan Bee Kiew (Lead Independent Director) will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Audit Committee as well as a member of the Nominating Committee and a member of the Remuneration Committee. She is considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

Mr Sin Hang Boon (Independent Director) who is above 70 years old was re-appointed during the Company's last AGM held on 23 July 2015 to hold office until this AGM pursuant to Section 153(6) of the Companies Act, Chapter 50 which was then in force and repealed since 3 January 2016. Accordingly, shareholders' approval is sought to re-appoint him during the AGM to allow him to continue in office.

Upon re-appointment as a Director of the Company, Mr Sin Hang Boon will continue to serve as the Chairman of the Nominating Committee and the Chairman of the Remuneration Committee as well as a member of the Audit Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information on Mr Tan Lian Huat, Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon can be found under the “Board of Directors” section of the Company's Annual Report.

2. Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue Shares and/or Instruments (as defined above). The aggregate number of new Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may issue under this Resolution shall not exceed 100% of the issued share capital of the Company at the time of passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the issued share capital of the Company at the time of passing of this Resolution. This authority will, unless revoked or varied at a general meeting, expire on the date of the next AGM of the Company or on the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

## NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue new Shares pursuant to PSP, provided that the aggregate number of new Shares to be allotted and issued pursuant to the PSP and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares). This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
4. Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM is held or is required by law to be held, whichever is the earlier, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group, are set out in the Appendix to the Annual Report.

### PERSONAL DATA PRIVACY

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

# APPENDIX

## PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

### 1. INTRODUCTION

- 1.1 Jason Marine Group Limited (the “**Company**”) proposes to seek the approval of the shareholders of the Company (“**Shareholders**”) at the forthcoming Annual General Meeting of the Company to be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 26 July 2016 at 11.30 a.m. (“**2016 AGM**”) for the proposed renewal of the share buyback mandate (the “**Share Buyback Mandate**”) to authorise the Company’s directors (“**Directors**”) from time to time to purchase or acquire shares in the capital of the Company (“**Shares**”) (whether by market purchases and/or off-market purchases on an equal access system) on the terms of the Share Buyback Mandate, subject to the Constitution of the Company and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).
- 1.2 Shareholders had at the last Annual General Meeting held on 23 July 2015 (“**2015 AGM**”), renewed the Share Buyback Mandate (“**2015 Mandate**”) for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued share capital of the Company at the time of passing of the resolution on the terms of the 2015 Mandate.
- 1.3 The 2015 Mandate will expire on the date of the forthcoming 2016 AGM. If the proposed resolution for the renewal of the Share Buyback Mandate is approved at the 2016 AGM, the Share Buyback Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.
- 1.4 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buyback Mandate.

### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

#### 2.1 Rationale

The renewal of the Share Buyback Mandate authorising the Directors to purchase or acquire the Shares would give the Company the flexibility to undertake purchases or acquisitions of the Share up to the 10% limit described in paragraph 2.2.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) In managing the business of the Company and its subsidiaries (the “**Group**”), the management team strives to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Company has at present, a share-based incentive plan, namely the Jason Performance Share Plan (the “**PSP**”), for its employees. Share Buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company’s obligation to furnish such Shares to participants under the PSP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders.
- (c) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company greater flexibility over, *inter alia*, the Company’s share capital structure and its dividend policy.
- (d) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders’ confidence and employees’ morale.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.1 Rationale (Continued)

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in paragraph 2.2.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group.

The Directors will take into account the impact of the share purchases may have on the liquidity of the Shares and only make a share purchase or acquisition as and when the circumstances permit. The Directors are also committed to ensuring that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Catalist. Rule 723 of the Catalist Rules states that an issuer must ensure that at least 10% of the total number of issued Shares (excluding treasury shares) is at all times held by the public.

### 2.2 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares under the Share Buyback Mandate, if renewed at the 2016 AGM, are substantially similar in terms to those previously approved by Shareholders at the 2015 AGM, and are summarised below:

#### 2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company (ascertained as at the date of the forthcoming 2016 AGM at which the renewal of the Share Buyback Mandate is approved), unless the share capital of the Company has been reduced in accordance with the applicable provisions of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), at any time during the period commencing from the date on which the ordinary resolution relating to the Share Buyback Mandate is passed and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier (the “**Relevant Period**”), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

#### 2.2.2 Duration of Authority

Unless varied or revoked by the Company in a general meeting, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the forthcoming 2016 AGM, at which the renewal of Share Buyback is approved, up to the earlier of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed at the next annual general meeting (after the 2016 AGM) or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.



