addvalue technologies

ANNUAL REPORT 2009

DRIVING CONNECTIVITY

COMPANY OVERVIEW

Headquartered in Singapore, **Addvalue Technologies Ltd ("Addvalue") is a leading one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a wide variety of voice and IP-based data applications**. Addvalue has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally-renowned leaders such as Inmarsat, Thuraya, Stratos, Vizada, SingTel and Satlink.

Addvalue is currently one of the only three authorised global developers-cum-suppliers, and the only one in Asia, of the portable Broadband Global Area Network ("BGAN") satellite terminal. The terminal operates on a satellite infrastructure, run by London-listed Inmarsat plc, which facilitates connectivity anywhere in the world. BGAN is an ideal choice for communication in areas where terrestrial or cellular networks are damaged, congested or non-existent.

BUSINESS MODEL

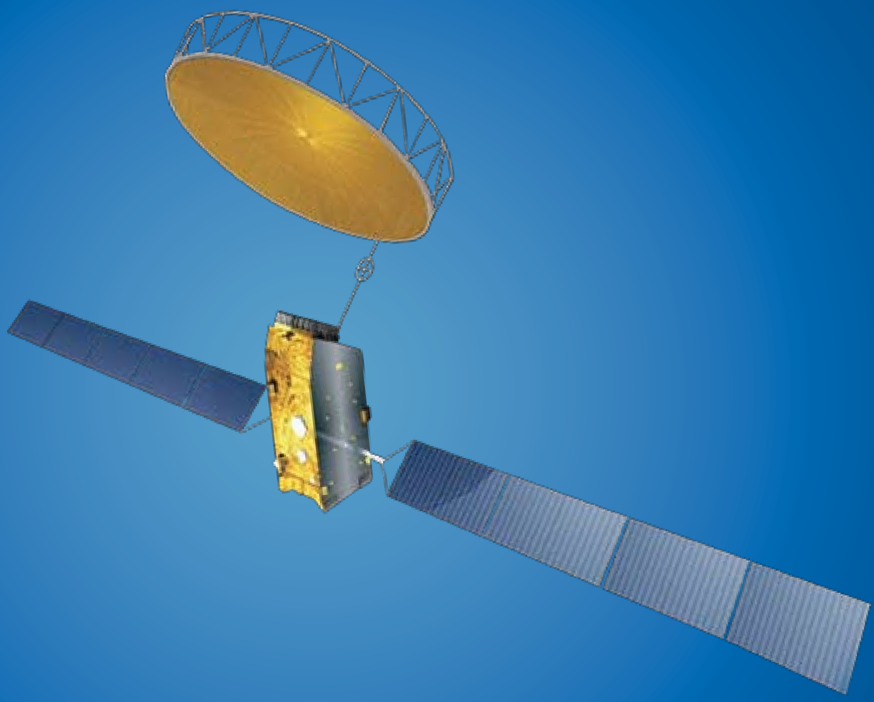
Design & Supply of Products and Solutions

- Design & supply a range of terminals operating on major satellite networks for land, maritime and aeronautical applications
- Design & supply custom solutions such as for tracking, telemetry, Supervisory, Control And Data Acquisition ("SCADA"), GSM backhauling and VSAT backup

Airtime-related Business

- Re-sell satellite airtime via bundling with equipment sales

CONTENTS



BUSINESS STRATEGIES

- Leverage on proven technologies and development capabilities to:
  - Widen portfolio of products and solutions in both broadband and narrowband Mobile Satellite Services ("MSS")
  - Spread product lines across dominant MSS operators
  - Forge development partnership with channel partners
  - Secure high-end, high-margin engineering services in the satellite industry

- Capitalize on our proven market position to create competitive advantage for airtime sales

BUSINESS MERITS

- **Recognition:** Addvalue is recognized as an innovative solution provider with its products and services gaining substantial market shares
- **Technology:** Proven modular and scalable technology platforms including a library of intellectual properties and patents for quick new product spin-offs
- **Readiness:** Poised to roll out enlarged range of products and solutions
- **Defence against economic downturn:** Relatively good defence against recession as demand is relatively downward inelastic
- **Growth prospects:** BGAN-related products and services are expected to dominate satellite communication market due to BGAN's attributes and characteristics along with the progressively more attractive airtime rates
- **Safety and emergency response:** Market awareness of international and national level authorities to regulate requirements to use satellite-based technologies for tracking, identification and rescue operations on land and at sea
- **Competition:** Low due to niche market and high barriers of entry
- **Opportunity:** High due to small number of market players and high growth potentials, organically or through M&As

CHAIRMAN'S MESSAGE

Dear Shareholders,

In the 2008 Annual Report, we mapped out our plan for the financial year ended 31 March 2009 ("FY2009") to:

1. increase our product offerings, which operate on the BGAN (Broadband Global Area Network) satellite network of Inmarsat plc ("Inmarsat");
2. leverage on our expertise to develop a new range of products that support other satellite infrastructures, such as maritime phones for Thuraya Telecommunications Company ("Thuraya"); and
3. expand our distribution network for the marketing of Inmarsat and Thuraya centric products.

Our foremost priority is to expand our range of mobile satellite products and solutions, particularly into the more lucrative maritime arena and for SCADA (Supervisory, Control And Data Acquisition) applications, as we want to speedily capitalise on the sales potentials sprouting out in these market places. To embark on this multi-faceted plan, which is expected to have profound and far reaching implications on the performance of the Company and its subsidiaries (the "Group") over the next few financial years, we procured Pytheas (Cyprus) Ltd ("Pytheas"), a new investor, to raise the necessary funding.

FINANCIAL AFFAIRS

Endeavour efforts had been made in FY2009 to bring the investment by Pytheas to fruition. However, due to Pytheas' failure to fulfill certain pre-completion conditions to the investment despite the Company's many grace extensions, the Company terminated the investment agreement with Pytheas in order that it may pursue investments with other interested parties. In face of the odds by the Company in FY2009, amidst the global financial crisis, the fund raising exercise was prolonged till the second quarter of 2009 when the Company, subject to certain condition precedents, secured a S$5 million funding with a few local investors on 30 May 2009 and another S$3 million funding with Inmarsat Services Limited, a wholly-owned subsidiary of Inmarsat, on 12 June 2009.

The unforeseen delay in fund raising had resulted in completion delays in the development of new Inmarsat BGAN products as well as the maritime phone for Thuraya. As a result of which, the Group recorded a lower turnover of about S$5.8 million for FY2009 compared to that of about S$10.7 million for the financial year ended 31 March 2008 ("FY2008") and a lower gross profit of about S$3.5 million in FY2009 relative to that of about S$6.7 million in FY2008. We turned in a loss from operations of about S$2.2 million for FY2009 compared to an operating profit of about S$2.6 million for FY2008. Excluding all write-offs, which are not expected to recur, our loss from operations for FY2009 would drastically be reduced to about S$65,000.

Despite the funding delay and with FY2009 turning out to be one of the most challenging years for the Group, I am proud to report that, as a united entity, we have managed to brave these difficult times and churn out a few new satellite terminals that are expected to contribute substantially to our business for the financial year ending 31 March 2010 and the financial years to come. With more than three new products being developed in FY2009 and ready for commercialisation by the third quarter of 2009, FY2009 can indeed be slated as the most prolific year of the Group.

BUSINESS AFFAIRS

Sabre™ 1 Terminals (Inmarsat Land BGAN Centric)

Our land portable Class 3 BGAN terminal (Sabre™ 1) has continued to demonstrate success in the market place. On 5 October 2008, we demonstrated our capabilities by joining forces with leading South American remote communication providers, Tesacom and Stratos Global Corp ("Stratos"), to deploy a 1,200-site BGAN mobile satellite network to support Brazil's first round of municipal elections. The successful deployment of about 1,200 Addvalue BGAN terminals within a very short time frame and have had over 400 of them transmitting data simultaneously on a single spot beam during deployment not only reassuringly ensured the secure transmission of election results, it also made history as the world's largest BGAN deployment and clearly demonstrates the stable and reliable performance of our terminal and the BGAN network. We are currently expanding our product family to include a higher speed terminal (Class 1 BGAN terminal) for the media and government markets. A land mobile version for in-vehicle applications is also under development.

FB250 Terminals (Inmarsat Maritime BGAN Centric)

Notwithstanding the lacklustre financial performance for FY2009, the Group had on 23 June 2009 obtained type approval from Inmarsat for the commercial sale and marketing of the Satlink FleetBroadband 250 Maritime BGAN Terminal ("FB250 Terminal") which was developed in cooperation between Addvalue Communications Pte Ltd, the wholly-owned subsidiary of the Company, and Satlink S.L. ("Satlink") pursuant to a S$8.5 million design cum supply contract entered into between the companies in February 2008. The partnership was forged as both companies firmly believe in the tremendous potential of the maritime market. Following the successful attainment of the critical milestone, the Group will ship the FB250 Terminals to Satlink starting from end June 2009.

The FleetBroadband (FB) services are Inmarsat's BGAN version for the broadband communications on board ships. With the successful launch of the third Inmarsat-I4 satellite and re-positioning of the three Inmarsat-I4 satellites in February this year, the FB services will provide seamless broadband communication coverage globally from 76 degree North to 76 degree South. Besides offering the traditional telephony, facsimile, SMS, email services and internet access, the FB250 Terminals are capable of supporting the latest web-based applications at higher data rates such as video conferencing, VoIP (Voice over Internet Protocol), instant messaging, real-time electronic chart, weather update, vessel telemetry, files transfer etc. in a more than cost effective manner.

Skipper™ 150 Terminals (Inmarsat Maritime BGAN Centric)

Working within a very tight schedule and limited financial resources, we are also proud to report that we had successfully completed the development of the FB150 maritime product, entitled "Skipper™ 150", and expect to commence commercial shipment of the product in July 2009. The Skipper™ 150 FleetBroadband terminal will offer a voice connection at landline quality, simultaneous internet-capable IP data at up to 150kbps and a simple-to-use SMS messaging service. Inmarsat has introduced this new, lower cost, FleetBroadband terminal to address a much wider maritime market consisting of smaller vessels such as leisure craft and fishing vessels with lower data speed requirements. We were extremely pleased when we were one of the only two companies selected by Inmarsat in late September 2008 to develop the FB150 terminals. After about only ten months of development work, we are excited now that the terminal will be ready for commercial release in July 2009. We believe that with the competitively priced hardware and services by the Group and Inmarsat respectively, the Skipper™ 150 terminals will certainly be more affordable and better suited for use by smaller vessel owners across a broad range of maritime markets.

