EFT Holdings, Inc.
Form 10-K
July 15, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: **March 31, 2014**

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File No. **0-53730**

EFT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-1211204**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
17800 Castleton St., Suite 300	
	91748
City of Industry, CA	
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number: **(626) 581-3335**

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class   Name of each exchange on which registered

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ¨ Yes x No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based upon the price of $0.01 per share, which was the closing price of the common stock as reported on the OTC Bulletin Board under the symbol “EFTB” on September 30, 2013, was $238,832 as of such date.

As of July 15, 2014, the registrant had 75,983,201 outstanding shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

None

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PART I

FORWARD-LOOKING STATEMENTS

Certain statements made in this annual report on Form 10-K are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the Company's plans and objectives for future operations. Forward-looking statements are based on current expectations and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company's plans and objectives are based, in part, on assumptions involving the continued expansion of its business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the Company's control. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in forward-looking statements, the inclusion of such information should not be regarded as a representation by the Company or any other person that its objectives and plans will be achieved.

ITEM 1. BUSINESS.

General

The Company was originally incorporated under another name in Nevada on March 19, 1992. In 1999 Jack Jie Qin, the Company's president and chief executive officer, began selling nutritional and personal care products. In 2000, Mr. Qin formed eFast Team International, Inc. to sell these nutritional and personal care products, many of which are the same, or virtually the same, as the products the Company sells today. The business conducted by eFast Team, which also used an affiliate program similar to the Company's to sell its products, was eventually transferred to the Company in 2007. The Company formally changed its name to EFT Holdings, Inc. through the merger with a company named QCSC, Inc., which became effective on May 27, 2011.

The Company operates through its subsidiaries and, unless otherwise noted, any reference to its operations includes the operations of its subsidiaries.

The Company is primarily an e-Business company designed around the “Business-to-Customer” concept, which means that the Company’s products are sold directly to customers through its web site. The Company’s “Business-to-Customer” model differs from the traditional “Business to Business” model where products are sold to distributors who then sell the products to ultimate customers. In addition, the Company has begun to diversify its offerings of products and services in the recent past, as described below.

Products

The Company sells 27 different nutritional products, some of which are oral sprays; 21 different personal care products; an environmentally protective automotive product; an environmentally friendly house cleaner; and a flip top portable drinking container that contains a filter to remove impurities from the water. The Company’s products are biodegradable and are not regulated by federal, state or local environmental laws or environmental laws of its key target markets.

The Company generally does not have a return policy but it does provide a warranty for its products. The specific warranty terms and conditions vary depending upon the product sold, but generally include replacement of defective products, but no refunds, during the six month period following a sale. Historically, the Company’s warranty expenses have not been material.

Manufacturing

The Company’s products are manufactured by third party vendors and are packaged under its brand. The packaging for its products clearly states the country of manufacture, which is currently the United States in most cases. The Company does not have any long-term supply contracts or agreements with any manufacturers. The Company orders its products directly from vendors, on an “as-needed” or “expected need” basis. Raw materials used in the manufacture of the Company’s products are readily available and are not in short supply. The Company is not a party to any agreement for the purchase or delivery of raw materials.

From 2009 through 2012, the Company constructed a factory and water plant to produce bottled natural soda water in Baiquan, Heilongjiang Province, China. The bottled water factory is fully constructed and all manufacturing equipment has been purchased. After obtaining all the required licenses and passing ISO22000 requirements, the factory started production in April 2013, but production was suspended because Tianquan was sued by a contractor who constructed the water plant. The production is expected to resume when the lawsuit is closed.

None of the Company’s vendors account for a significant portion of its business and all of them can be replaced on short notice. The Company does not have any binding commitments or manufacturing agreements with any of its vendors.

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Sales

The Company only sells its products through its website and only to "Affiliates." To become an Affiliate, a customer must be recommended by another Affiliate, make a minimum purchase of $600, and pay $60 for shipping and handling fees. After that point, the new Affiliate is not required to make any additional purchases, pay membership fees, buy products, resell products, recruit others, or attend meetings. Free educational classes are offered to the Company's Affiliates so they can learn more about the Company's products and how to use them.

As of June 30, 2014, the Company had 1,257,435 registered Affiliates, most of which were located in China and Hong Kong. As of June 30, 2014, the Company did not have any sales activities in the United States. None of the Company's Affiliates account for a significant portion of its business.

The Company pays its Affiliates a commission on the products they order from the Company. The commission is approximately 58% of the total dollar amount of the order. Commissions are considered a reduction of the sales price of the Company's products and are reflected in the Company's financial statements as a reduction in revenue. The commissions earned by each Affiliate are held in book entry form. The Affiliate can use the commissions to pay for new orders or transfer the commissions to a bank account where they can be withdrawn, in local currency, at automated teller machines (ATMs) in the country where the Affiliate resides. With this process, the Company reduces operating expense and eliminates cumbersome accounting chores such as issuing checks and reconciling bank statements.

Full payment is required in U.S. Dollars prior to shipment of any products. In most cases, once payment is received, products ordered are shipped directly by the Company's third party manufacturers to the Company's distribution centers in Hong Kong and China. Once the products are received at the distribution centers, they are shipped to the Affiliate placing the order.

Transportation business

On October 25, 2008, the Company acquired, through a wholly owned subsidiary, 48.81% of the capital stock of Excalibur International Marine Corporation, "Excalibur," a Taiwanese corporation, for $19,193,000. The remaining 51.19% equity interest is held by Taiwan residents. On July 25, 2008, the Company loaned $1,567,000 to Yeuh-Chi Liu, a vendor to the Company. The proceeds of the loan were used by Yeuh-Chi Liu to acquire a 3.97% interest in

Excalibur, which was offered as collateral for the loan. The Company does not expect that this loan will be repaid and the loan was written off as of December 31, 2010. The Company has not yet enforced its interest in the collateral.

Excalibur owned and operated a high speed vessel which, until August 2010, transported passenger and cargo between Taiwan and mainland China through the Taiwan Strait. Excalibur's vessel, the Ocean LaLa, was capable of carrying up to 370 passengers and 630 tons of cargo. The OceanLaLa made its first voyage in October 2008, sailing from Taichung to Panhu, Taiwan. On August 8, 2010, the Ocean LaLa was damaged when sailing in the Taiwan Strait. As a result of the damage suffered, the Ocean LaLa has been taken out of service.

During the period ended September 30, 2013, Excalibur's management obtained approval from its shareholders to sell the vessel. In December 2013, Excalibur signed a memorandum of agreement with a potential buyer to sell the Ocean LaLa for a price of $1,500,000. The vessel was delivered to the seller on March 15, 2014 and the title to the vessel was then passed to the buyer on the same date. A commission of 3% based on the purchase price was paid to the broker handling the transaction.

EFT-Phone and ToByTo reward program

In February 2010, the Company assigned the worldwide distribution and servicing rights to a product known as the "EFT-Phone" to Digital Development Partners, Inc., "Digital", previously an unrelated company, in exchange for 79,265,000 shares of Digital's common stock. The shares the Company acquired represent approximately 92% of Digital's outstanding common stock. The EFT-Phone is a cell phone which uses the Android operating system. The worldwide distribution and servicing rights to the EFT-Phone include the right to sell the EFT-Phone to the Company's Affiliates and others. Digital also acquired the rights to distribute all EFT-Phone accessories. Digital began distributing EFT-Phones in July 2010.

Starting from December 2010, the Company introduced reward programs to its Affiliates. For example, upon joining a $3,000 program, each Affiliate must pay $3,000 as a non-refundable deposit. When the Affiliate sponsors one new Affiliate, the Company will reward the first Affiliate with a $1,500 instant sponsor bonus. When the first Affiliate sponsors at least two new Affiliates, and those two new Affiliates each also sponsor two new Affiliates, the first Affiliate will have completed the first cycle of the program. The Company will then reward the first Affiliate with an additional $1,500 bonus and deliver an EFT-phone and an e-pad for the cost of $1. After the completion of the first cycle, each Affiliate will enter into the matrix of the second cycle. Upon completion of the second cycle, the Company will reward the first Affiliate with $3,000. For each subsequent cycle thereafter within the matrix, each Affiliate will need to sponsor a new Affiliate in each cycle in order to qualify for the reward.

On April 1, 2012, the Company assigned network access rights to ToByTo Limited, "ToByTo", a third-party company. The network access rights to ToByTo Limited include the right to access EFT's Affiliate database for ToByTo's marketing campaign, and provides access to EFT's e-money system to facilitate sales activities. ToByTo, in return, compensates EFT by paying access fees in an amount equal to 10% of the respective enrollment fee of every Affiliate who enters the ToByTo e-phone program or another agreed upon amount. During the year ended March 31, 2014, the Company agreed to waive the access fees in lieu of ToByTo agreeing to purchase a portion of the Company's overstocked inventory.

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eZGT Travel Program

In May 2011, the Company introduced to its Affiliates a series of travel programs attracting Affiliates to enjoy the benefits of travelling internationally. To participate in the Traveler programs, one must initially make a non-refundable deposit according to the programs' requirements. When the Affiliate completes a cycle of the program he joined, he will receive a bonus reward and the Affiliate only needs to pay $1 for his or her own trip. The reward system of the travel program is similar to the ToByTo reward program.

On April 1, 2012, the Company assigned network access rights to eZGT Limited, a third party. The network access rights to eZGT Limited include the right to access EFT's Affiliate database for eZGT's marketing campaign, and provides access to EFT's e-money system to facilitate sales activities. eZGT Limited, in return, compensates EFT by paying access fees in an amount equal to 10% of the respective enrollment fee of every Affiliate who enters the $300 and $3,000 travel programs or another agreed upon amount. However, for Affiliates who enter the $800 and $8,000 travel programs, eZGT will only pay access fees in the amount of $30 and $300, respectively. During the year ended March 31, 2014, the Company agreed to waive the access fees in lieu of eZGT Limited agreeing to purchase a portion of the Company's overstocked inventory for an agreed upon period of time.

Intellectual Property

The Company's product formulations, delivery systems (spray), packages, packaging design and labels are proprietary.

The Company uses the "EFT" name, a trademark owned and licensed to it by EFT Assets Limited. The Company is required to pay an annual royalty to EFT Assets equal to a percentage of its gross sales for the previous fiscal year. The percentage is 5% for the first $30 million in gross sales; 4% for the $10 million in gross sales in excess of $30 million; 3% for the $10 million in gross sales in excess of $40 million; 2% for the $10 million in gross sales in excess of $50 million; and 1% for the $10 million in gross sales in excess of $60 million, and is subject to a minimum $0.5 million annual royalty. Except for the foregoing, the Company does not currently hold any patents, trademarks, or copyrights nor is the Company a party to any licenses, franchises, concessions, royalty agreements or similar agreements pertaining to intellectual property.

Government Regulation

Currently, government approval is not necessary for the sale of any of the Company's products and the Company's Affiliate marketing activities are not subject to governmental regulation in the countries in which the Company operates. However, if existing laws change, the Company may be required to conduct clinical trials to demonstrate the safety and efficacy of these products in order to continue to market and sell them.

General

The Company has not and does not engage in any research and development activities, nor does the Company contemplate spending any material amount on such activities in the foreseeable future.

The Company's business is not seasonal in nature.

As of March 31, 2014, the Company had five full-time employees at its executive offices in the City of Industry, California, ten full-time employees at its Kowloon, Hong Kong office, one full-time employee at its Taipei, Taiwan office, and 14 full-time employees at its factory in China. The Company adjusts the number of employees from time to time as necessary to meet the demand for its products.

None of the Company's employees are represented by a collective bargaining agreement. The Company believes its employee relations are good.

The Company files electronically with (or furnishes to) the SEC its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) of the Securities Exchange Act of 1934. The Company makes available free of charge on its web site (www.eftb.us) all such reports as soon as reasonably practicable after they are filed.

The SEC maintains an Internet site that contains reports, proxy information and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is http://www.sec.gov. The materials are also available at the SEC's Public Reference Room, located at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information through the public reference room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS.

An investment in the Company's common stock involves a high degree of risk. In addition to the following risk factors, you should carefully consider the risks, uncertainties and assumptions discussed herein, and in other documents that the Company subsequently files with the SEC that update, supplement or supersede such information for which documents are incorporated by reference into this Report. Additional risks not presently known to the Company, or which the Company considers immaterial based on information currently available, may also materially adversely affect the Company's business. If any of the events anticipated by the risks described herein occur, the Company's business, cash flow, results of operations and financial condition could be adversely affected, which could result in a decline in the market price of the Company's common stock, causing you to lose all or part of your investment.

Risks Related to the Company's Business

We have a history of losses, we expect to continue to incur losses and we may never achieve profitability.

The Company reported a net loss of $20,341,700 and a loss from operations of $7,290,646 for the year ended March 31, 2014. The Company reported a net loss of $22,519,529 and loss from operations of $11,508,848 for the year ended March 31, 2013. At March 31, 2014, the Company's accumulated deficit amounted to $54,963,024. During the year ended March 31, 2014, net cash used by operating activities amounted to $4,340,102. At March 31, 2014, the Company's working capital deficit amounted to $(9,900,622). The Company expects to continue incurring losses for the foreseeable future and may never achieve or sustain profitability. The Company may need to raise additional capital to penetrate markets for the sales of the Company's products. The Company believes that it has access to capital resources through possible public or private equity offerings, debt financings, corporate collaborations or other means. If the economic climate in the United States does not improve or further deteriorates, the Company's ability to raise additional capital could be negatively impacted. If the Company is unable to secure additional capital, the Company may be required to take additional measures to reduce costs in order to conserve its cash in amounts sufficient to sustain operations and meet its obligations. These measures could cause significant delays in the Company's efforts to commercialize its products, which are critical to the realization of its business plan and to future operations.

Current economic conditions may adversely affect the Company's industry, business and results of operations and could cause the market value of its common stock to decline.

The Company's results of operations may be materially affected by conditions in the global capital markets and the economy generally, both in China and elsewhere around the world. Factors that could affect consumers' willingness to make such discretionary purchases include general business conditions, levels of employment, energy costs, interest rates and tax rates, and the availability of consumer credit and consumer confidence. Recently, concerns over inflation, energy costs, geopolitical issues, and the availability and cost of credit, have contributed to increased volatility and diminished expectations for the Chinese economy.

A continued or protracted downturn in the global economy could adversely impact consumer purchases of discretionary items including demand for the Company’s products. This has led, and could further lead, to reduced consumer spending, which the Company believes may include consumer spending on nutritional and beauty products and other discretionary items. In addition, reduced consumer spending may drive the Company and its competitors to lower prices. A reduction in consumer spending could significantly reduce the Company's sales and leave it with unsold inventory, which would have a material adverse effect on the Company’s business, financial condition and results of operations.

The Company regularly maintains cash balances at a commercial bank in excess of the Federal Deposit Insurance Corporation insurance limit of $250,000.

The Company regularly maintains cash balances at a commercial bank in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000. If the financial position and/or liquidity of the bank were to become impaired, the Company’s financial position and the results of its operations could be negatively affected to the extent of account balances held at the financial institution in excess of the federally insured limit.

The extent of the Company’s sourcing and manufacturing may adversely affect its business, financial condition and results of operations.

All of the Company’s products are currently manufactured in the United States and a majority of them are sold to customers in Hong Kong and China. As a result of the magnitude of this sourcing and shipping, the Company’s respective businesses are subject to the following risks:

- political and economic instability in foreign countries, including heightened terrorism and other security concerns, which could subject imported or exported goods to additional or more frequent inspections, leading to delays in deliveries or impoundment of goods or to an increase in transportation costs of raw materials or finished product;
- the imposition of regulations and quotas relating to exports and imports, including quotas imposed by bilateral agreements between the United States, from which the Company sources its products, and foreign countries, including China;
- the imposition of duties, taxes and other charges on exports and imports;
- significant fluctuation of the value of the U.S. dollar against the Hong Kong Dollar, Chinese Yuan and other foreign currencies;
- difficulty in staffing and managing international operations and difficulty in maintaining quality control;
- the strength of international economies;

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- restrictions on the transfer of funds to or from foreign countries; and
- violations by foreign contractors of labor and wage standards and resulting adverse publicity.

The Company operates on very tight delivery schedules and, if there are delays and expected delivery dates cannot be met, it could negatively affect the Company's profitability.

If there is a delay in the delivery of goods and delivery schedules cannot be met, then the Company's Affiliates may cancel orders with it, which would impact the Company's gross profits and, therefore, its profitability. The Company may also incur extra costs to meet delivery dates, which would also reduce the Company's profitability.

The Company faces intense competition and any failure to timely implement its business plan could diminish or suspend its development and possibly cease its operations.

The industry in which the Company operates is highly competitive. In the Business to Consumer, "B2C," e-commerce business, competitors, typically catalog and other online retailers, attempt to secure contracts with various merchandise brands to offer merchandise to their consumers. The Company also faces competition for consumers from retailers, duty-free retailers, specialty stores, department stores and specialty and general merchandise catalogs, many of which have greater financial and marketing resources than the Company has. The internet online commerce market is rapidly evolving and intensely competitive. Barriers to entry are minimal and current and new competitors can launch new websites at a relatively low cost. Many competitors in this area have greater financial, technical and marketing resources than the Company. There is no assurance that the Company will be able to compete successfully with them in the future.

The Company has experienced, and anticipates that it will continue to experience for at least the foreseeable future, significant pricing pressure and significantly increased promotional activity from our competitors; and we may face challenges in seeking to provide merchandise at competitive prices that allow the Company to be profitable. Continued advancement in technology and increasing access to that technology is paving the way for growth in the internet consumer industry. In addition, the nutritional supplement and cosmetic e-business markets have and continue to become increasingly competitive and are rapidly evolving. There can be no assurance that the Company will maintain its competitive edge or that it will continue to provide only American-made merchandise. If we are unable to successfully compete in this promotional environment, we could experience reductions in our sales and excessive build-up of merchandise inventories resulting in increased markdowns and reductions in our gross profit margins, adversely impacting our profitability and cash flows from operating activities.

The Company faces significant inventory risks.

The Company is exposed to significant inventory risks that may adversely affect its operating results as a result of new product launches, rapid changes in product cycles, changes in consumer tastes with respect to its products and other factors. Future success depends on consistently anticipating, gauging and responding to Affiliates' demands and tastes in the design, pricing, style and production of the Company's products. The Company's failure to anticipate, identify or react appropriately and in a timely manner to changes in customer preferences and economic conditions could lead to lower sales, missed opportunities, excessive inventories and markdowns, each of which could have a material adverse impact on the Company's business and its sales levels.

The Company must accurately predict these trends and avoid overstocking or understocking products. All of the Company's products are supplied by third parties, which it orders generally on an "as needed" basis. However, based on ordering trends, the Company does stock certain items that the Company believes will be in demand so that they are available for immediate shipping. In the last few years, the Company has mitigated decreases in sales by lowering its levels of inventory to preserve cash on hand. Demand for products, however, can change significantly between the time inventory is ordered and the date of sale. In addition, when the Company begins selling a new product, it may be difficult to establish vendor relationships, determine appropriate product selection, and accurately forecast product demand. The acquisition of certain types of inventory, or inventory from certain sources, may require significant lead time and prepayment, and such inventory may not be returnable. Any one of the inventory risk factors set forth above may adversely affect the Company's operating results.

The Company may continue to experience fluctuations in its operating results.

The Company's annual and quarterly operating results have fluctuated and may continue to fluctuate in the future. As a result, period-to-period comparisons of historical and future results may not necessarily be meaningful and should not be relied on as an indication of future performance. There can be no assurance that the Company's current or future internal expectations and outlook for sales, comparable sales, gross profit margins and profitability will prove to be accurate. Failure to meet internal or market financial expectations going forward, particularly with respect to sales, gross profit margins and earnings, could result in a decline in and/or increased volatility in the market price of the Company's stock.

