Jason Marine Group Limited

Annual Report 2014

Contents

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 Catalist. 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, Corporate Finance) at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.

Towards the Ultimate

The Nautilus has long been admired for its strength, endurance and adaptability, and its ability to survive in the ocean depths for endless millennia – where it strives to attain its final form encased in a perfect geometric spiral – parallels our own drive to succeed and reach our ultimate goal.

Like the Nautilus, we took measured steps to construct a new path to growth, first by returning to the most basic building block that made Jason Marine a name to be reckoned with – our people.

Having breathed fresh life and vitality into our workforce, we then moved to re-haul our operations and rebuild our competitive edge. These initiatives enabled us to effectively boost both sales and productivity across every segment.

Having turned the corner, we are eager to resume our journey forward. We will further temper our competitive edge by strengthening our relationships with key stakeholders, heightening our capabilities and intensifying efforts to extend our reach into new markets. Every step will take us closer to attaining our final form – as a global, world-class marine electronics company.

This cross-section of the Nautilus reveals the many painstaking cycles it has undergone in its journey to reach its final state, couched in a precise logarithmic spiral that is a marvel of Nature. As the Nautilus grows and matures, its body moves into successively larger chambers while it seals off older chambers. In an adult Nautilus, there can be more than 30 chambers. The last fully open one serves as its living chamber, while the others are used to control buoyancy and propulsion with surprising deftness.

Corporate Profile

Jason Marine Group Limited ("**Jason Marine**" or "**JMG**") 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.

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

RESOLUTE

Even during the most trying times, we stayed true to our core values to build Jason Marine into a world-class company, arming it with the right people and capabilities to take it to the global arena. Like the Nautilus, we have never veered from our drive to reach our ultimate goal.

Financial Highlights

Results of Operations

(S$'000)	FY2014	FY2013	FY2012	FY2011	**FY2010
Revenue	**50,188**	37,896	44,451	45,169	51,522
Gross Profit	**13,612**	10,843	13,164	10,803	14,884
Profit before income tax	**3,032**	581	1,399	1,386	5,394
Profit attributable to owners of the parent	**2,780**	517	1,389	1,234	4,353
Earnings Per Share (cents)*	**2.62**	0.49	1.31	1.16	4.11

* For comparative purpose, earnings per share of the Group for the financial years shown were computed based on 106,000,000 ordinary shares in issue as at 31 March 2014.

** Restated due to change in costing method for inventories from "first-in, first-out" basis to "weighted average" basis.

Financial Position

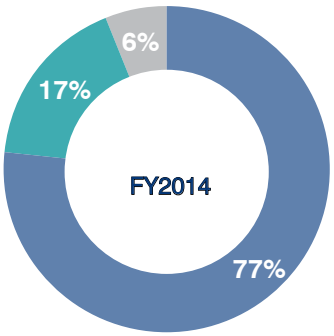
	As at 31 March				
(S$'000)	2014	2013	2012	2011	**2010
Non-current assets	**3,402**	3,049	2,776	2,685	1,856
Current assets	**44,774**	32,346	31,061	36,388	31,440
Current liabilities	**20,673**	10,400	9,233	15,564	11,036
Non-current liabilities	**129**	131	9	80	74
Equity	**27,374**	24,864	24,595	23,429	22,186
Net asset value per share (cents)#	**25.82**	23.46	23.20	22.10	20.93

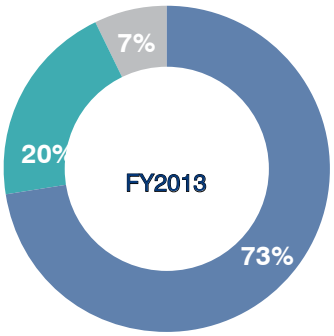
For comparative purpose, net asset value per share of the Group for the financial years shown were computed based on 106,000,000 ordinary shares in issue as at 31 March 2014.

** Restated due to change in costing method for inventories from "first-in, first-out" basis to "weighted average" basis.

Financial Highlights

Revenue by Business Segment

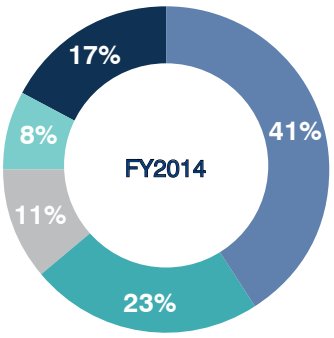


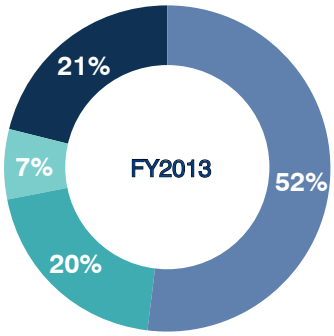


Sale of goods Rendering of services Airtime revenue

Revenue by Business Segment:	FY2014		FY2013	
	(S$'000)	(%)	(S$'000)	(%)
Sale of goods	38,256	77%	27,462	73%
Rendering of services	8,731	17%	7,672	20%
Airtime revenue	3,201	6%	2,762	7%
Total:	50,188	100%	37,896	100%

Revenue by Geographical Segment





Singapore People's Republic of China Brazil Indonesia Others

Revenue by Geographical Segment:	FY2014		FY2013	
	(S$'000)	(%)	(S$'000)	(%)
Singapore	20,631	41%	19,976	52%
People's Republic of China	11,294	23%	7,391	20%
Brazil	5,730	11%	-	-
Indonesia	3,938	8%	2,700	7%
Others	8,595	17%	7,829	21%
Total:	50,188	100%	37,896	100%

Chairman's Statement

Dear Valued Shareholders,

We are pleased to report that Jason Marine has delivered S$2.8 million in profit attributable to owners of the parent for the financial year ended 31 March 2014 (FY2014), as compared to S$0.5 million reported for FY2013. The surge in profit was driven mainly by an increase in revenue, which rose 32.4% to S$50.2 million for FY2014, surpassing levels achieved since FY2011.

This outcome has reversed the declining revenue and profit trend in our results over the past four years, demonstrating the success of the two initiatives taken; to champion personal growth and development for our staff and re-organise our operations.

Recapturing Growth – Back to Basics

We were convinced that our Group needed to drive change at the most fundamental level – our people. So in early 2012, we rolled out new HR initiatives that would champion personal growth and development, in order to retain and attract talented staff. Within a year, staff turnover halved. These successful HR management practices were recognised at the HRM Asia Awards in February 2014, during which Jason Marine was named SME Employer of the Year.

With an energised and committed workforce rallying behind us, we took our next step, re-charting our strategy and sharpening our business focus. Having realigned our operations into three main divisions – Marine, Offshore Oil & Gas and China – we were able to focus efforts to improve both sales and productivity across the board. This year-long initiative has clearly produced the desired results and helped set our Group back on the path to growth.

Driving Growth – Towards the Ultimate

Having delivered a turnaround, we are now ready to forge ahead with plans for the next growth phase. We are looking to sharpen our competitive edge even more. One crucial step will be to strengthen our relationships with every stakeholder in Jason Marine, from suppliers to customers to our own staff. Another will see us boosting our capabilities, especially in terms of technology and what we can offer our customers. At the same time, our Group will look to extend its reach in existing markets while seeking out opportunities in new arenas.

Like the Nautilus, which remains **Resolute** in its drive to reach a perfect state on maturity, we will continue to expand our presence, extend our thrust and enhance our capabilities to become a global, world-class company. We have never veered from our own resolve to realise this vision – sustained as we were by our core values of character, competence and commitment – and our progress has been facilitated by the many competitive strengths honed over the years.

Like the Nautilus, which remains **Responsive** and versatile in adapting to its ever-changing habitat, Jason Marine has shown clearly that it can respond boldly and incisively to daunting challenges, transforming itself to meet the demands of a difficult operating environment. We have been able to rise above these challenges by staying relevant in the way we collaborate with our supplier-partners, serve our customers and deliver our solutions.

Like the Nautilus, which remains **Responsible** to its commitment to complete its painstaking journey towards maturity, emerging stronger at every stage until it attains its final form, we have an obligation to all our stakeholders to make Jason Marine the very best it can be. Through both good times and bad, this mission has kept us locked to our ultimate goal of becoming a global world class marine electronics company.

The Nautilus embodies ideals and values that have sustained us in our most difficult times and enabled us to resume our path to growth. We are here to grow. We are determined to grow. Supported by a home team that is fully committed to this agenda, Jason Marine stands ready to stride ahead with renewed vigour to achieve its vision.

Rewarding Shareholders

In view of our Group's performance, the Board has proposed a special dividend of 0.8 S¢ per share for FY2014, in addition to a final ordinary dividend of 0.2 S¢ per share which we have maintained at last year's level. The total dividend proposed for FY2014 comes to 1.0 S¢ per share, as compared to the dividend of 0.2 S¢ per share paid in FY2013.

Recommending a special dividend for the year allows the Board to thank all shareholders who have stood by us all these years and through the difficult times.

Acknowledgments & Appreciation

The year's achievements would not have been possible without the staunch support of all our stakeholders. On behalf of the Board, I want to commend our staff, who rallied behind the management and worked tirelessly to produce these results. To our principals and customers, thank you for your long-standing faith in our ability to deliver services and solutions that meet your expectations.

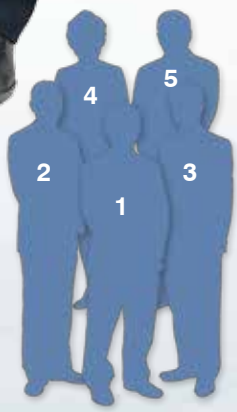
Foo Chew Tuck
Executive Chairman

"Having delivered a turnaround, we are now ready to forge ahead with plans for the next growth phase."

Foo Chew Tuck
Executive Chairman

Board of Directors

1. Mr Foo Chew Tuck
2. Mr Tan Lian Huat
3. Mr Eugene Wong Hin Sun
4. Mrs Eileen Tay-Tan Bee Kiew
5. Mr Sin Hang Boon



Board of Directors

Mr Foo Chew Tuck
Executive Chairman

For more than three decades, Jason Marine's growth and aspirations have been shaped by our founder, Mr Foo Chew Tuck, 63, whose vision for our Group has enabled it to become a leader in integrated solutions provider on marine electronics systems. As a leader of the management team, he has demanded the highest standards of quality and service throughout our 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 and a powerful sense of family within the workplace. All our people at Jason Marine are part of a greater family, working hand in hand 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.

Almost a 40-year veteran in the marine electronics business, Joseph Foo is a full member of the Singapore Institute of Directors. He earned his bachelor of science in 1988 at Oklahoma City University, where he also received a master of business administration in 1992. In addition, he has a diploma in marketing from The Chartered Institute of Marketing in the UK in 1987.

Mr Tan Lian Huat
Chief Executive Officer

Mr Tan Lian Huat, 61, 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 our 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 our 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.

Board of Directors

Mr Eugene Wong Hin Sun
Non-Executive Director

Mr Eugene Wong Hin Sun, 46, is a non-independent, non-executive director of our 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. He currently serves as a non-executive director of several private and public listed companies, including Ajisen (China) Holdings Limited, listed on Hong Kong Exchange & Clearing Limited, as well as Japan Foods Holding Ltd, Singapore Kitchen Equipment Limited, TMC Education Corporation Ltd and Neo Group Limited listed on the Catalist board of the Singapore Exchange (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.

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 since 2001, and is a Fellow of the Australia Institute of Company Directors and Fellow of the HK Institute of Directors.

Mrs Eileen Tay-Tan Bee Kiew
Lead Independent Director

Mrs Eileen Tay-Tan Bee Kiew, 61, is a lead independent non-executive director of our 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 began her career in 1974 as an audit assistant with Turquand Young (now known as Ernst & Young). From 1991 to 2002, she was a partner at KPMG. From 2002 to 2011, she served as a director of several companies, both private and publicly listed, in Singapore and Australia. Currently, she is also an independent director and chairperson of SGX-ST Catalist-listed Singapore Kitchen Equipment 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.

Mr Sin Hang Boon
Independent Director

Mr Sin Hang Boon @ Sin Han Bun, 75, is an independent non-executive director of our 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). He was vice-president of SingTel's business communications group before being seconded to Belgacom S.A. in Belgium, where he served as its general manager for global alliances in 1996, and its general manager for group strategy and development from 1997 to 1998. He returned to SingTel in 1999 and served as CEO of SingTel International, the company's strategic investment arm, 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

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.