Sabre™ Ranger Terminals (Inmarsat Land BGAN Centric)

We too have successfully completed the development of Sabre™ Ranger, a ruggedised, compact BGAN terminal that will withstand all environmental challenges associated with remote SCADA applications, targeting especially the oil and gas industries. Sabre™ Ranger is designed to reliably transmit mission-critical data to the user's corporate headquarters from hard-to-reach locations. By partnering Stratos Global Corp ("Stratos") as our exclusive distributor for the BGAN SCADA solution, we are well-positioned to exploit regions, such as Africa and South America, where VSAT (Very Small Aperture Terminal)-based SCADA systems may be too difficult to deploy, due to regulatory obstacles or lack of space-segment availability. This new cost effective service is expected to enhance penetration of active SCADA management into new markets and portions of existing markets that have been underserved. The first commercial shipment of Sabre™ Ranger will be made in end June 2009.

CHAIRMAN'S MESSAGE


Seagull 5000 Terminals (Thuraya Maritime Centric)

Last but not least, we have also completed a new mobile satellite terminal, entitled "Seagull 5000", which operates on the satellite network of Thuraya. Seagull 5000, a cost effective communication solution targeting cost sensitive users who predominately require only voice and low data services, is ideally suited for the fishery industry in the Asia Pacific and Australia regions. Technical field trials are being conducted in these regions in conjunction with the distribution partners. The commercial launch is expected to take place in the third quarter of 2009.

LOOKING AHEAD

With the rolling out of Sabre™ Ranger, FB250 maritime products, Skipper™ 150 and Seagull 5000, we will be aggressively marketing this new suite of products which we firmly believe will provide us with a stronger and broader foundation for sales revenue. We are excited about the sales prospect for these new products, in particular Skipper™ 150 with its expected significant sales contribution.

Barring any unforeseen circumstances, we are quietly optimistic about our performance and expect to be profitable for the financial year ending 31 March 2010.

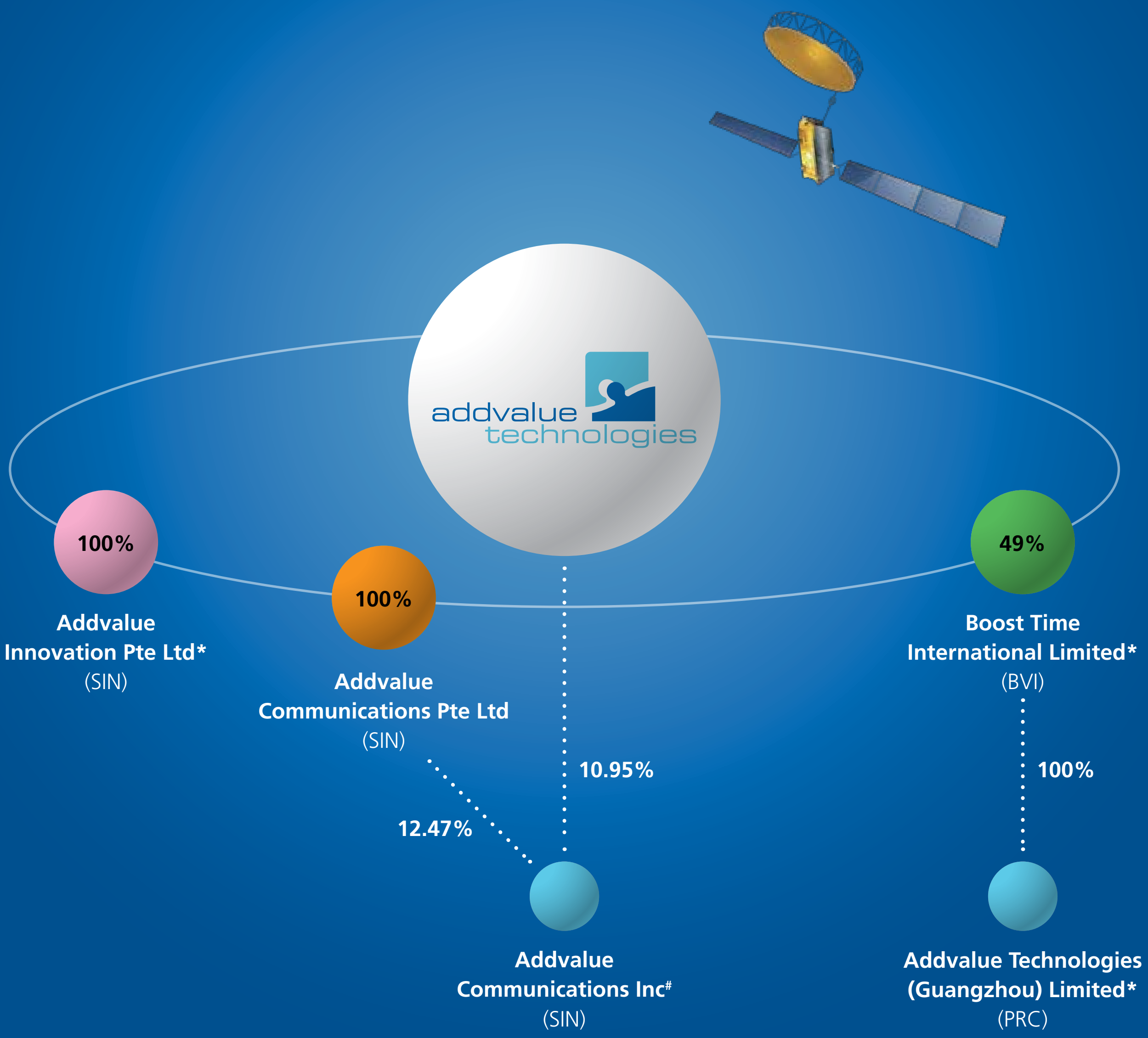
ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my deepest appreciation to the management and staff for their dedication and hard work for the successful development and commercialisation of the new suite of products under the very difficult environment in FY2009. I would also like to extend my most heartfelt thanks to our customers, business partners, suppliers and, in particular, Inmarsat for the unrelenting support and confidence they have had in our Group.

I would also like to take this opportunity to thank our Board members for their contributions and guidance in helping the Group to overcome the many challenges over the past years. Above all, I am extremely grateful to our shareholders for their understanding and continued support for the Group.

Dr Chan Kum Lok, Colin
Chairman & CEO
Addvalue Technologies Ltd

GROUP STRUCTURE



* Dormant
\# Ceased operations

FINANCIAL REVIEW

Review of financial performance

TURNOVER

Our Group recorded a lower turnover of about S$ 5.8 million for FY2009 compared to that of about S$10.7 million for FY2008. The decrease in turnover was attributed mainly to:

(a) the protracted delay and the eventual non-completion of the planned investment by Pytheas (Cyprus) Ltd ("Pytheas") in the Company had (i) limited our marketing efforts to launch proactive and effective sales programs on Sabre™ 1 and related products; and (ii) disrupt ed our momentum to expedite the development and the production for the supply of our new suite of maritime products;

(b) higher product sales in FY2008 relative to FY2009 as FY2008, being the maiden year in which our land portable Sabre™ 1 BGAN terminals were launched, had a significant backlog order due to GMPCS Personal Communications Inc to be fulfilled pursuant to the strategic partnership agreement we forged with the latter in January 2006; and

(c) our planned diversion of some of our resources in developing our own proprietary technologies with a view to widen our product portfolio to maximise sales and enhance our competitive edge.

PROFITABILITY

As a result of the lower turnover, we registered a lower gross profit of about S$3.5 million in FY2009 relative to that of about S$6.7 million in FY2008. Over the same financial years under review, our gross profit margin reduced marginally from about 63% in FY2008 to about 60% in FY2009 due principally to the mass supply of Sabre™ 1 BGAN terminals at a subsidised rate for the successful deployment of a 1,200-site BGAN mobile satellite network to support Brazil's first round of municipal elections in October 2008.

The increase in our other operating income from about S$136,000 in FY2008 to about S$290,000 in FY2009 was largely attributed to a licensing fee pursuant to the grant of an exclusive distribution rights to a distributor to sell certain of our products and the referral of a customer to purchase such products from the exclusive distributor. This is a one-off arrangement which is not expected to recur.

In line with our lower turnover and as we began to rely more on our distributors and less on our own marketing staff to market our products, our selling and distribution expenses decreased by about 72.4% from about S$779,000 in FY2008 to about S$215,000 in FY2009.

The continued tight cost containment measures which we implemented 3 years ago continued to witness a decrease in our administration expenses by about 21.1% from about S$1.9 million in FY2008 to about S$1.5 million in FY2009.

Our other operating expenses increased by about S$2.7 million or 168.8% from about S$1.6 million in FY2008 to about S$4.3 million in FY2009 principally as a result of the following while partially offset by savings brought about by our cost containment measures:

(a) higher amortisation of about S$0.5 million following the commercialisation of Sabre™ 1 BGAN terminals;

(b) write-off on construction-work-in-progress of about S$1.0 million as one of our customers, due to certain commercial reason, decided to abort the second phase of a design contract which was in the progress of being carried out;

(c) impairment of about S$0.6 million, as a consequence of the global financial crisis, in respect of a consideration receivable under certain settlement arrangement; and

(d) exchange loss of about S$316,000 for FY2009 compared to a exchange gain of about S$263,000 for FY2008.

Collectively as a result of the above, we incurred a loss from operation of about S$2.2 million for FY2009 compared to a profit from operation of about S$2.6 million for FY2008. Excluding the write-offs, which are not expected to recur, our loss from operation for FY2009 would be drastically reduced to about S$65,000.

We incurred higher finance expenses in FY2009 relative to FY2008 due to interest rate hikes on our loans procured with financial institutions.

The tax expense of about S$82,000 incurred in FY2009 was attributed to tax expenses imputed on certain income by the Inland Revenue Authority of Singapore, which we are disputing.

Review of financial position

WORKING CAPITAL

The decrease in inventories (net off against the increase in construction-work-in-progress) coupled with the increase in trade payables, advance receipts as well as other payables and accruals (net off against a reduction in loan from financial institutions through loan repayment), resulted in a net current liabilities position being recorded in FY2009.

The decrease in inventories was attributed mainly to stock depletion as it is our policy to maintain only minimum level of carrying stock. The increase in construction-work-in-progress was attributed mainly to more work being done on our various design contracts, which we have yet to bill our customers. The increases in trade payables, other payables and accruals were brought about as a result of better working capital management. The advance receipts relate to payments received prior to the delivery of goods under our commercial sales terms.