The Company depends on third parties to manufacture all of the products it sells and it does not have any written contracts with any of the manufacturers of its products. If the Company is unable to maintain these manufacturing relationships or enter into new arrangements, the Company may fail to meet customer demand and its net sales and profitability may suffer as a result.

All of the Company's products are manufactured by third parties. The Company does not have any written contracts with any of the manufacturers of its products. The fact that the Company does not have written contracts with its third-party manufacturers means that they could cease manufacturing these products for the Company at any time and for any reason. In addition, the Company's third-party manufacturers are not restricted from manufacturing its competitors' products. The Company's inability to secure adequate and timely supplies of merchandise would harm inventory levels, net sales and gross profit, and ultimately its results of operations.

The Company's manufacturers may increase the cost of the products it purchases from them.

If the Company's manufacturers increase their prices, the Company's margins would suffer unless it is able to pass along these increased costs to its customers. The Company may not be able to develop relationships with new vendors and manufacturers at the same prices or at all, and even if the Company does establish such relationships, such new vendors and manufacturers might not allocate sufficient capacity to the Company to meet its requirements. Furthermore, if the Company increases its product orders significantly from the amounts the Company has historically ordered from its manufacturers, its manufacturers might be unable to meet this increased demand.

The Company's third-party manufacturers may not continue to produce products that are consistent with its standards or applicable regulatory requirements, which could harm its brand, cause customer dissatisfaction and require the Company to find alternative suppliers of its products.

The Company's third-party manufacturers may not maintain adequate controls with respect to product specifications and quality and may not continue to produce products that are consistent with its quality standards. If the Company is forced to rely on products of inferior quality, then its customer satisfaction and brand reputation would likely suffer, which would lead to reduced net sales. In addition, the Company may be required to find new third-party manufacturers to supply its products. There can be no assurance that the Company would be successful in finding third-party manufacturers that make products meeting its standards of quality.

The Company may incur material product liability claims, which could increase its costs and harm its financial condition and operating results.

We may be subjected to various product liability claims, including claims that products that are ingested by consumers or applied to their bodies contain contaminants, and that the products include inadequate instructions as to their uses, or include inadequate warnings concerning side effects and interactions with other substances. It is possible that widespread product liability claims could increase our costs, and adversely affect our revenues and operating income. Moreover, liability claims arising from a serious adverse event may increase our costs through higher insurance premiums and deductibles, and may make it more difficult to secure adequate insurance coverage in the future.

Adverse publicity associated with the Company's products, ingredients or its Affiliates program, or those of similar companies, could harm the Company's financial condition and operating results.

The Company’s results of operations may be significantly affected by the public’s perception of the Company and similar companies. This perception is dependent upon opinions concerning:

- the safety, efficiency and quality of the Company’s products and ingredients;
- the safety, efficiency and quality of similar products and ingredients distributed by other companies;
- the Company’s promotional and compensation programs; and
- B2C e-commerce business in general.

Adverse publicity concerning any actual or purported failure by the Company to comply with applicable laws and regulations regarding product claims and advertising, good manufacturing practices, the regulation of its programs, the licensing of its products for sale in the Company’s target markets or other aspects of its business (whether or not resulting in enforcement actions or the imposition of penalties), could have an adverse effect on the Company’s business and could negatively affect its ability to attract Affiliates, which would negatively impact the Company’s ability to generate revenue.

In addition, the Company’s Affiliates’ perception of the safety, quality and efficiency of the Company’s products and ingredients, as well as similar products and ingredients distributed by other companies, could be significantly influenced by media attention, publicized scientific research or findings, widespread product liability claims or other publicity concerning the Company’s products or ingredients or similar products and ingredients distributed by other companies. Adverse publicity, whether or not accurate or resulting from consumers’ use or misuse of the Company’s products, that associates consumption of its products or ingredients or any similar products or ingredients with illness or other adverse effects, questions the benefits of the Company’s or similar products or claims that any such products are ineffective, inappropriately labeled or have inaccurate instructions as to their use, could lead to lawsuits or other legal challenges and could negatively impact the Company’s reputation, the market demand for its products or its general business.

The Company is subject to the risks of doing business abroad.

Most of the Company’s Affiliates are located in China and Hong Kong. As such, the Company is subject to customary risks of doing business abroad, including currency fluctuations, political or labor instability and potential import restrictions, duties and tariffs. The Company does not maintain insurance for the potential lost profits due to such disruptions. Political or economic instability in China or Hong Kong or elsewhere could cause substantial disruption in the Company’s business. This could materially adversely affect the Company’s financial condition and results of operations. Heightened terrorism security concerns could subject exported goods to additional, more frequent or more thorough inspections. This could delay deliveries or increase costs, which could adversely impact the Company’s results of operations. In addition, since the Company negotiates its purchase orders with customers in United States dollars, the value of the United States dollar against local currencies could impact its cost in dollars of production from these manufacturers. The Company is not currently engaged in any hedging activities to protect against these currency risks. If there is downward pressure on the value of the dollar, the Company’s customers’ purchase prices for its products could increase. The Company may not be able to offset an increase in production costs with a price increase to its customers.

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Fluctuations in the price, availability and quality of materials used in the Company's products could have a material adverse effect on its cost of goods sold and its ability to meet its customers' demands.

Fluctuations in the price, availability and quality of the materials used in the manufacture of the Company's products by third parties could have a material adverse effect on the cost of such products to it or its ability to meet its customers' demands. The Company may not be able to pass on all or any portion of higher material prices to its customers.

The failure to upgrade information technology systems as necessary could have an adverse effect on the Company's operations.

Some of the Company's information technology systems, which are primarily utilized to manage information necessary to price and ship products and to generate reports that report each customer's order are dated and are comprised of multiple applications, rather than one overarching state-of-the-art system. Modifications involve replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. If the Company is unable to effectively implement these systems and update them where necessary, this could have a material adverse effect on its business, financial condition and results of operations.

Entry into new businesses or operations may divert the Company's management's attention and consume resources that are necessary to sustain its business.

The Company may enter into new businesses or operations in the future, which may result in unforeseen difficulties and expenditures. In addition, the new businesses, operations, products, or services may disrupt the Company's business, divert its resources and require significant management attention that would otherwise be available for development of its business. The anticipated benefits of any new businesses, operations, products, or services may also not be realized or the Company may be exposed to unknown liabilities.

The Company is highly dependent on its current management.

The Company's success is significantly dependent upon its management team. The Company's success is particularly dependent upon Mr. Jack Jie Qin, its Chairman and CEO. The loss of him could have an adverse effect on the Company. If the Company were to lose the services of its officers and directors, the Company may experience difficulties in effectively implementing its business plan.

The Company's principal shareholder owns 69% of its outstanding common stock and its interests may not be aligned with the interests of the Company's other shareholders.

Dragon Win Management, Ltd. ("Dragon Win") owns a majority of the Company's issued and outstanding common stock. As a result, Dragon Win has substantial influence in determining the outcome of any corporate transactions or other matters submitted to the Company's shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company's assets, election of directors and other significant corporate actions. Dragon Win may not act in the best interests of the Company's minority shareholders. In addition, without its consent, the Company could be prevented from entering into transactions that could be beneficial to the Company. This concentration of ownership may also discourage, delay or prevent a change in control of the Company, which could deprive its shareholders of an opportunity to receive a premium for their shares as part of a sale of the Company and might reduce the price of the Company's common stock. These actions may be taken even if they are opposed by the Company's other shareholders.

The outcome of litigation and other claims is unpredictable and any rulings not in the Company's favor could have a material adverse effect on its business and results of operations.

The Company is and may become subject to litigation, claims and administrative proceedings for which it cannot or may not be able to predict or determine the ultimate outcome or quantify the potential financial impact. Because of the inherent difficulty of predicting the outcome of any legal claims and administrative proceedings, the Company cannot provide assurance as to the outcome of any pending or future matters, or, ultimately determined adversely to the Company, the loss, expense or other amounts attributable to any such matter. The resolution of such matter or matters, if unfavorable, could have a material adverse effect on the Company's business, liquidity and results of operations. Refer to Item 3. "Legal Proceedings," for a more detailed discussion of certain current litigation and other proceedings.

If the Company becomes directly subject to the recent scrutiny, criticism and negative publicity involving U.S. reporting companies with substantial PRC operations or sales, the Company may have to expend significant resources to investigate and resolve any negative allegations resulting from such scrutiny, which could harm its business operations and reputation and could result in a loss of your investment in the Company's stock, especially if such allegations cannot be addressed and resolved favorably.

Recently, U.S. reporting companies that have substantially all of their operations or sales in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered around a lack of effective internal controls over financial accounting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result of the scrutiny, criticism and negative publicity, many of these companies are now conducting internal and external investigations into the allegations, and in the interim are subject to shareholder lawsuits and SEC enforcement actions.

It is not clear what effect such sector-wide scrutiny, criticism and negative publicity will have on the Company and its business. If the Company becomes the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, the Company will have to expend significant resources to investigate such allegations and/or defend itself. This situation will be costly and time consuming and distract management from growing the Company. If such allegations are not proven to be groundless, the Company and business operations will be severely impacted and your investment in the Company’s stock could be rendered worthless.

The Company’s stock is thinly traded and the price of its stock may become highly volatile.

There is currently only a limited market for the Company’s common stock. A limited market is characterized by a relatively limited number of shares in the public float, relatively low trading volume and a small number of brokerage firms acting as market makers. The market for low-priced securities is generally less liquid and more volatile than securities traded on national stock markets. Wide fluctuations in market prices are not uncommon. No assurance can be given that the market for the Company’s common stock will continue. The price of the Company’s common stock may be subject to wide fluctuations in response to factors such as the following, some of which are beyond the Company’s control:

- quarterly variations in the Company’s operating results;
- operating results that vary from the expectations of investors;
- changes in expectations as to the Company’s future financial performance, including financial estimates by investors;
- reaction to the Company’s periodic filings, or presentations by executives at investor and industry conferences;
- changes in the Company’s capital structure;
- changes in market valuations of other internet or online service companies;
- announcements of innovations or new services by the Company or its competitors;
- announcements by the Company or its competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- lack of success in the expansion of the Company’s business operations;
- announcements by third parties of significant claims or proceedings against the Company or adverse developments in pending proceedings;
- additions or departures of key personnel;
- asset impairment;
- temporary or permanent inability to offer products or services;
- rumors or public speculation about any of the above factors; and
- market and volume fluctuations in the stock markets in general.

There is not now, and there may not ever be, an active market for the Company’s common stock, and the Company cannot assure you that the common stock will become liquid or that it will be listed on a securities exchange.

There is currently only a limited market for the Company’s common stock. In this venue, an investor may find it difficult to obtain accurate quotations as to the market value of the common stock and trading of the Company’s common stock may be extremely sporadic. For example, several days may pass before any significant number of shares may be traded. A more active market for the common stock may never develop. In addition, if the Company fails to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell the Company’s securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling the common stock, which may further affect the liquidity of the Company’s common stock.

The Company may be subject to penny stock regulations and restrictions and you may have difficulty selling shares of the Company’s common stock.

The SEC has regulations which generally define so-called “penny stocks” to be equity securities that have a market price less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exemptions. When listed or quoted on an over-the-counter electronic exchange, the Company’s common stock may be deemed to be a “penny stock” subject to Rule 15g-9 under the Exchange Act, or the Penny Stock Rule. This rule imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and “accredited investors” (generally, individuals with a net worth in excess of $1,000,000 or annual incomes exceeding $200,000, or $300,000 together with their spouses).

For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to sale. In addition, unless exempt, the rules require delivery, prior to any transaction in penny stock, of a disclosure schedule prepared by the SEC relating to the penny stock market. Disclosure is also required to be made about sales commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock. As a result, this rule may affect the ability of broker-dealers to sell the Company’s securities and may affect the ability of purchasers to sell any of the Company’s securities in the secondary market.

There can be no assurance that the Company’s common stock will qualify for exemption from the Penny Stock Rule. In any event, even if the Company’s common stock were exempt from the Penny Stock Rule, it would remain subject to Section 15(b)(6) of the Exchange Act, which gives the SEC the authority to restrict any person from participating in a distribution of penny stock if the SEC finds that such a restriction would be in the public interest.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not Applicable.

ITEM 2. PROPERTIES.

The Company leases a 3,367 square foot office in the City of Industry in California that serves as its principal executive offices. The lease expires on February 14, 2015. Pursuant to the lease, the monthly rent was $9,091 per month until February 2014 and $9,455 per month thereafter.

The Company rents a 6,500 square foot office space for its satellite training center in Hong Kong. This office is located at Langham Office Tower, 8 Argyle Street, Suite 3706, Kowloon, Hong Kong SAR. The lease expires on March 31, 2015, with a monthly rental of $30,900.

The Company also rents storage space, generally 3,000 square feet or less, for its satellite training center in Hong Kong. The space is leased for terms of two years. See Note 18 of the Notes to the Consolidated Financial Statements contained in Item 8 for information concerning the amounts the Company is required to pay pursuant to these leases.

The Company also leases 40,000 square meters of land in Yongqin county of Baiquan, Heilongjiang Province, in the People's Republic of China (the "PRC") where it has constructed a bottled water factory. The land lease commenced on December 31, 2009 for a term of fifty years, with a yearly land-use right's fee of $3,865.

The Company rents a 240 square foot office space for its operation in Taiwan. This office is located at No. 376, Ren Ai Road, Da An district, Taipei. The lease expires on December 16, 2014, and the monthly rental is $1,260.

The Company believes its properties are sufficient for its current operations.

ITEM 3. LEGAL PROCEEDINGS.

All material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party, or of which any of their property is the subject, are disclosed in Notes 20 and 21 to the Consolidated Financial Statements in this Annual Report on Form 10-K.

Except as otherwise disclosed in this Annual Report on Form 10-K, the Company does not know of any claims, pending or threatened against it which, in the opinion of the Company's management, are likely to have a material and adverse effect on its business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSU

The Company's common stock ("EFTB") trades on the over-the-counter Pink Sheets. The following chart shows the high and low bid prices as published by Pink OTC Markets for the periods shown below. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Three Months Ended	Low Bid	High Bid
June 30, 2013	$0.01	$0.01
September 30, 2013	$0.01	$0.01
December 31, 2013	$0.01	$0.01
March 31, 2014	$0.01	$0.01
June 30, 2012	$0.08	$0.08
September 30, 2012	$0.04	$0.04
December 31, 2012	$0.02	$0.03
March 31, 2013	$0.01	$0.01

The holders of the Company's common stock are entitled to one vote per share. The Company's stockholders do not have preemptive rights to purchase, subscribe for, or otherwise acquire any shares of its common stock.

The Company did not pay any dividends during the two years ended March 31, 2014. The Company's board of directors is not restricted from paying any dividends but is not obligated to declare a dividend. The Company currently intends to retain all future earnings for use in the operation and expansion of its business and does not anticipate paying any cash dividends on common stock in the foreseeable future.

The Company's Articles of Incorporation authorize its board of directors to issue up to 25,000,000 shares of preferred stock. The provisions in the Articles of Incorporation relating to the preferred stock allow the Company's directors to issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of the Company's common stock. The issuance of preferred stock with these rights may make the removal of management difficult even if the removal would be considered beneficial to shareholders generally, and will have the effect of limiting shareholder participation in certain transactions such as mergers or tender offers if these transactions are not favored by the Company's management.

During the year ended March 31, 2014, the Company did not purchase any shares of its common stock from third parties in a private transaction or in the open market. During the year ended March 31, 2014, none of the Company's officers or directors, or any of its principal shareholders, purchased any shares of its common stock on its behalf from third parties in a private transaction or as a result of purchases in the open market.

As of March 31, 2014, there were 5,116 record holders of the Company's common stock.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with the Company's financial statements and the notes thereto and the other financial information appearing elsewhere in this Report. In addition to historical information, the following discussion contains certain forward-looking information. See "Forward-Looking Statements" above for certain information concerning those forward-looking statements. The Company's financial statements are prepared in U.S. dollars and in accordance with U.S. GAAP.

Overview

The Company is primarily an e-Business company designed around the "Business-to-Customer" concept, which means that the Company's products are sold directly to customers through its web site. The Company's "Business-to-Customer" model differs from the traditional "Business to Business" model where products are sold to distributors who then sell the products to ultimate customers. In addition, the Company has begun to diversify its offerings of products and services in the recent past, as discussed above in Item 1 "Business."

From 2009 through 2012, the Company constructed a factory and water plant to produce bottled natural soda water in Baiquan, Heilongjiang Province, China. The bottled water factory is fully constructed and all manufacturing equipment has been purchased. After obtaining all the required licenses and passing ISO22000 requirements, the factory started production in April 2013, but production was suspended because Tianquan was sued by a contractor who constructed the water plant. The production is expected to resume when the lawsuit is closed.

The Company operates through its subsidiaries and, unless otherwise noted, any reference to its operations includes the operations of its subsidiaries.

Industry Wide Trends that are Relevant to the Company's Business

The nutritional supplement and cosmetic e-business markets have and continue to become increasingly competitive and are rapidly evolving. Barriers to entry are minimal. Current and new competitors can launch new websites at a relatively low cost. Many competitors in this area have greater financial, technical and marketing resources than the Company does. Continued advancement in technology and increasing access to that technology is paving the way for growth in direct marketing. The Company also faces competition for consumers from retailers, duty-free retailers, specialty stores, department stores and specialty and general merchandise catalogs, many of which have greater financial and marketing resources than the Company has. Notwithstanding the foregoing, the Company believes that it is well-positioned within the Asian consumer market with its current plan of supplying U.S. merchandise brands to consumers and that its exposure to both the Asian and American cultures gives it a competitive advantage. There can be no assurance that the Company will maintain its competitive edge or that the Company will continue to provide solely U.S.-made merchandise.

The Company's products are sensitive to business and personal discretionary spending levels and tend to decline or grow more slowly during economic downturns, including downturns in any of the Company's major markets. The current worldwide downturn is expected to adversely affect the Company's sales and liquidity for the foreseeable future. Although the Company has mitigated decreases in sales by lowering its levels of inventory to preserve cash on hand, the Company does not know when the downturn will subside and when consumer spending will increase from its current depressed levels. Even if consumer spending increases, the Company is not sure when consumer spending will increase for its products, which will affect its liquidity.

The global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. This has led, and could further lead, to reduced consumer spending, and which may affect adversely spending on nutritional and beauty products and other discretionary items, such as the Company's products. In addition, reduced consumer spending may force the Company and its competitors to lower prices. These conditions may adversely affect the Company's revenues and profits. In addition, the Company expects future operations to be affected by ToByTo's marketing and distribution of EFT Phones, eZGT's marketing of the travel program and the Company's water bottling operations.

RESULTS OF OPERATIONS

Comparison for the Years Ended March 31, 2014 and 2013

Sales revenue, net

Sales revenues, net of commission expense, decreased to approximately $1,488,000 for the year ended March 31, 2014 from approximately $2,321,000 for the year ended March 31, 2013 primarily due to a decline in sales demand from the Company's Affiliates. The Company's policy is to pay commissions to its Affiliates upon receipt of the sales orders even though revenue is not recognized by the Company until later when the products are delivered. Commissions paid to the Company's Affiliates are considered to be a reduction of the selling prices of its products, and are recorded as a reduction of revenue.

Shipping charges

Shipping charges decreased to $379,000 for the year ended March 31, 2014 from $449,000 for the year ended March 31, 2013 mainly due to the reduction in gross sales.

Access fees

Nil access fees were received for the year ended March 31, 2014 compared to approximately $108,000 for the year ended March 31, 2013 as during the year the Company agreed to waive the access fee for both programs in lieu of both eZGT and ToByTo agreeing to purchase a portion of the Company's overstocked inventory for an agreed upon period of time.