Mr James Tan Peng Huat
Chief Operating Officer

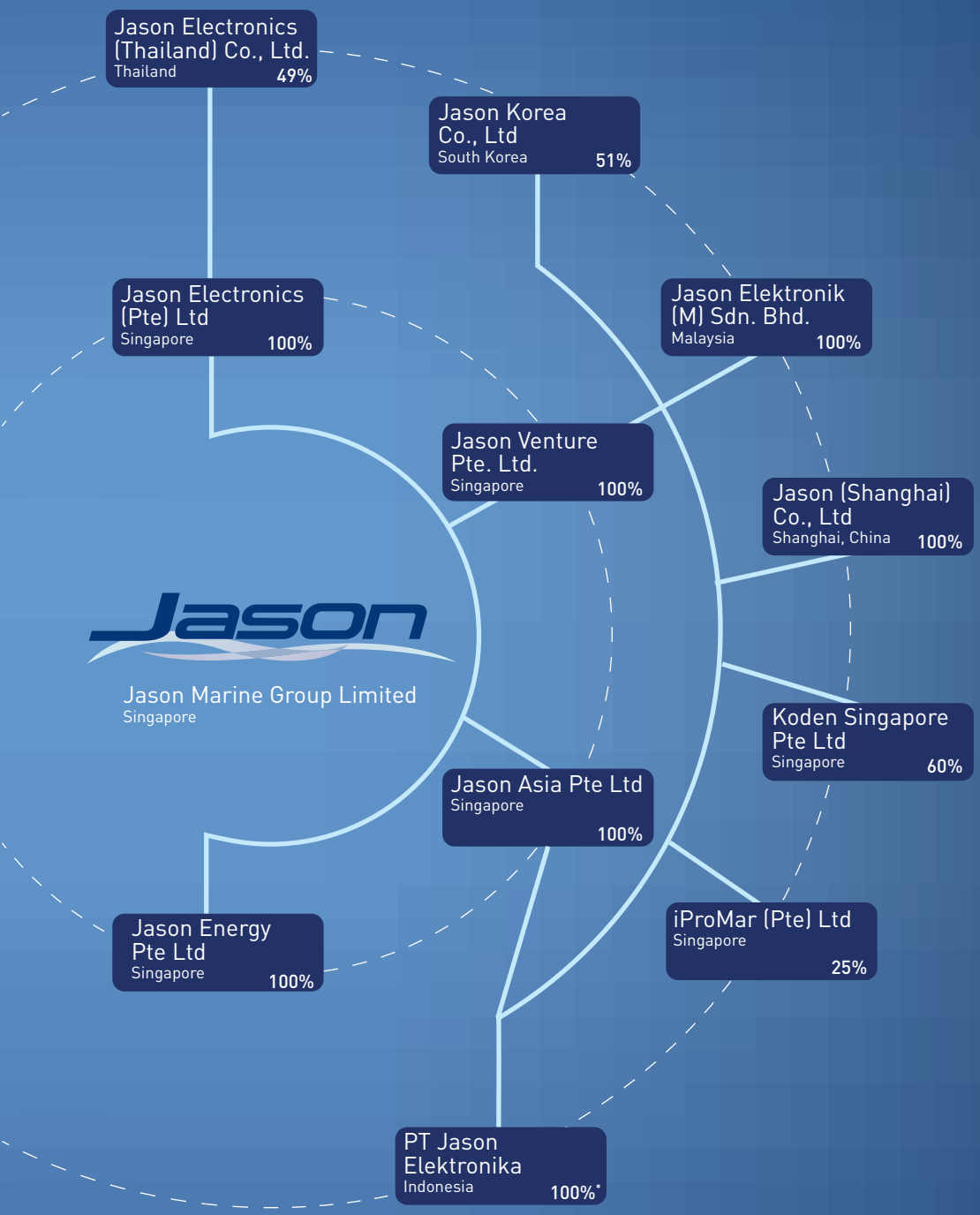
Mr James Tan Peng Huat is our Chief Operating Officer. He joined our Group in 2007 as the operations manager of Jason Electronics (Pte) Ltd, and has since progressed to assume his current role in 2010. Armed with over 42 years of experience in operations, he has helped to restructure and improve overall processes to all departments, raising efficiency, performance and coordination across our Group.

Before joining our Group, he was a consultant for two companies in Kuala Lumpur, serving as an operations director for a wireless broadband company in 2004, and a voice-over-IP telephony company from 2006 to 2007. He was the general manager and operations director for IPC Corporation Ltd, a public-listed company in Singapore, from 1993 to 2003; and General Automation (S) Pte Ltd, a wholly owned subsidiary of California-based General Automation Inc, from 1978 to 1993.

Mr Tan holds a diploma in business administration from the National Productivity Board, a diploma in telecommunication and electronics from the Singapore Polytechnic, and a full technological certificate in electronics and communications from the City & Guilds of London Institute in the UK.

1. Ms Foo Hui Min
2. Mr James Tan Peng Huat

Corporate Structure



*1% owned by Jason Asia, 99% owned by Jason Venture.

RESPONSIVE

By delivering a turnaround, Jason Marine has clearly shown that it can respond boldly and incisively to daunting challenges. Like the Nautilus, we continue to transform ourselves, to remain relevant in this ever-changing environment.

Operations Review

FY2014 in Review

The operating environment continued to be challenging for Jason Marine during the financial year ended 31 March 2014 (FY2014), as the industry remained plagued by intense competition, a shortage of skilled labour and rising costs. However, the momentum generated by our Group's sharpened business focus enabled it to overcome the challenges and increase its revenue by 32.4% to S$50.2 million.

By placing emphasis on productivity and keeping a tight rein on costs – total distribution, general and administrative expenses rose by only 8.9%, from S$10.2 million in FY2013 to S$11.1 million in FY2014 – the Group was able to end the year with S$2.8 million in profit attributable to owners of the parent, compared with S$0.5 million previously. These results validated our efforts to re-position and re-chart our strategy in the preceding year.

Segment Revenue and Gross Profit

Our revenue rose by S$12.3 million, from S$37.9 million in FY2013 to S$50.2 million in FY2014, driven by contributions from all three business segments. Our Group was able to lift gross profit up by 25.5% to S$13.6 million, even though the gross profit margin declined slightly from 28.6% to 27.1%.

Sale of Goods

This segment, our Group's largest, was the key contributor to the sharp improvement in overall revenue for FY2014. Sales grew by 39.3% from S$27.5 million for FY2013 to S$38.3 million for FY2014 as more projects were executed. As a result, gross profit for the segment increased by 24.7% to S$10.1 million. However, keen price competition narrowed its gross profit margin, from 29.5% to 26.4%.

Rendering of Services

Revenue from rendering of services increased by 13.8% from S$7.7 million for FY2013 to S$8.7 million for FY2014, as more service work was undertaken. Consequently, gross profit grew by 35.0% from S$2.0 million to S$2.7 million, while the gross profit margin expanded from 26.7% to 30.8%.

Airtime Revenue

Airtime revenue rose by 15.9% from S$2.8 million for FY2013 to S$3.2 million for FY2014 as more airtime packages were taken up by customers. Gross profit increased from S$0.7 million to S$0.8 million, as the gross profit margin edged up from 25.4% to 26.1%.

Highlights of Financial Position and Cash Flow

Financial Position

Our financial position strengthened further in FY2014. Our net cash position improved from S$13.5 million as at 31 March 2013 to S$17.1 million as at 31 March 2014, which represents net cash per share of 16.1 S¢. The Group had no borrowings as at 31 March 2014.

Equity attributable to owners of the parent amounted to S$27.5 million, made up mainly of S$18.0 million in share capital and S$9.5 million in retained earnings.

Operating Activities

In FY2014, our Group generated S$3.6 million in net cash from operating activities before working capital changes. Net cash generated from working capital amounted to S$0.9 million, largely because trade and other payables increased by S$2.4 million while advance billings rose to S$7.7 million. These changes were offset by an increase of S$4.8 million in inventories, as well as S$4.4 million in trade and other receivables. After payment of income tax, net

cash generated from operating activities amounted to S$4.5 million for FY2014, against S$2.0 million in the previous year.

Investing Activities

Net cash used in investing activities amounted to S$0.6 million. Plant and equipment purchases amounting to S$0.7 million was offset by interest received of S$0.1 million.

Financing Activities

Net cash used in financing activities amounted to S$0.2 million, largely due to S$0.2 million in dividends payment.

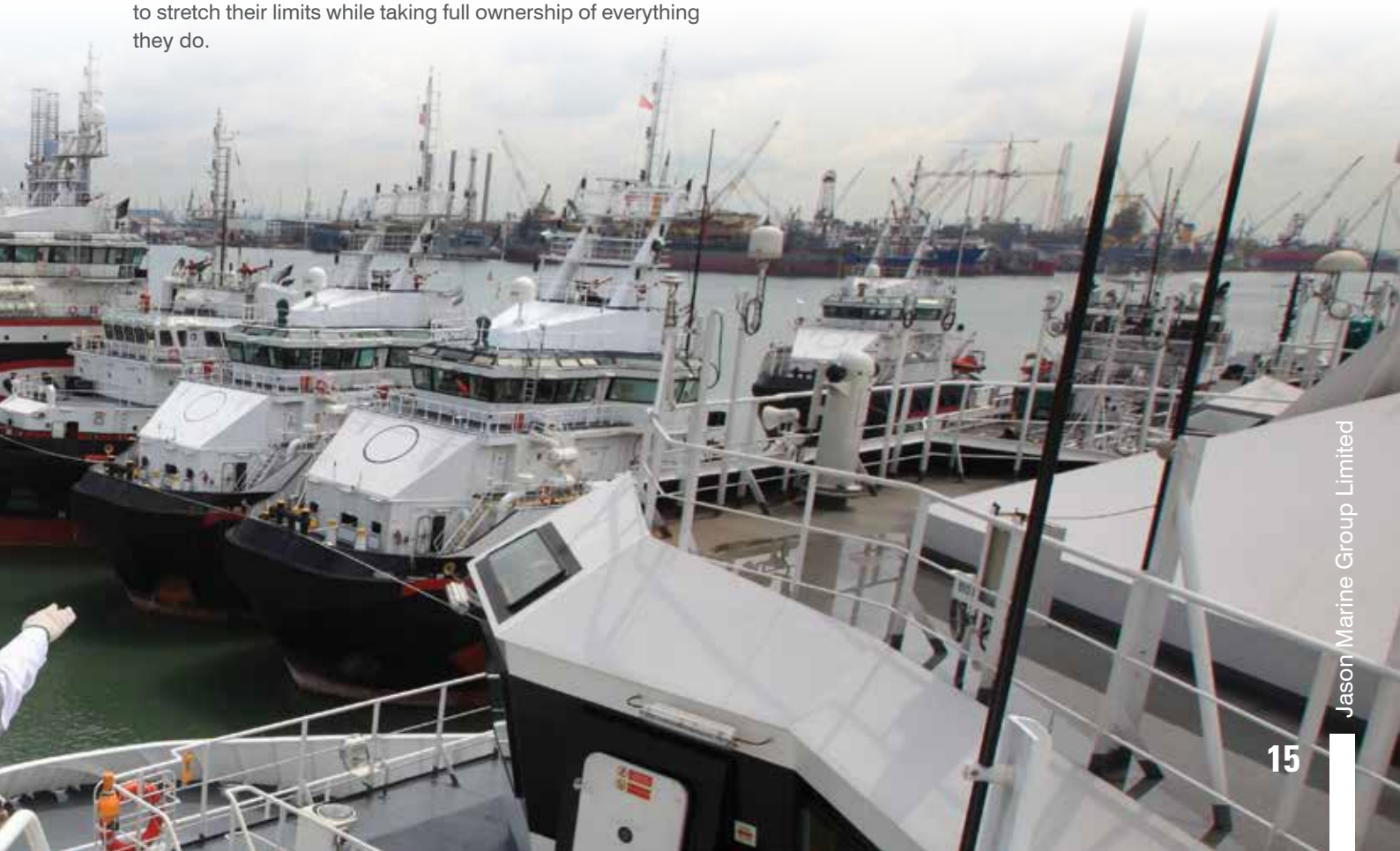
Building a Strong, Cohesive Team

At Jason Marine, we continue to believe that our Company will reach its full potential only when our people reach theirs. Over the past few years, we have rolled out a series of initiatives to re-engage them and re-fire their passion in their work, while creating a stimulating and rewarding workplace where they can focus on achieving their career goals while maintaining a healthy work-life balance.

We started by taking a carefully structured approach that targeted three areas – compensation, staff training and development, and career advancement. This helped to lower staff turnover and raise employee satisfaction. In the next phase, we moved to provide leadership training and development for key executives, enhancing their ability to lead by example and foster greater cohesion among their teams. Through focus group sessions, we worked to identify the issues confronting our staff and find ways for them to overcome the challenges. We also put in place new key performance indicators (KPIs) that would encourage them to stretch their limits while taking full ownership of everything they do.

These efforts have enabled us to forge a culture of teamwork and excellence that has not only raised service standards but also established Jason Marine as an employer of choice in the sector. By adopting industry-recognised best practices in human resource management (HRM) and reshaping our business strategies accordingly, we have successfully nurtured a work environment where people can embrace personal growth, confident that we have their best interests at heart. This commitment to staff welfare was recognised at the HRM Awards 2014, where Jason Marine was named SME Employer of the Year for having created an exceptionally supportive work environment that encourages every member of the team to excel.

In our continuing drive to champion employee growth, we have lined up exciting new programmes for the coming year that include team building workshops for management. At these sessions, department heads and senior managers will explore how to promote greater communication, improve mutual understanding and make the most of collective strengths. Through this unrelenting drive on multiple fronts, we plan to elevate performance across our Group as our tailored array of human resource initiatives unlocks the best in every employee.



Occupational Health & Safety

Providing a safe and healthy working environment for our people has always been a top priority at Jason Marine. By adhering to the most stringent standards for occupational health and safety, we not only keep our workers safe but also optimise turnaround times by reducing workplace incidents.