## APPENDIX

### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

#### 2.2 Authority and Limits on the Share Buyback Mandate (Continued)

##### 2.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisition of Shares may be made by way of, *inter alia*:

- (a) on-market purchases (“**Market Purchase**”) transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback; and/or
- (b) off-market purchases (“**Off-Market Purchase**”) effected otherwise than on the SGX-ST pursuant to an equal access scheme as defined under Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

- (i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
  - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company, as required by the Catalist Rules, has to issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchases or acquisitions of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Catalist;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.2 Authority and Limits on the Share Buyback Mandate (Continued)

#### 2.2.4 Maximum Purchase Price for the Shares

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, (the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-market day period; and

“**day of the making of the offer**” means the day 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.

### 2.3 Sources of funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Previously, any payment made by the Company in consideration of the purchase or acquisition of its Shares may only be made out of the Company’s distributable profits. The Companies Amendment Act 2005 permits the Company to also purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company’s purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

## APPENDIX

### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

#### 2.4 Status of Purchased Shares under the Share Buyback Mandate

Under Section 76B of the Companies Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

#### 2.5 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

- (a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.
- (b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings. For the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.
- (c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.
- (d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:
  - (i) sell the treasury shares (or any of them) for cash;
  - (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
  - (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
  - (iv) cancel the treasury shares (or any of them); or
  - (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy any awards under the PSP.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.6 Reporting requirements

The Company shall notify the Accounting and Corporate Regulatory Authority (the “ACRA”) in the prescribed form within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, details of the purchases or acquisitions and the total number of Shares purchased or acquired by the Company, the Company’s issued ordinary share capital before and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchases or acquisitions. Within 30 days of the passing of a Shareholders’ resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with the ACRA.

Pursuant to the Catalist Rules, the Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of treasury shares sold, transferred, cancelled and/or used;
- (d) the number of Shares before and after such sale, transfer, cancellation and/or use;
- (e) the percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

### 2.7 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the net tangible assets (“NTA”) and earnings per Share (“EPS”) of the Company and the Group as the resultant effects would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. Any Share buyback will:

- (a) reduce the number of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of the Company’s profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of the Company’s share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

## APPENDIX

### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

#### 2.7 Financial Effects (Continued)

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share of the Group.

**Purely for illustrative purposes only**, the financial effects of the Share Buyback Mandate on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 and based on the assumptions set out below:

- (a) based on 105,000,000 Shares in issue as at 31 March 2016 (excluding 1,000,000 Shares held in treasury) and assuming no further Shares are issued on or prior to the 2016 AGM, not more than 10,500,000 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at that date of the 2016 AGM) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 10,500,000 Shares at the Maximum Price of S\$0.162 (being the price equivalent to 105% of the Average Closing Price of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 10,500,000 Shares (excluding related expenses) is approximately S\$1.7 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 10,500,000 Shares at the Maximum Price of S\$0.185 (being the price equivalent to 120% of the Average Closing Price of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest practicable Date), the maximum amount of funds required for the purchase of the 10,500,000 Shares (excluding related expenses) is approximately S\$1.9 million.

**Purely for illustrative purposes only**, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that:

- (i) such purchase or acquisition of Shares is financed solely by internal sources of funds available as at 31 March 2016;
- (ii) the Share Buyback Mandate had been effective on 1 April 2015; and
- (iii) the Company had purchased or acquired the maximum of 10,500,000 Shares (representing 10% of the total issued Shares (excluding the Shares held in treasury) as at 31 March 2016),

the financial effects of the purchase or acquisition of the 10,500,000 Shares by the Company pursuant to the Share Buyback Mandate:

- (1) by way of purchases made entirely out of capital and held as treasury shares; and
- (2) by way of purchases made entirely out of capital and cancelled,



# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.7 Financial Effects (Continued)

on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 pursuant to the Share Buyback Mandate are as follows:

#### Scenario 1: Purchases made out of capital and held as treasury shares

	Group			Company		
	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase	Before Share Buyback	After Share Buyback assuming Market Purchase	After Share Buyback assuming Off-Market Purchase
As at 31 March 2016	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	(111)	(111)	(111)	–	–	–
Accumulated profits	4,288	4,288	4,288	2,550	2,550	2,550
Treasury shares	(255)	(1,956)	(2,198)	(255)	(1,956)	(2,198)
Equity attributable to the owners of the parent	21,889	20,188	19,946	20,262	18,561	18,319
NTA <sup>(1)</sup>	21,882	20,181	19,939	20,262	18,561	18,319
Current assets	36,316	34,615	34,373	5,099	3,398	3,156
Current liabilities	16,526	16,526	16,526	317	317	317
Working capital	19,790	18,089	17,847	4,782	3,081	2,839
Total Borrowings <sup>(2)</sup>	–	–	–	–	–	–
Profit/(Loss) for the financial year	(5,984)	(5,984)	(5,984)	2,499	2,499	2,499
Number of issued Shares ('000)	106,000	106,000	106,000	106,000	106,000	106,000
Treasury shares ('000)	1,000	11,500	11,500	1,000	11,500	11,500
Number net of treasury shares ('000)	105,000	94,500	94,500	105,000	94,500	94,500
<b>Financial Ratios</b>						
NTA per Share (cents) <sup>(3)</sup>	20.8	21.4	21.1	19.3	19.6	19.4
EPS (cents) <sup>(4)</sup>	(5.7)	(6.3)	(6.3)	2.4	2.6	2.6
Current ratio (times) <sup>(5)</sup>	2.2	2.1	2.1	16.1	10.7	10.0
Gearing ratio (times) <sup>(6)</sup>	–	–	–	–	–	–
Return on equity (%) <sup>(7)</sup>	(27.3)	(29.6)	(30.0)	12.3	13.5	13.6