Cost of goods sold

Cost of goods sold consists of merchandise purchased from vendors. Cost of goods sold decreased to approximately $557,000 for the year ended March 31, 2014 from $669,000 for the year ended March 31, 2013 mainly due to reduction in gross sales. Gross sales of products declined from approximately $4,508,000 to $2,801,000, or 38%. However, cost of sales of products declined by only 14% from approximately $637,000 to $548,000, mainly due to the sale of $183,000 of promotional items that were sold at only a 10% markup for the year ended March 31, 2013 and $173,000 of promotional items that were sold at cost during the year ended March 31, 2014. Despite the items that were sold at discounted prices, cost of goods sold as a percentage of sales was 13.3%, higher than last year by 3.3%, which is attributable to vendor price increases during the year.

Shipping costs

Shipping costs consist of freight charges from the U.S. warehouse and/or vendors to the Company's logistic facility in China. Shipping costs increased to approximately $45,000 for the year ended March 31, 2014 from approximately $9,000 for the year ended March 31, 2013, mainly attributable to the transfer of more goods from the U.S. warehouse to China during the year.

Operating cost – Excalibur

Operating costs – Excalibur decreased to approximately $395,000 for the year ended March 31, 2014 from approximately $1,016,000 for the year ended March 31, 2013 mainly due to lower depreciation expense for the Ocean LaLa as a result of the Company's previous recording of $5.5 million of impairment losses during the fiscal year ended March 31, 2013. In addition, during the quarter ended September 30, 2013, the Company reclassified this asset as held for sale and did not record any depreciation expense related to the Ocean LaLa in subsequent periods.

Gross profit

Gross profit decreased to approximately $870,000 for the year ended March 31, 2014 compared to $1,185,000 for the year ended March 31, 2013. Gross profit, as a percentage of total revenue, was 47% during the year ended March 31, 2014 compared with 41% during the year ended March 31, 2013. The increase in gross profit as a percentage of total revenue was mainly due to the reduction in operating costs of Excalibur. The reduction of operating costs of Excalibur was partially offset by higher cost of goods sold and shipping costs related to product sales for the period.

Selling, general and administrative expenses

Selling, general and administrative expenses increased to approximately $6,772,000 for the year ended March 31, 2014 compared to approximately $6,067,000 for the year ended March 31, 2013, mainly due an increase in legal fees associated with several ongoing legal actions in both the US and Asia. Please refer to the notes to the financial statements for details related to these ongoing legal efforts. Legal fees increased to $1,530,066 for the year ended March 31, 2014, compared to $519,967 for the year ended March 31, 2013.

Impairment of transportation equipment

The Company recorded approximately $5,478,000 of impairment for transportation equipment for the year ended March 31, 2013. No impairment loss for transportation equipment was recorded as of March 31, 2014 as the vessel was sold in March 2014.

Inventory obsolescence

Inventory obsolescence increased to approximately $888,000 for the year ended March 31, 2014 as compared to $649,000 for the year ended March 31, 2013, mainly due to slower sales of the Company's overstocked products during the year. The Company continues to make an ongoing effort to maintain acceptable inventory levels by reducing overstocked and nearly obsolescent items.

Royalty expenses

Royalty expenses for both years ended March 31, 2014 and 2013, were $500,000. Royalties payable to EFT Assets are equal to a percentage of the Company's gross sales based on certain threshold criteria, with a minimum annual royalty of $500,000. See note 8 to the consolidated financial statements in this Annual Report for further information.

Interest income

Interest income decreased to approximately $289,000 for the year ended March 31, 2014 as compared to approximately $606,000 for the year ended March 31, 2013. Interest income decreased mainly due to a decline in the amount of investments in corporate bonds as compared to the previous year.

Interest expenses

Interest expenses increased to approximately $1,473,000 for the year ended March 31, 2014 as compared to approximately $124,000 for the year ended March 31, 2013. The significant increase in interest expenses is mainly due to Excalibur having been ordered to pay to Ezone Euro 2 million plus interest at a rate of 4.5% from August 2008 until the date of payment, resulting in approximately $662,000 of interest expense accrued for the year ended March 31, 2014, and including interest of $800,000 on underpayment of tax liabilities for the years 2008 to 2010.

Gain on disposal of fixed assets

Gain on disposal of fixed assets increased to approximately $453,000 for the year ended March 31, 2014 compared to a loss of $13,000 for the year ended March 31, 2013, mainly due to the disposal of the vessel, Ocean LaLa, in March 2014.

Gain on disposal of securities available for sale

Gain on disposal of securities available for sale decreased to approximately $51,000 for the year ended March 31, 2014 compared to $390,000 for the year ended March 31, 2013 mainly due to last year's gains associated with the liquidation of funds invested by the Company originally obtained from a loan of approximately $7.9 million in May 2012, in order to provide additional cash funds for payments related to the Taiwan building. However, due to the suspension of payments by the Company to Meifu and TransGlobe, the $7.9 million proceeds of the loan were invested in corporate bonds in order to generate interest income to offset interest expense related to the loan. In addition, the Company realized profits from the sales of certain securities held in the United States.

Write-off and impairment of prepayment on development in progress

As required by U.S. GAAP, the Company performed an impairment analysis related to the prepayment on development in progress asset and recorded an impairment of approximately $8,966,000 , related to this asset based on this analysis for the year ended March 31, 2014. The Company performed a similar analysis for the year ended March 31, 2013 and recorded an impairment of approximately $11,227,000. Notwithstanding such impairments, the Company and its subsidiary EFT Investment have continued to vigorously pursue the recovery of the full value of the prepayment on the development in progress asset.

Other income

Other income increased to $241,000 for the year ended March 31, 2014 as compared to approximately $20,000 for the year ended March 31, 2013. Other income mainly consisted of approximately $110,000 of proceeds from insurance claims relating to the accident involving the Ocean LaLa in August 2010 and damages caused by another ship to the Ocean LaLa in an incident that occurred at the shipyard where the Ocean LaLa was docked in March 2013. After the

Ocean LaLa was damaged while sailing in the Taiwan Strait in August 2010, the Ocean LaLa was taken out of service and has remained in dry dock in Tai Chung Port since the accident. In March 2013, the Ocean LaLa was accidentally struck in the back by another ship at the shipyard. The damage resulting from this accident is not serious and management decided to settle with the owner of the other ship and accepted $40,000 from it as damages. The Company also sold a portion of its previously written off obsolescent items to a third party amounting to $57,000, and the Company successfully collected a prior court judgment in the amount of $54,000 during the year ended March 31, 2014.

Income tax expenses

In December 2013, the IRS concluded its audit of the Company's returns for the years 2007 through 2010 and issued an examination report that proposed adjustments of $12.3 million of additional tax liabilities for the years 2008 through 2010. As a result of this report, the Company increased its income tax liability to $8.6 million during the quarter ended December 31, 2013. Even though the Company increased its income tax provision as a result of this report, the Company continued to challenge the IRS findings.

After receiving further information from the Company subsequent to the issuance of its original report, the IRS reversed its position on a major issue and has issued a revised report which significantly reduced the amount of tax the Company owes. Accordingly, the Company has revised its provision for income taxes and has reversed $4.1 million of the original provision recorded previously.

Income tax expense was approximately $3.6 million for the year ended March 31, 2014 compared to approximately $636,000 for the year ended March 31, 2013. As discussed above, the IRS has revised its audit report of the Company's returns for the years 2008 through 2010 and has reduced its proposed adjustments from $12.3 million to $3.6 million of additional tax liabilities for the years 2008 through 2010. The Company plans to continue to challenge most of the remaining proposed adjustments as set forth in the revised report and is in the process of appealing the proposed adjustments with the IRS. The Company has recorded federal and California state tax liabilities of $3.0 million and $0.8 million for the years 2008 through 2010.

Capital Resources and Liquidity

The following table reflects the Company's sources / uses of cash for the two years ended March 31, 2014.

	Year Ended March 31,	
	2014	2013
Net cash used in operating activities	$(4,340,102)	$(4,480,430)
Net cash provided by investing activities	5,015,698	2,042,663
Net cash used in financing activities	(575,700)	(251,234)
Effect of exchange rate changes on cash	(103,056)	74,754
Net decrease in cash	$(3,160)	$(2,614,247)

Operating activities:

During the year ended March 31, 2014, net cash used in operating activities was $4,340,102. This was primarily due to a net loss of $20,341,700 adjusted by non-cash related expenses that included depreciation expense of $483,609, provision of inventory obsolescence of $888,320, impairment loss of property in development of $8,966,004, and a decrease in working capital related to recording of additional provision for income taxes for 2008 to 2010 of $4,375,949, which was partially offset by gains realized from the sale of securities available for sale of $51,069 and gain from disposal of fixed assets of $459,910.

During the year ended March 31, 2013, net cash used in operating activities was $4,480,430. This was primarily due to a net loss of $22,519,529 adjusted by non-cash related expenses that included depreciation of $1,096,648, provision of inventory obsolescence of $649,080, recorded impairment losses of approximately $5,477,847 associated with the Company's investment in Excalibur and $11,227,065 related to the prepayment on property development in progress, which were offset by gains realized from the sale of securities available for sale of $390,211 and an increase in accounts payable of $1,391,990 mainly related to the payments of royalty expenses for the prior periods from March 2011 to March 2012.

Investing activities:

Net cash provided by investing activities for the year ended March 31, 2014 was $5,015,698, primarily due to proceeds from the sale of corporate bonds of $6,705,450 and proceeds from the disposal of fixed assets of $1,471,028, which were partially offset by the purchase of $3,154,172 of corporate bonds and the acquisition of fixed assets of $6,608.

Net cash provided by investing activities for the year ended March 31, 2013 was $2,042,663, mainly due to proceeds from the sale of corporate bonds of $26,555,701, which were partially offset by the purchase of $44,714 in property and equipment and the purchase of $24,468,324 of corporate bonds. In order to provide additional funding to the Company's subsidiary EFT Investment related to the Taiwan building, the Company borrowed approximately $7.9 million from a third party in May 2012, bearing an interest rate of 3% per annum. As the option to purchase the building was not exercised by EFT Investment, the $7.9 million of proceeds from the loan were invested in corporate bonds in order to generate interest income to offset interest expense related to the loan. During the three-months ended December 31, 2012, the respective corporate bonds were sold in order to repay the short-term loan.

Financing activities:

Net cash used in financing activities for the year ended March 31, 2014 was $575,700, due to the repayment of a short-term loan for financing the Company's current year directors' and officers' liability insurance policy. For more information please see Note 15 to the consolidated financial statements in this report.

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Net cash used in financing activities for the year ended March 31, 2013 was $251,234, due to repayment of a short-term loan for financing of the Company's current year directors' and officers' liability insurance policy. A short-term loan of $7,937,289 received from a third party in May 2012 was originally obtained to fund the possible exercise of EFT Investment's option to purchase the office building in Taiwan. Since EFT Investment did not exercise its option to purchase the building, the loan was repaid within six months.

Working Capital:

	March 31, 2014	March 31, 2013
Current assets	$ 8,228,362	$ 13,241,018
Current liabilities	(18,128,984)	(12,894,157)
Working capital / (deficiency)	$ (9,900,622)	$ 346,861

Historically, cash and cash equivalents and securities available for sale have been the Company's primary sources of liquidity. The Company believes its existing cash and cash equivalents will not be sufficient to meet its working capital requirements for the next 12-month period should the Company fail to successfully appeal the proposed adjustments with the IRS amounting to $3.6 million plus accrued interest and penalties.

There is no assurance that the Company will be able to obtain further funds required for its continued working capital requirements. The ability of the Company to meet its financial obligations and commitments will depend primarily upon the continued financial support of its directors and shareholders, the continued issuance of equity to new shareholders, and its ability to achieve and maintain profitable operations.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the Company's business is dependent upon obtaining further long-term financing, successfully appealing the proposed adjustment of $3.6 million with the IRS, collection of the Company's prepayment on development in progress of $20.7 million and achieving a profitable level of operations. The issuance of additional equity securities by the Company could result in a significant dilution of the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

Balance Sheet Items

Material changes in the Company's balance sheet items between March 31, 2014 and March 31, 2013 are discussed below:

Securities Available for Sale

Securities available for sale decreased to $4,662,020 for the year ended March 31, 2014 compared to $8,320,698 for the year ended March 31, 2013, as the Company sold certain securities to fund operations.

Inventories

Inventory decreased to $618,919 at March 31, 2014 compared to $2,029,017 at March 31, 2013 due to the sale of overstocked or products nearing expiration during the year to third parties, since the Company only orders products on an "as needed" basis to avoid overstocking and lower inventory levels are adequate to meet the current demand. In addition, the provision for inventory obsolescence or overstocked items increased to $919,837 due to lower than expected sales demand.

Property and Equipment

Property and equipment decreased to $1,101,489 for the year ended March 31, 2014 compared to $2,616,217 for the year ended March 31, 2013, as a result of scheduled depreciation expense being recorded and the final disposal of the transportation equipment, which had a fair value of $1,235,000 in prior year.

Prepayment on development in progress

The Company's wholly-owned subsidiary, EFT Investment Co. Ltd, entered into two sets of agreements with the seller of the office building on May 31, 2011 to secure what its former General Manager represented to be an option to purchase an office building, located in Taipei, Taiwan. As of March 31, 2014, option payments of NTD600 million, equivalent to approximately $20.8 million, have been made to the sellers. As required by U.S. GAAP, the Company performed an impairment analysis related to the prepayment on the development in progress asset and recorded impairment of approximately $8,966,000 and $11,227,000 related to this asset based on the analysis for the years ended March 31, 2014 and 2013, respectively. See Notes 9 and 20 to the consolidated financial statements included as part of this Report for more information.

Accounts Payable

Accounts payable increased to $1,189,494 at March 31, 2014 compared to $907,966 at March 31, 2013, as a result of some legal fee invoices received near year end.

Commission Payable

Commission payable slightly decreased to $3,884,774 at March 31, 2014 compared to $4,155,155 at March 31, 2013 due to lower commissions earned by Affiliates this year compared to last year.

Contingent Liabilities

Contingent liabilities increased to $3,615,438 at March 31, 2014 compared to $2,631,579 at March 31, 2013 mainly due to Excalibur having been ordered to pay to Ezone Euro 2 million plus interest at a rate of 4.5% from August 2008 until the date of payment resulting in approximately $662,000 of interest expense accrued for the year ended March 31, 2014.

Other liabilities

Other liabilities increased to $5,804,279 at March 31, 2014 compared to $1,340,322 at March 31, 2013 mainly due to recording of tax liabilities of approximately $4,376,000, which includes penalty and interest, as a result of preliminary findings from the IRS audit.

Unearned Revenue

Unearned revenue slightly decreased to $3,268,916 at March 31, 2014 compared to $3,490,976 at March 31, 2013. The recording of unearned revenue results from temporary delays associated with the recognition of revenue related to the sale of products or services to Affiliates. In addition, $1,286,450 and $1,655,526 of unearned revenue relates to Affiliates who have enrolled in ToByTo and eZGT Reward programs, respectively, that have not yet qualified to receive the Company’s rewards.

Non-controlling interest

This item represents the interest in Excalibur and Digital owned by others. Non-controlling interest increased because both Excalibur and Digital recorded losses during the year ended March 31, 2014.

Between January and August 2008, the Company sold 14,890,040 Units to non-U.S. residents at a price of $3.80 per Unit. The Units were sold pursuant to the exemption provided by Regulation S under the Securities Act of 1933. Each Unit consisted of one share of the Company's common stock and one warrant. Each warrant allowed the holder to purchase one share of the Company's common stock at a price of $3.80 per share at any time prior to November 30, 2010. The Company received $52,848,489 proceeds from the private placement and used $19,193,000 from the sale of the Units to purchase its 48.81% interest in Excalibur International Marine Corporation.

Yeuh-Chi Liu, a supplier of the Company's spray bottles, borrowed $1,567,000 from the Company in July 2008. The loan is non-interest bearing and is payable upon demand. The loan was used by Yeuh-Chi Liu to acquire a 3.97% ownership of Excalibur International Marine Corporation and is secured by that interest. The Company provided a full allowance for impairment in the amount of $1,567,000 against the demand loan during the year ended March 31, 2011. The Company has not yet enforced its interest in the collateral.

Since July 2008, the Company has made loans to Excalibur aggregating approximately $6.78 million, which bear interest at 8% per annum and are due from July 2014 to June 2015. The loans were primarily used by Excalibur to acquire its vessel, the OceanLaLa, and to fund operating costs. Because the Company consolidates Excalibur, these loans are not included in its consolidated financial statements.

The Company also lent $5,000,000 to CTX Virtual Technologies Inc., "CTX," in July 2010. The loan to CTX was unsecured, bore interest at 8% per year and had a term of one year to July 26, 2011. At any time during the one-year term, the Company could, at its option, convert the loan into 8,474,576 units, with each unit consisting of one share of CTX's common stock and one warrant, to be increased by 25% to 10,593,220 units if CTX common stock was not listed on either the American Stock Exchange, the OTC Bulletin Board or NASDAQ by February 28, 2011. On March 12, 2011, CTX elected to convert the full amount of $5,000,000 into 10,593,220 units and paid the Company in full for all accrued and unpaid interest that it owed to the Company.

From May 2011, the Company's Taiwan subsidiary EFT Investment entered into agreements to secure an option to invest in a real estate project in Taiwan. As of March 31, 2014, option payments of NTD600 million, or approximately US$20.8 million, have been made to the property developers. As required by U.S. GAAP, the Company performed an impairment analysis related to the prepayment on development in progress asset and recorded an impairment of approximately $8,966,000 related to this asset based on this analysis for the year ended March 31, 2014. The Company performed a similar analysis for the year ended March 31, 2013 and recorded an impairment of approximately $11,227,000.

The Company also bought securities available for sale to earn interest, and has invested $4.7 million in such securities at March 31, 2014.

The unused cash and cash equivalents of $1.7 million at March 31, 2014 will be used in the Company's daily operations. The Company has no unused lines of credit or other borrowing facilities and believes that its ongoing operations generate sufficient cash to meet its liquidity requirements.

Commitments for Capital Expenditures

Except as otherwise disclosed herein, the Company does not have any commitments for any material capital expenditures. The Company does not have any commitments or arrangements from any person to provide it with any additional capital.

Except as disclosed in Item 1A or this Item 7, the Company does not know of any trends or demands that affected, or are reasonably likely to affect, its capital resources or liquidity.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial condition.

Significant Accounting Policies/Recent Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements contained in Item 8 for a description of the Company's significant accounting policies and recent accounting pronouncements which have, or potentially may have, a material impact on its financial statements.

Critical Accounting Policies and Estimates

The Company's financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. The Company believes that the following are some of the more critical judgment areas in the application of its accounting policies that currently affect its financial condition and results of operations.

<u>Going Concern</u>

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has negative working capital of $9,900,622 as of March 31, 2014, reported a net loss of $20,341,700 for the year ended March 31, 2014 and did not generate cash from operations for the year ended March 31, 2014. At March 31, 2014, the Company's accumulated deficit amounted to $54,963,024. The Company expects to continue incurring losses for the foreseeable future and may need to raise additional capital from external sources in order to continue the long-term efforts contemplated under its business plan. These circumstances, among others, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Securities Available for Sale

The Company's investments in corporate bonds are classified as available for sale and are reported at fair value, based on quoted prices and market prices, using the specific identification method. Unrealized gains and losses, net of taxes, are reported as a component of stockholders' equity. Realized gains and losses on investments are included in investment and other income, net when realized. Any impairment loss to reduce an investment's carrying amount to its fair market value is recognized as an expense when a decline in the fair market value of an individual security below its cost or carrying value is determined to be other than temporary.

Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with ASC Topic 360. ASC Topic 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the asset's carrying amount. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or market. Inventory consists of nutritional, personal care, automotive additive, environmentally safe products, portable drinking containers, EFT-Phone, E-pad and bottled water. On a quarterly basis, the Company's management reviews inventory levels in each country for estimated obsolescence or unmarketable items, as compared with future demand requirements and the shelf life of the various products. Based on this review, the Company records inventory write-downs when costs exceed expected net realizable value.

Revenue/Unearned Revenue

The Company's revenue recognition policy is in accordance with the requirements of Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition, ("SAB104"), ASC Topic 605, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products) and other applicable revenue recognition guidance and interpretations. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue. Commissions paid to the Company's Affiliates are considered to be a reduction of the selling prices of its products, and are recorded as a reduction of revenue.

Unearned Revenues consist of cash received in advance for goods to be delivered at a future date. The Company records the payments received from customers as a liability until the products are delivered. Sales are recorded when the products are delivered.

Starting in December 2010, the Company introduced some EFT-Phone reward programs to its Affiliates. For example, upon joining a $3,000 program, each Affiliate must pay $3,000 as a non-refundable deposit. When an Affiliate sponsors one new Affiliate, the Company will reward the first Affiliate with a $1,500 instant sponsor bonus. When the first Affiliate sponsors at least two new Affiliates, and those two new Affiliates each also sponsor two new Affiliates, the first Affiliate will have completed the first cycle of the program. The Company will then reward the first Affiliate with an additional $1,500 bonus, and deliver an EFT-phone and an e-pad for the cost of $1. The refundable deposit is recorded as unearned revenue, and the Company only recognizes revenue once the EFT phone has been delivered to the Affiliate.

<u>Foreign Currency Translation</u>

The Company's reporting currency is the U.S. dollar. The Company's operations in China, Hong Kong and Taiwan use their local currencies as their functional currency. The financial statements of the Company's subsidiaries are translated into U.S. Dollars, "USD," in accordance with ASC Topic 830, Foreign Currency Translation. According to ASC Topic 830, all assets and liabilities are translated at the year-end current exchange rate, stockholders' equity items are translated at the historical rates and income statement items are translated at the average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, Reporting Comprehensive Income as a Component of Stockholders' Equity. Foreign exchange transaction gains and losses are reflected in the income statement.

<u>Income Taxes</u>

The Company uses the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carry-forwards. Management must make assumptions, judgments and estimates to determine the current provision for income taxes and the deferred tax assets and liabilities and any valuation allowance to be recorded against a deferred tax asset. Management's judgments, assumptions and estimates relative to the current provision for income tax take into account current tax laws, management's interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or management's interpretation of tax laws and the resolution of current and future tax audits could significantly impact the amounts recorded for income taxes in the Company's financial statements. Management's assumptions, judgments and estimates relative to the value of a deferred tax asset take into account predictions of the amount and category of future taxable income, such as income from operations. Actual operating results and the underlying amount and category of income in future years could render management's current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause the Company's actual income tax obligations to differ from the estimates, thus materially impacting its financial position and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item begin on page F-1 of this Annual Report on Form 10-K.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Russell E. Anderson, CPA
Russ Bradshaw, CPA
William R. Denney, CPA
Sandra Chen, CPA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors

EFT Holdings, Inc.

17800 Castleton St., Suite 300

City of Industry, CA

We have audited the accompanying consolidated balance sheets of EFT Holdings, Inc. and Subsidiaries (the Company) as of March 31, 2013, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a

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reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Anderson Bradshaw, PLLC

Salt Lake City, Utah

July 10, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of

EFT Holdings, Inc.

We have audited the accompanying consolidated balance sheet of EFT Holdings, Inc. and subsidiaries (the “Company”) as of March 31, 2014 and the related consolidated statement of operations, comprehensive income (loss), stockholders’ equity (deficiency), and cash flows for the year then ended. The Company’s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audit of the consolidated financial statements include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EFT Holdings, Inc. and subsidiaries as of March 31, 2014 and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in Note 2 to the accompanying financial statements, the Company has negative working capital of $9,900,622 and an accumulated deficit of $54,963,024 of as of March 31, 2014, reported a net loss of $20,341,700 and did not generate cash from operation for the year ended March 31, 2014. These circumstances, among others, raise substantial doubt about the Company’s ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Paritz & Company, P.A.

Hackensack, New Jersey

July 15, 2014

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EFT HOLDINGS, INC.

Consolidated Balance Sheets

	March 31, 2014		March 31, 2013	
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,729,110		$ 1,732,270	
Securities available for sale	4,662,020		8,320,698	
Inventories	618,919		2,029,017	
Prepaid expenses	620,597		568,612	
Other receivables	597,716		590,421	
Total current assets	8,228,362		13,241,018	
Restricted cash	207,165		209,284	
Property and equipment, net	1,101,489		2,616,217	
Prepayment on developments in progress	-		8,987,023	
Security deposit	422,631		436,682	
Total assets	$ 9,959,647		$ 25,490,224	
LIABILITIES AND EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable	$ 1,189,494		$ 907,966	
Commission payable	3,884,774		4,155,155	
Other liabilities	5,804,279		1,340,322	
Unearned revenues	3,268,916		3,490,976	
Short-term loan	319,245		319,966	
Due to related parties	46,838		48,193	
Contingent liabilities	3,615,438		2,631,579	
Total liabilities	18,128,984		12,894,157	
Equity				
EFT Holdings, Inc. stockholders' equity (deficiency):				
Preferred stock, $0.001 par value, 25,000,000 shares authorized, none issued and outstanding	-		-	
Common stock, $0.00001 par value, 4,975,000,000 shares authorized, 75,983,201 shares issued and outstanding at March 31, 2014 and 2013	760		760	
Additional paid in capital	52,854,891		52,854,891	
Retained deficit	(54,963,024	)	(34,936,854	)
Accumulated other comprehensive income	680,052		1,107,442	
Total EFT Holdings, Inc. stockholders' equity (deficiency)	(1,427,321	)	19,026,239	
Non-controlling interests	(6,742,016	)	(6,430,172	)
Total equity (deficiency)	(8,169,337	)	12,596,067	

Total liabilities and equity (deficiency)	$ 9,959,647	$ 25,490,224

The accompanying notes are an integral part of these audited consolidated financial statements.

EFT HOLDINGS, INC.

Consolidated Statements of Operations

	Year Ended March 31, 2014	March 31, 2013
Sales revenues, net	$ 1,487,791	$ 2,320,765
Shipping charges	378,887	448,947
Access fees	-	108,300
	1,866,678	2,878,012
Cost of goods sold	556,875	668,556
Shipping costs	45,324	8,694
Operating costs – Excalibur	394,691	1,015,864
	996,890	1,693,114
Gross profit	869,788	1,184,898
Operating expenses:		
Selling, general and administrative expenses	6,772,114	6,066,819
Impairment of transportation equipment	-	5,477,847
Provision for inventory obsolescence	888,320	649,080
Royalty expenses	500,000	500,000
Total operating expenses	8,160,434	12,693,746
Net operating loss	(7,290,646)	(11,508,848)
Other income/(expense)		
Interest income	288,993	606,128
Interest expense	(1,473,005)	(123,754)
Gain / (loss) on disposal of fixed assets	452,566	(13,456)
Gain on disposal of securities available for sale (includes $135,876 and $3,846 accumulated other comprehensive income reclassifications for unrealized net gains on securities available for sale for the years ended March 31, 2014 and 2013, respectively)	51,069	390,211
Dividend income	-	26,655
Write-off and impairment of prepayment on development in progress	(8,966,004)	(11,227,065)
Foreign exchange loss	(63,654)	(43,998)
Other losses	(20,805)	(9,680)
Other income	241,096	19,975
Total other expense	(9,489,744)	(10,374,984)
Net loss before income taxes and non-controlling interest	(16,780,390)	(21,883,832)
Income taxes expense	(3,561,310)	(635,697)
Net loss	(20,341,700)	(22,519,529)

Non-controlling interests	315,530	3,353,844
Net loss attributable to EFT Holdings, Inc.	$(20,026,170)	$(19,165,685)
Net loss per common share attributable to EFT Holdings, Inc.		
Basic and diluted	$(0.26)	$(0.25)
Weighted average common shares outstanding		
Basic and diluted	75,983,201	75,983,201

The accompanying notes are an integral part of these audited consolidated financial statements

EFT HOLDINGS, INC.

Consolidated Statements of Comprehensive Income / (Loss)

	Year Ended March 31, 2014	March 31, 2013
Net loss	$(20,341,700)	$ (22,519,529)
Other comprehensive income/(loss)		
Foreign currency translation adjustment	(265,235)	838,521
Unrealized loss on securities available for sale	(158,469)	(70,605)
Comprehensive loss	(20,765,404)	(21,751,613)
Less: Comprehensive income/(loss) attributable to non-controlling interests	(311,844)	(2,984,939)
Comprehensive loss attributable to EFT Holdings, Inc.	$(20,453,560)	$ (18,766,674)

The accompanying notes are an integral part of these audited consolidated financial statements

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EFT HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings (Deficits)	Accumulated Other Comprehensive Income(Loss)	Non-Controlling Interests	Total Stockholders' Equity
BALANCE, MARCH 31, 2012	75,983,201	$ 760	$ 52,854,891	$ (15,771,169)	$ 708,431	$ (3,445,233)	$ 34,347,680
Comprehensive income:							
Net loss	-	-	-	(19,165,685)	-	(3,353,844)	(22,519,529)
Unrealized gain on securities available for sale	-	-	-	-	(70,605)	-	(70,605)
Foreign currency translation adjustment	-	-	-	-	469,616	368,905	838,521
Total comprehensive loss	-	-	-	-	-	-	(21,751,613)
BALANCE, MARCH 31, 2013	75,983,201	$ 760	$ 52,854,891	$ (34,936,854)	$ 1,107,442	$ (6,430,172)	$ 12,596,067
Comprehensive income:							
Net loss	-	-	-	(20,026,170)	-	(315,530)	(20,341,700)
Unrealized loss on securities available for sale	-	-	-	-	(158,469)	-	(158,469)
Foreign currency translation adjustment	-	-	-	-	(268,921)	3,686	(265,235)
Total comprehensive loss	-	-	-	-	-	-	(20,765,404)
BALANCE, MARCH 31, 2014	75,983,201	$ 760	$ 52,854,891	$ (54,963,024)	$ 680,052	$ (6,742,016)	$ (8,169,337)

The accompanying notes are an integral part of these audited consolidated financial statements.

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EFT HOLDINGS, INC.

Consolidated Statements of Cash Flows

	Year Ended March 31, 2014	March 31, 2013
Cash flows from operating activities:		
Net loss	$(20,341,700)	$ (22,519,529)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	483,609	1,096,648
Gain from securities available for sale	(51,069)	(390,211)
Stock dividends	-	(6,098)
Impairment of transportation equipment	-	5,477,847
Provision for inventory obsolescence	888,320	649,080
Loss on disposal of fixed assets	(459,910)	13,456
Write-off and impairment of prepayment on development in progress	8,966,004	11,227,065
Changes in operating assets and liabilities:		
Inventories	521,835	670,996
Prepaid expenses	522,154	374,217
Other receivables	(6,968)	(262,853)
Accounts payable	276,929	(1,391,990)
Commission payable	(270,382)	(196,265)
Other liabilities	4,471,278	722,737
Unearned liabilities	(222,060)	54,470
Contingent liabilities	881,858	-
Net cash used in operating activities	(4,340,102)	(4,480,430)
Cash flows from investing activities:		
Additions to fixed assets	(6,608)	(44,714)
Proceeds from disposal of fixed assets	1,471,028	-
Purchase of securities available for sale	(3,154,172)	(24,468,324)
Proceeds from securities available for sale	6,705,450	26,555,701
Net cash provided by investing activities	5,015,698	2,042,663
Cash flows from financing activities:		
Repayment of installment plan	(571,921)	(251,234)
Restricted cash	(3,779)	-
Proceeds from short-term loans	-	7,937,289
Repayment of short-term loans	-	(7,937,289)
Net cash used in financing activities	(575,700)	(251,234)
Effect of exchange rate changes on cash	(103,056)	74,754

Net decrease in cash	(3,160)	(2,614,247)
Cash, beginning of year	1,732,270	4,346,517
Cash, end of year	$1,729,110	$1,732,270
Supplemental disclosures of cash flow information:		
Income taxes paid in cash	$14,549	$15,324
Interest paid in cash	$7,963	$133,754

Non-cash investing and financing activities:		
Financing of directors' and officers' insurance through installment loan	$571,200	$571,200

The accompanying notes are an integral part of these audited consolidated financial statements.

EFT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - ORGANIZATION

EFT Holdings, Inc., "EFT Holdings" or the "Company," formerly EFT Biotech Holdings, Inc., was incorporated in the State of Nevada on March 19, 1992.

On November 18, 2007, the Company issued 53,300,000 shares of its common stock in connection with a share exchange with the stockholders of EFT BioTech, Inc., "EFT BioTech," a Nevada Corporation formed on September 18, 2007, the "Transaction," pursuant to which EFT BioTech became a wholly-owned subsidiary of the Company. The 53,300,000 common shares issued included 52,099,000 to pre-capitalization shareholders and 1,201,000 to four directors and officers of EFT BioTech, and represented approximately 87.34% of the Company's common stock outstanding after the Transaction. Consequently, the stockholders of EFT BioTech owned a majority of the Company's common stock immediately following the Transaction. As EFT Holdings was a non-operating public shell corporation that acquired an operating company, this Transaction was treated as a capital transaction where the acquiring corporation issued stock for the net monetary assets of the shell corporation, accompanied by a recapitalization. The accounting is similar in form to a reverse acquisition, except that goodwill or other intangibles are not recorded. All references to EFT BioTech common stock have been restated to reflect the equivalent numbers of EFT Holdings common shares.

The Company's business is classified by management into three reportable segments: online, beverage and transportation. These reportable segments are three distinct businesses, each with a different customer base, marketing strategy and management structure. Substantially all of the Company's revenue is generated from Mainland China.

The online business reportable segment is an aggregation of the Company's online operating segments, which are organized to sell the Company's products to "Affiliates" through its website. To become an Affiliate, a customer must be recommended by another Affiliate, make a minimum purchase of $600, and pay $60 for shipping and handling fees. The Company, through its subsidiaries, uses the internet as its "storefront" and business platform to sell and distribute American brand products consisting of 27 different nutritional products, some of which are oral sprays, 21 different personal care products, an environmentally protective automotive product, an environmentally friendly house cleaner and a flip top portable drinking container. The Company also assigned network access rights to third-party companies, which, in return, compensate EFT by paying access fees in an amount equal to 10% of the respective enrollment fee of every Affiliate who enters the e-phone and traveler program. For Affiliates that enter the $800 and $8,000 travel programs, an access fee in the amount of $30 and $300, respectively, will be paid. During the year ended March 31, 2014, the Company agreed to waive the access fees in lieu of third-party companies agreeing to purchase a portion of the Company's overstocked inventory for an agreed upon period of time.

In February 2010, the Company assigned the worldwide distribution and servicing rights to a product known as the "EFT-Phone" to Digital Development Partners, "Digital," a previously unrelated company, in exchange for 79,265,000 shares of Digital's common stock. The shares acquired represent approximately 92% of Digital's outstanding common stock.

The transportation business reportable segment derives revenue from transporting passengers and cargo between Taiwan and Mainland China through the Taiwan Strait. On July 25, 2008, the Company loaned $1,567,000 to Yeuh-Chi Liu, a vendor to the Company. The proceeds of the loan were used by Yeuh-Chi Liu to acquire a 3.97% interest in Excalibur International Marine Corporation, "Excalibur," which was offered as collateral for the loan. The Company does not expect that this loan will be repaid and the loan was written off as of December 31, 2010. The Company has not yet enforced its interest in the collateral. Yeuh-Chi Liu has served as a member of the board of directors of Excalibur since July 23, 2008. On October 25, 2008, EFT Investment Co. Ltd, "EFT Investment," a subsidiary of the Company, acquired 48.81% of Excalibur's capital stock. Due to this combined ownership and the substantial financial support EFT Investment has provided to Excalibur to fund its operations and other factors, EFT Investment is deemed to have a controlling interest in Excalibur as defined by Accounting Standards Codification, "ASC," Topic 810, *Consolidation,* which requires the Company to consolidate the financial statements of Excalibur.

Historically, Taiwan Vessel Law set forth certain Taiwan shareholding requirements for companies owning ships registered in Taiwan. For example, a limited liability company owning a ship registered in Taiwan, not operating international liners, like Excalibur, was required to have at least 2/3 of its capital stock owned by Taiwanese citizens. However, violation of this requirement did not subject the Company to fines and/or other penalties. The Vessel Law was amended in December 2010, and after the amendment, no more than 50% of the capital stock of limited liability companies owning ships registered in Taiwan, like Excalibur, can be owned by non-Taiwanese citizens. Therefore, the Company's ownership in Excalibur is no longer required to be reduced to 33%, and the Company's ownership of 48.81% of the capital stock of Excalibur is in compliance with applicable law in Taiwan.

The beverage reportable segment derives revenue and expenses from the bottled water factory in Baiquan, Heilongjiang Province, China. This bottled water factory started production in April 2013, but production was suspended because Tianquan was sued by a contractor who constructed the water plant. The production is expected to resume when the lawsuit is closed and final.

Note 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

<u>Basis of Presentation</u>

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

<u>Reclassification</u>

Certain amounts have been reclassified to conform with the current year presentation. The amounts reclassified did not have an effect on the Company's results of operations or stockholders' equity.

<u>Going concern</u>

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has negative working capital of $9,900,622 as of March 31, 2014, reported a net loss of $20,341,700 for the year ended March 31, 2014 and did not generate cash from operations for the year ended March 31, 2014. At March 31, 2014, the Company's accumulated deficit amounted to $54,963,024. The Company expects to continue incurring losses for the foreseeable future and may need to raise additional capital from external sources in order to continue the long-term efforts contemplated under its business plan. These circumstances, among others, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

<u>Principles of Consolidation</u>

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned except for Excalibur International Marine Corporation ("Excalibur"). All inter-company accounts and transactions have been eliminated in consolidation. The Company consolidates Excalibur based on a three-month lag with the Company's reporting periods as discussed in Note 10.

Foreign Currency

The Company's reporting currency is the U.S. dollar. The Company's operations in Hong Kong, Taiwan and China use their local currencies as their functional currency. The financial statements of the subsidiaries are translated into U.S. Dollars, "USD," in accordance with ASC Topic 830, Foreign Currency Translation. According to ASC 830, all assets and liabilities are translated at the year-end current exchange rate, stockholders' equity items are translated at the historical rates and income statement items are translated at the average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, Reporting Comprehensive Income as a Component of Stockholders' Equity. Foreign exchange transaction gains and losses are reflected in the statement of operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingencies

Certain conditions may exist as of the date the financial statements are issued which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and Taiwanese and Singapore legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's Taiwanese and Singapore legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed in the footnotes to the financial statements.

Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less. The Company maintains its accounts in banks and financial institutions in amounts that, at times, may exceed the federally insured limit. Management believes the Company is not exposed to any significant credit risk on those accounts.

Securities Available for Sale

The Company's investments in corporate bonds are classified as available for sale and are reported at fair value, based on quoted prices and market prices, using the specific identification method. Unrealized gains and losses, net of taxes, are reported as a component of stockholders' equity. Realized gains and losses on investments are included in investment and other income, net when realized. Any impairment loss to reduce an investment's carrying amount to its fair market value is recognized as an expense when a decline in the fair market value of an individual security below its cost or carrying value is determined to be other than temporary.

Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or market. Inventory consists of nutritional, personal care, automotive additive, environmentally safe products, portable drinking containers, EFT-Phone, E-pad and bottled water. The Company has three warehouses, one in City of Industry, CA, one in Kowloon, Hong Kong, and one at its factory in the PRC. The Company also consigned some of its inventories to two logistic service providers in China. On a quarterly basis, the Company's management reviews inventory levels in each country for estimated obsolescence or unmarketable items as compared with future demand requirements and the shelf life of the various products. Based on this review, the Company records inventory write-downs when costs exceed expected net realizable value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and improvements are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of:

Machinery and equipment	3-8 years
Computers and office equipment	3-5 years
Automobiles	5 years
Leasehold improvements	5 years
Transportation equipment	12 years

Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with ASC Topic 360. ASC Topic 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the asset's carrying amount. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Fair Value of Financial Instruments

ASC Topic 825 requires the Company to disclose the estimated fair values of financial instruments. The carrying amounts reported in the Company's consolidated balance sheets for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value due to the short-term maturity of these instruments.

Fair Value Measurements

ASC Topic 820 defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. ASC Topic 820 does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various other accounting pronouncements. Refer to Note 3, "Fair Value Measurements" for additional information on ASC Topic 820.

Stock-Based Compensation

ASC Topic 718 requires companies to recognize in the statement of operations the grant date fair value of stock options and other equity-based compensation issued to employees.

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Stock Issued to Officers or Employees

During the two years ended March 31, 2014, the Company did not issue any stock options or warrants to its officers or employees nor were there any outstanding warrants or options held by officers or employees as of March 31, 2014.

Stock Issued for Services

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from persons other than employees in accordance with ASC Topic 505. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of performance commitment or completion of performance by the provider of goods or services as defined by ASC Topic 505.

Revenue / Unearned Revenue

The Company's revenue recognition policy is in accordance with the requirements of Staff Accounting Bulletin, "SAB," No. 104, Revenue Recognition, "SAB 104," ASC Topic 605, Accounting for Consideration Given by a Vendor to a Customer, Including a Reseller of the Vendor's Products, and other applicable revenue recognition guidance and interpretations. Sales revenue is recognized when a formal arrangement exists with the customers, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all relevant criteria for revenue recognition are satisfied are recorded as unearned revenue. Commissions paid to the Company's Affiliates are considered to be a reduction of the selling prices of its products, and are recorded as a reduction of revenue. The Company's policy is to pay out commission to Affiliates upon receipt of sales orders even before revenue can be recognized.

Unearned Revenues consist of cash received in advance for goods to be delivered at a future date. The Company records the payments received from Affiliates as a liability until the products are delivered. Sales are recorded when the products are received by Affiliates and risk of ownership has passed.

Starting from December 2010, the Company introduced some EFT-Phone reward programs to its Affiliates. For example, upon joining a $3,000 program, each Affiliate must pay $3,000 as non-refundable deposit. When an Affiliate sponsors one new Affiliate, the Company will reward the first Affiliate with a $1,500 instant sponsor bonus. When the first Affiliate sponsors at least two new Affiliates, and those two new Affiliates each also sponsor two new Affiliates, the first Affiliate will have completed the first cycle of the program. The Company will then reward the first Affiliate with an additional $1,500 bonus and deliver an EFT-phone and an e-pad for the cost of $1. The non-refundable deposit is recorded as unearned revenue, and the Company only recognizes revenue upon the EFT phone being delivered to the Affiliate.

In May 2011, the Company introduced to its Affiliates a series of travel programs attracting Affiliates to enjoy the benefits of travelling internationally. To participate in the Traveler programs, one must initially make a non-refundable deposit according to the programs' requirements. When the Affiliate completes a cycle of the program he joined, he will receive a bonus reward and the Affiliate only needs to pay $1 for his or her own trip. The reward system of the travel program is similar to the ToByTo reward program.

Warranty

The Company generally does not provide customers with right of return, but does provide a warranty, entitling the purchaser to a replacement of defective products within six months from the date of sale. Historically, warranty costs have not been material. Factors that affect the Company's warranty liability include the number of products currently under warranty, historical and anticipated rates of warranty claims on those products, and cost per claim to satisfy the warranty obligation. Other factors are less significant due to the fact that the warranty period is only six months and replacement products are already in stock or available at a pre-determined price. The anticipated rate of warranty claims is the primary factor impacting the estimated warranty obligation. Warranty claims are relatively predictable based on historical experience. Warranty reserves are included in other liabilities and the provision for warranty accruals is included in cost of goods sold in the Consolidated Statements of Operations. Management reviews the adequacy of warranty reserves each reporting period based on historical experience. The Company records warranty liabilities at the time of sale for the estimated costs that may be incurred under its limited warranty. If actual results differ from the estimates, the Company revises its estimated warranty liability.

As of March 31, 2014, the Company's estimated warranty expense was as follows:

Products sold for	
0-2 months	2% of cost
3-4 months	1.5% of cost
5-6 months	1% of cost

Shipping Costs

The Company's shipping costs are included in cost of sales for all periods presented.

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Income Taxes

The Company follows ASC Topic 740, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Under ASC Topic 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Earnings per Share

Basic net income per share is computed on the basis of the weighted average number of common shares outstanding during the period.

Diluted net income per share is computed on the basis of the weighted average number of common shares and common share equivalents outstanding. Dilutive securities having an anti-dilutive effect on diluted net income per share are excluded from the calculation.

Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period, or at the time of issuance, if later, and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

The following table shows net income per share calculation for the two years ended March 31, 2014:

	Year Ended March 31,	
	2014	2013

Historical Numerator:		
Net loss attributable to EFT Holdings, Inc.	$(20,026,170)	$(19,165,685)
Denominator:		
Weighted-average shares used for basic and diluted net income per share	75,983,201	75,983,201
Basic and diluted net loss per share	$(0.26)	$(0.25)

Comprehensive income

Comprehensive income is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments from owners and distributions to owners. For the Company, comprehensive income for the periods presented is comprised of net income, unrealized loss on marketable securities classified as available for sale, and foreign currency translation adjustments.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit-worthy financial institutions, but several of its bank accounts exceed the federally insured limit. The Company's accounts receivable are constantly at a marginal level and its revenues are derived from orders placed by consumers located anywhere in the world over the Company's designated internet portal. The Company maintains a zero dollar ($0) allowance for doubtful accounts and authorizes credits based upon its customers' historical credit history. The Company routinely assesses the credits authorized to its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

Segment Reporting

ASC Topic 280, “Disclosure about Segments of an Enterprise and Related Information” requires use of the management approach model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

The Company’s business is classified by management into three reportable business segments: online, beverage and transportation. These reportable segments are three distinct businesses, each with a different customer base, marketing strategy and management structure. The online business reportable segment is an aggregation of the Company’s online operating segments, which are organized to sell the Company’s products to Affiliates through its websites. The online business reportable segment derives revenue from the sales of nutritional products, personal care products, EFT-phones and access fee to its network platform. The transportation business reportable segment derives revenue from transport passengers and cargo between Taiwan and Mainland China through the Taiwan Strait. The beverage business reportable segment derives revenue and expense from the bottled water factory in Mainland China. Substantially all of the Company’s revenue is generated from Mainland China. Unallocated items comprise mainly corporate expenses and corporate assets.

Recent accounting pronouncements

In April 2014, the FASB issued amendments to ASC Topic 205 “Presentation of Financial Statements” and ASC Topic 360 “Property, Plant and Equipment”. The amendments change the current requirements for reporting discontinued operations in Subtopic 205-20. It requires an entity to present, for each comparative period, the assets and liabilities of a disposal group that includes a discontinued operation separately in the asset and liability section, respectively, of the statement of financial position. This topic is effective for public entities for reporting periods beginning after December 15, 2014. An entity should not apply the amendments to a component classified as held for sale before the effective date even if the component of an entity is disposed of after the effective date. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The Company does not believe the adoption of the amendments to ASC 205 and ASC 360 will have a material effect on its consolidated financial statements.

There are no other new accounting pronouncements adopted or enacted during the year ended March 31, 2014 that had, or are expected to have, a material impact on the Company’s financial statements.

Except for rules and interpretive releases of the SEC and a limited number of grandfathered standards, the FASB Accounting Standards Codification ("ASC") is the sole source of authoritative GAAP literature recognized by the FASB and applicable to the Company.

Note 3 - FAIR VALUE MEASUREMENTS

ASC Topic 820 defines fair value, establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. This topic does not require any new fair value measurements. ASC Topic 820 defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC Topic 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In accordance with ASC Topic 820, the Company measures its securities available for sale at fair value. The securities available for sale are classified within Level 1 since they are valued using quoted market prices.

As discussed in Note 7, the Company’s investment in the transportation equipment of Excalibur has been valued at fair value, on a non-recurring basis, using Level 3 – unobservable inputs, to reflect the Company’s estimate that the net book value of the transportation equipment owned by Excalibur exceeded its market value. Accordingly, on a non-recurring basis, using Level 3 – unobservable inputs, for the years ended March 31, 2014 and 2013, the Company recorded impairment losses of nil and $5.5 million, respectively.

As discussed in Note 11, the Company's investment in CTX Virtual Technologies has been measured at fair value, on a non-recurring basis, using Level 3 – unobservable inputs, to reflect the Company's assessment of its inability to recover its investment in the foreseeable future. Accordingly, on a non-recurring basis, using Level 3 – unobservable inputs, the Company recorded an impairment loss of $5.0 million during the year ended March 31, 2011.

Assets measured at fair value are summarized below:

	March 31, 2014			
	Level 1 Quoted Prices In Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Securities available for sale				
- Corporate bonds	$4,662,020	$ -	$ -	$4,662,020
CTX Virtual Technologies	-	-	-	-
Total assets measured at fair value	$4,662,020	$ -	$ -	$4,662,020

	March 31, 2013			
	Level 1 Quoted Prices In Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs	Total
Securities available for sale				
- Corporate bonds	$8,320,698	$ -	$ -	$8,320,698
Transportation equipment of Excalibur	-	-	1,235,000	1,235,000
CTX Virtual Technologies	-	-	-	-
Total assets measured at fair value	$8,320,698	$ -	$ 1,235,000	$9,555,698

Note 4 – SECURITIES AVAILABLE FOR SALE

Securities available for sale consist of the following:

	March 31, 2014				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Average Duration (1)
Corporate bonds	$1,786,057	$ 23,069	$(26,346)	$1,782,780	2.56
Corporate notes	998,750	-	(23,750)	975,000	3.56
Variable rate notes	1,943,785	21,080	(60,625)	1,904,240	Perpetual
Total debt securities	$4,728,592	$ 44,149	$(110,721)	$4,662,020	

	March 31, 2013				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Average Duration (1)
Corporate bonds	$4,823,609	$ 177,686	$ (61,786)	$4,939,509	2.56
Corporate notes	2,006,092	12,607	(20,630)	1,998,069	6.30
Variable rate notes	607,500	-	(14,220)	593,280	9.83
Corporate high-yield bonds	791,600	-	(1,760)	789,840	9.61
Total debt securities	$8,228,801	$ 190,293	$ (98,396)	$8,320,698	

(1) Average remaining duration to maturity, in years

All securities were classified as available for sale as of each date presented.

The following table shows the gross unrealized losses and fair value of the Company's investments, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position, as of March 31, 2014:

	Less than 1 year		1 Year or More		Total	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses	Market Value	Unrealized Loss
Corporate bonds	207,549	(4,620)	1,046,931	(21,726)	1,254,480	(26,346)
Corporate notes	-	-	975,000	(23,750)	975,000	(23,750)
Variable rate notes	-	-	937,500	(60,625)	937,000	(60,625)
Total debt securities	$207,549	$ (4,620)	$2,959,431	$(106,101)	3,166,980	$(110,721)

Declines in the fair value of available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. In estimating other-than-temporary impairment losses, management considers, among other things: (i) the length of time and the extent to which the fair value has been less than cost; (ii) the financial condition and near-term prospects of the issuer; and (iii) the intent and ability to retain the investment in the issuer for a period of time sufficient to allow for any anticipated recovery in cost.

There were 91 securities in an unrealized loss position at March 31, 2014. Management does not intend to sell any of the securities classified as available for sale which have unrealized losses and believes that it is not likely that the Company will have to sell any such securities before a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased and are not the result of deteriorated credit quality. The fair value is expected to recover as the bonds approach their maturity or re-pricing date or if market yields for such investments decline. Management does not believe such securities are other-than-temporarily impaired due to reasons of credit quality.

Investment securities with a book value of $6,654,381 were sold during the year ended March 31, 2014. The Company recognized a gain of $51,069 on the sale of those securities.

Note 5 – INVENTORIES

Inventories are valued at the lower of cost, determined on a first-in, first-out or market basis. Inventory consists of nutritional, personal care, automotive additive, environmentally safe products, portable drinking containers and the EFT-Phone. The Company has three warehouses, one in City of Industry, CA, one in Kowloon, Hong Kong, and one at its factory in the PRC. The Company also consigned some of its inventories to two logistics service providers in China. On a quarterly basis, the Company's management reviews inventory levels in each country for estimated obsolescence or unmarketable items, as compared with future demand requirements and the shelf life of the various products. Based on this review, the Company records inventory write-downs when costs exceed expected net realizable value.

The components of inventories were as follows:

	March 31, 2014	March 31, 2013
Raw material and supplies	43,407	47,743
Finished goods	1,495,349	2,426,069
	1,538,756	2,473,812
Less: Provision for inventory obsolescence	(919,837)	(444,795)
	$618,919	$2,029,017

Note 6 - RESTRICTED CASH

On August 20, 2009, Taiwan Taipei district court froze Excalibur's cash of NTD 6,192,147, equivalent to $207,165, as a result of a lawsuit filed by Marinteknik Shipbuilders (S) Pte Ltd (a Singapore company) against Excalibur in the Taiwan Taichung District Court. The lawsuit claims Excalibur owes service fees and out-of-pocket expenses of NTD 8,050,832, equivalent to $264,222, to Marinteknik Shipbuilder (S) Pte Ltd. The restricted cash remained unchanged for the two years ended March 31, 2014, except as a result of changes in foreign exchange rates.

Note 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	March 31, 2014	March 31, 2013
Transportation equipment	-	7,470,440
Leasehold improvements	443,742	524,006
Automobiles	214,235	243,113
Property and plant	945,806	945,806
Computer equipment	124,439	128,127
Furniture and fixtures	90,576	95,642
Machinery and equipment	363,997	368,618
	2,182,795	9,775,752
Less: Accumulated depreciation	(1,081,306)	(7,159,535)
	$1,101,489	$2,616,217

For the two years ended March 31, 2014, depreciation expense was $483,609 and $1,096,648, respectively.

On August 8, 2010, the Company's vessel, the Ocean LaLa, was damaged when sailing in the Taiwan Strait. As a result of the damage suffered, the Ocean LaLa has been taken out of service and management estimated that the net book value of the equipment exceeded its market value and an impairment loss of $5.4 million has been provided for the year ended March 31, 2011.

Since August 2010, the Ocean LaLa has remained in dry dock and its damage has not been repaired. As such, professional valuations of the Ocean LaLa have been difficult to obtain. Therefore, alternative methods have been utilized. The Company searched ship broker information to get a market price for a similar (i.e., those with similar size and capacity) but fully functional vessel, since the Company could not find a similar vessel with the exact damage as the Ocean LaLa. The market value of the Ocean LaLa was then calculated by subtracting the quoted repair estimate for the Ocean LaLa from the market value of such similar vessel. In addition, in March 2013, the Company received an offer from an independent third party to purchase the Ocean LaLa. The adjusted market value described above exceeded the net carrying value of the vessel, but the offer to purchase the Ocean LaLa was below the net book value. Based on the above analysis, the Company concluded that the net carrying value of the equipment exceeded its fair value and a further impairment loss of $5.5 million was recorded during the year ended March 31, 2013.

The following table summarizes the carrying value of the Ocean LaLa as of September 30, 2013 and December 31, 2012:

*NTD: New Taiwan Dollar	Transportation equipment			
	September 30, 2013		December 31, 2012	
	NTD*	USD	NTD*	USD
Original cost	550,026,267	18,607,113	550,026,267	18,933,779
Less: impairment loss made in 2011	(171,472,850)	(5,800,841)	(171,472,850)	(5,902,680)
Less: impairment loss made in 2013	(161,537,135)	(5,464,720)	(161,537,135)	(5,560,659
	217,016,282	7,341,552	217,016,282	7,470,440
Less: Accumulated depreciation	(187,441,820)	(6,341,063)	(181,139,532)	(6,235,440)
Net carrying value	29,574,462	1,000,489	35,876,750	1,235,000

During the period ended September 30, 2013, Excalibur's management obtained approval from its shareholders to sell the vessel. The transportation equipment was then classified as held for sale as it met all the criteria outlined by ASC 360-10-45-9. In December 2013, Excalibur signed a memorandum of agreement with a potential buyer to sell the Ocean LaLa for $1,500,000. The vessel was delivered to the seller on March 15, 2014 and the title to the vessel was then passed to the buyer on the same date. A commission of 3% based on the purchase price was paid to the broker handling the transaction. A gain on disposal of NTD 13,915,488, equivalent to $467,590, has been recognized for the subsequent increase in selling price less cost to sell the vessel, but not in excess of the cumulative impairment loss recognized in accordance with ASC 360.

Note 8 - LOANS TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The board of directors of the Company approved a non-interest bearing demand loan in the amount of $1,567,000 on July 25, 2008 to Yeuh-Chi Liu, a vendor to the Company. The $1,567,000 loan was used by Yeuh-Chi Liu to purchase a 3.97% ownership interest in Excalibur, see Note 10, and is collateralized by that interest. Yeuh-Chi Liu has served as a member of the board of directors of Excalibur since July 23, 2008. The Company does not expect that this loan will be repaid and the loan was written off as of December 31, 2010. The Company has not yet enforced its interest in the collateral.

The Company uses the "EFT" name, a trademark owned and licensed to it by EFT Assets Limited, a Company that Wendy Qin, a director of EFT International Ltd., serves as a director. The Company is required to pay an annual royalty to EFT Assets equal to a percentage of its gross sales for the previous fiscal year. The percentage is 5% for the first $30 million in gross sales, 4% for the $10 million in gross sales in excess of $30 million, 3% for the $10 million in gross sales in excess of $40 million; 2% for the $10 million in gross sales in excess of $50 million; and 1% for the $10 million in gross sales in excess of $60 million, with a minimum annual royalty of $500,000. EFT Assets Limited is owned by a number of persons, including Wendy Qin. Ms. Qin is the sister of Jack Jie Qin, the Company's president. During the years ended March 31, 2014 and 2013, the royalties paid to EFT Assets Limited both were $500,000.

In March 2010, one of the Company's subsidiaries, EFT International Ltd., entered into a consultancy agreement with JFL Capital Limited, a company in which Wendy Qin serves as a director and is one of the principal shareholders. Under this agreement, EFT International Ltd. engaged JFL Capital Limited to provide EFT International Ltd. consultancy services on administration, financial matters, corporate planning and business development commencing from April 1, 2010, and the annual fee will be increased at the rate of $15,000 each year. The agreement may be terminated by either party on three months' written notice. For the years ended March 31, 2014 and 2013, EFT International Ltd. paid JFL Capital Limited $360,000 and $345,000, respectively.

The Company rents a 6,500 square foot office space for its satellite training center in Hong Kong. This office is located at Langham Office Tower, 8 Argyle Street, Suite 3706, Kowloon, Hong Kong SAR. The leased space is owned by a number of persons, including Wendy Qin, a director of EFT (HK) Ltd and the sister of Jack Jie Qin, the Company's president. The lease for this space expires on March 31, 2015, with a monthly rental of $30,900. During the years ended March 31, 2014 and 2013, the Company paid the lessor $371,134 in rent for each year.