Surpassing Industry Norms

Over the past year, Group-wide efforts to further reduce the accident severity rate (ASR) have paid off. All along, we have kept the rate well below the industry average, and for the financial year ended 31 March 2014 (FY2014), we were able to lower it to 5.83, down 29% from levels in the previous year.

According to the Workplace Safety and Health (WSH) Report 2013 released by the Ministry of Manpower's WSH Institute, Singapore recorded an overall ASR of 91 in 2013, while the figure for the marine sector came to 107. The rate measures the number of man-days lost to workplace incidents for every million man-hours worked.

Setting Global Standards

Keen to keep raising the bar, Jason Marine continues to seek ways to enhance WSH processes and management systems across the board. In 2013, Jason Marine, which leads our offshore oil and gas division, was certified to OHSAS 18001:2007, a globally recognised standard for OHS management systems. This certification affirms that the systems it has put in place can effectively identify health and safety risks and reduce the potential for accidents, thus limiting downtimes and costs arising from lost man-hours.

Singapore Health Award – Gold

The award is presented by the Singapore Health Promotion Board to caring employers who value the health and well-being of their staff, by running workplace health promotion programmes that help keep them fit, happy and productive.

Jason Marine was honoured with a gold at the Singapore Health Award 2013 because we recognise that our people are our greatest asset. During the year, our Recreation Club and Workplace Health Club worked hand in hand to find innovative new ways to promote a greater work-life balance as well as healthier lifestyles. Popular events included the family carnival and badminton matches, while many enjoyed the zumba lessons as well.

New and Ongoing Initiatives

In another new initiative for the year, careful steps were taken to ensure compliance with the Work At Heights Regulations that came into effect in May 2013 under the WSH Act. To effectively meet the new requirements, we re-examined our protocols and implemented measures that included training more Work At Heights supervisors.

To continue meeting critical safety benchmarks, Jason Marine has adopted other industry best practices that include the following:

- An internal safety committee that meets regularly to identify risk areas and monitor ongoing issues
- Risk management practices that cover key activities and processing, to build up awareness and response capabilities at the highest levels
- Bi-monthly internal safety audits to ensure that the most stringent standards are upheld
- Monthly safety inspections at all our premises
- Year-round WSH training sessions for staff

Corporate Social Responsibility

At Jason Marine, we believe for corporations to be truly successful today, they must also fulfil their responsibility to the world beyond, by caring for the communities around them and preserving finite natural resources for future generations.

To help foster a caring, cohesive and inclusive society, we have worked to turn these aspirations into a way of life for everyone at Jason Marine, building a framework that encourages our people to put their convictions to practice at both the corporate and individual level.

Caring for the Environment

In our efforts to help protect the Earth's natural capital, we have taken a systematic approach that carefully examines the environmental impact of all our business processes, seeking ways to maximise resources while minimising ecological costs.

Over the years, we have continued our drive to develop resource-efficient processes that make both ecological and economic sense, reducing our environmental footprint as well as operational costs. Enhanced initiatives to reuse and recycle products such as paper and toner cartridges will help curb emissions and reduce the need for virgin materials.

In line with our commitment to promoting responsible resource management and environmental sustainability, we are striving to achieve ISO 14001 certification, recognised globally as a key benchmark for environmental management systems.

Caring for Our People

Heartened by the success of our drive to champion personal growth for every employee – which saw Jason Marine being named SME Employer of the Year at the HRM Awards – we have set new targets designed to enhance our HR management practices on multiple fronts.

To enable our people to achieve greater work-life balance, we offer flexible working arrangements wherever feasible, so they can work flexi-hours, part-time or from home as the need arises. Their physical well-being is also of prime concern to us, so we continue to organise suitable programmes and activities, including health screenings and interactive talks on topics such as the dietary impact of various fats. Ice skating was among the more popular sports activities scheduled.

In terms of job achievement and career advancement, our staff have been quick to take up functional skills training, in areas ranging from project planning to service excellence to sales negotiation, as well as business management and leadership programmes.

Caring for Society

In building and sustaining a genuinely inclusive society, a society that embraces all its parts, engagement is crucial. Only by fostering collective responsibility and community ownership can a society ensure that every member has the chance to live a full, rewarding life. Recognising how crucial this goal is, Jason Marine continues to play a part by extending a hand to the less privileged, hoping to enrich their lives in meaningful ways.

One particularly exciting initiative came to pass when we decided to partner the South West Community Development Council (CDC) in rolling out another leg of its Adopt-a-Precinct (AAP) scheme. This ongoing assistance for elderly and vulnerable residents in the area aims to provide a safer and more supportive environment for them with the aid of both community and corporate volunteers.

In December 2013, Jason Marine was proud to adopt the Telok Blangah division, where it will reach out to 30 needy households by organising various programmes and activities for the residents, both young and old. The AAP initiative reflects our conviction that, as a committed corporate stakeholder, we should give back to society in ways that foster greater community bonding and interaction.

Our staff have already volunteered to help run these efforts on a regular and sustained basis. Activities being planned include enrichment field trips for children and recreational excursions for seniors.

RESPONSIBLE

Our commitment to all our stakeholders to make Jason Marine the best in the industry has sustained us through both good times and bad. Like the Nautilus, we have set a course that will see us grow and mature, emerging stronger at every stage until we attain our vision to be a global world class marine electronics company.

Our People

"Jason Marine is like a second home to me. My colleagues are friendly and we work together as a team."

Bean Lim
(14 years with JMG)
Logistics Executive, Logistics Department

Irvin Yew
(20 years with JMG)
Manager, Radio Survey Department

"I've enjoyed growing with the company, watching it take its first steps overseas and build on its strengths as it expanded its operations."

Neo Heng Kwang
(13 years with JMG)
Commissioning Manager, Technical Department

"The real stay factor for me is the big Jason family. We take care of each other – you don't get that everywhere."

Lily Kok
(11 years with JMG)
HR Officer, HR & Admin Department

"I went on flexi-hours some years ago because of family commitments. Few employers supported such arrangements back then, but Jason Marine understood."

Jerry Lim
(12 years with JMG)
Senior Technical Engineer, Technical Department

"I like knowing I have a role in the company's growth, knowing my bosses trust me to take care of my team and push the project through."

Jody Chua
(15 years with JMG)
Sales Support Manager, Marine Department

"From the start, management has set the right tone and worked hard to create the right culture, giving us the freedom to try different things and think outside the box."

"I was delighted when we won the HRM Award. This makes my work a great deal easier, helping me to attract the right people to push ahead with Jason's goal of going global."

Serene Tan
(6 years with JMG)
HR Manager, HR & Admin Department

Grace Ong
(19 years with JMG)
Assistant Finance Manager, Finance Department

"How many companies work hard to keep their staff happy and fulfilled? Here, I get to do what I'm good at, and work with people who've also been part of the Jason story for a long time."

Ooi Chee Kong
(14 years with JMG)
Manager, Business Excellence & IT Department

"The open culture has bred a tightly knit team with a rare sense of belonging."

Key Principals

Our ability to match key technologies from our principals to the needs of our customers has set Jason Marine apart in this sector, because our people work hand-in-hand with customers to pinpoint the tools that they require to excel in their industries and to fashion lasting solutions that will take their businesses to new heights.

Aalesund Data AS

Norwegian IT company Aalesund Data AS offers the IBO® (iTrust Bandwidth Optimizer), an intelligent and cost-effective system that optimises the available bandwidth and expands capabilities of existing satellite communication onboard a vessel. The IBO® solution also adds valuable functions and features that include web caching, carrier failover, QoS, content filtering, firewalls, gateway antivirus systems and routing.

Baze Technology

Baze Technolgy offers BazePort®, a cutting-edge infotainment system designed and built for offshore and maritime environments. Its module system allows users to enjoy a fully interactive platform for information, entertainment and communications, including professional applications, IPTV, radio, Internet and video on demand.

Cobham SATCOM

Cobham SATCOM develops, manufactures, sells and supports satellite and radio communication terminals and earth stations for land, marine and airborne applications. Riding the ever-increasing demand for fast and reliable communication, its products and services are designed to satisfy the needs of a wide variety of commercial, governmental and recreational applications. The brands we represent are SAILOR and SeaTel.

CyberLogitec

CyberLogitec is an IT company that specialises in the maritime and logistics industries. The company has been developing key solutions in the maritime logistics chain to provide superior service to customers. The solutions include integrated container and bulk carrier operation system, vessel management system and advanced automated terminal operation system.

ESRG

Established in 2000, ESRG provides leading-edge data analysis and remote monitoring technology. ESRG supports the remote condition monitoring and analytics for maritime assets in the commercial maritime, offshore oil & gas and naval defense sectors. ESRG's OstiaEdge platform enables owners, managers and operators to use the real-time data generated by onboard equipment to make better maintenance and operations decisions, both onboard and onshore.

FloScan Instrument Company, Inc.

For more than 40 years, FloScan Instrument Company, Inc. has been a world leader in fuel flow monitoring systems and software designed for permanent installation on diesel and gasoline engines. Commercial marine fleets worldwide are installing FloScan to obtain a complete record of diesel fuel consumption on a vessel-by-vessel basis. The FloNET DataLog System is being used to effectively manage fuel inventory control and to monitor vessel location and movement. FloScan is constantly expanding its technology base to meet the needs of commercial and recreational marine vessels, general aviation aircraft and industrial generator applications for accurate and reliable fuel flow measurement.

Hatteland Display

Hatteland Display is a leading technology provider of specialised display and computer products, delivering high-quality, unique and customised solutions to the international maritime and industrial markets. Its customer-oriented approach, technical knowledge and dedication to R&D make it a trusted and preferred supplier of approved solutions, which are backed up by a strong service network.

Koden Electronics

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

Light Structures

Light Structures AS is a Norwegian company with its roots from the Norwegian Defence Research Establishment where the generic technology behind the SENSFIB Condition Monitoring Systems was developed. The core technology based on its in-house designed fiber optic sensors, can be used across a number of different application areas. Its current focus is on shipping, offshore and the wind turbine sectors. The company is currently the market leader on fiber optic hull stress monitoring in the shipping and offshore sectors and have recently released new products for Ice Load Monitoring, Sloshing Monitoring and Integrated Marine Monitoring System (IMMS) which has been designed for the offshore market.

Navico (Simrad)

Navico is the world's largest marine electronics company and is the parent company to Simrad, a renowned marine electronics brand that leads the way in electronics technology for commercial vessels. Its extensive portfolio includes integrated navigation systems, autopilot systems, VHF radios, performance instrumentation and safety electronics that are suitable for both leisure and professional users.

Rockson Automation

Rockson Automation provides automation solutions with its own reliable hard- and software components specialized for the maritime market. These solutions range from simple alarm and monitoring systems to sophisticated integrated control systems to meet shipowner's, shipyard's and system integrator's demands and have proven themselves for newbuilding projects as well as for replacing old inefficient automation equipment.

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

194 Pandan Loop
#06-05 Pantech Business Hub
Singapore 128383
Tel: +65-6477 7700
Fax: +65-6872 1800
Website: www.jason.com.sg

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Independent Auditors

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267
Partner-in-charge: Leong Hon Mun Peter
(Appointed since financial year ended 31 March 2013)

Principal Bankers

CIMB Bank Berhad, Singapore Branch
Citibank, N.A., Singapore Branch
Bank of China Limited, Singapore Branch
Australia and New Zealand Banking Group Limited

Sponsor

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

Service Centres

Singapore

Jason Electronics (Pte) Ltd
194 Pandan Loop
#06-05 Pantech Business Hub
Singapore 128383
Tel: +65-6477 7700
Fax: +65-6872 1800
Email: service@jason.com.sg

People's Republic of China

Jason (Shanghai) Co., Ltd
16H New Shanghai City Building
33 He Nan Road (S)
Shanghai 200002
People's Republic of China
Tel: +86-21-6337 5966 / 67 / 68
Fax: +86-21-6337 5969
Email: chinasales@jason.com.sg

Indonesia

PT Jason Elektronika
Jl. Gunung Sahari Raya No. 2
Komplex Marina Mangga Dua Blok F No. 20
Jakarta 14420
Indonesia
Tel: +62-21-641 5491 / 92
Fax: +62-21-641 5493
Email: sales@jason.com.sg

Thailand

Jason Electronics (Thailand) Co., Ltd
113/6 Soi Latplakhao
24, Kaset-Nawamin Road
Jorakhae-bua, Latphrao
Bangkok 10230
Thailand
Tel: +66-2553 2290 / 91
Fax: +66-2553 2292
Email: sachja@jasonthai.com

ENGAGE
MEDIA
+65 6773 0887

Jason Marine Group Limited

Corporate Governance and Financial Report 2014

Contents

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 Catalist. 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, Corporate Finance) at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone (65) 6337 5115.

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 2014 ("**FY2014**"), 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 Articles of Association provide for Board meetings by means of conference telephone, videoconferencing, audio-visual or other electronic means of communication.

The attendance of the Directors at meetings of the Board and the Board committees during FY2014 is tabulated below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	3	2	1	1
Number of meetings attended by respective directors				
Executive Directors				
Mr Foo Chew Tuck	3	N/A	N/A	N/A
Mr Tan Lian Huat	1	N/A	N/A	N/A
Non-Executive Non-Independent Director				
Mr Wong Hin Sun Eugene	3	2	–	1
Independent Directors				
Mr Sin Hang Boon	3	2	1	1
Mrs Eileen Tay-Tan Bee Kiew	3	2	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.