The fund injected pursuant to the S$2 million private placement carried out in early June 2009 is expected to substantially improve the working capital position of the Group. Together with the funds to be injected pursuant to the 2 convertible loan agreements entered into by the Company in June 2009 for an aggregate amount of S$6 million, the balance sheet of the Group is also expected to be heftily fortified.

PLANT AND EQUIPMENT

The decrease in the net book value of plant and equipment from about S$1.4 million as at 31 March 2008 to about S$0.8 million as at 31 March 2009 was attributed principally to higher depreciation charge for FY2009.

INTANGIBLE ASSETS

The increase in our intangible assets by about 49.2% from about S$6.1 million as at 31 March 2008 to about S$9.1 million as at 31 March 2008 relates mainly to development expenditure incurred to expand our family of satellite communication products with a view to grow our satellite communications business further.

OPERATIONS REVIEW

Riding on our track record and technical expertise developed over the past years, we will continue to grow our revenue streams within the domain of mobile satellite communications. Our confidence in growing the business in the satellite communication arena is particularly boosted by: (1) the completion of the repositioning of Inmarsat-I4 satellite constellation, after the successful launch of the third Inmarsat-I4 satellite in last August (which optimally and effectively covers the entire Earth (except the North Pole and South Pole)); and (2) the successful launch and deployment of Thuraya new satellite over the Asia and South Pacific Ocean regions in June last year. Both of these satellite systems promise service life at least till year 2023.

In this regard, we will focus our efforts to exploit and realise to the fullest the sales potentials of our BGAN products and maritime satellite communication products, particularly in respect of the following secured orders which we procured for the design and supply for land and maritime BGAN terminals:

(a) Land BGAN

Minimum secured order of S$0.7 million for the supply of Sabre™ family of products

We have expanded our land portable product range with the introduction of Sabre™ Ranger and Sabre™ 1 Remote terminals. These new products ride on our BGAN terminal and proprietary interface device for SCADA (Supervisory, Control And Data Acquisition) applications and cater to the energy and utility markets for the monitoring of fields and pipelines. The commercial shipment for these products in respect of a secured minimum order of S$0.7 million is expected to be made in the second quarter of 2009.

(b) Maritime BGAN

Balance secured order of S$3.5 million for the supply of FB250 terminals

The contract which we entered into with Satlink S.L. ("Satlink") in February 2008 to design and supply a FB250 maritime BGAN terminal, enriched with voice and broadband data access features, is now undergoing sea-worthy trial. Barring any unforeseen delay, we expect to commence shipment of the terminals to Satlink from June 2009 based on the purchase orders.

(c) Maritime BGAN

Balance secured order of S$8.6 million for the supply of Skipper™ 150 FleetBroadband terminals

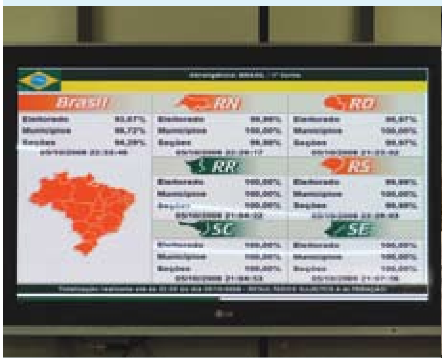
We are completing the design phase of the product development cum supply contract, secured with Inmarsat Global Ltd ("Inmarsat") in September 2009, for the design and supply of a FB150 maritime BGAN terminal. FB150 terminal, a scaled-down version of FB250, is to address a large maritime market comprising of smaller leisure, fishing and commercial vessels. We have been receiving strong interests for the supply of the satellite terminal. Barring any unforeseen delay, we target to conclude the sea–worthy trial by June 2009 and expect orders for the first shipment to be made by July 2009.

World's Largest BGAN Deployment

Successful partnership with Stratos to deploy a 1,200-site BGAN mobile satellite network to support Brazil's first round of municipal elections

Over 400 units of SABRE™ I transmitting data simultaneously on a single spot beam

Successful deployment not only ensured the secure transmission of election results, it also made history as the world's single largest BGAN deployment



The Singapore Women's Everest Team

"… Inmarsat BGAN Wideye SABRE™ I system allows us to get online via satellite connection. This means we're able to access the internet right here from Everest Base Camp! The BGAN system proved to be very easy to use, and every morning, we spend less than 5 mins setting it up before internet connection is ready."

"Another great thing about the BGAN system is that it consumes very little power. With the limited amount of sunlight we get here (since weather is always erratic), it is still sufficient as a power source for the system to work."

"… Hearing voices from back home proves to be a real source of support for us here at Everest Base Camp, and it's also a great source of comfort for our families and friends."

Extracted from the team's blog

(d) Maritime Thuraya

Supply of Seagull 5000

In June 2008, we announced our partnership with Thuraya Satellite Telecommunications Company ("Thuraya") to develop a low cost maritime phone and a satellite based tracking product in catering to the cost-sensitive users in the fisheries and small leisure boats markets. These users may find the maritime BGAN FB150 and FB250 solutions too feature-rich and expensive for their needs. The product, entitled "Seagull 5000", is currently under going sea-worthy trial and, barring any unforeseen delay, is expected to be ready for commercialisation by July 2009.

Apart from the above, we actively seek out lucrative satellite design and supply related business. In this respect, we have put in place programs for the following activities:

(a) Land satellite communication market

Capitalising on the successful introduction of our land portable Sabre™ 1 (Class 3) BGAN terminal, we will continue to expand our distribution network and seek out new market opportunities through partnership and niche applications.

We are further enhancing our BGAN land product family to include higher capability and mobile terminals with customisable applications targeting the media, government and other mission-critical markets.

(b) Maritime satellite communication market

We have identified new opportunities in the maritime market that require bespoke terminals for their unique requirement and applications. Leveraging on our BGAN maritime technology and development capabilities, we shall pursue such opportunities and further enhance our position in the mobile satellite communication terminal market.

(c) Design services

As we continue to seek out new satellite communication related design contracts, we have been actively engaging other satellite communication infrastructure operators as well as OEM solution providers for custom-built products and solutions involving our technologies and skill sets.

(d) Airtime service

We have started to sell satellite airtime as part of our business model, and have put in place service programs for both Inmarsat and Thuraya. These services are expected to take us to a greater height as they will not only give us an additional revenue stream but, more importantly, a strong recurring revenue source.

BOARD OF DIRECTORS

DR CHAN KUM LOK, COLIN
Chairman & Chief Executive Officer

Dr Chan, the key founder and executive of the Group, is responsible for the Group's overall management, operations and formulation of business strategies and policies. He is a Mechanical Engineer and has more than 20 years of experience in communications product design and manufacturing, business development and corporate management. In the past 9 years, most of his experience has been related to the satellite communications industries and he was responsible for formulating the strategies to re-structure and transform the Group to focus on the satellite communications related business. Dr Chan graduated with a Bachelor of Science degree in Mechanical Engineering with First Class Honours from the University of Strathclyde, UK, and was conferred a PhD in Mechanical Engineering from the same university in 1984.

TAN KHAI PANG
Chief Technology Officer

Mr Tan, one of our founders, has more than 20 years of experience in product development and project management in the field of telecommunications. In the past 9 years, his work was primarily focused on satellite communications product development management and keeping himself abreast of the latest technology development in the satellite communications industries. He is responsible for the successful development and commercialisation of the Sabre 1 BGAN satellite terminal. Mr Tan graduated from the University of Knoxville, US with a Bachelor of Science degree in Electrical Engineering with Highest Honours. He holds a Master of Science degree in Engineering (Telecommunications) from the University of California, Los Angeles Campus, US.

TAN JUAY HWA
Executive Director

Mr Tan, one of our founders, has more than 20 years of experience in communications design, proprietary software technology development for communications products and product development management. In the past 8 years, his primary focus was on firmware development for satellite communications products including testing and manufacturing firmware for such products. Mr Tan holds a Diploma in Electronics from Ngee Ann Polytechnic and Graduate Diplomas in Marketing Management and Business Administration from the Singapore Institute of Management. He also holds a Master of Business Administration degree from the Open University, UK.

LIM HAN BOON
Independent Director

Mr Lim was appointed to the Board on 4 October 1996 and serves as an independent non-executive director of the Company. He is also the Chairman of our Audit and Nominating Committees. Mr Lim has more than 11 years of experience in investment banking and private equity financing services. He holds a Master of Business Administration (Finance) degree from the City University, UK and a Bachelor of Accountancy degree from the National University of Singapore. He is a Fellow Member of the Institute of Certified Public Accountants of Singapore and a Full Member of the Singapore Institute of Directors.

ANG ENG LIM
Independent Director

Mr Ang was appointed to the Board on 13 October 2006 and serves as an independent non-executive director of the Company. He is also the Chairman of our Remuneration Committee. Mr Ang is a Certified Public Accountant of Singapore and a Fellow Member of the Association of Chartered Certified Accountants and the Insolvency Practitioners Association of Singapore Limited. He has more than 30 years of experience in areas relating to the provision of audit assurance, accounting, tax consultancy, corporate secretarial and general management services inclusive more than 25 years as a Practising Accountant. Mr Ang is a partner of R Chan & Co, a firm of Certified Public Accountants, since 1980.

KEY MANAGEMENT

LIM TECK MENG
Financial Controller

Mr Lim was appointed as Financial Controller and Joint Company Secretary of our Group on 1 July 2009 and is responsible for the overall financial management of our Group. He has more than 12 years of accounting, corporate finance and internal control experiences. Prior to joining the Group, he held various financial positions with other listed companies and private companies.

Mr Lim graduated from the Nanyang Technological University of Singapore in 1996 with a Bachelor degree in Accountancy and was admitted as a non-practising member of the Institute of Certified Public Accountants of Singapore in 2001.

LEE KIM HOCK, MICHAEL
Human Resource & Administration Manager

Mr Lee joined the Group in July 2005 and is responsible for the Group's human resource functions as well as operational administrative matters. Prior to joining the Group, he was the Human Resource and Administrative Manager of a manufacturing company. Mr Lee has more than 10 years of experience in the area of staffing, compensation and benefits, training as well as human resource planning and development. He holds a Bachelor of Business Administration degree from the National University of Singapore.

NG LIAN SER, RAYMOND
Vice President, Business Development

Mr Ng joined the Group in October 2007 and is responsible for sales and marketing in the Asia Pacific region. Mr Ng has more than 17 years of experience in sales, marketing, business development, distribution channel and strategic alliance management, with about 13 years of sales and marketing experience in wireless/mobile, telecommunications, datacomm, and IT products, solutions and services in the regional and international markets. He holds a Bachelor degree in Mechanical Engineering from the National University of Singapore.

