Annexure 1

MANAGEMENT SUMMARY OF THE CERTAIN PROCEDURES CARRIED OUT BY ERNST & YOUNG ADVISORY PTE. LTD. ("EY ADVISORY") IN RELATION TO CERTAIN IRREGULARITIES IN THE ACCOUNTS OF CAVU CORP PTE LIMITED AND ITS SUBSIDIARIES ("CAVU GROUP")

Following is the summary of Key observations:

1. **Confirmation from third parties**

a. During the statutory audit of Financial Year ended 31 December 2013 for Cavu Group, Ernst & Young LLP ("**EY**"), the independent auditor of the Company for the relevant period, came across irregularities in relation to inventory amounting to S$993,547. EY was provided with supporting documents including third party confirmation letters to explain the recorded amount of inventory.

b. On 19 February 2014, a certain finance employee (referred to in this management summary as "Employee A") of Cavu Group hand-delivered an audit confirmation dated 19 February 2014 on the letterhead of one of third party company (referred to in this management summary as "Company X") to the Auditors in response to an EY audit confirmation request. The audit confirmation stated that Company X has in its possession S$726,400 worth of software. Based on the search with Accounting Corporate Regulatory Authority ("ACRA") of Singapore, the concerned Employee A was the company secretary of Company X from 13 July 2011 and Company X was struck off the ACRA register on 7 January 2014. The date of striking off was prior to the audit confirmation from Company X.

c. On the same day, EY received an email confirmation from a certain employee ("Employee B") of one of the third party company (referred to in this management summary as "Company Y"). The email confirmation dated 19 February 2014 contained an audit confirmation that was signed by Employee B and carried Company Y's company stamp. The audit confirmation stated that Company Y has in its possession S$267,148 worth of stock. Email evidence appears to suggest that certain officials of the Cavu Group (including Employee A) emailed that audit confirmation to Employee B which Employee B subsequently sent to EY on the same day.

d. On 27 February 2014, EY and EY Advisory jointly conducted an interview with Employee A.

During the interview, Employee A admitted that he was the author of the audit confirmations and confirmed that he had created documents to evidence that Company X and Company Y were in possession of the respective stocks referred to above in 1b and 1c, when in fact such software and stock did not existed. These documents were provided to EY during the course of audit. These entries have been reversed in the financial statements for the financial year ended 31December 2013.

e. Employee A also informed during his interview that he created these documents in the hope that EY would be convinced that the inventory was legitimate and because Employee A wanted to protect the results of Cavu Group.

f. In the interview with a certain employee ("Employee C") of the Cavu Group dated 20 March 2014, Employee C admitted that Employee C was involved in the creation of documents from Company Y. Employee C admitted that Employee C had a connection with Company Y through Employee C's business dealings with them. Employee C said that Employee C was asked by Employee A to obtain Company Y's signature on the audit confirmation and to inform them that the goods would arrive some time later.

2. Loan agreement with third party

a. A certain employee ("Employee D") of the Cavu Group provided EY with copies of two loan agreements between one of the third party companies (referred to in this management summary as "Company Z")and Delteq dated 15 July 2013 and 24 September 2013 (the "Loan Agreements") amounting to US$2,000,000 and US$2,200,000, respectively.

b. An email exchange between Employee D and Employee A stated: "Attached loan template and the two original agreements" The attached documents contained in the email are two master and financing agreements (the "Lease Agreements") dated 15 July 2013 and 24 September 2013 amounting to US$2,000,000 and US$2,200,000 respectively.

c. During the interview with Employee A on 20 March 2014, Employee A admitted that Employee A created the Loan Agreements with the help of Employee C and Employee D . Employee A requested Employee D to draft the Loan Agreements by amending the inter-company loan template to evidence the Loan Agreements. The Employee C's role was to get Company Z to sign, as this employee knows one of the signatories of Company Z through their years of working relationship.

d. Employee A also told EY Advisory that Employee A has always considered the Lease Agreements as the Loan Agreements because there was never an intention to lease. Delteq needed financing for a major project and they negotiated terms of the financing with Company Z. They discussed about tying the payment terms back to back (which allows Delteq to pay Company Z only upon receipt of monies from the major project), and when everything was agreed, Employee A thought it was a loan agreement but it turned out to be a lease agreement when he saw the lease agreement. Employee A then instructed Employee D to create the Loan Agreements using the inter- company loan template.

e. During the interview with Employee D on 20 March 2014, Employee D told EY Advisory that Employee D first noticed the Lease Agreements during the statutory audit in December 2013. Employee D checked the inventory and noted that Delteq does not have these inventories and thus it cannot be a lease agreement. Employee D then went to Employee A and told Employee A that Delteq has delivered most of the goods for the major project and that Delteq does not have these inventories in their inventory listing. Employee A told Employee D that technically this is a loan that was advanced by Company Z but because traditionally Company Z does not disburse unsecured loans so it is called a lease instead. Employee A then asked Employee D for details on the Lease Agreements and instructed Employee D to create the Loan Agreements using the inter-company loan template. Employee D agreed and created the document.