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 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 31 July 2018 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 Director will confirm his/her independence on a yearly basis. During FY2014, none of the Directors have served beyond nine years from the respective date of their first appointment.

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 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. The Non-Executive Directors meet as and when necessary and at least once a year without the presence of the management.

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.

With effect from 27 May 2014, Mrs Eileen Tay-Tan Bee Kiew has been appointed as the Lead Independent Director who 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 Mrs Eileen Tay-Tan Bee Kiew is a Lead Independent Director and Mr Sin Hang Boon is also an Independent Director, 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.

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 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 Articles of Association 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 Director disclosing the required information. The NC is of the opinion that in respect of FY2014, 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 FY2014, 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	25 July 2013
Mr Tan Lian Huat	CEO	9 September 2007	27 July 2011
Mr Wong Hin Sun Eugene	Non-Executive Non-Independent Director	15 September 2009	25 July 2013
Mr Sin Hang Boon	Independent Director	15 September 2009	25 July 2013
Mrs Eileen Tay-Tan Bee Kiew	Lead Independent Director	15 September 2009	24 July 2012

At the forthcoming AGM, Mr Tan Lian Huat, Mr Sin Hang Boon and Mrs Eileen Tay-Tan Bee Kiew are due for re-election pursuant to the Articles of Association of the Company. The NC has recommended and the Board has agreed for Mr Tan Lian Huat, Mr Sin Hang Boon and Mrs Eileen Tay-Tan Bee Kiew to retire and seek re-election at the forthcoming AGM.

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 FY2014. 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 each individual Director has contributed to the 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.

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.

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.

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 automatically renewed annually subject to termination clauses in the service agreements. The service agreement may be terminated by giving six months' prior written notice or an amount equal to six 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. 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.

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. Since its adoption till the date of this report, no performance share has been awarded under the PSP.

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.

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 during FY2014 is as follows:

	Fees	Salary	Performance-related income	Others	Total
	%	%	%	%	%
S$500,000 to S$749,000					
Mr Foo Chew Tuck	–	67	29	4	100
S$250,000 to S$499,000					
Mr Tan Lian Huat	–	60	30	10	100
Below S$250,000					
Mrs Eileen Tay-Tan Bee Kiew	100	–	–	–	100
Mr Sin Hang Boon	100	–	–	–	100
Mr Wong Hin Sun Eugene	100	–	–	–	100

In respect of FY2014, 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$60,000
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 comprises two members. A breakdown showing the level and mix of the remuneration of the Group's key management (who are not Directors or CEO) during FY2014 is as follows:

	Salary	Performance-related income	Others	Total
	%	%	%	%
Below S$250,000				
Ms Foo Hui Min (CFO)	72	19	9	100
Mr Tan Peng Huat James (Chief Operating Officer)	77	16	7	100

In FY2014, the aggregate amount of remuneration paid to the above key management personnel was approximately S$359,000.

The Executive Directors and key management personnel are not entitled to any benefits upon termination, retirement or post-employment. During FY2014, 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 FY2014, the KPIs have been met by the Executive Directors and key management personnel.

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).

The Board is committed to ensure compliance with legislative and regulatory requirements including requirements under the Catalist Rules. The management provides the Board with quarterly 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 FY2014, the Company's appointed internal auditor, PricewaterhouseCoopers LLP, has conducted internal audit review based on an agreed scope of review. In respect of FY2014, the CEO and CFO had provided a letter of assurance confirming that the Group's financial records have been properly maintained and the Group's consolidated financial statements for FY2014 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 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 FY2014.

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.

Presently, the Company is looking into the establishment of a Risk Committee 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.

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 auditors, and approving the remuneration and terms of engagement of the external 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 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, 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 FY2014, 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 external auditors without the presence of the Company's management in May 2014.The AC was briefed by the external auditors on changes to the accounting standards and issues which have an impact on financial statements and reporting during the presentation of the audit plan to the AC.

In respect of FY2014, 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 FY2014, there was no non-audit services provided by Messrs BDO LLP and the amount of audit fees payable to Messrs BDO LLP in FY2014 was S$72,000. The AC confirms that it has undertaken a review and as there was no non-audit service provided by the external auditors, Messrs BDO LLP, during FY2014, 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.

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

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 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 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 the Companies Act (Chapter 50) of Singapore, the Board's policy is that Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

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) and the website of ShareInvestor Pte Ltd (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 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.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on, the Group's earnings, general financial conditions, operations need, development plans and other factors as the Board may deem relevant. In respect of FY2014, the Board is proposing a first and final dividend of 0.2 Singapore cent per Share and a special dividend of 0.8 Singapore cent per Share which are subject to the approval of Shareholders at the forthcoming AGM.

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.

Shareholders can vote in person or appoint not more than two proxies to attend and vote on behalf of the member. There is no provision in the Company's Articles of Association that limits the number of proxies for nominee companies.

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 FY2014.

INTERESTED PERSON TRANSACTIONS

Details of the interested person transactions for FY2014 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 FY2014 (excluding transactions less than S$100,000 and conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	(S$'000)	(S$'000)
Mr Foo Chew Tuck		
Lease of office premises from:		
(i) JE Holdings Pte Ltd	222	–
(ii) Unity Consultancy Pte Ltd	16	–
(iii) Jason Harvest Pte Ltd	46	–
Total:	284	–

In addition to the above, during FY2014, Mr Tan Lian Huat had provided personal guarantees to secure the Group's obligations for a hire purchase facility and surety bond undertaking. Such facility and undertaking had ceased as at 31 March 2014. No fee was paid to Mr Tan Lian Huat for the provision of the aforesaid guarantees.

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 FY2014 or if not subsisting, were entered into since 1 April 2014.

USE OF PROCEEDS

As at 31 March 2014, the Group had fully utilised all of the net proceeds raised from the Company's initial public offering ("**IPO Proceeds**") in October 2009, as follows:

Purpose	Amount used S$'000
Investments and/or joint ventures	428
General working capital	1,674
Total	2,102

The Company previously announced on 6 November 2013 that the balance of the IPO Proceeds which were intended for investments and/or joint ventures but remained unutilised at that time (amounting to approximately S$1.072 million) had been re-allocated for general working capital purposes as the Company did not foresee that there would be new investments and/or joint ventures to be made in the immediate twelve months thereafter. Save for the aforementioned, the utilisation of the IPO Proceeds was consistent with the stated use and in accordance with the percentage allocated as disclosed in the Company's offer document dated 12 October 2009. The amount of IPO Proceeds utilised for general working capital mainly relates to the operating and administrative expenses of the Group.

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 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 risk 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 its customers and the Group 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.

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited consolidated financial statements of Jason Marine Group Limited (the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 March 2014 and the statement of financial position of the Company as at 31 March 2014.

1. Directors

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

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

2. 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.

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), none of the Directors of the Company who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1 April 2013	Balance as at 31 March 2014	Balance as at 1 April 2013	Balance as at 31 March 2014
	Number of ordinary shares			
Company				
Foo Chew Tuck	81,300,000	81,300,000	–	–
Tan Lian Huat	1,020,000	1,020,000	–	–
Wong Hin Sun Eugene	–	–	2,700,000	3,150,000

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 subsidiaries 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 2014 in the shares of the Company have not changed from those disclosed as at 31 March 2014.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which by reason of a contract made by the Company or a related corporation with the Director of the Company or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

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. No performance shares have been granted to-date under the PSP.

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 share options and performance shares granted by the Company or its subsidiaries during the financial year.

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 subsidiaries.

There were no unissued shares of the Company or its subsidiaries under options 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;

6. Audit committee (Continued)

(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.

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 auditors of the Company at the forthcoming Annual General Meeting.

7. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

8. Additional disclosure requirements of the Listing Manual of the SGX-ST

The auditors of the subsidiaries 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
25 June 2014

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company as at 31 March 2014, the consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity of the Group and of the Company and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Foo Chew Tuck
Director

Tan Lian Huat
Director

Singapore
25 June 2014

INDEPENDENT AUDITORS' 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**") as set out on pages 22 to 79 which comprise the statements of financial position of the Group and of the Company as at 31 March 2014, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity of the Group and of the Company and consolidated statement of cash flows 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Jason Marine Group Limited

Report on the financial statements (Continued)

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results, 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 subsidiaries 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
25 June 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Intangible asset	4	39	116	–	–
Plant and equipment	5	1,017	780	–	–
Investments in subsidiaries	6	–	–	14,892	14,892
Investments in associates	7	314	79	–	–
Available-for-sale financial assets	8	1,482	1,482	–	–
Other receivables	9	548	589	–	–
Deferred tax assets	10	2	3	–	–
Total non-current assets		3,402	3,049	14,892	14,892
Current assets					
Inventories	11	8,970	4,433	–	–
Trade and other receivables	9	18,587	14,239	72	75
Prepayments		156	196	23	27
Current income tax recoverable		–	13	–	–
Cash and cash equivalents	12	17,025	13,465	4,383	4,050
		44,738	32,346	4,478	4,152
Assets of a disposal group held for sale	13	36	–	–	–
Total current assets		44,774	32,346	4,478	4,152
Less:					
Current liabilities					
Trade and other payables	14	10,534	8,948	266	236
Advance billings	15	8,972	1,279	–	–
Derivative financial instruments	16	43	67	–	–
Finance lease payables	17	–	9	–	–
Current income tax payable		285	97	1	1
		19,834	10,400	267	237
Liabilities of a disposal group held for sale	13	839	–	–	–
Total current liabilities		20,673	10,400	267	237
Net current assets		24,101	21,946	4,211	3,915
Less:					
Non-current liabilities					
Deferred tax liabilities	10	129	131	–	–
Net assets		27,374	24,864	19,103	18,807
Equity					
Share capital	18	17,967	17,967	17,967	17,967
Foreign currency translation account	19	(86)	3	–	–
Retained earnings		9,555	6,987	1,136	840
Equity attributable to owners of the parent		27,436	24,957	19,103	18,807
Non-controlling interests		(62)	(93)	–	–
Total equity		27,374	24,864	19,103	18,807

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

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2014

	Note	2014 $'000	2013 $'000
Revenue	20	50,188	37,896
Cost of sales		(36,576)	(27,053)
Gross profit		13,612	10,843
Other items of income			
Interest income		113	83
Other income	21	505	326
Other items of expense			
Distribution costs		(5,477)	(4,840)
General and administrative expenses		(5,576)	(5,312)
Other expenses		(379)	(453)
Finance costs	22	(1)	(1)
Share of results of associates, net of tax		235	(65)
Profit before income tax	23	3,032	581
Income tax expense	24	(214)	(165)
Profit for the financial year		2,818	416
Profit/(Loss) attributable to:			
Owners of the parent		2,780	517
Non-controlling interests		38	(101)
		2,818	416
Earnings per share	25		
– Basic and diluted		2.62 cents	0.49 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2014

	2014 $'000	2013 $'000
Profit for the financial year	2,818	416
Other comprehensive income:		
Items that will or may be reclassified subsequently to profit or loss		
Foreign currency differences on translation of foreign operations	(96)	(15)
Income tax relating to items that will or may be reclassified	–	–
Other comprehensive income for the financial year, net of tax	(96)	(15)
Total comprehensive income for the financial year	2,722	401
Total comprehensive income attributable to:		
Owners of the parent	2,691	500
Non-controlling interests	31	(99)
	2,722	401

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2014

Group	Note	Share capital $'000	Foreign currency translation account $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2013		17,967	3	6,987	24,957	(93)	24,864
Profit for the financial year		–	–	2,780	2,780	38	2,818
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations		–	(89)	–	(89)	(7)	(96)
Total comprehensive income for the financial year		–	(89)	2,780	2,691	31	2,722
Distributions to owners of the parent							
Dividends	26	–	–	(212)	(212)	–	(212)
Total transactions with the owners of the parent		–	–	(212)	(212)	–	(212)
Balance at 31 March 2014		17,967	(86)	9,555	27,436	(62)	27,374

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2014

Group	Note	Share capital $'000	Foreign currency translation account $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2012		17,967	20	6,682	24,669	(74)	24,595
Profit/(Loss) for the financial year		–	–	517	517	(101)	416
Other comprehensive income for the financial year							
Foreign currency differences on translation of foreign operations		–	(17)	–	(17)	2	(15)
Total comprehensive income for the financial year		–	(17)	517	500	(99)	401
Distributions to owners of the parent							
Dividends	26	–	–	(212)	(212)	–	(212)
Total transactions with the owners of the parent		–	–	(212)	(212)	–	(212)
Transactions with the non-controlling interests							
Issue of shares to non-controlling interests		–	–	–	–	80	80
Total transactions with the non-controlling interests		–	–	–	–	80	80
Balance at 31 March 2013		17,967	3	6,987	24,957	(93)	24,864

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2014

Company	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Balance at 1 April 2013		17,967	840	18,807
Profit for the financial year		–	508	508
Total comprehensive income for the financial year		–	508	508
Distributions to owners of the parent				
Dividends	26	–	(212)	(212)
Total transactions with the owners of the parent		–	(212)	(212)
Balance at 31 March 2014		17,967	1,136	19,103
Balance at 1 April 2012		17,967	522	18,489
Profit for the financial year		–	530	530
Total comprehensive income for the financial year		–	530	530
Distributions to owners of the parent				
Dividends	26	–	(212)	(212)
Total transactions with the owners of the parent		–	(212)	(212)
Balance at 31 March 2013		17,967	840	18,807