PENG PIANG, KEVIN
Vice President, Product Strategic Planning
Satcom Broadband

Mr Peng joined the Group in April 2006. Apart from managing new business development in the satellite communication area, especially with regard to BGAN Core Module, he also plays the role of the Baseband functional manager. He has 10 years of digital ASIC design experience, specialising in 3D graphics and optical fibre SDH communication design. Mr Peng graduated with a Master degree in Business Adminstration from the Nanyang Business School of the Nanyang Technological University and a Bachelor degree in Electrical Engineering from the Iowa State University, USA.

E.M.L. EKANAYAKE
Senior Hardware Design Manager

Mr Ekanayake joined the Group in 1996 and is specialising in electronics hardware design. He has more than 18 years experience in the areas of analog and digital telephony-related product development, hardware design for Satellite communication products, and design and development of tracking, navigation and remote monitoring products using GPS, GPRS technologies. Mr Ekanayake graduated from the University of Peradeniya, Sri Lanka with a Bachelor of Science degree in Engineering with Honours, and holds a Graduate Diploma in Information Communication Technology from Nanyang Technological University.

K. KALAIVANAN
Senior Software Design Manager

Mr Kalaivanan joined the Group in 1996 and is specialising in telecommunications software development especially in the area of wireless communications and networking protocols. With more than 18 years of experience in the telecommunications industry, he has been involved in various research and development projects. He has vast experience in product development and project management, especially in wired and wireless communications products such as V.32bis modem, network management systems, DECT, WDCT, bluetooth, ad-hoc wireless communications, protocol analysers, SCADA, tracking and navigation and satellite communications products. He managed the software development of the Inmarsat BGAN satellite terminal projects.

Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering degree in Electronics and Instrumentation with Honours. He also holds two Master degrees – a Master in Engineering in Instrument Technology with Honours from Madras Institute of Technology, Anna University, India; and a Master of Science in Communications Software Management specialising in Data Communication and Networking Software from the University of Essex, UK.

CORPORATE INFORMATION

Board of Directors
Dr Chan Kum Lok, Colin
Chairman & CEO

Mr Tan Khai Pang
Executive Director

Mr Tan Juay Hwa
Executive Director

Mr Lim Han Boon
Independent Non-Executive Director

Mr Ang Eng Lim
Independent Non-Executive Director

Audit Committee
Mr Lim Han Boon (*Chairman*)
Mr Ang Eng Lim
Mr Tan Khai Pang

Nominating Committee
Mr Lim Han Boon (*Chairman*)
Mr Ang Eng Lim
Mr Tan Khai Pang

Remuneration Committee
Mr Ang Eng Lim (*Chairman*)
Mr Lim Han Boon
Mr Tan Khai Pang

Joint Company Secretaries
Mr Lim Teck Meng
Ms Foo Soon Soo

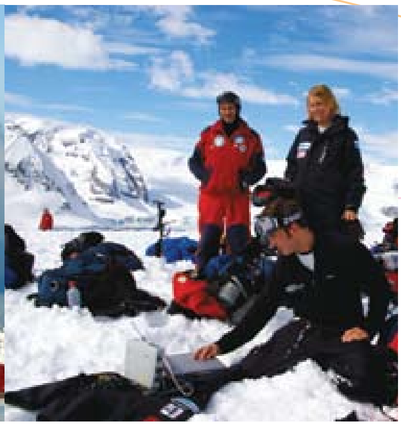
Registered Office
190 Changi Road #02-02
Singapore 419974
Tel: +65 6342 5425
Fax: +65 6342 5426

Registrar
KCK CorpServe Pte Ltd
47 Hill Street #06-07A
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365
Tel: +65 6837 2133
Fax: +65 6338 3493

Auditors
Horwath First Trust LLP
7 Temasek Boulevard #11-01
Suntec Tower One
Singapore 038987

Partner-in-charge: Alfred Cheong
Date of Appointment: 4 May 2007

Company Registration Number
199603037H



CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company (the "Board") is committed to ensure that high standards of corporate governance and transparency are practiced for the protection of the interests of Shareholders. This statement outlines the Company's corporate governance processes with specific reference to the Code of Corporate Governance ("Code"). In areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company.

The Board is responsible for protecting and enhancing long-term Shareholders' value. It provides directions and guidance to the overall management of the Group. The Board comprises three Executive Directors and two Independent Directors. The experience and competency of each Director contribute to the overall effective management of the Group.

The primary role of the Board includes the following:

- Setting and approving policies and strategies of the Group
- Reviewing and approving the financial performance of the Group, including its half year and full year financial results announcements
- Reviewing the adequacy of the Group's internal controls and the financial information reporting system
- Monitoring the Board composition, Director selection and Board processes and performance
- Reviewing and approving remuneration packages of the Board members and key executives
- Reviewing business results, monitoring budgetary control and effecting corrective actions
- Authorising and monitoring major transactions such as fund raising exercises and material acquisition

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of an Audit Committee, Nominating Committee and Remuneration Committee. These Committees function within clearly defined terms of reference which are reviewed on a regular basis. The effectiveness of each Committee is also closely monitored.

Newly appointed Directors will be given an orientation program to familiarise themselves with our Group's operations. Currently, four out of the five Directors are members of the Singapore Institute of Directors ("SID") and keep themselves updated on relevant new laws and regulations through SID and other advisors.

The Board meets regularly, formally or otherwise, and as warranted by particular circumstances or as deemed appropriate by the Board members. Attendance via audio or audio-visual equipment is permitted under Article 110(4) of our Company's Articles of Association.

Matters which require the Board's approval include the following:

- Review the performance of the Group
- Approval of the corporate strategy and direction of the Group
- Approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person
- Material acquisitions and disposals
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new Directors.

At the date of this Annual Report, excluding *ad hoc* informal meetings and discussions carried out via teleconferencing or emails, our Company convened two Board of Directors' meetings, two Audit Committee meetings, one Nominating Committee meeting and one Remuneration Committee meeting during the financial year ended 31 March 2009.

CORPORATE GOVERNANCE REPORT

The Directors' attendance at the above-mentioned meetings are detailed as follows:

Director	Board	Audit	Nominating	Remuneration
Dr Chan Kum Lok, Colin	2	N/A	N/A	N/A
Tan Juay Hwa	2	N/A	N/A	N/A
Tan Khai Pang	2	2	1	N/A
Lim Han Boon	2	2	1	1
Ang Eng Lim	2	2	1	1

BOARD COMPOSITION AND BALANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises five members, two of whom are independent and non-executive, namely Mr Lim Han Boon and Mr Ang Eng Lim. Key information regarding the Directors and their appointments on various Board Committees is also contained herein. There are presently three Committees commissioned by the Board, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. All Committees are chaired by an Independent Director, with the majority of members being non-executive and independent.

The Board members, collectively, have a diverse spread of expertise covering business and management experience, industry knowledge, strategic planning skills, accounting and financial knowledge. Our Company is of the view that the Board, as a whole, provides core competencies necessary to meet the Group's requirements, taking into account the nature and scope of the Group's operations. In carrying out their obligations as Directors of our Company, access to independent professional advice, where necessary, is also available to all Directors, either individually or as a group, at the expense of the Company.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board is of the opinion that the current size of the Board is adequate, taking into account the nature and scope of the Group's operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Since the incorporation of the Company, the Company has not adopted a dual leadership structure, whereby there is a separate Chief Executive Officer and Chairman on the Board. The Executive Directors are deeply involved in managing the daily operations of the Group and are expected to act in good faith and always in the interests of the Group. The working of the Board and the executive responsibility of the Group's business are interconnected. The Executive Directors, including the Chairman, who understand the business of the Company and the Group thoroughly, will provide better guidance to the decisions and workings of the Board. Hence, there is no immediate plan to create a separate dual function.

In addition, there is effective communication amongst Board members and any key decision will require the approval from all Directors prior to implementation.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee was established in October 2002 and currently comprises the following members, two of whom are independent and non-executive:

Lim Han Boon	(Chairman/Independent and non-executive)
Ang Eng Lim	(Member/Independent and non-executive)
Tan Khai Pang	(Member/Executive Director)

The role of the Nominating Committee is to make recommendations to the Board on all board appointments. The Committee is charged with the responsibility of re-nomination with regards to the Director's contribution and performance, including, if applicable, as an Independent Director. The Nominating Committee is also charged with determining annually whether or not a Director is independent.

In addition, Article 104 of our Company's Articles of Association provides that except for the Managing Director, "at least one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation".

The Company has in place policies and procedures for the appointment of new directors including the description on the search and nomination process.

BOARD PERFORMANCE

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The Nominating Committee has established a formal evaluation process to assess the effectiveness of individual Directors and of the Board as a whole.

The overall assessment of individual Directors and of the Board as a whole was good for the financial year ended 31 March 2009, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Periodic financial summary reports, budgets, forecasts and other disclosure documents are provided to the Board, where appropriate, prior to Board meetings. The Board has separate and independent access to the Company Secretary and key executives.

The Company Secretary is present at all formal Board meetings to respond to the queries of any Director and to assist in ensuring that board procedures and applicable rules and regulations are followed.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice, in order for the Directors to effectively discharge their duties and responsibilities.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual Directors. No director should be involved in decising his own remuneration.

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should linked to performance.

The Remuneration Committee was established in May 2000 and currently comprises the following members, two of whom are independent and non-executive:

Ang Eng Lim (Chairman/Independent and non-executive)
Lim Han Boon (Member/Independent and non-executive)
Tan Khai Pang (Member/Executive Director)

The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Board and key executives and to determine specific remuneration packages for each Executive Director of the Company.

The Company's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate employees and Directors.

The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The Board has also recommended a fixed fee for non-executive Directors, taking into account the effort, time spent and responsibilities of each non-executive Director. The fees of non-executive Directors will be subject to Shareholders' approval at the Annual General Meeting.

The remuneration policy for key executives is based largely on the Group's performance and the responsibilities and performance of each individual key executive. The Committee members recommend the remuneration packages of key executives for the Board's approval.

In addition, the Remuneration Committee administers the Company's Addvalue Technologies Employees' Share Option Scheme (the "Scheme") which was approved and adopted by Shareholders at an Extraordinary General Meeting held on 24 October 2001. Salient details of the Scheme are provided in the Directors' Report.