Note 9 – PREPAYMENT ON DEVELOPMENT IN PROGRESS

EFT Investment Co. Ltd., “EFT Investment”, is a wholly-owned subsidiary of the Company in Taiwan. Hong Dong Chen (a.k.a. Thomas Chen), the former General Manager of EFT Investment, recommended that the Company purchase an industrial office building located in Taipei, Taiwan, the “Taiwan Building”. As one of the five towers of the “CBD Project”, of which Meifu Development Co., Ltd. “Meifu” and TransGlobe Life Insurance Inc. “TransGlobe” were two of the developers, the Taiwan Building consists of 14 floors and 144 parking spaces. Cheng Hao Peng (a.k.a. Tom Peng) exercised actual control over both Meifu and TransGlobe.

The Company alleges that without authorization by the Company, Thomas Chen entered into two sets of purchase agreements on behalf of the Company in July 2011, one set with Meifu and the other set with TransGlobe. The agreements signed with Meifu were related to the purchase of the 8th -14th floors, 1 out of 2 units on the 7th floor and 79 parking spaces, while the agreements signed with TransGlobe were for the purchase of the 1st -6th floors, the other unit on the 7th floor and the remaining 65 parking spaces in the Taiwan Building. EFT Investment intended to retain one floor of the Taiwan Building for its own business operations and planned to sell the majority of the remaining floors.

The Company alleges that Thomas Chen had represented that potential buyers for individual floors were in place, and that execution of the agreements were necessary for securing an option to purchase the Taiwan Building. However, the Company has subsequently determined that there was no such option, preliminary or otherwise. The Company alleges that Thomas Chen had further represented that payment of deposits was necessary for EFT Investment to secure its right under the option to purchase the Taiwan building at some point in the future. The Company subsequently determined that this was not the case. As of March 31, 2014, option payments of NTD600 million, approximately $20.8 million, have been made.

EFT Investments chose not to exercise any option it may have had to purchase the building from Meifu and TransGlobe under the Taiwan Building Agreements and therefore suspended any future option payments to either company. EFT Investment determined not to exercise the option to purchase the Taiwan building due to the fact that it had reasons to suspect that Thomas Chen had breached his fiduciary duties and had, jointly with Meifu and TransGlobe, committed fraud and misrepresentation related to the transactions.

On June 15, 2012, EFT Investment received a letter, the “Meifu Letter”, from Meifu wherein Meifu served notice of termination, as of that date, of its contracts with EFT Investment for the purchase of the Taiwan Building and a purported forfeiture of EFT Investment’s deposit of approximately $16.4 million, the “Deposit”. Subsequently, on June 29, 2012, EFT Investment’s local counsel issued a letter to Meifu alleging fraud and misrepresentation by Meifu during the course of the transactions. EFT Investment contended that the Meifu Letter and the purported termination of contracts between Meifu and EFT Investment were invalid and demanded the return of the Deposit. On July 3, 2012, EFT Investment’s local counsel issued a letter to TransGlobe with substantially the same contentions as contained in the June 29, 2012 letter to Meifu, and therein argued that the contracts between TransGlobe and EFT Investment were terminated and requested that all payments made to TransGlobe be returned. On October 10, 2012, EFT Investment received a letter from TransGlobe by which TransGlobe served a “notice of termination”, as of that date, of its contracts with EFT Investment for the option to purchase the Taiwan Building and a purported forfeiture of EFT Investment’s deposit of approximately $3.3 million, the “Deposit”. Subsequently, on November 7, 2012, EFT Investment's local counsel issued a letter to Meifu and TransGlobe alleging fraud and misrepresentation by Meifu and TransGlobe during the course of the transactions.

EFT Investment has alleged that there was fraud and misrepresentation by Meifu and TransGlobe jointly with Thomas Chen during the course of the Taiwan Building transactions. EFT Investment filed a statement of complaint against Thomas Chen, Tom Peng, Meifu and TransGlobe with the local prosecutor’s office in Taiwan. While the prosecutor’s office in Taiwan decided not to prosecute the above parties, the investigation by Taiwan’s government nevertheless confirmed that Thomas Chen has received and/or has intended to receive substantial secret profits from Tom Peng in the Taiwan Building transactions. Moreover, Taiwan’s government determined that Meifu and TransGlobe have violated the local insurance laws in their operations. Therefore, the Company has commenced civil proceedings against TransGlobe, Meifu, Peng Cheng-Hao (President of Meifu) and Thomas Chen, a former director of EFTI, pertaining to the Taiwan Building transactions.

As required by U.S. GAAP, the Company performed an impairment analysis related to the prepayment on the development in progress asset and recorded an impairment of approximately $8,966,000 related to this asset based on this analysis for the year ended March 31, 2014. The Company performed a similar analysis for the year ended March 31, 2013 and recorded an impairment of approximately $11,227,000. Notwithstanding such impairments, the Company and its subsidiary EFT Investment have continued to vigorously pursue the recovery of the full value of the prepayment on the development in progress asset.

Note 10 – EXCALIBUR

On October 25, 2008, the Company through its wholly-owned subsidiary, EFT Investment, acquired a 48.81% equity interest in Excalibur for $19,193,000. The Company initially loaned funds to Excalibur in July 2008 and subsequently has continued to provide Excalibur with loan capital to fund its operations.

As disclosed in Note 8, on July 25, 2008, the Company loaned $1,567,000 to Yeuh-Chi Liu, a vendor to the Company. The proceeds of the loan were used to acquire a 3.97% interest in Excalibur, which was offered as collateral for the loan. The Company does not expect that this loan will be repaid and the loan was written off as of December 31, 2010. The Company has not yet enforced its interest in the collateral. Yeuh-Chi Liu has served as a member of the board of directors of Excalibur since then. In accordance with ASC 810-10-25-43, the interest in Excalibur held by Yeuh-Chi Liu as a result of the loan made to her by the Company should be treated in the same manner as the Company's own interest. As a result, the Company has concluded that it effectively held control of Excalibur and has consolidated Excalibur beginning at the time the Company acquired its ownership interest.

The Company consolidates Excalibur based on a three-month lag with the Company's reporting periods. All inter-company accounts and transactions were eliminated in consolidation. The following table provides a summary of balance sheet information for Excalibur as of December 31, 2013 and 2012, which is consolidated in the Company's financial statements as of March 31, 2014 and 2013:

	Excalibur International Marine Corporation			
	December 31, 2013		December 31, 2012	
	NTD*	USD	NTD*	USD
Total assets	8,244,403	275,827	48,393,650	1,665,874
Total liabilities	399,519,641	13,366,330	411,431,718	14,162,882
Net assets	(391,275,238)	(13,090,503)	(363,038,068)	(12,497,008)
48.81% ownership	(190,981,444)	(6,389,475)	(177,198,881)	(6,099,790)

*NTD: New Taiwan Dollar

Additional information concerning Excalibur is included in Notes 14 (Contingent Liabilities) and 20 (Litigation).

Note 11- **INVESTMENT IN CTX VIRTUAL TECHNOLOGIES**

CTX Virtual Technologies, Inc. (Pink Sheets: CTXV), is a technology company that manufactures and distributes mobile telecommunication, IT data management, virtual imaging and mobile data input accessories.

In July 2010, the Company lent $5,000,000 to CTX Virtual Technologies, Inc, “CTX”. The loan to CTX was unsecured, bore interest at 8% per year and had a term of one year to July 26, 2011. At any time during the one-year term, the Company could at its option convert the loan into 8,474,576 units, with each unit consisting of one share of CTX’s common stock and one warrant. Each warrant allows the Company to purchase one additional share of CTX’s common stock at a price of $1.00 at any time on or before June 23, 2015. At any time after January 26, 2011 and before July 26, 2011, CTX could, at its option, cause the loan to be converted into the same 8,474,576 units. If CTX common stock was not listed on the American Stock Exchange, the OTC Bulletin Board or NASDAQ by February 28, 2011, the number of shares of common stock and warrants issuable on conversion of the loan would be increased by 25%.

On March 12, 2011, CTX elected to convert the full principal amount of $5,000,000 and paid the Company in full all accrued and unpaid interest owing. Because CTX common stock was not listed on the American Stock Exchange, the OTC Bulletin Board or NASDAQ by February 28, 2011, the number of shares of common stock and warrants issued on conversion of the loan was increased by 25% to 10,593,220. The common stock of CTX is quoted on the Pink OTC market. On March 31, 2011, the closing market price of CTX common stock, as reported by NASDAQ, was $1.93. However, this company’s common stock is very thinly traded and, as reported by NASDAQ, a total of 174,487 common shares were traded during the year ended March 31, 2011 at an average price, based on reported closing prices, of $1.21 per share. Because of the lack of a sufficiently active market, the Company does not believe that quoted market prices for CTX’s common stock are a reliable indicator of fair value of the investment. Despite repeated inquires and requests to CTX for current financial information that would allow the Company to assess the recoverability of its investment, the Company has not been able to obtain any information to enable it to assess the fair value of this investment. Accordingly, management concluded that it would be prudent to conclude, in the absence of persuasive evidence to the contrary (and, in particular, in light of CTX’s refusal to provide the Company with any financial information), that the investment should be considered impaired and therefore the Company has recorded an impairment loss of $5,000,000 during the year ended March 31, 2011.

On June 12, 2013, CTX released its audited annual financial results for the year ended December 31, 2012. CTX reported consolidated revenue of $119.2 million, gross profit of $20 million and income from operations of $14.7 million. After non-operating income of $9.5 million, an income tax expense of $5.5 million and loss from deconsolidation of subsidiary of $5.1 million, CTX reported net income for the year of $13.6 million.

The financial statements of CTX for the year ended December 31, 2012 state that there were 20,261,341 common shares outstanding. Although EFT would appear to have a majority of the common stock outstanding, as 10,593,220 common shares were issued to EFT on conversion of EFT’s loan in March 2011, CTX also has outstanding a class of preferred stock that has super-majority voting rights. As a result, EFT does not control CTX. In addition, CTX has outstanding a class of preferred stock that has a liquidation preference that substantially exceeds CTX's reported net book value.

On March 31, 2014, the closing market price of CTX common stock, as reported by NASDAQ, was $1.80 per share, based on a trade of 1,100 shares on March 28, 2014. Prior to that trade, the closing market price of CTX common stock, as reported by NASDAQ, was $2.05 per share. This company's common stock continues to be very thinly traded and, as reported by NASDAQ, a total of 157,700 common shares were traded during the year ended March 31, 2014 at an average price, based on reported closing prices, of $1.47. Because of the lack of a sufficiently active market, the Company does not believe that quoted market prices for CTX's common stock are a reliable indicator of the fair value of its investment.

The Company may seek to recover a portion of its investment through the sale of common stock in the open market once the restricted period expires. However, because of the size of the Company's position in relation to the market, the Company does not expect to be able to recover any significant portion of its investment in the foreseeable future.

On August 8, 2012, the Company filed a complaint against Edward Carter, a former consultant, in the Superior Court of California, County of Los Angeles, in which the Company alleges, among other things, that Mr. Carter breached his consulting contract and fiduciary duty and committed fraud and misrepresentation in respect to the Company's investment in CTX, as sponsored by Buckman, Buckman & Reid, Inc., "BB&R", a financial consulting firm and placement agent.

On December 6, 2013, the Company joined George Curry (a former director and officer of the Company) in the CTX lawsuit as one of the defendants in the Superior Court of California, county of Los Angeles, in which the Company alleges, among other things, that Mr. Curry breached his fiduciary duty and committed fraud and misrepresentation in respect of the Company's investment in CTX.

Note 12 - OTHER LIABILITIES

Other liabilities consist of the following:

	March 31, 2014	March 31, 2013
Payroll liabilities	$ 89,852	$ 89,506
Warranty liabilities	2,593	5,005
Accrued interest	2,867	3,949
Accrued expenses	409,232	317,448
Provision for tax, interest and penalties	5,295,033	919,084
Others	4,702	5,330
	$ 5,804,279	$ 1,340,322

The Company records warranty liabilities at the time of sale for the estimated costs that may be incurred under its limited warranty. Changes in the warranty liability for standard warranties which are included in current liabilities on the Company's Consolidated Balance Sheets are presented in the following tables:

	March 31, 2014	March 31, 2013
Warranty liability as at beginning of period, current	$ 5,005	$ 3,748
Cost accrued	4,855	8,653
Service obligations honored	(7,267)	(7,396)
Warranty liability as at end of period, current	$ 2,593	$ 5,005

Note 13 – DUE TO RELATED PARTIES

	March 31, 2014	March 31, 2013
Amount due to related parties:	$ 46,838	$ 48,193

The above amounts are due to Steve Hsiao, a shareholder of Excalibur.

Note 14 - CONTINGENT LIABILITIES

The Company's controlled subsidiary, Excalibur, purchased the vessel "Ocean LaLa" from a British Virgin Islands, "BVI," company, Ezone Capital Co. Ltd., in 2008. The purchase price was EURO 16 million, equivalent to approximately $21.9 million. The vessel was delivered to Excalibur and registered as owned by Excalibur at the end of 2008. The last payment of EURO 2 million, equivalent to $2,739,729, is still under dispute as Excalibur believes that certain special equipment relating to the Ocean LaLa, including special tooling, was not delivered at the time of sale and one of Ezone's directors did not act in good faith and was involved in self-dealing. On August 18, 2010, the dispute was submitted to an arbitral tribunal. The Final Arbitration Award was published by the arbitral tribunal on June 9, 2014, and Excalibur was ordered to forthwith pay to Ezone the sum of Euro 2 million plus interest at a rate of 4.5% from August 19, 2008 compounded until the date of the Final Arbitration Award and thereafter at the same rate and compounded on the same basis until the date of payment. As of March 31, 2014, approximately $662,000 of interest has been accrued (See Notes 20 and 21).

In 2009, the Company's subsidiary, Tianquan, engaged a general contractor to construct a water manufacturing plant for RMB 4,758,600 (US$766,000). Upon completion, EFT inspected the plant and found several material construction defects, including, but not limited to, the fact that the contractor used inferior construction material, inconsistent construction plans and substandard insulation material. As a result, EFT conditioned its final construction payment to the contractor in the amount of RMB 698,896 (US$112,500) on the rectification of all construction defects. On March 22, 2012, the contractor brought a case against EFT in Baiquan People's Court in Heilongjiang Province seeking approximately RMB 1,912,000 of purported outstanding payments under the contract and interest thereon. On January 16, 2014, Tianquan received an unfavorable decision issued by Baiquan People's Court in Heilongjiang Province awarding the contractor approximately RMB 1,326,916 (US$213,700) of purported outstanding payments under the contract and interest thereon. The Company filed an appeal to Qiqihar intermediate People's Court on January 27, 2014. The final resolution of this case is pending.

Note 15 – SHORT-TERM LOANS

The Company received a $571,200 loan from a third party, Insurance Financing, Inc., "IFI", to finance the directors' and officers' insurance premium. The loan bore an interest rate of 4.95% per annum, and was to be repaid over a nine-month period which began on December 15, 2012. The terms of the agreement allowed for the Company to make nine equal payments of $64,783 and the loan was fully repaid during the quarter ended September 30, 2013.

The Company renewed coverage for the 2013-2014 period and received a new loan in the amount of $571,200 from IFI to finance the directors' and officers' insurance premium bearing an interest rate of 3.60% per annum. The loan is to be repaid over a nine-month period beginning on December 15, 2013. The terms of the agreement allow for the Company to make nine equal payments of $64,422 each.

Note 16 – WARRANTS

As of March 31, 2014, the Company's subsidiary Digital Development Partners Inc. has 2,000,000 common stock warrants outstanding, and 330,665 Series A and 330,665 Series B warrants outstanding, which are accounted for as equity instruments. The 2,000,000 warrants expired on June 1, 2014 and permit the holders to purchase one share of Digital's common stock at an exercise price of $1.00 per share. The Series A and Series B warrants will expire on September 30, 2014 and permit the holders to purchase one share of Digital's common stock at an exercise price of $1.00 per share and $1.25 per share, respectively.

Note 17 - INCOME TAXES

The Company was incorporated in the United States and has operations in five tax jurisdictions - the United States, the Hong Kong Special Administrative Region ("HK SAR"), mainland China, Taiwan, and the BVI.

The Company generated substantially all of its net income from its BVI operations for the two years ended March 31, 2014. According to BVI tax law, this income is not subject to any taxes. The Company's HK SAR subsidiaries are subject to a 16.5% profit tax based on its taxable net profit. EFT (HK) Ltd provides management service to a BVI subsidiary, and the BVI subsidiary reimburses EFT (HK) Ltd for its total operating expenses plus a 5% mark up, and the income is subject to a 16.5% profit tax. The deferred tax assets for the Company's US operations were immaterial for the two years ended March 31, 2014.

The Company's Taiwan subsidiary, Excalibur, and its factory in mainland China are subject to a 17% and 25% standard enterprise income tax, respectively, based on its taxable net profit. These operations have incurred net accumulated operating losses for income tax purposes and management believes that it is more likely than not that these net accumulated operating losses will not be utilized in the future. Therefore, it has provided full valuation allowance for the deferred tax assets arising from the losses as of March 31, 2014 and 2013.

The income tax expenses consist of the following:

	Year Ended March 31,	
	2014	2013
Current:		
Domestic	$57	$15,324
Foreign	14,492	4,002

Effect of IRS audits	3,546,761	616,371
Deferred	-	-
Income tax expenses	$3,561,310	$635,697

A reconciliation of income taxes, with the amounts computed by applying the statutory federal income tax rate of 37% for the two years ended March 31, 2014, to income before income taxes for the two years ended March 31, 2014, is as follows:

	Year Ended March 31,	
	2014	2013
Income tax at U.S. statutory rate	$(6,091,998)	$(7,075,620)
State tax	57	15,324
Deferred tax valuation allowance	6,071,227	6,994,205
Nondeductible expenses	20,771	81,415
Foreign subsidiaries Income tax	14,492	4,002
Effect of IRS audits	3,546,761	616,371
Income tax expenses	$3,561,310	$635,697

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for tax years before 2006 (March 31, 2007).

The Company has not provided deferred taxes on unremitted earnings attributable to international companies that have been considered to be reinvested indefinitely. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the income tax liability that would be payable if such earnings were not indefinitely reinvested. In accordance with ASC Topic 740, interest associated with unrecognized tax benefits is classified as income tax and penalties are classified in selling, general and administrative expenses in the statements of operations.

In December 2013, the IRS concluded its audit of the Company’s returns for the years 2007 through 2010 and issued an examination report that proposed adjustments of $12.3 million of additional tax liabilities for the years 2008 through 2010. As a result of this report, the Company increased its income tax liability to $8.6 million during the quarter ended December 31, 2013. Even though the Company increased its income tax provision as a result of this report, the Company continued to challenge the IRS findings.

After receiving further information from the Company subsequent to the issuance of its original report, the IRS reversed its position on a major issue and has issued a revised report which significantly reduced the amount of tax the Company owes. Accordingly, the Company has revised its provision for income taxes and has reversed $4.1 million of the original provision recorded previously.

Income tax expense was approximately $3.6 million for the year ended March 31, 2014 compared to approximately $636,000 for the year ended March 31, 2013. As discussed above the IRS has revised its audit report of the Company’s returns for the years 2008 through 2010 and has reduced its proposed adjustments from $12.3 million to $3.6 million of additional tax liabilities for the years 2008 through 2010. The Company plans to continue to challenge most of the remaining proposed adjustments as set forth in the revised report and is in the process of appealing the proposed adjustments with the IRS. The Company has recorded federal and California state tax liabilities of $3.0 million and $0.8 million for the years 2008 through 2010.