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2014

	2014 $'000	2013 $'000
Operating activities		
Profit before income tax	3,032	581
Adjustments for:		
Allowance for impairment loss on doubtful third parties trade receivables	72	154
Allowance for impairment loss on available-for-sale financial assets	–	32
Allowance for inventory obsolescence	305	23
Amortisation of intangible asset	114	183
Changes in fair value of derivative financial instruments	(23)	156
Depreciation of plant and equipment	452	308
Gain on disposal of plant and equipment	(1)	(26)
Interest expense	1	1
Interest income	(113)	(83)
Share of results of associates	(235)	65
Write-back of allowance for impairment loss on doubtful third parties trade receivables	(6)	(12)
Write-off of plant and equipment	–	4
Operating cash flows before working capital changes	3,598	1,386
Working capital changes:		
Inventories	(4,842)	1,218
Trade and other receivables	(4,377)	(1,615)
Prepayments	39	(46)
Trade and other payables	2,423	984
Advance billings	7,693	231
Cash generated from operations	4,534	2,158
Income tax paid	(14)	(159)
Net cash from operating activities	4,520	1,999
Investing activities		
Acquisition of intangible asset	(37)	(9)
Interest received	113	83
Issue of shares to non-controlling interests	–	80
Proceeds from disposals of plant and equipment	4	86
Purchase of plant and equipment	(691)	(452)
Net cash used in investing activities	(611)	(212)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2014

	Note	2014	2013
		$'000	$'000
Financing activities			
Dividends paid		(212)	(212)
Interest paid		(1)	(1)
Proceeds from bank borrowings		–	287
Repayment of bank borrowings		–	(287)
Repayment of obligations under finance leases		(9)	(10)
Net cash used in financing activities		(222)	(223)
Net change in cash and cash equivalents		3,687	1,564
Cash and cash equivalents at beginning of financial year		13,465	11,916
Effects of foreign exchange rate changes on cash and cash equivalents		(92)	(15)
Cash and cash equivalents at end of financial year	12	17,060	13,465

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

These notes form an integral part of and should be read in conjunction with the 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 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 2014 were authorised for issue in accordance with a Directors' resolution dated 25 June 2014.

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**"). The financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand ($'000) unless otherwise indicated. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

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

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 require that items presented in other comprehensive income must be grouped separately into those that may be reclassified subsequently to profit or loss and those that will never be reclassified. As the amendments only affect the presentation of items recognised in other comprehensive income, there is no impact on the Group's financial position or financial performance on initial adoption of this standard on 1 April 2013.

FRS 113 Fair Value Measurement

FRS 113 provides a single source of guidance on fair value measurement and fair value disclosure requirements when fair value measurement and/or disclosure is required by other FRSs. It also provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope.

The adoption of FRS 113 does not have any material impact on any of the Group's fair value measurements, therefore there has been no material impact on the financial position or financial performance of the Group. The Group has included the additional required disclosures in the financial statements. In line with the transitional requirements, FRS 113 has been adopted prospectively from 1 April 2013 and therefore comparative information has not been presented for the new disclosure requirements.

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 19	: Amendments to FRS 19 - Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27	: Separate Financial Statements	1 January 2014
	: Amendments to FRS 27 – Investment Entities	1 January 2014
FRS 28	: Investments in Associates and Joint Ventures	1 January 2014
FRS 32	: Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 36	: Amendments to FRS 36 - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
FRS 39	: Amendments to FRS 39 - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
FRS 110	: Consolidated Financial Statements	1 January 2014
	: Amendments to FRS 110 – Investment Entities	1 January 2014
FRS 111	: Joint Arrangements	1 January 2014
FRS 112	: Disclosure of Interests in Other Entities	1 January 2014
	: Amendments to FRS 112 – Investment Entities	1 January 2014
FRS 114	: Regulatory Deferral Accounts	1 January 2016
INT FRS 121	: Levies	1 January 2014
Improvements to FRSs (2014)		1 July 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

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

The Group and the Company expect that the adoption of the above FRS and INT FRS in future periods, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes a new control model as the basis for determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110 management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect from the financial year beginning on 1 April 2014 with full retrospective application.

The Group is currently evaluating the effect and anticipates that no material impact to the financial position and financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 April 2014.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. This new standard is likely to result in more extensive disclosures in the financial statements, however, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 April 2014.

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. 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.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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 jointly controlled entity.

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.

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;

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 April 2010 (Continued)

- 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.

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.

2. Summary of significant accounting policies (Continued)

2.5 Plant and equipment (Continued)

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

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	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 the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

2.7 Associates

Associates are entities over which the Group has significant influence, but that is neither a subsidiary nor an interest in joint venture. 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.

2. Summary of significant accounting policies (Continued)

2.7 Associates (Continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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 associate is 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.

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.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

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.

2.10 Financial assets

The Group and the Company classify their 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.

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

(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 and the Company become 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 and the Company commit 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 and the Company have 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.

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.

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

Impairment

The Group and the Company 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 and the Company 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 are not recognised in profit or loss. 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 uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss for the financial year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profile.

2. Summary of significant accounting policies (Continued)

2.12 Disposal group classified as held for sale

Disposal group is classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Disposal group classified as held for sale is measured at the lower of their previous carrying amount and fair value less costs to sell.

2.13 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.

2.14 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 and the Company have 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 the Company, and are subsequently measured at amortised cost using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Recognition and derecognition

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

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.

2. Summary of significant accounting policies (Continued)

2.14 Financial liabilities (Continued)

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.

2.15 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.

2.16 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 goods 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.

2.17 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.

2.18 Leases

Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair values and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

Group as lessee of finance leases (Continued)

Subsequent to initial recognition, the plant and equipment is accounted for in accordance with the accounting policy applicable to that plant and equipment. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

Group as lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.19 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.

2.20 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.

2.21 Income tax

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.

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 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 by the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.21 Income tax (Continued)

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.

2.22 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**").

The consolidated financial statements and the statement of financial position and statement of changes in equity 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.

In preparing the financial statements, 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.

2. Summary of significant accounting policies (Continued)

2.22 Foreign currencies (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.

2.23 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.

2.24 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

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 investments and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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) Amortisation of intangible asset

Intangible asset is amortised on a straight-line basis over the asset's useful life. The management estimates the useful life of the intangible asset to be 3 years. The estimated useful life that the Group places the intangible asset into productive use reflects the managements' estimate of the period the Group intends to derive future economic benefits from the intangible asset. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual value of the asset, therefore future amortisation could be revised. The carrying amount of the Group's intangible asset as at 31 March 2014 was approximately $39,000 (2013: $116,000).

(ii) 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 2014 was approximately $1,017,000 (2013: $780,000).

(iii) Allowance for impairment loss on doubtful 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 2014 were approximately $18,587,000 and $72,000 (2013: $14,239,000 and $75,000) respectively.

(iv) 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 2014 was approximately $8,970,000 (2013: $4,433,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(v) Income taxes

The Group recognises expected liabilities for income tax based on estimation of the likely tax due, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the current income tax and deferred tax provisions in the financial years in which such determination is made. The carrying amounts of the Group's current income tax payable and current income tax recoverable as at 31 March 2014 were approximately $285,000 and $Nil (2013: $97,000 and $13,000) respectively. The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 31 March 2014 were approximately $2,000 and $129,000 (2013: $3,000 and $131,000) respectively.

4. Intangible asset

	Group	
	2014	2013
	$'000	$'000
Computer software		
Cost		
Balance at beginning of financial year	559	550
Additions	37	9
Balance at end of financial year	596	559
Accumulated amortisation		
Balance at beginning of financial year	443	260
Amortisation for the financial year	114	183
Balance at end of financial year	557	443
Carrying amount		
Balance at end of financial year	39	116

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

5. Plant and equipment

	Office equipment	Furniture and fittings	Motor vehicles	Electrical fittings	Plant and machinery	Renovation	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2014								
Cost								
Balance at 1 April 2013	195	316	398	45	711	117	848	2,630
Additions	63	20	26	15	417	60	90	691
Disposals	(9)	–	–	–	(9)	–	(61)	(79)
Currency translation adjustment	–	–	(5)	–	(1)	–	–	(6)
Reclassified as held for sale	–	–	–	–	–	–	(2)	(2)
Balance at 31 March 2014	249	336	419	60	1,118	177	875	3,234
Accumulated depreciation								
Balance at 1 April 2013	130	267	332	39	275	116	691	1,850
Depreciation for the financial year	31	11	23	3	280	12	92	452
Disposals	(8)	–	–	–	(8)	–	(60)	(76)
Currency translation adjustment	–	–	(6)	–	(1)	–	–	(7)
Reclassified as held for sale	–	–	–	–	–	–	(2)	(2)
Balance at 31 March 2014	153	278	349	42	546	128	721	2,217
Carrying amount								
Balance at 31 March 2014	96	58	70	18	572	49	154	1,017

5. Plant and equipment (Continued)

	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Electrical fittings $'000	Plant and machinery $'000	Renovation $'000	Computers $'000	Total $'000
Group								
2013								
Cost								
Balance at 1 April 2012	191	322	469	45	507	135	733	2,402
Additions	13	1	24	–	287	–	127	452
Disposals	–	(7)	(98)	–	(42)	–	(3)	(150)
Write-offs	(7)	–	–	–	(41)	(18)	(10)	(76)
Currency translation adjustment	(2)	–	3	–	–	–	1	2
Balance at 31 March 2013	195	316	398	45	711	117	848	2,630
Accumulated depreciation								
Balance at 1 April 2012	116	255	355	37	194	123	622	1,702
Depreciation for the financial year	19	14	60	2	123	10	80	308
Disposals	–	(2)	(86)	–	(1)	–	(1)	(90)
Write-offs	(5)	–	–	–	(41)	(17)	(9)	(72)
Currency translation adjustment	–	–	3	–	–	–	(1)	2
Balance at 31 March 2013	130	267	332	39	275	116	691	1,850
Carrying amount								
Balance at 31 March 2013	65	49	66	6	436	1	157	780

As at the end of the financial year, the carrying amounts of plant and equipment which were acquired under finance lease agreements were as follows:

	Group	
	2014 $'000	2013 $'000
Motor vehicles	–	21

Finance leased assets are pledged as a security for the related finance lease payables (Note 17).

6. Investments in subsidiaries

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	15,100	15,100
Allowance for impairment loss	(208)	(208)
	14,892	14,892

Incorporation of subsidiaries

In the previous financial year, Jason Venture Pte. Ltd., a subsidiary, subscribed for 120,000 ordinary shares of $1 each in the issued and paid-up capital of Koden Singapore Pte. Ltd., a company incorporated in Singapore, for a cash consideration of $120,000 representing 60% equity interest in Koden Singapore Pte. Ltd.

In the previous financial year, the Company incorporated a wholly-owned subsidiary, Jason Energy Pte. Ltd., a company incorporated in Singapore, for a cash consideration of $100,000.

There was no movement in allowance for impairment loss on investment in subsidiaries during the financial years ended 31 March 2014 and 31 March 2013.

During the financial year, the Company carried out a review of investments in subsidiaries, having regards for indications of impairment on investments in subsidiaries based on the existing performance of the relevant subsidiaries. No additional impairment loss resulted from the review.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation)	Effective equity interest held		Principal activities
	2014	2013	
	%	%	
Held by the Company			
Jason Electronics (Pte) Ltd[1] (Singapore)	100	100	Design, integration, installation and commissioning of radio, satellite communication and navigational systems
Jason Asia Pte Ltd[1] (Singapore)	100	100	Servicing of communication and navigational systems
Jason Venture Pte. Ltd.[1] (Singapore)	100	100	Investment holding company
Jason Energy Pte. Ltd.[1] (Singapore)	100	100	Sale and service of marine communication, navigation and automation systems

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation)	Effective equity interest held 2014 %	2013 %	Principal activities
Held by Jason Venture Pte. Ltd.			
Jason Elektronik (M) Sdn. Bhd.[2] (Malaysia)	100	100	Trading and servicing of communication, navigation, and automation equipment
Jason (Shanghai) Co., Ltd[3] (People's Republic of China)	100	100	Sales and service of radio, satellite communication and navigation system
PT Jason Elektronika[4] (Indonesia)	99	99	Import trading, maintenance and support services of communication, navigation and automation equipment and spares
Jason Korea Co., Ltd.[5] (South Korea)	51	51	Manufacture, sales and service of marine offshore and industrial communication, navigation and automation systems
Baze Marine & Offshore Pte. Ltd.[1] (Singapore)	51	51	Marketing, sale, distribution and servicing of infotainment system manufactured under the "Bazeport" brand
Koden Singapore Pte. Ltd.[1] (Singapore)	60	60	Marketing, sale, distribution and servicing of marine electronics products
Held by Jason Asia Pte Ltd			
PT Jason Elektronika[4] (Indonesia)	1	1	Import trading, maintenance and support services of communication, navigation and automation equipment and spares

(1) Audited by BDO LLP, Chartered Accountants, Singapore
(2) Audited by UHY, Chartered Accountants, Malaysia
(3) Audited by RSM China, Certified Public Accountants, People's Republic of China
(4) Audited by Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member of BDO International Limited
(5) Audited by Daesung Tax Accounting Corp., South Korea

7. Investments in associates

	Group	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	158	158
Allowance for impairment loss	(55)	(55)
Share of post acquisition results	211	(24)
	314	79

The details of the associates are as follows:

Name of associates (Country of incorporation)	Effective equity interest held		Principal activities
	2014	2013	
	%	%	
Jason Electronics (Thailand) Co., Ltd[1] (Thailand)	49	49	Sales and service of radio, satellite communications and navigational system
iPromar (Pte.) Ltd.[2] (Singapore)	25	25	Process plant and engineering services

(1) Audited by BDO Limited, Thailand, a member of BDO International Limited
(2) Audited by Akber Ali & Co., Chartered Accountants, Singapore

There was no movement in allowance for impairment loss on investment in associates during the financial years ended 31 March 2014 and 31 March 2013.