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

Details of the remuneration paid or proposed to be paid to the Directors of the Company for the financial year ended 31 March 2009 are set out below:

Remuneration Bands	Director	Director's Fees (%)	Fixed Salary* (%)	Benefits (%)
$500,000 and above	Nil			
$250,000 to $499,999	Nil			
Below $250,000	Dr Chan Kum Lok, Colin	-	95	5
	Tan Juay Hwa	-	93	7
	Tan Khai Pang	-	93	7
	Lim Han Boon	100	-	-
	Ang Eng Lim	100	-	-

* The fixed salary amounts include salary, annual wage supplements and Central Provident Fund contribution.

CORPORATE GOVERNANCE REPORT

Details of the remuneration paid to the key senior executives (who are not also Directors) for the financial year ended 31 March 2009 are set out below:

Remuneration Bands	Executive	Designation	Fixed Salary* (%)	Benefits (%)
$500,000 and above	Nil			
$250,000 to $499,999	Nil			
Below $250,000	Executive 1	Human Resource & Administration Manager	100	-
	Executive 2	Senior Manager, Product Development	100	-
	Executive 3	Senior Manager, Product Development	100	-
	Executive 4	Vice President, Business Development	100	-
	Executive 5	Vice President, Strategic Planning	100	-

* The fixed salary amounts include salary, annual wage supplements and Central Provident fund contribution.

No employee of our Company or its subsidiaries was an immediate family member of a Director or the Chief Executive Officer during the financial year ended 31 March 2009.

The Addvalue Technologies Employees' Share Option Scheme

The salient details of the Scheme are explained in the Directors' Report. A summary of the grant of share options under the Scheme (the "Options") is provided below:

Date of grant	Options period	Subscription price S$	Options Outstanding as at 01.04.08	Options lapsed/ exercised	Options Outstanding as at 31.03.09
01.08.2002	01.08.2002 to 31.07.2012	0.12	1,670,000	(430,000)	1,240,000
20.04.2007	20.04.2008 to 20.04.2011	0.12	12,380,000	(4,235,000)	8,145,000
05.06.2007	05.06.2008 to 05.06.2011	0.123	3,900,000	-	3,900,000

During the financial year ended 31 March 2009, 4,665,000 Options were cancelled due to the resignation of employees.

Options granted to Directors

Director	Options Outstanding as at 31.03.08	Options lapsed/exercised	Options Outstanding as at 31.03.09
Dr Chan Kum Lok, Colin	1,200,000	-	1,200,000
Tan Khai Pang	1,200,000	-	1,200,000
Tan Juay Hwa	500,000	-	500,000
Lim Han Boon	800,000	-	800,000
Ang Eng Lim	200,000	-	200,000

CORPORATE GOVERNANCE REPORT

Options granted to Senior Executives

Senior Executives	Options Outstanding as at 31.03.08	Options lapsed/ exercised	Options Outstanding as at 31.03.09
E.M.L Ekanayake	350,000	-	350,000
K. Kalaivanan	500,000	-	500,000
Lee Kim Hock Michael	400,000	-	400,000
Peng Piang, Kevin	200,000	-	200,000

Except as disclosed above, no Directors or employees of the Group who participated in the Scheme have received five percent or more of the total number of Options available under the scheme.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board

The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the requirements of the SGX-ST Listing Manual. Price sensitive information is publicly announced before it is communicated to any other interested person.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee was established in May 2000 and currently comprises the following members, majority of whom, including the Chairman, are independent and non-executive:

Lim Han Boon (Chairman/Independent and non-executive)
Ang Eng Lim (Member/Independent and non-executive)
Tan Khai Pang (Member/Executive)

The Audit Committee members have experience in accounting or financial related management expertise, and with the current composition, in terms of size and skillsets of the members, it is able to discharge the Audit Committee functions effectively.

The independent non-executive Directors believe that the Audit Committee benefits and continues to benefit from the experience and expertise of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively.

The role of the Audit Committee is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements. The Audit Committee also reviewed the financial statements of the Group for the financial year ended 31 March 2009 as well as the auditors' report thereon and the half-yearly and annual results announcements before they were submitted to the Board for approval.

The Audit Committee also reviews the interested person transactions of the Group, and has the authority to carry out any matters within its terms of reference as it deems appropriate.

CORPORATE GOVERNANCE REPORT

The financial statements, accounting policies and system of internal accounting controls are the responsibilities of the Board acting through the Audit Committee. In performing its functions set out in Section 201B(5) of the Companies Act, Cap 50, the Audit Committee reviewed the scope of work by external auditors and the assistance given by the Group's officers to the auditors. It met periodically with the external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls. The Audit Committee meets with the external auditors without the presence of the management at least once a year.

In accordance with the principles and best practices as set out in the Code issued by the SGX-ST, the Audit Committee is satisfied that it:

- has full access and cooperation from management as well as discretion to invite any Director, executive or otherwise, to attend its meeting;
- has been given reasonable resources to enable it to complete its functions properly; and
- has reviewed findings and evaluation of the system of internal controls with the external auditors.

The Audit Committee, having reviewed the amount of non-audit services rendered to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, has recommended their re-nomination to the Board.

NB: The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board is responsible for ensuring that management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board believes that in the absence of any evidence to the contrary, the system of internal controls that has been maintained by the Group's management throughout the financial year up to the date of this report is adequate to meet the needs of the Group in the current business environment.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material mis-statement or loss. During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management. The processes used by the Audit Committee to review the effectiveness of the system of internal controls and risk management include:

- discussion with management on risks identified by management;
- the audit process;
- the review of external audit plan; and
- the review of significant issues arising from external audit.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

From cost effectiveness perspective as well as the Board believes that the existing system of internal controls is adequate, the Group currently has no separate internal audit function. The Company's accounts department reviews the Group's internal controls, risk management and compliance systems and reports findings and makes recommendations to the management and Audit Committee.

To ensure adequacy of the internal audit function, the Audit Committee meets regularly to review this function. The Audit Committee is satisfied with the adequacy of the current audit function and will continue to assess its effectiveness regularly.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial results are released through SGXNET. As and when needed, a copy of the annual report, circulars and notice of general meetings will be sent to every Shareholder on a timely basis.

At the general meetings, Shareholders are given the opportunity to voice their views, raise their concerns with the Directors or question the management on matters relating to the Group and its operations. To facilitate participation by the Shareholders, the Articles of Association of the Company allow the Shareholders to attend and vote at general meetings of the Company by proxies. The Company ensures separate resolutions are proposed at general meetings on each distinct issue.

The external auditors and the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders.

INTERESTED PERSON TRANSACTIONS

Our Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the Audit Committee. Our Group has no material interested party transactions as at the end of the financial year ended 31 March 2009.

RISK MANGEMENT

The Board of Directors oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, appropriate risk management practices will be put in place to address these risks. Details on the risk management practices are outlined in Note 31 of the financial statements.

SECURITIES TRANSACTIONS

In line with the Code issued by the SGX-ST on dealing in securities, the Board has in place a policy on share dealings applicable to all Directors, officers and staff of the Group who have access to price-sensitive and confidential information; they are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's annual or half-year results and ending on the date of the announcement of such results. Directors and Executive Officers are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and Executive Officers are expected not to deal in the Company's securities on short-term considerations.

COMPLIANCE WITH THE CODE ISSUED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The Board confirms that for the financial year ended 31 March 2009, our Company has complied materially with the principal corporate governance recommendations set out in the Code issued by the SGX-ST.

FINANCIAL CONTENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2009 and the balance sheet of the Company as at 31 March 2009.

Directors

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

Dr Chan Kum Lok, Colin
Tan Khai Pang
Tan Juay Hwa
Lim Han Boon
Ang Eng Lim

Directors' interests in shares or debentures

The interests of the directors who held office at the end of the financial year in the share capital or debentures of the Company or related corporations, according to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act, Cap 50, were as follows:

	Shareholdings registered in the name of director or nominee			Shareholdings in which a director is deemed to have an interest		
	At 1 April 2008	At 31 March 2009	At 21 April 2009	At 1 April 2008	At 31 March 2009	At 21 April 2009
The Company						
Ordinary shares						
Dr Chan Kum Lok, Colin	54,651,960	54,651,960	54,651,960	-	-	-
Tan Khai Pang	38,925,360	38,925,360	38,925,360	-	-	-
Tan Juay Hwa	14,202,720	14,092,720	14,092,720	-	-	-
Lim Han Boon	11,990,560	11,990,560	11,990,560	-	-	-
Ang Eng Lim	2,600,640	2,600,640	2,600,640	-	-	-

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed in the "Share options" paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate.

Directors' contractual benefits

Except as disclosed in the accompanying financial statements, since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

Share options

The Addvalue Technologies Ltd Employees' Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 October 2001. The Scheme is administered by the Remuneration Committee, comprising the following directors:

Ang Eng Lim (Chairman)
Lim Han Boon
Tan Khai Pang

Other statutory information regarding the Scheme is set out below:

(a) The subscription price for each share payable on the exercise of an option shall be the higher of the nominal value of the share or the price that represents up to 20% discount to the average of the last dealt prices per share for the 3 consecutive market days on which trades were done in the shares immediately preceding the date of grant of the option ("Market Price").

(b) The options shall be accepted by the eligible participant within 30 days after the grant date.

(c) The options granted vests and expires as follows:

(i) in relation to an option granted to an employee of the Company and/or its subsidiary companies, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the tenth anniversary of the date of grant or other shorter period as may be determined by the Remuneration Committee; and

(ii) in relation to an option granted to a non-executive director of the Company and/or its subsidiary companies or an employee or director of an associate company, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the fifth anniversary of the date of grant or other shorter period as may be determined by the Remuneration Committee.

The directors of the Company who were granted options under the Scheme during the financial year are as follows:

	Number of shares under option			
	Aggregate granted since commencement of the Scheme to 31 March 2009	**Aggregate exercise since commencement of the Scheme to 31 March 2009**	**Aggregate cancelled/ lapsed since commencement of the Scheme to 31 March 2009**	**Aggregate outstanding as at 31 March 2009 and 21 April 2009**
Director of the Company				
Dr Chan Kum Lok, Colin	1,200,000	-	-	1,200,000
Tan Khai Pang	2,150,000	-	-	2,150,000
Lim Han Boon	800,000	-	-	800,000
Ang Eng Lim	200,000	-	-	200,000
Tan Juay Hwa	1,450,000	-	-	1,450,000

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

Share options (Continued)

Unissued ordinary shares in respect of unexercised options granted under the Scheme as at 31 March 2009 comprise:

For ordinary shares in the Company	Exercise price per option	Exercise period
1,240,000	$0.12	1 August 2003 to 31 July 2012
8,145,000	$0.12	20 April 2008 to 19 April 2011
3,900,000	$0.123	5 June 2008 to 4 June 2011

During the financial year, there were:

(a) no options granted to controlling shareholders of the Company and their associates (as defined in the Singapore Exchange Securities Trading Listing Manual);

(b) no participant who had received 5% or more of the total number of the options available under the Scheme; and

(c) no options granted by the Company or its subsidiaries which entitle the holders of the option by virtue of such holding to any rights to participate in any share issue of any other company.

Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Han Boon (Chairman)
Ang Eng Lim
Tan Khai Pang

The Audit Committee performs the functions specified by Section 201B of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

In performing those functions, the Audit Committee reviewed:

- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the board of directors of the Company (the "Board") for approval;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2009 prior to their submission to the Board, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee convened 2 meetings during the year with full attendance from all members and has also met with the independent auditors, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board that the independent auditors, Messers Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

Independent Auditors

The independent auditors, Horwath First Trust, who are now practicing under the name of Horwath First Trust LLP with effective from 9 October 2008, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

DR CHAN KUM LOK, COLIN Director	**TAN KHAI PANG** Director

Singapore
7 July 2009

STATEMENT BY DIRECTORS

In the opinion of the directors, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 29 to 78 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the results, changes in equity and cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Dr Chan Kum Lok, Colin
Director

TAN KHAI PANG
Director

Singapore
7 July 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADDVALUE TECHNOLOGIES LTD

We have audited the accompanying financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 29 to 78, which comprise the balance sheets of the Company and of the Group as at 31 March 2009, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement of the Group for the financial year then ended, a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADDVALUE TECHNOLOGIES LTD

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009, and of the results, changes in equity and cash flows of the Group for the financial year then ended on that date; and

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that the Group incurred a net loss of approximately $2,922,273 during the financial year ended 31 March 2009 and was in a net current liability position of approximately $4,942,979 as at 31 March 2009. As at 31 March 2009, the ability of the Group and Company to meet its financial obligations depends on the Group's success in implementing its plans to generate sufficient positive cash flows from its operations and conclude investment from potential investors of $6 million as disclosed in Note 32.

If the Group and the Company were unable to continue its operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify long term assets as current assets. No such adjustments have been made to the financial statements. Related effects will be reported in the financial statements as and when they become known and can be reasonably estimated.

Horwath First Trust LLP
Public Accountants and
Certified Public Accountants

Singapore
7 July 2009

BALANCE SHEETS

AS AT 31 MARCH 2009

(Amounts in Singapore dollars)

	Note	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Equity attributable to the Company's equity holders					
Share capital	3	59,166,001	59,166,001	59,166,001	59,166,001
Capital reserve	4	65,120	65,120	65,120	65,120
Accumulated losses		(54,264,539)	(51,342,266)	(56,232,512)	(55,083,414)
		4,966,582	7,888,855	2,998,609	4,147,707
Minority interests		81	81	-	-
TOTAL EQUITY		4,966,663	7,888,936	2,998,609	4,147,707
Plant and equipment	5	767,680	1,429,692	-	-
Subsidiaries	6	-	-	4,578,934	4,610,173
Associates	7	-	-	-	-
Other equity investments	8	-	-	-	-
Intangible assets	9	9,141,962	6,056,503	-	-
Current assets					
Inventories	10	1,275,242	1,406,956	-	-
Amount due from customers for contract work	11	5,276,454	4,955,078	-	-
Trade receivables	12	63,658	1,390,536	-	-
Other receivables, deposits and prepayment	13	288,858	808,656	148,524	691,778
Due from subsidiaries (non-trade)	14	-	-	2,343,725	2,371,586
Due from an associate (non-trade)	15	-	-	-	-
Fixed deposits	16	-	2,400,000	-	1,400,000
Cash and bank balances	16	40,484	28,335	498	403
		6,944,696	10,989,561	2,492,747	4,463,767
TOTAL ASSETS		16,854,338	18,475,756	7,071,681	9,073,940
Current liabilities					
Trade payables		1,736,268	822,631	-	-
Other payables and accruals	17	4,758,380	2,871,031	884,183	709,938
Borrowings	18	3,989,672	5,109,804	2,400,355	2,256,410
Advances received from customers		797,822	30,600	-	-
Due to subsidiaries (non-trade)	14	-	-	183,001	207,131
Provision for taxation		5,000	5,000	5,000	5,000
Bank overdrafts	18	600,533	1,747,754	600,533	1,747,754
		11,887,675	10,586,820	4,073,072	4,926,233
TOTAL LIABILITIES		11,887,675	10,586,820	4,073,072	4,926,233
NET ASSETS		4,966,663	7,888,936	2,998,609	4,147,707

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

	Note	2009 $	2008 $
Revenue	19	5,795,826	10,698,361
Cost of sales		(2,324,976)	(4,040,708)
Gross profit		3,470,850	6,657,653
Other operating income	20	290,016	136,205
Selling and distribution expenses		(215,218)	(779,403)
Administrative expenses		(1,445,564)	(1,860,702)
Other operating expenses	21	(4,339,472)	(1,603,400)
(Loss)/ Profit from operations	22	(2,239,388)	2,550,353
Finance expenses	24	(601,115)	(368,040)
(Loss)/ Profit before income tax		(2,840,503)	2,182,313
Income tax	25	(81,770)	-
(Loss)/ Profit after income tax		(2,922,273)	2,182,313
Attributable to:			
Equity holders of the Company		(2,922,273)	2,182,313
(Loss)/ Earnings per share (cents)	26		
Basic		(0.36)	0.27
Diluted		-	0.27

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

	Attributable to equity holders of the Company					
	Share capital $	Capital reserve $	Accumulated losses $	Unsecured convertible loan-equity component $	Minority interests $	Total equity $
Balance at 1.4.2007	57,700,321	-	(53,524,579)	38,227	81	4,214,050
Profit for the year	-	-	2,182,313	-	-	2,182,313
Total recognised profit for the year	-	-	2,182,313	-	-	2,182,313
Issue of shares	1,470,000	-	-	-	-	1,470,000
Share issue expenses	(4,320)	-	-	-	-	(4,320)
Recognition of share-based payment	-	65,120	-	-	-	65,120
Unsecured convertible loan-equity component	-	-	-	(38,227)	-	(38,227)
Balance at 31.3.2008	59,166,001	65,120	(51,342,266)	-	81	7,888,936
Balance at 1.4.2008	59,166,001	65,120	(51,342,266)	-	81	7,888,936
Loss for the year	-	-	(2,922,273)	-	-	(2,922,273)
Total recognised loss for the year	-	-	(2,922,273)	-	-	(2,922,273)
Balance at 31.3.2009	59,166,001	65,120	(54,264,539)	-	81	4,966,663

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

	Note	2009 $	2008 $
Cash flows from operating activities			
(Loss)/Profit before income tax		(2,840,503)	2,182,313
Adjustments:			
Allowance for doubtful trade receivables		-	1,263
Allowance for doubtful non-trade receivables		561,974	61,109
Bad trade debts written off		511,112	-
Amortisation of intangible assets		628,758	137,965
Depreciation of plant and equipment		635,975	582,877
Deposit written off		-	34,496
Intangible assets written off		-	6,000
Interest expense		601,115	368,040
Interest income		(12,994)	(94,276)
Amount due from customers for contract work written off		1,000,357	-
Plant and equipment written off		102,480	3,778
Share option expenses		-	65,120
Operating profit before working capital changes		1,188,274	3,348,685
Inventories		131,714	(1,101,813)
Amount due from customers for contract work		(1,321,733)	(2,557,282)
Trade and other receivables		773,590	3,524,089
Development expenditure		(3,470,933)	(1,773,648)
Trade and other payables		3,568,208	(5,224,686)
Cash generated from/(used in) operations		869,120	(3,784,655)
Interest received		12,994	94,276
Income tax paid		(81,770)	-
Net cash generated from/(used in) operating activities		800,344	(3,690,379)
Cash flows from investing activities			
Advances to an associate		-	(61,109)
Purchase of plant and equipment		(242,478)	(468,427)
Purchase of computer software		(77,250)	(221,672)
Net cash used in investing activities		(319,728)	(751,208)

CONSOLIDATED CASH FLOWS STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

	Note	2009 $	2008 $
Cash flows from financing activities			
Repayment of trust receipts		-	(178,476)
Share issue expenses paid		-	(4,320)
Net (repayment of)/proceeds from loans		(207,024)	2,870,100
(Repayment)/Proceeds from trust receipts		(913,107)	1,502,424
Interest paid		(601,115)	(368,040)
Net cash generated from/(used in) financing activities		(1,721,246)	3,821,688
Net decrease in cash and cash equivalents		(1,240,630)	(619,899)
Cash and cash equivalents at beginning of year		680,581	1,300,480
Cash and cash equivalents at end of year	16	(560,049)	680,581

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

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

1. CORPORATE INFORMATION

The Company is a public limited company domiciled and incorporated in Singapore and listed on the Main Board of the Singapore Stock Exchange. The address of the Company's registered office and principal place of business is 190 Changi Road #02-02 MDIS Buidling, Singapore 419974.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shown in Note 6 to the financial statements.

The balance sheet of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2009 were authorised for issue by the Board of Directors of the Company (the "Board") on 7 July 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and the Singapore Financial Reporting Standards ("FRS").

The financial statements are in Singapore dollars.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity are disclosed below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 - Business Combinations are recognised at their fair values at acquisition date.

The results of subsidiaries acquired or disposed during the year are consolidated for the periods from or to the effective date of acquisition or disposal. All inter-company balances, transactions and unrealised profit or loss on inter-company transactions are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange difference that relate to the subsidiary, is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses is fully recovered by the equity holders of the Company.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the income statement. On disposal of investments in subsidiaries and associates, the differences between net disposal proceeds and the carrying amount of the investments is taken to the income statement.

Subsidiaries

A subsidiary is a company, in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised immediately in the consolidated income statement. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

An associate is a company, not being a subsidiary, in which the Group has an interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 - Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method of accounting. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in the balance sheet as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of plant and equipment. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment (Continued)

Plant and equipment are depreciated using the straight-line method to write-off the cost of the plant and equipment less estimated residual value over their estimated useful lives. The estimated useful lives and residual values have been taken as follows:

	Useful lives (Years)
Laboratory equipment	5
Furniture, fittings and office equipment	10
Computers and software	5
Toolings	3
Renovations	4

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual value, useful life and depreciation method are reviewed periodically to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Intangible assets

(a) Research costs and development expenditure

Research costs are charged as an expense in the income statement in the year in which they are incurred. Development costs which relate to a definable product or process that is demonstrated to be technically feasible, and for which the Group has sufficient technical, financial and other resources to use or market, are recognised as assets to the extent that such costs are recoverable from related probable future economic benefits. The expenditure capitalised includes cost of materials, labour and an appropriate portion of overheads.