The extent of the Company’s operations involves dealing with uncertainties and judgments in the application of complex tax regulations in a multitude of jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, state and international tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due.

Note 18 - COMMITMENTS

Lease commitment

The Company leases 3,367 square feet of space in California that serves as its principal executive offices. The lease expires in February 2015. The monthly rent for the fiscal year ended March 31, 2014 is $9,455. Future minimum lease payments under the lease are as follows:

Year Ending March 31,	
2015	$104,005

The Company rents office space for its satellite training center in Hong Kong. The leased space is partially owned by Wendy Qin, a director of EFT (HK) Ltd. and the sister of Jack Jie Qin, the Company's president. The lease expires on March 31, 2015, with a monthly rental of $30,900. Future minimum lease payments under the operating lease are as follows:

Year Ending March 31,	
2015	$370,800

The Company rents storage space for its satellite training center in Hong Kong. The lease provides for monthly lease payments approximating $955 starting on January 4, 2013 and expiring on January 3, 2015. Future minimum lease payments under the operating lease are as follows:

Year Ending March 31,	
2015	$8,595

The Company rents office space for its operation in Taiwan. The lease expires on December 16, 2014, and the monthly rental is $1,260. Future minimum lease payments under the operating lease are as follows:

Year Ending March 31,	
2015	$11,340

The Company also leases a 40,000 square meter property from Yongqin county of Baiquan, Heilongjiang Province, the PRC and constructed a bottled water factory there. The land is leased commencing on December 31, 2009 for a term of fifty years, with a yearly land use right's fee of $3,865.

Year Ending March 31,	
2015	3,865
2016	3,865
2017	3,865
2018	3,865
2019	3,865
Thereafter	154,600

Total rent expenses for the two years ended March 31, 2014 were $555,747 and $598,674, respectively.

<u>Employment Agreements</u>

Jack Jie Qin

On January 1, 2009, the Company entered into an employment agreement with Jack Jie Qin, the Company's president and chief executive officer. The employment agreement has an initial term of seven years, and will be automatically extended, without any action on the part of Mr. Qin or the Company, for additional, successive one-year periods. The agreement may be terminated by either party on 60 days' written notice.

During the initial seven year period of the agreement, the Company will pay Mr. Qin an annual base salary of $200,000 per year for the first calendar year. In each subsequent calendar year during the term of the agreement, the Company will pay Mr. Qin an annual base salary determined by the compensation increase scale as reviewed and approved by the Company's Compensation Committee and approved by the Company's board of directors. Mr. Qin is eligible to receive an annual base salary adjustment in each subsequent calendar year as a cost of living increase at 10% per annum. Mr. Qin is also eligible to receive an annual bonus pursuant to the executive bonus scale in effect for executive employees of the Company.

In the event that Mr. Qin's employment is terminated without cause by the Company or if Mr. Qin terminates the agreement for good reason, or if, following a change in control, Mr. Qin's employment is terminated or not renewed, the Company has agreed to pay Mr. Qin an amount equal to twice the total of his annual base salary and his target bonus as established by the Compensation Committee and to maintain his benefits for a period of two years. At the expiration of the initial term of the agreement or any successive one-year renewal period, if the Company elects not to renew the agreement, the Company has agreed to pay Mr. Qin an amount equal to the total of his annual base salary and his target bonus as established by the Compensation Committee and to maintain his benefits for a period of one year.

Purchase obligation

As discussed in Note 9, the Company's wholly owned subsidiary, EFT Investment Co. Ltd, entered into agreements to secure an option to purchase an office building located in Taipei, Taiwan. The total purchase price for the office building is NTD7.1 billion, equivalent to approximately $233.1 million.

Pursuant to the terms of these agreements, EFT Investments made payments to secure an option to purchase an office building in Taiwan from Meifu Development Co., Ltd ("Meifu") and TransGlobe Life Insurance Inc. ("TransGlobe"). EFT Investment did not exercise any option that it may have had to purchase the Taiwan building and subsequently suspended all future payments to both Meifu and TransGlobe. EFT Investments' decision to not exercise its option to purchase the office building was due to the fact that it had reasons to suspect that the former General Manager of EFT Investment had breached his fiduciary duties and had, jointly with Meifu and TransGlobe committed fraud and misrepresentation related to the transactions.

For more on this purchase obligation, including disputes amongst the parties to the investment, please see Note 9.

Note 19 – SEGMENT INFORMATION

The Company's business is classified by management into three reportable business segments: online, beverage and transportation. The online business reportable segment is an aggregation of the Company's online operating segments, which are organized to sell the Company's products to Affiliates through its websites. The online business reportable segment derives revenue from the sales of nutritional products, personal care products and EFT-phones and access fees from its network platform. The transportation business reportable segment derives revenue from transport passengers and cargo between Taiwan and Mainland China through the Taiwan Strait. The beverage business reportable segment derives revenue and expense from the bottled water factory in Baiquan, Heilongjiang Province, the PRC. Unallocated items comprise mainly corporate expenses and corporate assets.

Although substantially all of the Company's revenue is generated from Mainland China, the Company is organizationally structured along business segments. The accounting policies of each of the Company's operating segments are the same as those described in Note 2, "Summary of Significant Accounting Policies."

The following tables provide the business segment information as of and for the years ended March 31, 2014 and 2013. Income tax allocations have been determined based on statutory rates in the applicable business segment.

	Year ended March 31, 2014				
	Online business	Transportation business	Beverage business	Unallocated items	Total
Sales revenues, net	$1,858,844	$ -	$7,834	-	$1,866,678
Cost of goods sold	(594,182)	(394,691)	(8,017)	-	(996,890)
Gross profit/(loss)	1,264,662	(394,691)	(183)	-	869,788
Operating expenses:					
Selling, general and administrative expenses	2,595,067	151,271	566,945	3,458,831	6,772,114
Inventory obsolescence	888,320	-	-	-	888,320
Royalty expenses	500,000	-	-	-	500,000
Total operating expenses	3,983,387	151,271	566,945	3,458,831	8,160,434
Net operating income/(loss)	(2,718,725)	(545,962)	(567,128)	(3,458,831)	(7,290,646)
Other income/(expense)	268,272	(54,735)	3	(9,703,284)	(9,489,744)
Allocated income tax	(14,492)	-	-	(3,546,818)	(3,561,310)
Loss after income tax	(2,464,945)	(600,697)	(567,125)	(16,708,933)	(20,341,700)
Total long-lived assets	62,701	3,181	1,032,057	3,550	1,101,489
Additions to long-lived assets	1,517	-	-	5,091	6,608

	Year ended March 31, 2013 Online business	Transportation business	Beverage business	Unallocated items	Total
Sales revenues, net	$2,878,012	$ -	$ -	-	$2,878,012
Cost of goods sold	(677,250)	(1,015,864)	-	-	(1,693,114)
Gross profit/(loss)	2,200,762	(1,015,864)	-	-	1,184,898
Operating expenses:					
Selling, general and administrative expenses	2,011,037	327,212	346,032	3,382,538 -	6,066,819
Impairment of transportation equipment	-	5,477,847	-	-	5,477,847
Inventory obsolescence	649,080	-	-	-	649,080
Royalty expenses	500,000	-	-	-	500,000
Total operating expenses	3,160,117	5,805,059	346,032	3,382,538	12,693,746
Net operating income/(loss)	(959,355)	(6,820,923)	(346,032)	(3,382,538)	(11,508,848)
Other income/(expense)	393,701	283,563	(9,091)	(11,043,157)	(10,374,984)
Allocated income tax	(4,001)	-	-	(631,696)	(635,697)
Loss after income tax	(569,655)	(6,537,360)	(355,123)	(15,057,391)	(22,519,529)
Total long-lived assets	181,633	1,239,554	1,173,789	21,241	2,616,217
Additions to long-lived assets	15,802	-	22,786	6,126	44,714

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Note 20 – LITIGATION

In October 2008, the Company acquired, through a wholly-owned subsidiary, 48.81% of the capital stock of Excalibur International Marine Corporation, a Taiwanese corporation, for $19,193,000. Excalibur owns a high speed ship which, until August 2010, transported passengers and cargo between Taiwan and mainland China through the Taiwan Strait. Excalibur's vessel, the Ocean LaLa, was capable of carrying up to 370 passengers and 630 tons of cargo. Excalibur purchased the Ocean LaLa from Ezone Capital Co. Ltd., prior to its acquisition by the Company. The last payment of EURO 2,000,000, equivalent to $2,739,726, was withheld by Excalibur since Excalibur believed that special tooling was not delivered at the time of sale and that an Ezone's director did not act in good faith and was involved in self-dealing. On August 18, 2010, Excalibur received a statement of claim, equivalent to a complaint in the United States, demanding approximately 2,000,000 Euros. The case was resolved by arbitration in London, England (See Note 21 for details).

On October 1, 2010, EFT Investment Co. Ltd. (EFTI) filed a lawsuit against Hsiao Zhong-Xing, former general manager of Excalibur, and Lu Zhuo-Jun, former vice general manager of Excalibur, collectively "Defendants," in the Taiwan Shihlin District Prosecutors office. EFT Investment Co. Ltd. alleges, among other things, that Defendants committed the offences of capital forging, fraud, breach of trust, and document fabrication. On April 30, 2013, the Taiwan Shihlin District Court found that both Hsaio Zhong-Xing and Lu Zhuo-Jun were guilty of fraudulent increase of paid-up capital and dismissed all other charges. As a result, Hsiao Zhong-Xing received a six-month jail sentence and Lu Zhuo-Jun received a five-month jail sentence. Both of their jail sentences can be converted into a fine. On May 27, 2013, the Shihlin District Prosecutor filed an appeal in the Taiwan High court for reconsideration of the judgment entered by the District Court. On February 19, 2014, the Taiwan High Court sustained the District Court's decision and found Hsaio Zhong-Xing guilty and sentenced him to a mandatory ten-month jail sentence; and found Lu Zhuo-Jun guilty and sentenced him to a mandatory eight-month jail sentence. This decision is final and confirmed.

EFT Investment Co. Ltd. filed a civil lawsuit against Jiao Ren-Ho, Chang Hui-Ying, Hsiao Zhong-Xing, and Lu Zhuo-Jun, collectively "Defendants," in the Taiwan Shihlin District court on February 12, 2010. EFT Investment Co. Ltd. alleges Defendants committed tortious acts, including but not limited to the offences of capital forging, fraud, breach of trust and document fabrication. The Shihlin District Court found in favor of all Defendants in the case. EFT filed an appeal in the appellate court for reconsideration of the judgment entered by the District Court. The appellate court remanded the case to District Court for the second review and the District Court found in favor of all defendants for the second time. EFT therefore filed a second appeal in the appellate court for reconsideration of the judgment entered by the District Court. The final resolution of this case is pending.

Marinteknik Shipbuilders (S) Pte Ltd., a Singapore company, filed a lawsuit against Excalibur in the Taiwan Taichung District Court on July 9, 2009 for unpaid service fees and out-of-pocket expenses of NTD8,050,832, equivalent to approximately $264,000. On August 20, 2009, the Taiwan Taipei district court froze Excalibur's cash of $203,402 in response to the suit. The final resolution of this case is pending. However, a contingent liability for the restricted cash has been recorded.

On August 2, 2010, the Company commenced a legal proceeding against Marinteknik Shipbuilders (S) Pte Ltd. and three other persons in the High Court of the Republic of Singapore alleging fraud, misrepresentation, and deceit on the part of the defendants with respect to Excalibur's purchase of the Ocean LaLa. The Company claims that the wrongful actions of the defendants resulted in damages of $19,000,000 to the Company. On December 11, 2012, the High Court issued a decision whereby it dismissed EFT's actions against Marinteknik and Lim Lan Eng (Priscilla), a director of Marinteknik. On January 8, 2013, EFT filed an appeal against the decision made by the High Court. On November 29, 2013, the appellate court issued its order and sustained the High Court's decision and awarded legal fees to the defendants. The Company has accrued a liability in the amount of $200,000 for the legal costs. The High Court dismissed the appeal by the Company, but criticized the defendants, stating that their actions were "wholly lacking in probity" and "likely also to have been unlawful". After seeking further legal advice and balancing all factors, however, it was decided that commencing further legal proceedings on this matter is not beneficial to the commercial interests of the Company.

In 2009, EFT's subsidiary, Heilongjiang Tianquan Manor Soda Drinks Co. Ltd., engaged a general contractor, the "Contractor", to construct a water manufacturing plant, the "Plant", for RMB4,758,600 (US$766,000). Upon completion, EFT inspected the Plant and found several material construction defects, including, but not limited to, the fact that the Contractor used inferior construction material, inconsistent construction plans and substandard insulation material. As a result, in 2010, EFT conditioned its final construction payment to the Contractor in the amount of RMB698,896 (US$112,500) on the rectification of all construction defects. On March 22, 2012, the Contractor brought a case against EFT in Baiquan People's Court in Heilongjiang Province seeking approximately RMB1,912,000 of purported outstanding payments under the contract and interest thereon. On January 16, 2014, EFT's subsidiary, Heilongjiang Tianquan Manor Soda Drinks Co. Ltd., received an unfavorable decision issued by Baiquan People's Court in Heilongjiang Province awarding the contractor approximately RMB1,326,916 of purported outstanding payments under the contract and interest thereon. The Company filed an appeal to Qiqihar intermediate People's court on January 27, 2014. The final resolution of this case is pending.

On August 8, 2012, the Company filed a complaint against Edward Carter, a former consultant, in the Superior Court of California, county of Los Angeles, in which the Company alleges, among other things, that Mr. Carter breached his consulting contract, fiduciary duty and committed fraud and misrepresentation in respect to the Company's investment in CTX Virtual Technologies, Inc., "CTX", as sponsored by Buckman, Buckman & Reid, Inc., "BB&R", a financial consulting firm and placement agent. The final resolution of this case is pending.

On April 18, 2013, EFTI filed a criminal complaint against Cheng Hao Peng (President of Meifu Development Co., Ltd.), Hong Dong Chen (former Director of EFTI), Teng De Peng (Vice Chairman of TransGlobe Life Insurance Inc.), Xian Jue Liu (Chairman of TransGlobe Life Insurance Inc.), Shih Kui Chang (Manager of Meifu), Yi Feng Cheng (Real Estate Department Manager of TransGlobe) and Da Min Wu, an individual, collectively called “Defendants”, in the Taipei District Prosecutors Office. EFTI alleges, among other things, that Defendants committed violations of securities law, insurance law, corporation law and tax law, as well as money laundering, fraud and breach of trust.

On June 3, 2013, the Company filed a civil complaint in Los Angeles, California against Meifu Development Co., Ltd., TransGlobe Life Insurance Inc. and certain individuals related to the purchase of the Taiwan Building. On January 27, 2014, the Company voluntarily dismissed the civil complaints without prejudice in Los Angeles, California against Meifu Development Co., Ltd., TransGlobe Life Insurance Inc. and certain individuals related to the purchase of the Taiwan Building (please refer to Note 9 for details) in return for a good faith settlement negotiation with such defendants. Due to lack of good faith of the defendants in negotiation of settlement and evidence that the defendants committed acts of dishonesty against the Company, the Company has refiled the civil complaints against the defendants.

On July 26, 2013, the Taipei District Office issued a non-indictment decision on charges of fraud against Cheng Hao Peng (President of Meifu), Hong Dong Chen (former Director and General Manager of EFTI), Teng De Peng (Vice Chairman of TransGlobe), Xian Jue Liu (Chairman of TransGlobe), Shih Kui Chang (Manager of Meifu), Yi Feng Cheng (Real Estate Department Manager of TransGlobe) and Da Min Wu, an individual. EFTI filed an appeal on August 5, 2013 for reconsideration of the non-indictment charges against Cheng Hao Peng (President of Meifu), Hong Dong Chen (former Director of EFTI), Teng De Peng (Vice Chairman of TransGlobe) and Da Min Wu, an individual. Subsequently, the appeal of reconsideration of the non-indictment charges against the defendants was rejected by the Appellate District Office. On September 12, 2013, EFTI filed a final petition to the Taipei District Court for judgment of the decision made by the Appellate District Office, but the petition was rejected on March 5, 2014. While the prosecutors in Taiwan decided not to proceed to prosecute the above parties, then investigation by Taiwan’s government nevertheless confirmed that Hong Dong Chen, the former General Manager, has received and/or has intended to receive secret profits from Cheng Hao Peng, who has exercised actual control of Meifu and TransGlobe, upon purchase of the Taiwan Building by EFT Investment. Therefore, the Company has decided to commence civil proceedings pertaining to the Taiwan Building transactions (see Note 9 for details).

On November 27, 2013, a class action entitled *Li, et al. v. EFT Holdings, Inc., et al.* was filed on behalf of a putative class of all purchasers of one or more of the Company’s products against the Company and Jack Qin in the United States District Court for the Central District of California. The amended complaint, filed on July 11, 2014, alleges, among other things, violation of unfair competition law, false advertising law, and fraud. The complaint seeks, among other things, compensatory and punitive damages and injunctive relief. The case is currently pending. The Company believes that the claims asserted are without merit and intends to defend against them vigorously.

On November 27, 2013, a class action entitled *Li*, *et al. v. Qin, et al.* was filed on behalf of a putative class of all purchasers of the Company’s products against the Company and certain of its current and former officers and directors in the United States District Court for the Central District of California. The amended complaint, filed on July 11, 2014, adds certain other persons and entities as defendants and alleges, among other things, operation of an endless chain scheme, fraud, corporate waste and gift, and violations of the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. The complaint seeks, among other things, compensatory and punitive damages. The case is currently pending. The Company believes that the claims asserted are without merit and intends to defend against them vigorously.

On December 6, 2013, the Company joined George Curry (a former director and officer of the Company) in the "CTX" lawsuit as one of the defendants in the Superior Court of California, county of Los Angeles, in which the Company alleges, among other things, that Mr. Curry breached his fiduciary duty and committed fraud and misrepresentation in respect of the Company's investment in CTX Virtual Technologies, Inc. ("CTXV").

Note 21 - SUBSEQUENT EVENTS

During May and June of 2014, the Company sold 2.8 million shares of its holdings in CTXV through its agent Buckman, Buckman & Reid ("BB&R") for approximately $1,366,091 net of commissions and other fees. The sale of 2.8 million shares represents roughly 26% of the Company's total holdings in CTXV prior to the sale, and the Company still owns approximately 7.8 million shares of CTXV's common stock. The Company is hopeful that BB&R will be successful in selling the remaining 9 million shares of CTXV. As discussed in Note 11, the Company considered the asset completely impaired due to the lack of reliable financial statements from CTXV and the Company's inability to establish the fair market value of CTXV's common shares. Accordingly, at March 31, 2011, the asset was written down to zero.

On May 30, 2014, the Company filed a civil lawsuit in the Superior Court of the State of California for the County of Los Angeles – East District against Meifu et al. alleging deceit, conversion, breach of fiduciary duty and money had and received against the defendants. Also named as defendants in this action are TransGlobe, Peng Cheng-Hao (President of Meifu) and Thomas Chen, a former director of EFTI (see Note 9 for details).

On June 9, 2014, the arbitrators awarded in favor of Ezone, with counterclaims of Excalibur dismissed by the arbitrators. After taking into account the advice from the Company's solicitors, the Company has decided not to appeal the arbitration award.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this annual report, an evaluation was carried out by the Company's management, with the participation of its principal executive officer and its principal financial officer, of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")) as of March 31, 2014. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective as of March 31, 2014.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process, under the supervision of its principal executive officer and its principal financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its financial statements in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management conducted an assessment of the effectiveness of its internal control over financial reporting as of March 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company's management concluded that its internal control over financial reporting as of March 31, 2014 was effective.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting that have materially affected, or are likely to materially affect, its internal control over financial reporting during the year ended March 31, 2014.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table lists the names, ages, certain positions and offices held by the Company's directors and named executive officers as of the date of this filing.