The associates' financial year-end is 31 December. For the purpose of applying the equity method of accounting, the financial statements of the associates for the financial year ended 31 March 2014 have been used. The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group are as follows:

	2014	2013
	$'000	$'000
Assets and liabilities		
Total assets	2,582	1,354
Total liabilities	(1,628)	(1,223)
Results		
Revenue	2,825	1,655
Profit for the financial year	850	85

8. Available-for-sale financial assets

	Group	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	1,642	1,642
Allowance for impairment loss	(160)	(160)
	1,482	1,482

The investments in unquoted equity shares represent investments in companies engaged in the same business. As the unquoted investments do not have quoted market prices in an active market and there are no other available methods to reasonably estimate the fair values, it is not practicable to determine the fair values of the unquoted investments with sufficient reliability. The Group does not intend to dispose the investments in the foreseeable future.

Included in the above unquoted investments is an investment in Hyundai e-Marine Co., Ltd. ("**e-Marine**") amounting to approximately $1,227,000 (2013: $1,227,000) whereby under the shareholders' agreement with Hyundai BS&C Co., Ltd. ("**HBS&C**"), HBS&C has also granted a put option ("**Put Option**") to the Group in respect of the 23,486 common shares of e-Marine held. The Put Option, if exercised, will require HBS&C to acquire a part or all of the 23,486 common shares for KRW44,069 per share, plus interest accrued on the aggregate consideration at a rate of 5.38% per annum for the period from the date of the shareholders' agreement to the date the Put Option is exercised. The Put Option may be exercised during the period from 1 January 2017 to 31 December 2017.

Movements in allowance for impairment loss on available-for-sale financial assets were as follows:

	Group	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	160	128
Allowance made during the financial year	–	32
Balance at end of financial year	160	160

As at 31 March 2014, the Group determined the recoverable amount of the available-for-sale financial assets using their net asset value as at the end of the reporting period. This led to a recognition of an impairment loss of approximately $Nil (2013: $32,000) that has been recognised in profit or loss.

Available-for-sale financial assets are denominated in the following currencies:

	Group	
	2014	2013
	$'000	$'000
Korean won	1,227	1,227
Chinese renminbi	204	204
Euro	41	41
Indian rupee	10	10
	1,482	1,482

9. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Other receivables – third party	548	589	–	–
Current				
Trade receivables				
– third parties	17,501	13,855	–	–
– an associate	38	39	–	–
	17,539	13,894	–	–
Allowance for impairment loss on doubtful trade receivables – third parties	(638)	(586)	–	–
	16,901	13,308	–	–
Non-trade receivables				
– third parties	406	453	5	5
– subsidiaries	–	–	67	70
– an associate	20	20	–	–
	426	473	72	75
Security and other deposits	75	71	–	–
Advances to suppliers	1,177	262	–	–
Advance to staff	8	125	–	–
	18,587	14,239	72	75
Total trade and other receivables	19,135	14,828	72	75

Trade receivables are unsecured, interest-free and generally on 30 to 90 (2013: 30 to 90) days credit terms.

The trade amount due from an associate is unsecured, interest-free and repayable within the normal trade credit terms.

The non-trade amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

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

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

9. Trade and other receivables (Continued)

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

	Group	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	586	493
Allowance made during the financial year	72	154
Write-back of allowance during the financial year	(6)	(12)
Allowance written off during the financial year	(14)	(49)
Balance at end of financial year	638	586

Allowance for impairment loss on doubtful third parties trade receivables of approximately $72,000 (2013: $154,000) 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 trade receivables amounting to approximately $6,000 (2013: $12,000) was recognised in profit or loss when the related trade receivables were subsequently recovered.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United States dollar	9,672	5,955	–	–
Singapore dollar	8,679	8,293	72	75
Euro	319	113	–	–
Chinese renminbi	280	107	–	–
Korean won	70	78	–	–
Norwegian kroner	23	122	–	–
Ringgit Malaysia	20	60	–	–
Japanese yen	–	67	–	–
Others	72	33	–	–
	19,135	14,828	72	75

10. Deferred tax assets/(liabilities)

	Group	
	2014	2013
	$'000	$'000
Deferred tax assets		
Balance at beginning of financial year	3	5
Charged to profit or loss	(1)	(2)
Balance at end of financial year	2	3
Deferred tax liabilities		
Balance at beginning of financial year	131	–
(Credited)/Charged to profit or loss	(2)	131
Balance at end of financial year	129	131

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%.

11. Inventories

	Group	
	2014	2013
	$'000	$'000
Trading goods	8,970	4,433

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss was approximately $27,030,000 (2013: $15,943,000) for the financial years ended 31 March 2014.

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 $305,000 (2013: $23,000) that had been included in "other expenses" line item in profit or loss.

12. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed deposits	11,763	7,236	4,339	4,011
Cash and bank balances	5,262	6,229	44	39
Cash and cash equivalents per statements of financial position	17,025	13,465	4,383	4,050
Cash and cash equivalents of disposal group	35	–		
Cash and cash equivalents per consolidated statement of cash flows	17,060	13,465		

Fixed deposits are placed for two weeks to six months (2013: one week to six months) from the end of the reporting period and the effective interest rates on the fixed deposits were 0.313% to 6.130% (2013: 0.185% to 3.880%) per annum.

12. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United States dollar	8,294	5,325	–	–
Singapore dollar	8,050	7,043	4,383	4,050
Ringgit Malaysia	331	323	–	–
Indonesian rupiah	201	231	–	–
Euro	56	346	–	–
Chinese renminbi	24	80	–	–
Others	104	117	–	–
	17,060	13,465	4,383	4,050

13. Assets of a disposal group held for sale

Disposal of an indirect subsidiary – Baze Marine & Offshore Pte. Ltd.

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 existing shareholder, Baze Technology AS for a cash consideration of S$51,000. The consideration of the transaction was arrived on a willing-buyer, willing-seller basis. As at the date of the disposal, BMO is in a net liability position.

Following the disposal, BMO ceased to be an indirect subsidiary of the Group. Accordingly, the Group has accounted for BMO as a disposal group held for sale.

The disposal group does not represent a separate major line of business or geographical area of operations and is not part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Hence, BMO's operation was not considered as a discontinued operation.

The major classes of assets and liabilities comprising the above disposal group classified as held for sale are as follows:

	2014
	$'000
Assets	
Trade and other receivable	1
Cash and cash equivalents	35
Total assets of a disposal group held for sale	36
Liabilities	
Trade and other payables	839
Total liabilities of a disposal group held for sale	839
Net liabilities	803

14. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables				
– third parties	7,013	5,094	–	–
– an associate	37	–	–	–
– non-controlling interests	60	369	–	–
	7,110	5,463	–	–
Non-trade payables				
– third parties	236	473	23	16
– an associate	37	–	–	–
– non-controlling interest	–	56	–	–
	273	529	23	16
Accrued expenses	2,538	1,738	243	220
Customers' deposits	613	1,218	–	–
Total trade and other payables	10,534	8,948	266	236

Trade payables are unsecured, interest-free and repayable within the normal trade credit terms of 30 to 120 (2013: 30 to 120) days.

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

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

The non-trade amount due to a non-controlling interest is unsecured, bears interest at 1% per annum and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	4,355	4,295	266	236
United States dollar	3,374	2,912	–	–
Norwegian kroner	1,081	566	–	–
Euro	820	611	–	–
Chinese renminbi	664	299	–	–
Korean won	115	151	–	–
British pound	41	47	–	–
Japanese yen	21	16	–	–
Ringgit Malaysia	9	8	–	–
Others	54	43	–	–
	10,534	8,948	266	236

15. Advance billings

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

16. Derivative financial instruments

	Group	
	2014	2013
	$'000	$'000
Liabilities		
Foreign currency forward contracts	43	67

The Group utilises currency derivatives to manage its exposure to foreign exchange movements arising from its foreign currency denominated business transactions.

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		Notional amount	
	2014	2013	2014	2013
	'000	'000	$'000	$'000
Sell United States dollar	3,200	1,800	4,016	2,961
Buy United States dollar	2,800	–	3,514	–
Buy Euro	–	600	–	978
			7,530	3,939

As at 31 March 2014, the fair value loss of the forward foreign currency contracts is estimated to be $43,000 (2013: loss of $67,000). These amounts are determined based on quoted market prices for equivalent forward currency contracts at the end of the reporting period.

17. Finance lease payables

Group	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
2014			
Within one financial year	–	–	–
2013			
Within one financial year	9	*–	9

*– denotes amount less than $1,000

17. Finance lease payables (Continued)

Interest rates are fixed at contract date and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

As at the end of the reporting period, the fair values of the Group's finance lease obligations approximate its carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Finance lease payables are denominated in Singapore dollar.

18. Share capital

	Group and Company	
	2014	2013
	$'000	$'000
Issued and fully-paid		
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.

19. 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.

20. Revenue

	Group	
	2014	2013
	$'000	$'000
Sale of goods	38,256	27,462
Rendering of services	8,731	7,672
Airtime revenue	3,201	2,762
	50,188	37,896

21. Other income

	Group	
	2014	2013
	$'000	$'000
Changes in fair value of derivative financial instruments	23	–
Foreign exchange gain, net	83	–
Gain on disposal of plant and equipment	1	26
Government grants	240	144
Sponsorships	126	89
Sundry income	26	55
Write-back of allowance for impairment loss on doubtful third parties trade receivables	6	12
	505	326

22. Finance costs

	Group	
	2014	2013
	$'000	$'000
Interest expense		
– finance leases	–	1
– loan from a non-controlling interest	1	–
	1	1

23. 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	
	2014	2013
	$'000	$'000
Cost of sales		
Depreciation of plant and equipment	258	95
Distribution costs		
Entertainment	157	261
Transportation and travelling	200	239

23. Profit before income tax (Continued)

	Group	
	2014	2013
	$'000	$'000
General and administrative expenses		
Amortisation of intangible asset	114	183
Audit fees		
– auditors of the Company	74	67
– other auditors	16	24
Non-audit fees		
– auditors of the Company	–	–
– other auditors	–	–
Depreciation of plant and equipment	194	213
Legal and professional fees	391	653
Operating lease expenses		
– rental of office equipment	32	31
– rental of office premises	681	674
Write-off of plant and equipment	–	4
Other expenses		
Allowance for impairment loss on doubtful third parties trade receivables	72	154
Allowance for impairment loss on available-for-sale financial assets	–	32
Allowance for inventory obsolescence	305	23
Changes in fair value of derivative financial instruments	–	156
Foreign exchange loss, net	–	87

The profit before income tax also includes:

	Group	
	2014	2013
	$'000	$'000
Employee benefits expense		
Salaries, wages and bonuses	10,718	9,372
Contributions to defined contribution plans	1,104	904
Other employee benefits	265	184
	12,087	10,460

23. Profit before income tax (Continued)

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

	Group	
	2014	2013
	$'000	$'000
Cost of sales	4,330	3,915
Distribution costs	4,884	4,201
General and administrative expenses	2,873	2,344
	12,087	10,460

The employee benefits expense include the remuneration of Directors as shown in Note 28 to the financial statements.

24. Income tax expense

	Group	
	2014	2013
	$'000	$'000
Current income tax		
– current financial year	138	30
– under provision in prior financial years	77	2
	215	32
Deferred income tax		
– current financial year	95	9
– (over)/under provision in prior financial years	(96)	124
	(1)	133
Total income tax expense recognised in profit or loss	214	165

Reconciliation of effective income tax rate

	Group	
	2014	2013
	$'000	$'000
Profit before income tax	3,032	581
Share of results of associates	(235)	65
	2,797	646

24. Income tax expense (Continued)

Reconciliation of effective income tax rate (Continued)

	Group	
	2014	**2013**
	$'000	**$'000**
Income tax calculated at Singapore's statutory income tax rate of 17% (2013: 17%)	475	110
Effect of different income tax rate in other countries	(7)	(36)
Expenses not deductible for income tax purposes	159	178
Income not subject to income tax	(89)	(46)
Deferred tax assets not recognised	55	89
Enhanced tax deduction and tax rebate	(316)	(235)
Tax exemption	(40)	(23)
Under provision of current income tax in prior financial years	77	2
Utilisation of deferred tax assets previously not recognised	(14)	–
(Over)/Under provision of deferred income tax in prior financial years	(96)	124
Others	10	2
	214	165

	Group	
	2014	**2013**
	$'000	**$'000**
Unrecognised deferred tax assets		
Balance at beginning of financial year	323	241
Utilised during the financial year	55	89
Amount not recognised during financial year	(14)	–
Currency translation adjustment	(4)	(7)
Balance at end of financial year	360	323

Unrecognised deferred tax assets are attributable to:

	Group	
	2014	**2013**
	$'000	**$'000**
Unutilised tax losses	351	314
Unabsorbed capital allowance	9	9
	360	323

As at 31 March 2014, the Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $53,000 (2013: $51,000) and $2,066,000 (2013: $1,849,000) 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.