Such development expenditure are being amortised on a product-by-product basis over the estimated useful life from the commencement of production. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. Upon completion, the development costs is amortised as aforesaid and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives have been taken as follows.

	Useful lives (Years)
Commercial related products	3
Satellite related products	10

(b) Patents

Costs relating to acquisition of patents are capitalised and amortised on a straight-line basis over the estimated useful life of 7 years.

(c) Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on the straight-line basis over the estimated useful life of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials comprise purchase cost accounted for on a weighted average basis. Finished goods comprise cost of raw materials, direct labour and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated normal selling price, less estimated costs to completion and costs to be incurred for selling and distribution.

Construction contracts work-in-progress

When the outcome of a contract can be estimated reliably, revenue from design projects is recognised by reference to the recoverable costs incurred during the period, measured by the proportion of costs incurred to date relative to the estimated total costs of the contract.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

When the outcome of a contract can be estimated reliably, contract costs are recognised as expense by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

The aggregate of costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract work. Where progress billings exceeds costs incurred and recognised profit (less recognised losses), the excess is shown as amount due to customers for contract work.

Impairment of non-financial assets, excluding goodwill

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalent comprises cash on hand and in banks and bank overdraft, excluding cash deposits pledged for period of more than 3 months. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within 3 months when acquired.

Financial assets

Financial assets are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable. As at the balance sheet date, the Group did not have any financial assets in the category financial assets at fair value through profit or loss, held-to-maturity investments.

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

Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

The Group classified its other investments as an available-for-sale financial asset. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables, cash and bank balances and amounts due from subsidiaries on the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs. They are subsequently carried at amortised cost, where applicable, using the effective interest method.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

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

(b) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, including payables to subsidiaries and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current liabilities in the balance sheet even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are included in non-current liabilities in the balance sheet.

Financial guarantees

Corporate guarantees by the Company to banks for bank borrowings of its subsidiaries are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

A provision for warranty is recognised in respect of the estimated expenses to be incurred for the provision of after sales services to customers on the products sold, based on experience of the level of service required.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. It is recorded net of returns, trade allowances and duties and taxes and after eliminating sales within the Group.

Revenue from design contracts are recognised using the percentage of completion method when the outcome of the contract can be estimated reliably. The percentage of completion is determined by the proportion that costs incurred for work performed to date relative to estimated total contract costs or, services performed to date as a percentage of total services to be rendered, depending on the nature of the transaction. Losses, if any, are recognised immediately when their existence is foreseen. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Agreements with customers to license products or technologies and to provide consulting services relating to the technology is recognised by reviewing the arrangements to determine if the multiple elements of services provided can be divided into separate units of accounting and how the arrangement consideration should be recognised. When an arrangement can be divided into separate units, the fair value of the arrangement consideration is determined for the varying units and recognised over the respective performance period. When the fair value of the arrangement consideration cannot be determined for the separate units, the total arrangement consideration is allocated on a straight-line basis over the consulting period which is typically the last element of the services to be performed in such arrangement.

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

Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Borrowing costs

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

Employees' benefits

(a) Defined contribution plan

As required by the law, the Group's companies in Singapore make contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF is a defined contribution scheme. CPF contributions are recognised as compensation expenses in the same period as the employment that give rise to the contribution.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

(c) Equity-related compensation benefits

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire shares of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(c) Equity-related compensation benefits (Continued)

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

Income tax

(a) Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such liabilities and assets are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other liabilities and assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency transactions and balances

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates its functional currency. The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is also the functional currency of the Company.

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations including comparatives are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items including comparatives are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment (geographical segment), or in providing products or services (business segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure of the foreign operation and translated at the closing rate.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting (Continued)

(a) Geographical segments

The business segments of the Group are managed on a worldwide basis, but operate in 3 principal geographical areas, namely Europe, North America and Asia. Sales, to external customers disclosed by geographical segments, are based on the geographical location of its customers.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

(b) Business segments

The Group's business segments are as follows:

Sales

This segment is engaged in the sale of finished products and components embedded with the Group's proprietary technologies and other related products.

Design services

This segment is engaged in the provision of product design services and engineering solutions.

License and Consultancy

This segment involves the provision of licensees and consultancy services based on the Group's library of proprietary technologies.

New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published as of the balance sheet date but are not yet effective and which the Group has not early adopted.

		Effective for annual periods beginning on or after
FRS 1 (Revised 2008)	Presentation of financial statements	1 January 2009
FRS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and Current / Non-current Classification of Derivatives	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 27	Consolidated and Separate Financial Statements: – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and Current / Non-current Classification of Derivatives	1 January 2009
FRS 39	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards and FRS interpretations (Continued)

		Effective for annual periods beginning on or after
FRS 101	First Time Adoption of Financial Reporting Standards	1 January 2009
	– Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
FRS 102	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009
Improvements to FRS 2008		
FRS 39	Financial Instruments: Recognition and Measurement	1 July 2008
	– Amendments relating to reclassification of financial assets – effective date and transition	
FRS 107	Financial Instruments: Disclosure	
	– Amendments relating to reclassification of financial assets – effective date and transition	1 July 2008
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	Distribution of non-cash assets to owners	1 July 2009

The Group's assessment of the impact of adopting these standards, amendments and interpretations that are relevant to the Group is set out below:

FRS 1 (revised 2008) will become effective for the Group's financial statements for the financial year beginning 1 April 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 will become effective for the Group's financial statements for the financial year beginning 1 April 2009. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 108 will become effective for the Group's financial statements for the financial year beginning 1 April 2009. FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed. The Group will apply FRS 108 from 1 April 2009 and provide comparative information that conforms to the requirements of FRS 108, if applicable.

Improvements to FRS 2008 will become effective for the Group's financial statements for the financial year beginning 1 April 2009, except for the amendment to FRS 105 Non-current Assets Held for Sale and Discontinued Operations which will become effective for the financial year beginning 1 April 2010. Improvements to FRS 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

(i) Impairment of development expenditure

The Group determined whether development expenditure is impaired at least on an annual basis. This requires an estimation of the probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group. The carrying value of the Group's development expenditure as at 31 March 2009 was $8,601,293 (2008: $5,487,736).

(ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. The carrying amount of the Group's plant and equipment as at 31 March 2009 was $767,680 (2008: $1,429,692). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Critical judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Capitalisation of development expenditure

The Group follows the guidance of FRS 38 - Intangible Assets in determining the amount and nature of development expenditure to be capitalised as development costs. This determination requires significant judgment. The Group assess, among other factors, if the product or process is technically feasible and if the Group has sufficient technical, financial and other resources to use or market the product or process. In addition, the Group also applies its judgment to assess the probability of expected future economic benefits, that are attributable to the use of these capitalised development expenditure, that will flow to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

3. SHARE CAPITAL

	Group and Company 2009 $	2008 $
Issued and fully paid		
As at beginning of year		
807,905,813 (2008: 786,905,813) ordinary shares	59,166,001	57,696,001
Issued during the year		
Nil (2008: 21,000,000) ordinary shares	-	1,470,000
As at end of year 807,905,813 (2008: 807,905,813) ordinary shares	59,166,001	59,166,001

In 2008, the Company issued the following shares:

No. of shares	Description of shares	Purpose of issue
21,000,000	Ordinary shares of $0.07 each for cash	The issuance was to Value Monetization Limited ("VML") pursuant to the conversion of convertible loan granted by VML to the Company under the Convertible Loan Agreement dated 25 August 2005 (as amended by the Supplemental Agreement dated 6 September 2006)
21,000,000		

The Addvalue Technologies Ltd Employees' Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 October 2001. The Scheme is administered by the Remuneration Committee.

Other statutory information regarding the Scheme is set out below:

(a) The subscription price for each share payable on the exercise of an option shall be the higher of the nominal value of the share or the price that represents up to 20% discount to the average of the last dealt prices per share for the 3 consecutive market days on which trades were done in the shares immediately preceding the date of grant of the option ("Market Price").

(b) The options shall be accepted by the eligible participant within 30 days after the grant date.

(c) The options granted vests and expires as follows:

(i) in relation to an option granted to an employee of the Company and/or its subsidiary companies, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the tenth anniversary of the date of grant or other shorter period as maybe determined by the Remuneration Committee; and

(ii) in relation to an option granted to a non-executive director of the Company and/or its subsidiary companies or an employee or director of an associate company, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the fifth anniversary of the date of grant or other shorter period as maybe determined by the Remuneration Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

3. SHARE CAPITAL (Continued)

The details of the share options outstanding during the financial year are as follows:

	Group and Company			
	2009		2008	
Options outstanding	Number of share option	Weighted average exercise price $	Number of share option	Weighted average exercise price $
As at beginning of year	17,950,000	0.121	2,420,000	0.12
Granted during the year				
- 2007 Option 1	-		12,380,000	0.12
- 2007 Option 2	-		3,900,000	0.123
Cancelled/Lapsed during the year	(4,665,000)	0.12	(750,000)	0.12
As at end of year	13,285,000	0.12	17,950,000	0.121
Exercisable at the end of the year	13,285,000		1,670,000	

Terms of the share options outstanding as at end of year:

		Number of options	
Expiry date	Exercise price	2009	2008
31 July 2012	$0.12	1,240,000	1,670,000
19 April 2011	$0.12	8,145,000	12,380,000
4 June 2011	$0.123	3,900,000	3,900,000
		13,285,000	17,950,000

4. CAPITAL RESERVE

	Group and Company	
	2009 $	2008 $
At the beginning of the year	65,120	-
Recognition of share-based payment	-	65,120
At the end of the year	65,120	65,120

The capital reserve represents the share option reserve arising from recognition of share-based payment.