Name	Age	Title
Jack Jie Qin	54	President, chief executive officer, and a director
William E. Sluss	59	Principal financial and accounting officer
Visman Chow	59	Director
Norman Ko	50	Director
Pyng Soon	54	General counsel

Directors serve in such capacity until the next annual meeting of the Company's stockholders and until their successors have been elected and qualified. The Company's officers serve at the discretion of its Board of Directors, until their death, or until they resign or have been removed from office.

Jack Jie Qin

Mr. Qin has been serving as the Company's president, chief executive officer and chairman of the Board of Directors since November 2007. Since January 2004, Mr. Qin has been serving as the president of EFT BioTech, Inc. From July 1998 to December 2002, Mr. Qin served as the President of eFastTeam International, Inc. located in Los Angeles, California. From June 1992 to December 1997, he served as the president of LA Import & Export Company located in Los Angeles, California. In May 1991, Mr. Qin earned an MBA from Emporia State University in Kansas. In May 1982, Mr. Qin graduated from Jiangxi Engineering Institute, located in Nanchang, China, with a major in Mechanical Engineering.

William E. Sluss

Mr. Sluss has been serving as the Company's corporate controller since August 2010 and was promoted to the position of chief financial and accounting officer in October 2012. Mr. Sluss has twenty years of experience providing financial, operational and managerial expertise for companies in both the private and public sectors. His background includes experience in the banking, manufacturing, nuclear and logistics industries. He has extensive experience with SEC reporting companies and U.S. GAAP, including acting as the controller during the successful initial public offering of Heritage Federal Bank, FSB (NYSE). His experience includes four years with Quebecor Printing (one of the world’s largest printers of bibles and textbooks) and two years with Flour City International (a U.S. publicly traded (Nasdaq) construction /manufacturing company). In 2002, Mr. Sluss joined Studsvik, Inc. (a publicly traded nuclear service company (Stockholm Exchange) headquartered in Stockholm, Sweden) as its chief financial officer for the U.S. operations. Mr. Sluss has extensive experience with IFRS over his career while working for several international companies. In addition, throughout his career, Mr. Sluss has worked closely with the world's largest accounting firms (*e.g.*, KPMG and PricewaterhouseCoopers), serving as the main contact with those firms. He also has extensive experience with the COSO framework and SOX compliance. Mr. Sluss received a Bachelor of Science Degree in Accounting from the University of Virginia’s College at Wise in 1990 and became a licensed Certified Public Accountant (“CPA”) in the same year.

Visman Chow

Mr. Visman Chow has served as member of the Board of Directors since July 2009. From 1993 to 2012, Mr. Chow served as the chief lending officer and a director of Universal Bank. Between 1983 and 1993 Mr. Chow was the president of Unieast Financial Corporation. From 1979 to 1983, Mr. Chow was with Union Bank where he managed a commercial real estate portfolio of approximately $50 million.

Norman Ko

Mr. Norman Ko has served as a member of the Board of Directors since July 2009. He is a certified public accountant (“CPA”) practicing in California. He received a Bachelor of Science degree from York University, Toronto, Canada and later received a graduate degree in business administration from the University of San Francisco.

Pyng Soon

Since January 2009, Mr. Soon has served as general counsel to the Company. Mr. Soon also served as chairman of the board of directors of Excalibur International Marine Corporation from January 2010 to August 2010. Prior to joining the Company, Mr. Soon was a sole practitioner and a counsel to Murchison & Cumming, LLP from 2006 and focused his practice in the areas of international law, business litigation and business transactions. Mr. Soon earned his bachelor’s degree in science from Lincoln Memorial University, his master’s degree in science from East Tennessee State University, and his Juris Doctor degree from University of West Los Angeles School of Law. Mr. Soon is a licensed certified public accountant.

Mr. Chow and Mr. Ko are independent directors as that term is defined in Section 803.A of the NYSE Amex Company Guide. Mr. Chow and Mr. Ko, the Company's two independent directors, and Mr. Jack Jie Qin act as its audit committee. Mr. Norman Ko is the Company's "audit committee financial expert" as that term is defined in the rules and regulations of the Securities and Exchange Commission.

Code of Ethics

The Company currently has a Code of Business Conduct for its directors, principal executive officers and staff. The Company's Code of Business Conduct will be sent, without charge, to any person requesting a copy of the same. To request a copy, send a letter to the Company at its address on the cover page of this report.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Exchange Act requires the Registrant's directors and officers, and persons who beneficially own more than 10% of a registered class of the Registrant's equity securities, to file reports of beneficial ownership and changes in beneficial ownership of the Registrant's securities with the SEC on Forms 3, 4 and 5. Officers, directors and greater than 10% stockholders are required by SEC regulation to furnish the Registrant with copies of all Section 16(a) forms they file.

Jack Jie Qin, William E. Sluss, Visman Chow, Norman Ko, and Pyng Soon have not filed any required forms under Section 16(a).

ITEM 11. EXECUTIVE COMPENSATION

Compensation Committee Interlocks and Insider Participation

The Company's Board of Directors acts as its compensation committee. During the year ended March 31, 2014, all of the Company's directors participated in deliberations concerning executive officer compensation.

During the year ended March 31, 2014, none of the Company's directors were members of the compensation committee or a director of another entity, which other entity had one of its executive officers serving as one of the Company's directors or as a member of its compensation committee.

Compensation Discussion and Analysis

The goal of the Company's executive officers' compensation levels is to motivate the officers to create long-term value for its stockholders. Toward this goal, the Company establishes compensation levels based on its executive officers' relevant experience and leadership skills. In addition, the Company considers the executive officers' ability and likelihood of contributing to its growth and success. The Company also takes into account comparable salary ranges at similar companies in order to attract and retain its executive officers.

The Company does not have a formula or benchmark or necessarily react to short-term changes in business performance when reviewing its executive officers' salaries. The Company considers their past contributions, their ability to work cohesively with its management team and its expectations regarding their future performance. The Company's executive officers have an active role in the determination of their compensation and the Company takes into account their opinions and expectations.

Summary Compensation Table

The following table shows, in summary form, the compensation received by (i) the Company's Chief Executive and Principal Financial Officers and (ii) by each other executive officer who received compensation in excess of $100,000 during the two fiscal years ended March 31, 2014.

Name and Principal Position	Fiscal Year Ended March 31,	Salary(1)	Total(2)
Jack Jie Qin	2014	$194,000	$194,000
(Principal Executive Officer)	2013	$242,000	$242,000
Pyng Soon(3)	2014	$156,200	$156,200
(General Counsel)	2013	$150,672	$150,672
Bill Sluss (4)	2014	$115,933	$115,933
(Principal Financial Officer)	2013	$84,483	$85,483

(1) The dollar value of base salary (cash and non-cash) earned and any bonus (cash and non-cash) earned.

(2) To date, the Company has not adopted a stock option plan, a stock bonus plan or any other type of incentive plan. The Company has not issued any options to its executive officers, directors or employees or paid them other payments.

(3) Pyng Soon was appointed as the general counsel of the Company in January 2009.

(4)

Bill Sluss was appointed as the Company's corporate controller since August 2010, appointed as interim principal financial and accounting officer in November 2011, and promoted to be principal financial and accounting officer in October 2012.

Employment Agreements

Please see Note 18 to the Consolidated Financial Statements contained in Item 8 for disclosures with respect to the employment agreements to which certain of the named executive officers described in the above Summary Compensation Table are subject.

Compensation of Directors during Fiscal Year Ended March 31, 2014

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Total
Visman Chow	$ 24,000	—	—	$24,000
Norman Ko	$ 48,000	—	—	$48,000

Each non-management director receives an annual fee of $24,000, with the Chairman of the Company's Audit Committee receiving an additional $24,000. Mr. Norman Ko served as the chairman of the Company's audit committee during the fiscal year ended March 31, 2014. The Company's directors are also reimbursed for reasonable out-of-pocket expenses incurred in connection with attendance at director and committee meetings.

Stock Option and Bonus Plans

To date, the Company has not adopted a stock option plan, a stock bonus plan or any other type of incentive plan. The Company has not issued any options to its executive officers, directors or employees.

Long-Term Incentive Plans

The Company does not have any pension, stock appreciation rights, long-term incentive or other plans. The Company may implement these plans at a future date, although it has no present intentions to do so.

Employee Pension, Profit Sharing or other Retirement Plans

The Company does not have a defined benefit, pension plan, profit sharing or other retirement plan, although it may adopt one or more of such plans in the future.

Report of the Board of Directors

The Board of Directors (which functions as the Compensation Committee) has reviewed and discussed the Compensation Discussion and Analysis with management. Based on that review and discussion, the Board has determined that the Compensation Discussion and Analysis be included in the Annual Report on Form 10-K for the year ended March 31, 2014.

The Board of Directors
Jack Jie Qin
Visman Chow
Norman Ko

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table shows the beneficial ownership of the Company's common stock as of March 31, 2014 by (i) each of its directors and executive officers, (ii) all directors and executive officers as a group and (iii) each owner of more than 5% of its common stock.

Name	Number of Shares Beneficially Owned	Percent of Shares Outstanding	
Jack Jie Qin	1,000	*	
William E. Sluss	—	—	
Visman Chow	—	—	
Norman Ko	—	—	
Pyng Soon	—	—	
Dragon Win Management, Ltd.(1)	52,099,000	68.57	%
Officers and directors as a group (5 persons)	1,000	*	

* Less than 1%.

(1)Liu Dong Xin and Zhang Ming are the controlling persons of Dragon Win.

Due to the ownership by Dragon Win of more than 50% of the Company's common stock, which includes the right to vote a majority of the shares at any meeting of its shareholders, the Company is a controlled corporation, as that term is defined in Section 801(a) of the NYSE Amex Company Guide.

The address of each shareholder listed above, with the exception of Dragon Win, is in care of the Company at 17800 Castleton St., Suite 300, City of Industry, CA 91748. The address of Dragon Win is Palm Grove Houses, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 7 of this report (Capital Resources and Liquidity subsection) for information concerning the Company's outstanding loans to Excalibur International Marine Corporation.

See Note 8 of the Notes to the Consolidated Financial Statements contained in Item 8 for information concerning the Company's loan to Yeuh-Chi Liu and the related transactions with EFT Assets Limited, JFL Capital Limited and Wendy Qin.

Any proposed transaction with a related party is reviewed by the Company's Board of Directors. In reviewing the proposed transaction, the Board considers the related party's relationship with the Company, all conflicts of interest that may exist or otherwise arise on account of the transaction, the material facts relating to the proposed transaction, and whether the transaction is on terms comparable to those that could be obtained in arms-length dealing with an unrelated third party.

As set forth in Item 10, each of Mr. Chow and Mr. Ko are independent directors as that term is defined in Section 803.A of the NYSE Amex Company Guide.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Paritz & Company P.A. audited the Company's financial statements for the year ended March 31, 2014. Anderson Bradshaw PLLC audited the Company's financial statements for the year ended March 31, 2013. The following table shows the aggregate fees billed to the Company during the years ended March 31, 2014 and 2013, by Paritz & Company P.A. and Anderson Bradshaw, respectively.

	2014	2013
Audit Fees	$65,000	$68,000
Audit-Related Fees	-	40,250
Tax Fees	-	67,618
All Other Fees	-	8,000

Audit fees represent amounts billed for professional services rendered for the audit of the Company's annual financial statements and the review of its interim financial statements. Audit related fees represent fees paid for review of responses to SEC comments. All other fees represent out of pocket expenses. Before Paritz and Anderson Bradshaw were engaged by the Company to render these services, the engagement was approved by the Company's Directors.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial Statements

The consolidated financial statements filed as part of this Annual Report on Form 10-K are located as set forth in the index on page F-1 of this Report.

(2) Consolidated Financial Statement Schedule:

Not applicable.

(3) Exhibits

The list of exhibits included in the below Exhibit Index is hereby incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EFT HOLDINGS, INC.

By: /s/ Jack Jie Qin
Jack Jie Qin, Principal Executive Officer

Date: July 15, 2014

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jack Jie Qin his attorney-in-fact and agent, with the power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Jack Jie Qin* Jack Jie Qin	Director and Principal Executive Officer	July 15, 2014
/s/ *William E. Sluss* William E. Sluss	Principal Financial and Accounting Officer	July 15, 2014
/s/ *Visman Chow* Visman Chow	Director	July 15, 2014
/s/ *Norman Ko* Norman Ko	Director	July 15, 2014

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Index to Exhibits

Exhibit No.:	Description:
3.1(1)	Articles of Incorporation of GRG, Inc. (now EFT Holdings, Inc.).
3.1.1(1)	Articles of Merger filed December 28, 2004 between HumWare Media Corporation, World Wide Golf Web, Inc. and GRG, Inc.
3.1.2(1)	Certificate of Amendment, effective November 7, 2007, to the Articles of Incorporation of HumWare Media Corporation
3.1.3(9)	Articles of Merger filed December 13, 2010 between QCSC, Inc. and EFT Biotech Holdings, Inc.
3.2(3)	By-laws
4.1(1)	Form of Common Stock Certificate
4.2(1)	Form of Warrant to purchase one share of Common Stock for a purchase price of $3.80 per share until the second anniversary date of the date of issuance
10.1(3)	Share Exchange Agreement, dated as of the 1st day of November, 2007, by and among EFT Holdings, Inc. (formerly HumWare Media Corporation), a Nevada corporation; certain EFT Shareholders and EFT BioTech Corporation, a Nevada corporation
10.2(2)	Subscription Agreement for Units in connection with the Registrant’s Regulation S Private Placement
10.3(3) +	Employment Agreement, dated May 10, 2008, between EFT BioTech Holdings, Inc. and Sharon Tang
10.4(5)	$500,000 Loan Agreement (the “Agreement”), dated November 24, 2008 , between the EFT Biotech Holdings, Inc. (as the lender), EFT Investment Co., LTD., and Excalibur International Marine Corporation (as the borrower).
10.5(5)	First Extension of $500,000 Loan, dated December 25, 2008
10.6(5)	Second Extension of $500,000 Loan, dated May 25, 2009
10.7(6)	$2,000,000 Loan Agreement and promissory note, dated September 23, 2008, between the EFT Biotech Holdings, Inc. (as the lender), EFT Investment Co., LTD., and Excalibur International Marine Corporation (as the borrower) (the “$2,000,000 Loan Agreement”)
10.8(5)	First Extension of $2,000,000 Loan Agreement, dated November 25, 2008
10.9(5)	Second Extension of $2,000,000 Loan Agreement, dated May 25, 2009

10.10(6)	$600,000 Loan Agreement, dated May 13, 2009, between the EFT Biotech Holdings, Inc. (as the lender), EFT Investment Co., LTD., and Excalibur International Marine Corporation (as the borrower) (the "600,000 Loan Agreement").
10.11(6)	Addendum to $600,000 Loan Agreement, dated May 13, 2009, between the EFT Biotech Holdings, Inc. (as the lender), EFT Investment Co., LTD., and Excalibur International Marine Corporation (as the borrower).
10.12 (7)	$330,000 Loan Agreement, dated July 14, 2008, between EFT BioTechHoldings, Inc. (lender) and Yeuh-Chi Liu (borrower)
10.13 (7)	Addendum to $330,000 Loan Agreement, dated July 15, 2008, between BioTech Holdings, Inc. and Yeuh-Chi Liu
10.14 (7)	$1,567,000 Loan Agreement, dated July 25, 2008, between BioTech Holdings, Inc. (lender) and Yeuh-Chi Liu (borrower)
10.15(8)	Subscription agreement, dated June 30, 2008, between EFT BioTechHoldings, Inc. and Excalibur International Marine Corporation
10.16(8)	Third Extension of $2,000,000 Loan Agreement with Excalibur International Marine Corporation
10.17(8)	First Extension of the $600,000 Loan Agreement, dated November 13, 2010

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10.18(8)	Extension of $500,000 loan with Excalibur International Marine Corporation
10.19(9)	Consultancy Agreement, dated March 31, 2010, between EFT International Limited and JFL Capital Limited
10.20(9)	Employment Agreement, dated January 1, 2009, between EFT Biotech Holdings Inc. and Jack Jie Qin
10.21(9)	Employment Agreement, dated January 1, 2009, between EFT Biotech Holdings Inc. and Pyng Soon
10.22(9)	English Translation of Form of Pre-sale Building Unit Purchase and Sale Agreement, A5 Building, Taipei Enterprise Headquarters Park
10.23(9)	English Translation of Agreement Regarding the "Pre-sale Building Unit Purchase and Sale Agreement, A5 Building, Taipei Enterprise Headquarters Park," dated May 31, 2011, among Jack Jie Qin, Meifu Development Co., Ltd. and EFT Investment Co., Ltd.
10.24(9)	English Translation of Agreement Regarding the "Pre-sale Building Unit Purchase and Sale Agreement, A5 Building, Taipei Enterprise Headquarters Park," dated May 31, 2011, among Jack Jie Qin, TransGlobe Life Insurance Inc. and EFT Investment Co., Ltd.
10.25(9)	English Translation of Amendment Agreement to the "Pre-sale Building Unit Purchase and Sale Agreement, A5 Building, Taipei Enterprise Headquarters Park," dated July 1, 2011, among Jack Jie Qin, Meifu Development Co., Ltd. and EFT Investment Co., Ltd.
10.26(9)	English Translation of Amendment Agreement to the "Pre-sale Building Unit Purchase and Sale Agreement, A5 Building, Taipei Enterprise Headquarters Park," dated July 1, 2011, among Jack Jie Qin, TransGlobe Life Insurance Inc. and EFT Investment Co., Ltd.
14.1(3)	Code of Ethics
21.1(9)	List of Subsidiaries
31	Rule 13a-14(a) Certifications
32	Section 1350 Certifications
101*	The following materials from the EFT Holdings, Inc. Annual Report on Form 10-K for the year ended March 31, 2014, filed on July [Ÿ], 2014 formatted in Extensible Business Reporting Language (XBRL): Consolidated Balance Sheets; Consolidated Statements of Income; Consolidated Statements of Comprehensive Income; Consolidated Statements of Changes in Equity; Consolidated Statements of Cash Flows, and Related notes * XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of

Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

+ Management Contract.

(1) Filed as an exhibit to Form 10 (File No.: 001-34222) filed with the SEC on December 10, 2008 and incorporated by reference herein.
(2) Filed as an exhibit to Form 10-Q for the quarter ended December 31, 2008 (File No.: 001-34222) filed with the SEC on February 13, 2009 and incorporated by reference herein.
(3) Filed as an Exhibit to Amendment No. 1 to Form 10 (File No.: 001-34222) filed with the SEC on April 13, 2009 and incorporated by reference herein.
(4) Filed as an Exhibit to Amendment No. 2 to Form 10 (File No.: 001-34222) filed with the SEC on April 21, 2009 and incorporated by reference herein.
(5) Filed as an Exhibit to Form 10-K (File No.: 001-34222) filed with the SEC on July 17, 2009 and incorporated by reference herein.
(6) Filed as an Exhibit to Amendment No. 4 to Form 10 (File No.: 001-34222) filed with the SEC on September 3, 2009 and incorporated by reference herein.
(7) Filed as an Exhibit to Amendment No. 5 to Form 10 (File No.: 001-34222) filed with the SEC on October 19, 2009 and incorporated by reference herein.
(8) Filed as an Exhibit to Amendment No. 9 to Form 10 (File No.: 001-34222) filed with the SEC on April 16, 2010.
(9) Filed as an Exhibit to Form 10-K (File No.:000-53730) as filed with the SEC on August 25, 2011.