3. Undisclosed interests in companies (Cavu Group)

a. Employee A was involved in several businesses that were also customers/vendors of Cavu Group. In the interview with Employee A dated 27 February 2014, Employee A informed during the interview that Employee A chose not to disclose Employee A's relationships with these companies because Employee A did not think that the relationships were significant.

b. Out of the payments and receipts made/received to/from these companies by Cavu Group in the period July 2012 to December 2013, there was a payment amounting to US$49,714 made by Cavu to one of the above related parties on 24 September 2013 even though goods/services were not received. The payment has since been refunded to Cavu Group.

c. There is also indication that an amount of S$4,000 paid by Cavu in one instance to one of the above related parties may not have taken place on “arm's length” terms. On Internet search by the EY Advisory revealed that similar products was available for S$750 cheaper than the price paid by Cavu. Cavu has received four printers as of 9 June 2014 and one complimentary printer had not been delivered as at 7 July 2014.

d. In addition to the issues raised above, Employee A produced two competitive quotations from Delteq and Cavu for the purpose of complementary bidding. During the interview with Employee A, Employee A admitted that this was a favour to the director of one of Employee A’s related companies.

4. Accounting Matters (Cavu Group)

a. From the review of electronic data, multiple uses of a marketing fund in 2013 including that of a reserve for future requirements of Delteq was noticed. It was used to offset against projects with negative or low margins. While there was no email evidence that indicates that the marketing fund was created/used prior to the financial year ending 31 December 2013, Employee C said in an interview on 20 March 2014 that the marketing fund is a form of contingency fund that has been in practice in Delteq for a long time. Perusal of the general ledger showed that the balance of the marketing fund reached a peak of S$186,061 for the financial year ended 31 December 2013. This has been reversed in the financial statements for the financial year ended 31 December 2013. Be that as it may, in a letter from S i2i to SGX dated 24 April 2014, S i2i clarified that the “marketing fund” referred to by EY Advisory was a “contingency reserve” created for the purposes of adjusting for any fluctuations in the expenses relating to the project assignments undertaken by the Cavu Group.

b. Email evidence appears to suggest that an inter-company sale of an IBM p570 machine in 2010 was not compliant with Cavu Group's inter-company pricing policy. Inter-company pricing policy is calculated by using market price x 80% + 1% mark-up. Based on the same email, it was noted that the current market price of an IBM p570 machine was US$12,500 and this works out to an inter-company pricing of US$10,100. In the fixed asset listing of Centia Pte Ltd ("Centia") as at 31 December 2013, it was identified that a purchase from Peremex Pte Ltd ("Peremex") dated 31 December 2010 at a cost of S$254,652. The difference between the cost of S$254,652 and the computed inter-company pricing of US$10,100 is approximately S$240,000. If this fixed asset is the same IBM p570 machine described in the email, it would appear that the inter-company sale took place at cost, and not in compliance with the inter- company pricing policy. Employee A stated in the email that Employee A did not want to incur the loss from the sale in the specific quarter of the inter-company sale.

5. Business Practices

a. Email evidence appears to suggest that "consultancy fees" that amounted to up to 50% of the value of contracts were paid by certain Malaysian subsidiaries of the Cavu Group as third party broker fees to secure contracts in Malaysia in 2009. Books and records of certain Malaysian subsidiaries of Cavu Group were verified to identify if the amounts were paid, and the parties that were paid.

b. A separate series of emails appears to suggest that Employee A asked one of the third party to provide three invoices totaling MYR5,000 to certain Malaysian subsidiary of Cavu Group with the description "Quarterly standby engineer charges" for a period of one year from 4 January 2014 to 3 January 2015 which seemed improper. The Company clarified that the three invoices were for services carried out by a freelance engineer to introduce to certain Malaysian subsidiary of Cavu Group a business contract in Malaysia. The Company confirms that it does not make any illegal payments and strictly prohibits the same in its subsidiaries