#### Notes:

(1) NTA refers to total net assets less intangible assets.

(2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.

(3) NTA per Share is calculated based on NTA and 105,000,000 Shares (excluding treasury shares) as at 31 March 2016.

(4) For illustrative purpose, EPS is calculated based on 105,000,000 Shares (excluding treasury shares) as at 31 March 2016.

(5) Current ratio equals current assets divided by current liabilities.

(6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.

(7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

## APPENDIX

### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

#### 2.7 Financial Effects (Continued)

##### *Scenario 2: Purchases made out of capital and cancelled*

	Group			Company		
	Before Share Buyback (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)	Before Share Buyback (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)
<b>As at 31 March 2016</b>						
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	(111)	(1,812)	(2,054)	–	(1,701)	(1,943)
Accumulated profits	4,288	4,288	4,288	2,550	2,550	2,550
Treasury shares	(255)	(255)	(255)	(255)	(255)	(255)
Equity attributable to the owners of the parent	21,889	20,188	19,946	20,262	18,561	18,319
NTA <sup>(1)</sup>	21,882	20,181	19,939	20,262	18,561	18,319
Cash and cash equivalents	13,956	12,255	12,013	5,060	3,359	3,117
Current assets	36,316	34,615	34,373	5,099	3,398	3,156
Current liabilities	16,526	16,526	16,526	317	317	317
Working capital	19,790	18,089	17,847	4,782	3,081	2,839
Total Borrowings <sup>(2)</sup>	–	–	–	–	–	–
Profit/(loss) for the financial year	(5,984)	(5,984)	(5,984)	2,499	2,499	2,499
Number of issued Shares ('000)	105,000	94,500	94,500	105,000	94,500	94,500
<b>Financial Ratios</b>						
NTA per Share (cents) <sup>(3)</sup>	20.8	21.4	21.1	19.3	19.6	19.4
EPS (cents) <sup>(4)</sup>	(5.7)	(6.3)	(6.3)	2.4	2.6	2.6
Current ratio (times) <sup>(5)</sup>	2.2	2.1	2.1	16.1	10.7	10.0
Gearing ratio (times) <sup>(6)</sup>	–	–	–	–	–	–
Return on equity (%) <sup>(7)</sup>	(27.3)	(29.6)	(30.0)	12.3	13.5	13.6

**Notes:**

- (1) NTA refers to total net assets less intangible assets.
- (2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.
- (3) NTA per Share is calculated based on NTA and 105,000,000 Shares (excluding treasury shares) as at 31 March 2016.
- (4) For illustrative purpose, EPS is calculated based on 105,000,000 Shares (excluding treasury shares) as at 31 March 2016.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.
- (7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.7 Financial Effects (Continued)

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for the financial year ended 31 March 2016 and the total number of issued Shares (excluding treasury shares) as at 31 March 2016, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

### 2.8 Catalyst Rules

While the Catalyst Rules do not expressly prohibit purchase or acquisition of shares by a Catalyst company during any particular time or times, because a Catalyst company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year and full-year results.

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its Shares are in the hands of the public. The “public”, as defined under the Catalyst Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiary companies, as well as the Associates of such persons.

Based on the Register of Directors’ shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 20,030,000 Shares, representing 19.08% of the total issued Shares (excluding treasury shares), are in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Catalyst, cause market illiquidity or adversely affect the orderly trading of the Shares.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.9 Implications under the Take-over Code

Shareholders' attention is drawn to Appendix 2 of the Take-over Code which contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 2.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

#### 2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Takeover Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

# APPENDIX

## 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (Continued)

### 2.9 Implications under the Take-over Code (Continued)

#### 2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the information in the Company's Register of Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. As at the Latest Practicable Date, the Directors are not aware of any potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.**

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders of the Company in the Shares of the Company are as follows:-