24. Income tax expense (Continued)

The total unutilised tax losses of the Group included that of a subsidiary which is in People's Republic of China amounting to $1,373,000 (2013: $1,473,000) can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred.

The 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 2.21 to the financial statements.

25. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2014	**2013**
Profit attributable to owners of the parent ($'000)	2,780	517
Actual/Weighted number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	106,000	106,000
– Basic and diluted earnings per share (in cents)	2.62	0.49

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.

26. Dividends

	Group and Company	
	2014	**2013**
	$'000	**$'000**
First and final tax-exempt dividend of 0.20 cents (2013: 0.20 cents) per share in respect of the previous financial year	212	212

The Directors recommend a first and final tax-exempt dividend of 0.20 cents (2013: 0.20 cents) per share and a special tax-exempt dividend of 0.80 (2013: Nil) cents per share amounting to a total of approximately $212,000 (2013: $212,000) and $848,000 (2013: $Nil) respectively be paid in respect of the current financial year ended 31 March 2014. This 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.

27. Operating lease commitments

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	
	2014	2013
	$'000	$'000
Not later than one financial year	653	592
After one financial year but not later than five financial years	192	137
	845	729

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 5 (2013: 1 to 5) years, with an option to renew the lease for another 1 (2013: 1) year.

28. Significant related party transactions

A related party is defined as follows:

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

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

28. Significant related party transactions (Continued)

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	
	2014	2013
	$'000	$'000
Related parties		
Rental expense for office premises	284	274
Associate		
Sales	352	345
Purchases	32	223
Sub-contract charges	82	43
Non-controlling interests		
Sales	–	40
Purchases	2,271	1,311
Commission income	1	17
Loan disbursement	–	26

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	
	2014	2013
	$'000	$'000
Short-term employee benefits	897	715
Post-employment benefits	12	13
Directors' fees	170	155
	1,079	883

29. 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 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.

29. Segment information (Continued)

2014	Sale of goods $'000	Rendering of services $'000	Airtime revenue $'000	Unallocated $'000	Eliminations $'000	Total $'000
Revenue						
External revenue	38,256	8,731	3,201	–	–	50,188
Inter-segment revenue	2,234	1,340	–	–	(3,574)	–
	40,490	10,071	3,201	–	(3,574)	50,188
Results						
Interest income	39	9	4	104	(43)	113
Interest expense	–	–	–	(45)	44	(1)
Depreciation of plant and equipment	(326)	(59)	(38)	(29)	–	(452)
Amortisation of intangible asset	–	–	–	(114)	–	(114)
Share of results of associates	–	–	–	–	235	235
Other non-cash expenses:						
– allowance for impairment loss on doubtful third parties trade receivables	(45)	(26)	(1)	–	–	(72)
– allowance for inventory obsolescence	(248)	(57)	–	–	–	(305)
Segment profit	1,928	921	449	425	(691)	3,032
Capital expenditure						
Plant and equipment	524	127	–	40	–	691
Intangible asset	–	–	–	37	–	37
Assets and liabilities						
Segment assets	36,215	7,941	2,942	21,597	(22,315)	46,380
Available-for-sale financial assets	–	–	–	1,486	(4)	1,482
Investments in associates	–	–	–	103	211	314
						48,176
Segment liabilities	16,318	4,737	1,263	5,363	(7,164)	20,517
Current income tax payable	208	52	22	3	–	285
						20,802

29. Segment information (Continued)

2013	Sale of goods $'000	Rendering of services $'000	Airtime revenue $'000	Unallocated $'000	Eliminations $'000	Total $'000
Revenue						
External revenue	27,462	7,672	2,762	–	–	37,896
Inter-segment revenue	607	943	–	–	(1,550)	–
	28,069	8,615	2,762	–	(1,550)	37,896
Results						
Interest income	17	4	1	104	(43)	83
Interest expense	(1)	–	–	(44)	44	(1)
Depreciation of plant and equipment	(183)	(75)	(21)	(29)	–	(308)
Amortisation of intangible asset	–	–	–	(183)	–	(183)
Share of results of associates	–	–	–	–	(65)	(65)
Other non-cash expenses:						
– allowance for impairment loss on doubtful third parties trade receivables	(33)	(121)	–	–	–	(154)
– allowance for inventory obsolescence	(18)	(5)	–	–	–	(23)
– allowance for impairment loss on available-for-sale financial assets	–	–	–	(32)	–	(32)
– write-off of plant and equipment	–	–	–	(4)	–	(4)
Segment profit	732	411	382	(82)	(862)	581
Capital expenditure						
Plant and equipment	307	114	30	1	–	452
Intangible asset	–	–	–	9	–	9
Assets and liabilities						
Segment assets	25,684	7,286	2,145	20,750	(22,031)	33,834
Available-for-sale financial assets	–	–	–	1,486	(4)	1,482
Investments in associates	–	–	–	103	(24)	79
						35,395
Segment liabilities	8,431	3,905	743	4,358	(7,003)	10,434
Current income tax payable	65	21	10	1	–	97
						10,531

29. Segment information (Continued)

Geographical information

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

	Group	
	2014	2013
	$'000	$'000
Revenue from external customers		
Singapore	20,631	19,976
People's Republic of China	11,294	7,391
Brazil	5,730	–
Indonesia	3,938	2,700
Others	8,595	7,829
	50,188	37,896
Non-current assets		
Singapore	1,188	826
United States of America	548	589
People's Republic of China	34	38
Others	148	111
	1,918	1,564

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

Major customer

During the financial year, revenue from one customer amounting to approximately $5,730,000 (2013: $ Nil) under sale of goods segment, represents approximately 11% (2013: Nil %) of total revenue.

30. 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, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy 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.

30. Financial instruments, financial risks and capital management (Continued)

30.1 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 (2013: five) trade receivables from third parties amounting to approximately $7,790,000 (2013: $3,579,000) 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 $67,000 (2013: $70,000) as at 31 March 2014.

As at the end of the reporting period, the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk. The Group and the Company do not hold any collateral.

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 minimum risk of default.

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	
	2014	**2013**
	$'000	**$'000**
Past due 0 to 1 month	1,071	2,392
Past due 1 to 2 months	1,306	1,121
Past due 2 to 3 months	1,295	267
Past due over 3 months	1,840	1,870

The 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.

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risk (Continued)

In relation to the financial guarantees issued by the Company on behalf of its subsidiaries, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries. As at 31 March 2014, the Company has provided corporate guarantees to banks for facilities granted to subsidiaries and an associate amounting to approximately $3,458,000 (2013: $2,230,000). 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.

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 the reporting period.

30.2 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, Chinese renminbi and Norwegian kroner. 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:

	Group			
	Monetary assets		Monetary liabilities	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United States dollar	17,954	11,280	3,374	2,912
Euro	375	459	820	611
Chinese renminbi	304	187	664	299
Norwegian kroner	23	122	1,081	566

30. Financial instruments, financial risks and capital management (Continued)

30.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% change in United States dollar, Euro, Chinese renminbi and Norwegian kroner 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 and Euro 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	
	Profit or Loss	
	2014	2013
	$'000	$'000
United States dollar		
Strengthened against Singapore dollar	729	418
Weakened against Singapore dollar	(729)	(418)
Euro		
Strengthened against Singapore dollar	(22)	(8)
Weakened against Singapore dollar	22	8
Chinese renminbi		
Strengthened against Singapore dollar	(18)	(6)
Weakened against Singapore dollar	18	6
Norwegian kroner		
Strengthened against Singapore dollar	(53)	(22)
Weakened against Singapore dollar	53	22

30.3 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.

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risk (Continued)

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	Total $'000
Group			
2014			
Financial assets			
Trade and other receivables	18,614	563	19,177
Cash and cash equivalents	17,404	–	17,404
Total undiscounted financial assets	36,018	563	36,581
Financial liabilities			
Trade and other payables	10,534	–	10,534
Finance lease payables	–	–	–
Total undiscounted financial liabilities	10,534	–	10,534
Total net undiscounted financial assets	25,484	563	26,047
2013			
Financial assets			
Trade and other receivables	14,253	613	14,866
Cash and cash equivalents	13,612	–	13,612
Total undiscounted financial assets	27,865	613	28,478
Financial liabilities			
Trade and other payables	8,948	–	8,948
Finance lease payables	9	–	9
Total undiscounted financial liabilities	8,957	–	8,957
Total net undiscounted financial assets	18,908	613	19,521

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $'000
Company	
2014	
Financial assets	
Other receivables	72
Cash and cash equivalents	4,412
Total undiscounted financial assets	4,484
Financial liabilities	
Other payables	266
Total undiscounted financial liabilities	266
Total net undiscounted financial assets	4,218
2013	
Financial assets	
Other receivables	75
Cash and cash equivalents	4,076
Total undiscounted financial assets	4,151
Financial liabilities	
Other payables	236
Total undiscounted financial liabilities	236
Total net undiscounted financial assets	3,915

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

30.4 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 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 2013.

30. Financial instruments, financial risks and capital management (Continued)

30.4 Capital management policies and objectives (Continued)

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, and finance lease payables less cash and cash equivalents. Equity attributable to owners of the parent consists of share capital, foreign currency translation reserve and retained earnings.

The gearing ratio of the Group and Company as at 31 March 2014 and 2013 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 2014 and 31 March 2013.

30.5 Fair values of financial assets and financial liabilities

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.

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 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).

30. Financial instruments, financial risks and capital management (Continued)

30.5 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 current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the 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 liabilities carried at fair value in relation to derivative financial instruments is disclosed in Note 16 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	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2014				
Liabilities				
Derivative financial instruments	–	43	–	43
2013				
Liabilities				
Derivative financial instruments	–	67	–	67

30.6 Categories of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables	36,160	28,293	4,455	4,125
Available-for-sale financial assets	1,482	1,482	–	–
	37,642	29,775	4,455	4,125
Financial liabilities				
Derivative financial instruments	43	67	–	–
Other financial liabilities, at amortised cost	10,534	8,957	266	236
	10,577	9,024	266	236

31. Events after the reporting period

31.1 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. Pursuant to the disposal, BMO ceased to be an indirect subsidiary of the Group. Accordingly, the Group had accounted for BMO as a disposal group held for sale.

31.2 On 10 June 2014, the Company purchased 250,000 ordinary shares by way of market acquisition at $0.24 per share (excluding transaction costs). Consequent to the purchase, the Company holds 250,000 treasury shares and the total number of issued shares excluding treasury shares is 105,750,000 shares. The Company intends to use the treasury shares for the Jason Performance Share Plan.

SHAREHOLDING STATISTICS

As at 18 June 2014

NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	105,750,000
CLASS OF SHARES	:	ORDINARY SHARES WITH EQUAL VOTING RIGHTS
NUMBER/PERCENTAGE OF TREASURY SHARES	:	250,000 (0.24%)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 999	0	0.00	0	0.00
1,000 - 10,000	160	42.33	993,000	0.94
10,001 - 1,000,000	213	56.35	13,869,000	13.11
1,000,001 & ABOVE	5	1.32	90,888,000	85.95
TOTAL	378	100.00	105,750,000	100.00

TOP TWENTY SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
FOO CHEW TUCK	81,300,000	76.88
TAN FUH GIH	3,970,000	3.75
SIRIUS VENTURE CAPITAL PTE LTD	3,150,000	2.98
PHILLIP SECURITIES PTE LTD	1,448,000	1.37
TAN LIAN HUAT	1,020,000	0.96
THOMAS TAN SOON SENG (THOMAS CHEN SHUNCHENG)	740,000	0.70
ONG WAI MENG	720,000	0.68
CHEW KENG SENG	700,000	0.66
PANG YOKE MIN	500,000	0.47
LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	400,000	0.38
TENG CHAI HAI	370,000	0.35
GOH CHAI SIN	300,000	0.28
OCBC SECURITIES PRIVATE LTD	288,000	0.27
RAFFLES NOMINEES (PTE) LTD	251,000	0.24
YEAP LAM YANG	250,000	0.24
SEAH CHYE ANN (XIE CAI'AN)	200,000	0.19
NAH WEE KEE (LAN WEIQI)	190,000	0.18
CIMB SECURITIES (S'PORE) PTE LTD	188,000	0.18
BOEY KWOK CHOON	175,000	0.17
LEE GEOK LOY	170,000	0.16
TOTAL	96,330,000	91.09

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 18 June 2014, approximately 19.18% of the total issued ordinary shares of the Company is held by the public and, therefore Rule 723 of the Catalist Rules 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 Thursday, 24 July 2014 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 2014 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.2 Singapore cent per share in respect of the financial year ended 31 March 2014. **(Resolution 2)**

3. To declare a special one-tier tax exempt dividend of 0.8 Singapore cent per share in respect of the financial year ended 31 March 2014. **(Resolution 3)**

4. To approve the Directors' fees of S$170,000 for the financial year ended 31 March 2014. (2013: S$155,000) **(Resolution 4)**

5. To re-elect Mrs Eileen Tay-Tan Bee Kiew, a Director retiring under Article 98 of the Articles of Association of the Company. **(Resolution 5)**
   [See Explanatory Note 1]

6. To re-elect Mr Tan Lian Huat, a Director retiring under Article 98 of the Articles of Association of the Company.
   [See Explanatory Note 1] **(Resolution 6)**

7. To re-appoint Mr Sin Hang Boon as a Director of the Company, who is retiring pursuant to Section 153(6) of the Companies Act, Chapter 50 (the "**Companies Act**"), to hold such office from the date of this AGM until the next AGM of the Company. **(Resolution 7)**
   [See Explanatory Note 1]

8. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

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

9. **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 ("**Shares**") in the capital of the Company (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 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;

(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 Articles of Association of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next 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 9)**

10. **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 Shares in the share capital of the Company as may be required to be issued pursuant to the vesting of awards under the Jason Performance Share Plan (the "**PSP**"), provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the PSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares)."
[See Explanatory Note 3] **(Resolution 10)**

11. **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 hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the Catalist; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the Catalist 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;

(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, 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 last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased 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 (as defined hereinafter),

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 days 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

(4) 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 11)**

NOTICE OF ANNUAL GENERAL MEETING

12. **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
9 July 2014

NOTES:

1) A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or not more than two proxies to attend and vote in his stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

2) A proxy need not be a member of the Company.