Directors	Direct Interest		Deemed Interest		Total Interest	%( <sup>1</sup> )
	Shares	Options	Shares	Options <sup>(2)</sup>		
Foo Chew Tuck	81,300,000	–	–	–	81,300,000	77.43
Tan Lian Huat	1,020,000	–	–	–	1,020,000	0.97
Wong Hin Sun Eugene <sup>(2)</sup>	–	–	2,650,000	–	2,650,000	2.52
Sin Hang Boon @ Sin Han Bun	–	–	–	–	–	–
Eileen Tay-Tan Bee Kiew	–	–	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>	–	–	–	–	–	–
<b>Other Shareholder</b>						
Sirius Venture Capital Pte. Ltd. ("Sirius Venture") <sup>(2)</sup>	2,650,000	–	–	–	2,650,000	2.52

#### Notes:

- (1) The percentage is calculated based on the total issued and paid-up share capital of 105,000,000 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Sirius Venture is a company incorporated in Singapore on 12 September 2002 and is principally engaged in investment activities and the provision of business consultancy services. Mr Wong Hin Sun Eugene is the managing director of Sirius Venture. As at the Latest Practicable Date, Mr Wong Hin Sun Eugene holds 100% of the issued share capital of Sirius Venture. Mr Wong Hin Sun Eugene is accordingly deemed to have an interest in the Shares held by Sirius Venture.



## APPENDIX

### 4. SHARE BUYBACKS IN THE PREVIOUS 12 MONTHS

The following are details of purchases or acquisitions of Shares made by the Company during FY2016 and up to the Latest Practicable Date:-

Date of purchase or acquisition of Shares	Number of Shares purchased or acquired	Price paid per Share (S\$)	Total consideration paid (including expenses related thereto) (S\$)
27 May 2015	267,000	Highest:S\$0.250 Lowest:S\$0.245	66,407.03
28 May 2015	630,000	Highest:S\$0.260 Lowest:S\$0.250	163,335.05
<b>Total</b>	<b>897,000</b>		<b>229,742.08</b>

These Shares were acquired by way of open market purchases during FY2016 and up to the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 1,000,000 Shares are being held by the Company as treasury shares.

### 5. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or to who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

### 6. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of Annual General Meeting relating to the proposed renewal of the Share Buyback Mandate.

### 7. ANNUAL GENERAL MEETING

The 2016 AGM, notice of which is set out on pages 75 and 79 of the 2016 Annual Report of the Company, will be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 26 July 2016 at 11.30 a.m. for the purpose of, *inter alia*, considering and, if thought fit, passing the ordinary resolution on the renewal of Share Purchase Mandate as set out in the Notice of the AGM.

### 8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf must complete, sign and return the Proxy Form attached to the Annual Report 2016 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383, not less than 48 hours before the time fixed for the 2016 AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a shareholder of the Company and not entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2016 AGM.

# APPENDIX

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

## 10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383, during normal business hours from the date of this Appendix up to and including the date of the 2016 AGM:

- (a) the Constitution of the Company;
- (b) the rules of the Jason Performance Share Plan; and
- (c) the Annual Report of the Company for the financial year ended 31 March 2016.

## 11. STATEMENT BY SPONSOR

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**JASON MARINE GROUP LIMITED**

**FOO CHEW TUCK**  
Executive Chairman

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## PROXY FORM

### IMPORTANT

1. For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy shares in the capital of Jason Marine Group Limited, this Annual Report 2016 is forwarded to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

### Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2016.

I / We, \_\_\_\_\_ of NRIC/Passport/Company Registration No, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Jason Marine Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 26 July 2016 at 11.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution No.	Ordinary Resolutions	For	Against
1.	Adoption of the Audited Financial Statements for the financial year ended 31 March 2016, the Statement of Directors and the Report of the Auditors thereon.		
2.	Approval of Directors' fees of S\$172,500 for the financial year ended 31 March 2016.		
3.	Re-election of Mr Tan Lian Huat as Director.		
4.	Re-election of Mrs Eileen Tay-Tan Bee Kiew as Director.		
5.	Re-appointment of Mr Sin Hang Boon as Director.		
6.	Re-appointment of Messrs BDO LLP as Auditors.		
7.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act.		
8.	Authority to allot and issue shares under the Jason Performance Share Plan.		
9.	Renewal of the Company's share buyback mandate.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

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

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

**IMPORTANT:** Please read notes overleaf

**Notes:**

1. (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.
3. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383 not later than 48 hours before the time appointed for the Annual General Meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
6. 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 such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
7. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

Fold along this line

Affix  
Postage  
Stamp  
Here

The Company Secretary  
**JASON MARINE GROUP LIMITED**  
194 Pandan Loop  
#06-05 Pantech Business Hub  
Singapore 128383

Fold along this line

## SERVICE CENTRES

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