3) 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.

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 Director of the Company, continue to serve as the Chairperson of the Audit Committee as well as a member of the Nominating Committee and Remuneration Committee. She is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

   Mr Sin Hang Boon (Independent Director) will, upon re-appointment as Director of the Company, continue to serve as the Chairman of the Nominating Committee and 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 of Mr Tan Lian Huat, Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon can be found under the "Board of Directors" section in the Company's Annual Report 2014.

2. Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and/or Instruments (as defined above). The aggregate number of 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 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. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

3. Ordinary Resolution 10, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the Jason Performance Share Plan of up to an amount not exceeding 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company for the time being. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

4. Ordinary Resolution 11, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting 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 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 impact on the Company's financial position, are set out in the Appendix to the Annual Report.

APPENDIX

PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 Jason Marine Group Limited (the "**Company**") proposes to seek approval of 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 Thursday, 24 July 2014 at 11.30 a.m. ("**2014 AGM**") for the proposed renewal of 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 (whether by market purchases and/or off-market purchases on an equal access system) on the terms of the proposed Share Buyback Mandate, subject to the Articles of Association of the Company and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") (the "**Share Buyback Mandate**").

1.2 The Shareholders of the Company had at the Annual General Meeting ("**AGM**") held on 25 July 2013, renewed the Share Buyback Mandate ("**2013 Mandate**") for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company at the time of passing of the resolution on the terms of that 2013 Mandate.

1.3 The 2013 Mandate will expire on the date of the forthcoming 2014 AGM. If the proposed resolution for the renewal of Share Buyback Mandate is approved at the 2014 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 Company to purchase or acquire its ordinary shares in the issued and paid-up share capital of the Company ("**Shares**") would give the Company the flexibility to undertake Share purchases or acquisitions 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 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.

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 share purchase or acquisitions of Shares under the Share Buyback Mandate, if renewed at the 2014 AGM, are substantially similar in terms to those previously approved by Shareholders at the AGM held on 25 July 2013, 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 2014 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 last AGM was held and expiring on the date the next AGM 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. As at the Latest Practicable Date, the Company holds 250,000 treasury shares.

Based on 105,750,000 Shares in issued as at 18 June 2014 (the "**Latest Practicable Date**"), 20,280,000 Shares (representing approximately 19.18% of the total issued Shares) are held by the public. The Company is of the view that there is sufficient number of Shares in issue held by public shareholders, which would permit the Company to undertake share purchases or acquisition up to 10% of its issued Shares without affecting the listing status of the Shares on the Catalist.

2.2.2 Duration of Authority

Unless varied or revoked by the Company in 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 2014 AGM, at which the renewal of Share Buyback is approved, up to the earlier of:

(a) the date on which the next AGM 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 AGM (after the 2014 AGM) or an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. 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 made 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.

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 Catalist 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 Catalist 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 Articles of Association, 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 share 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.

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 (as defined hereinafter),

(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, preceding the day on which the purchase or acquisition of Shares was made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days 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 Articles of Association 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 now 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.

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.

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 Catalist 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,

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 (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) 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 2014 and based on the assumptions set out below:

(a) based on 106,000,000 Shares in issue as at 31 March 2014 and assuming no further Shares are issued or purchased on or prior to the 2014 AGM, not more than 10,600,000 Shares (representing 10% of the total number of issued Shares (excluding treasury shares) as at the date of the 2014 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 10,600,000 Shares at the Maximum Price of S$0.249 (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 Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 10,600,000 Shares (excluding related expenses) is approximately S$2.6 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 10,600,000 Shares at the Maximum Price of S$0.284 (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 Catalist immediately preceding the Latest practicable Date), the maximum amount of funds required for the purchase of the 10,600,000 Shares (excluding related expenses) is approximately S$3.0 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 2014;

(ii) the Share Buyback Mandate had been effective on 1 April 2013; and

(iii) the Company had purchased or acquired the maximum of 10,600,000 Shares (representing 10% of the total issued Shares at 31 March 2014),

the financial effects of the purchase or acquisition of the 10,600,000 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,

on the audited financial statements of the Group and the Company for the financial year ended 31 March 2014 pursuant to the Share Buyback Mandate are as follows:

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

	Group			Company		
As at 31 March 2014	**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)**
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	(86)	(86)	(86)	–	–	–
Accumulated profits	9,555	9,555	9,555	1,136	1,136	1,136
Treasury shares	–	(2,639)	(3,010)	–	(2,639)	(3,010)
Equity attributable to the owners of the parent	27,436	24,797	24,426	19,103	16,464	16,093
NTA[1]	27,335	24,696	24,325	19,103	16,464	16,093
Cash and cash equivalents	17,060	14,421	14,050	4,383	1,744	1,373
Current assets	44,774	42,135	41,764	4,478	1,839	1,468
Current liabilities	20,673	20,673	20,673	267	267	267
Working capital	24,101	21,462	21,091	4,211	1,572	1,201
Total Borrowings[2]	–	–	–	–	–	–
Profit for the financial year	2,818	2,818	2,818	509	509	509
Number of issued Shares ('000)	106,000	106,000	106,000	106,000	106,000	106,000
Treasury shares ('000)	–	10,600	10,600	–	10,600	10,600
Number net of treasury shares ('000)	106,000	95,400	95,400	106,000	95,400	95,400
Financial Ratios						
NTA per Share (cents)[3]	25.8	25.9	25.5	18.0	17.3	16.9
EPS (cents)[4]	2.7	3.0	3.0	0.5	0.5	0.5
Current ratio (times)[5]	2.2	2.0	2.0	16.8	6.9	5.5
Gearing ratio (times)[6]	–	–	–	–	–	–
Return on equity (%)[7]	10.3	11.4	11.5	2.7	3.1	3.2

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 106,000,000 Shares in issue as at 31 March 2014.
(4) For illustrative purpose, EPS is calculated based on 106,000,000 Shares in issue as at 31 March 2014.
(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.

Scenario 2: Purchases made out of capital and cancelled

As at 31 March 2014	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)
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	(86)	(2,725)	(3,096)	–	(2,639)	(3,010)
Accumulated profits	9,555	9,555	9,555	1,136	1,136	1,136
Equity attributable to the owners of the parent	27,436	24,797	24,426	19,103	16,464	16,093
NTA[1]	27,335	24,696	24,325	19,103	16,464	16,093
Cash and cash equivalents	17,060	14,421	14,050	4,383	1,744	1,373
Current assets	44,774	42,135	41,764	4,478	1,839	1,468
Current liabilities	20,673	20,673	20,673	267	267	267
Working capital	24,101	21,462	21,091	4,211	1,572	1,201
Total Borrowings[2]	–	–	–	–	–	–
Profit for the financial year	2,818	2,818	2,818	509	509	509
Number of issued Shares ('000)	106,000	95,400	95,400	106,000	95,400	95,400
Financial Ratios						
NTA per Share (cents)[3]	25.8	25.9	25.5	18.0	17.3	16.9
EPS (cents)[4]	2.7	3.0	3.0	0.5	0.5	0.5
Current ratio (times)[5]	2.2	2.0	2.0	16.8	6.9	5.5
Gearing ratio (times)[6]	–	–	–	–	–	–
Return on equity (%)[7]	10.3	11.4	11.5	2.7	3.1	3.2

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 106,000,000 Shares in issue as at 31 March 2014.
(4) For illustrative purpose, EPS is calculated based on 106,000,000 Shares in issue as at 31 March 2014.
(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.

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 2014 and the total number of issued Shares (excluding treasury shares) as at 31 March 2014, 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 Catalist Rules

While the Catalist Rules do not expressly prohibit purchase or acquisition of shares by a Catalist company during any particular time or times, because a Catalist 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 Catalist Rules to ensure that at least 10% of its Shares are in the hands of the public. The "**public**", as defined under the Catalist 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 20,280,000 Shares, representing 19.18% 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 Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

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.

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	%[1]
	Shares	Options	Shares	Options[2]		
Foo Chew Tuck	81,300,000	–	–	–	81,300,000	76.88
Tan Lian Huat	1,020,000	–	–	–	1,020,000	0.96
Wong Hin Sun Eugene [3]	–	–	3,150,000	–	3,150,000	2.98
Sin Hang Boon @ Sin Han Bun	–	–	–	–	–	–
Eileen Tay-Tan Bee Kiew	–	–	–	–	–	–
Substantial Shareholders (other than Directors)	–	–	–	–	–	–
Other Shareholder						
Sirius Venture Capital Pte. Ltd. ("**Sirius Venture**") [3]	3,150,000	–	–	–	3,150,000	2.98

Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 105,750,000 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.

4. SHARES BOUGHT BY THE COMPANY IN THE PAST TWELVE MONTHS

The following are details of purchases or acquisitions of Shares made by the Company in the previous 12 months preceding the Latest Practicable Date:-

Date of purchase or acquisition of Shares	Number of Shares purchased or acquired	Price paid per Share (S$)	Total consideration paid (including expenses related thereto) (S$)
10 June 2014	250,000	0.240	60,282.49

As at the Latest Practicable Date, an aggregate of 250,000 Shares are being held by the Company as treasury shares. These Shares were acquired by way of open market purchases during the period of 12 months preceding the Latest Practicable Date.

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 11 as set out in the Notice of AGM relating to the proposed renewal of the Share Buyback Mandate.

7. ANNUAL GENERAL MEETING

The 2014 AGM, notice of which is set out on pages 81 to 85 of the 2014 Annual Report of the Company, will be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Thursday, 24 July 2014 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 AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2014 AGM and wish to appoint a proxy to attend and vote at the 2014 AGM on their behalf must complete, sign and return the Proxy Form attached to the Annual Report 2014 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 2014 AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2014 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 2014 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2014 AGM.

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 2014 AGM:

(a) the Memorandum and Articles of Association of the Company;

(b) the proposed rules of the Jason Performance Share Plan; and

(c) the Annual Report of the Company for the financial year ended 31 March 2014.

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, Corporate Finance, 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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JASON MARINE GROUP LIMITED

Registration Number : 200716601W
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. **For investors who have used their CPF monies to buy Jason Marine Group Limited's shares, this Annual Report 2014 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.**
2. **This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
3. **CPF Investors who wish to vote should contact their CPF Approved Nominees.**

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 Thursday, 24 July 2014 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 Reports of the Directors and the Auditors and Audited Financial Statements for the financial year ended 31 March 2014.		
2.	To declare a first and final one-tier tax exempt dividend of 0.2 Singapore cent per share in respect of the financial year ended 31 March 2014.		
3.	To declare a special one-tier tax exempt dividend of 0.8 Singapore cent per share in respect of the financial year ended 31 March 2014.		
4.	Approval of Directors' fees of S$170,000 for the financial year ended 31 March 2014.		
5.	Re-election of Mrs Eileen Tay-Tan Bee Kiew as Director.		
6.	Re-election of Mr Tan Lian Huat as Director.		
7.	Re-appointment of Mr Sin Hang Boon as Director.		
8.	Re-appointment of Messrs BDO LLP as Auditors.		
9.	Authority to allot and issue shares.		
10.	Authority to allot and issue shares under the Jason Performance Share Plan.		
11.	Proposed renewal of the share buyback mandate.		

Dated this _____ day of _____ 2014

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 member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or not more than two proxies to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) 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.

3. 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.

4. 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.

5. 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 less than 48 hours before the time appointed for the Annual General Meeting.

6. 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.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of 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 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

8. 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 48 hours before the time appointed for the Annual General Meeting.

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Affix
Postage
Stamp
Here

The Company Secretary
JASON MARINE GROUP LIMITED
194 Pandan Loop
#06-05 Pantech Business Hub
Singapore 128383

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ENGAGE
MEDIA
+65 6773 0887

Jason Marine Group Limited
Co. Reg. No. 200716601W

194 Pandan Loop #06-05
Pantech Business Hub
Singapore 128383
Tel: +65 6477 7700
Fax: +65 6872 1800
Website: www.jason.com.sg