The Group and the company recognized total expense of Nil (2008: $65,120) related to equity settled share based payment transactions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

5. PLANT AND EQUIPMENT

Group

	Laboratory equipment $	Furniture, fittings and office equipment $	Computers and software $	Toolings $	Renovations $	Total $
Cost						
As at 1.4.2007	2,397,803	249,417	827,345	688,156	220,915	4,383,636
Reclassified from intangible assets (Note 9)	-	-	1,489,825	-	-	1,489,825
Additions	59,057	3,945	363,365	42,060	-	468,427
Written off	(12,242)	-	(62,038)	-	-	(74,280)
As at 31.3.2008	2,444,618	253,362	2,618,497	730,216	220,915	6,267,608
As at 1.4.2008	2,444,618	253,362	2,618,497	730,216	220,915	6,267,608
Reclassified to intangible assets (Note 9)	-	-	(255,438)	-	-	(255,438)
Additions	15,407	1,908	7,865	217,298	-	242,478
Written off	-	-	(298,633)	-	-	(298,633)
As at 31.3.2009	2,460,025	255,270	2,072,291	947,514	220,915	5,956,015
Accumulated depreciation						
As at 1.4.2007	2,047,091	167,768	744,969	206,317	36,819	3,202,964
Reclassified from intangible assets (Note 9)	-	-	1,122,577	-	-	1,122,577
Depreciation charge for the year	112,557	19,442	220,661	174,988	55,229	582,877
Written off	(8,924)	-	(61,578)	-	-	(70,502)
As at 31.3.2008	2,150,724	187,210	2,026,629	381,305	92,048	4,837,916
As at 1.4.2008	2,150,724	187,210	2,026,629	381,305	92,048	4,837,916
Reclassified to intangible assets (Note 9)	-	-	(89,403)	-	-	(89,403)
Depreciation charge for the year	114,015	17,228	200,849	198,028	105,855	635,975
Written off	-	-	(196,153)	-	-	(196,153)
As at 31.3.2009	2,264,739	204,438	1,941,922	579,333	197,903	5,188,335
Net carrying amount						
As at 1.4.2007	350,712	81,649	82,376	481,839	184,096	1,180,672
As at 31.3.2008 and 1.4.2008	293,894	66,152	591,868	348,911	128,867	1,429,692
As at 31.3.2009	195,286	50,832	130,369	368,181	23,012	767,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

6. SUBSIDIARIES

	Company 2009 $	Company 2008 $
Unquoted equity shares at cost	54,211,965	54,211,965
Less: Impairment losses	(49,633,031)	(49,601,792)
	4,578,934	4,610,173
Analysis of impairment losses:		
Balance at beginning of year	49,601,792	49,537,406
Impairment made during the year	31,239	64,386
Balance at end of year	49,633,031	49,601,792

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %	Cost of investment 2009 $	Cost of investment 2008 $
Addvalue Communications Pte Ltd[1]	Design, development and distribution of tele-communication equipment and related products	Singapore	100	100	37,999,137	37,999,137
Addvalue Innovation Pte Ltd[1]	Dormant	Singapore	100	100	8,731,125	8,731,125
Inerworx Technologies Pte Ltd[2], [3]	Ceased operations	Singapore	1	1	1	1
Blue World Capital Ltd[4]	Dormant	British Virgin Island	51	51	7,481,700	7,481,700
Wynfield Profits Limited[4], [5]	Dormant	British Virgin Island	100	100	2	2
					54,211,965	54,211,965

[1] Audited by Horwath First Trust LLP, Singapore
[2] Audited by Richard Lim & Co, Singapore
[3] As the Group controls 75% of its board seats, it is considered a subsidiary company
[4] Not required to be audited in the country of incorporation
[5] Struck off from the Register of Companies with effect from 1 August 2007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

7. ASSOCIATES

	Group and Company	
	2009	2008
	$	$
Equity shares at cost	98,173	98,173
Less: Impairment losses	(98,173)	(98,173)
	-	-
Analysis of impairment losses:		
Balance at beginning / end of year	98,173	98,173

Details of the associates are as follows:

Name of associates	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2009	2008	2009	2008
			%	%	$	$
Addvalue Communications, Inc[1]	Ceased operations	United States of America	23.42	23.42	173	173
Boost Time International Ltd.[1]	Investment holding	British Virgin Islands	49	49	-	-
Held through an Associate						
Addvalue Technologies (Guangzhou) Limited[2]	Marketing of the Group's products and services and to provide technical support for the Group's existing and future contracts in China	People's Republic of China	49	49	98,000	98,000
					98,173	98,173

(1) Not required to be audited by law in the country of incorporation
(2) Audited by Guangzhou Kai Hong Certified Public Accountants, China

Boost Time International Ltd was incorporated as an investment holding company. It remains inactive and the Group had not made further investment nor has any receivable or payable with the Company. No audit has been performed as there is no audit requirement for such companies.

The financial statements of Addvalue Technologies (Guangzhou) Limited ("AVGZ") are made up to 31 December each year. This was the financial reporting date established when the company was incorporated, and a change of reporting date is not permitted in the People's Republic of China. For the purpose of applying the equity method of accounting, the financial statements of AVGZ for the financial year ended 31 December 2008 have been used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

7. ASSOCIATES (Continued)

The Group has not recognised its share of losses of associated companies amounting to $382 (2008: $92,808) because the Group's cumulative share of losses exceeds its interest in the entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to $526,875 (2008: $135,573) at the balance sheet date.

The summarised financial information of the associates is as follows:

	Group	
	2009	2008
	$	$
Assets and liabilities		
Current assets	159,827	170,827
Non-current assets	1,552,049	1,405,681
Total assets	1,711,876	1,576,508
Current liabilities / Total liabilities	2,507,157	1,137,848
Results:		
Revenue	-	15,983
Loss for the year	779	189,518

8. OTHER EQUITY INVESTMENTS

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Unquoted equity investments, at cost				
Balance at beginning of year	3,441,657	3,679,337	1,875,721	1,875,721
Written off	-	(237,680)	-	-
Balance at end of year	3,441,657	3,441,657	1,875,721	1,875,721
Less: Impairment losses	(3,441,657)	(3,441,657)	(1,875,721)	(1,875,721)
	-	-	-	-
Analysis of impairment losses:				
Balance at beginning of year	3,441,657	3,679,337	1,875,721	1,875,721
Written off	-	(237,680)	-	-
Balance at end of year	3,441,657	3,441,657	1,875,721	1,875,721

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

9. INTANGIBLE ASSETS

Group	Development expenditure $	Patents $	Computer software $	Total $
Cost				
As at 1.4.2007	5,070,236	55,700	1,898,039	7,023,975
Reclassified to plant & equipment (Note 5)	-	-	(1,489,825)	(1,489,825)
Additions	1,773,648	-	221,672	1,995,320
Written off	(1,304,422)	-	-	(1,304,422)
As at 31.3.2008	5,539,462	55,700	629,886	6,225,048
As at 1.4.2008	5,539,462	55,700	629,886	6,225,048
Reclassified from plant & equipment (Note 5)	166,034	-	-	166,034
Additions	3,470,933	-	77,250	3,548,183
As at 31.3.2009	9,176,429	55,700	707,136	9,939,265
Accumulated amortisation				
As at 1.4.2007	1,304,422	23,871	1,123,286	2,451,579
Reclassified to plant & equipment (Note 5)	-	-	(1,122,577)	(1,122,577)
Amortisation charge for the year	45,726	7,957	84,282	137,965
Written off	(1,298,422)	-	-	(1,298,422)
As at 31.3.2008	51,726	31,828	84,991	168,545
As at 1.4.2008	51,726	31,828	84,991	168,545
Amortisation charge for the year	523,410	7,958	97,390	628,758
As at 31.3.2009	575,136	39,786	182,381	797,303
Net carrying amount				
As at 1.4.2007	3,765,814	31,829	774,753	4,572,396
As at 31.3.2008 and 1.4.2008	5,487,736	23,872	544,895	6,056,503
As at 31.3.2009	8,601,293	15,914	524,755	9,141,962

The Group invests in development activities to build its base of proprietary products, applications and processes. The development expenditure of $8,601,293 (2008: $5,487,736) represents customised costs incurred in the development of customised ASIC (Application Specific Integrated Circuit) chipsets for satellite communication applications, tracking and telemetry solutions, DECT (Digital Enhanced Cordless Telecommunications) chipsets and other communication systems and applications using wireless communication technologies. The carrying value of development expenditure is expected to be recovered from probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group, including the commercial sales of the Group's various products such as Sabre™ 1, Sabre™ 1 Remote, Sabre™ Ranger, FB250, FB150 and Seagull 5000. Amortisation amounting to $628,758 (2008: $137,965) was charged to other operating expenses in income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

10. INVENTORIES

	Group	
	2009	2008
	$	$
Finished goods	1,074,774	1,204,756
Raw materials	200,468	148,391
Components	-	53,809
Total inventories at lower of cost and net realisable value	1,275,242	1,406,956
Movement in allowance for stock obsolescence:		
At beginning of the year	86,878	16,530
Allowance made during the year	330	71,205
Allowance written back during the year	-	(857)
Inventories written off against allowance	(16,291)	-
At end of year	70,918	86,878

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to $1,649,766 (2008: $2,699,143). Allowance for stock obsolescence of $330 (2008: $70,348) was charged to other operating expenses in the income statement.

11. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2009	2008
	$	$
Work-in-progress		
- Costs incurred	1,465,814	1,101,106
- Attributable profit	5,989,093	4,720,748
	7,454,907	5,821,854
Less: Progress billings	(2,178,453)	(866,776)
	5,276,454	4,955,078

Amount due from customers for contract work amounting to $1,000,357 (2008: $Nil) was written off and included in other operating expenses in the income statement.

12. TRADE RECEIVABLES

	Group	
	2009	2008
	$	$
Trade receivables	83,419	1,408,438
Less : Allowance for doubtful trade receivables	(19,761)	(17,902)
	63,658	1,390,536

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Deposits and prepayments	131,696	36,098	-	2,000
Consideration receivable under settlement arrangement	710,459	689,739	710,459	689,739
Other receivables	200,790	200,790	-	-
Others	8,677	82,819	39	39
	1,051,622	1,009,446	710,498	691,778
Less : Allowance for doubtful non-trade receivables	(762,764)	(200,790)	(561,974)	-
	288,858	808,656	148,524	691,778
Analysis of allowance for doubtful non-trade receivables:				
Balance at beginning of year	200,790	200,790	-	-
Allowance made during the year	561,974	-	561,974	-
Balance at end of year	762,764	200,790	561,974	-

Consideration receivable under settlement arrangement relates to quoted shares given to the Company as settlement for advances made in prior period to Sun Media Investment Holdings Limited.

14. DUE FROM/TO SUBSIDIARIES (NON-TRADE)

	Company	
	2009	2008
	$	$
Due from subsidiaries (non-trade)	2,343,725	2,397,492
Less : Allowance for impairment loss	-	(25,906)
	2,343,725	2,371,586
Analysis of allowance for impairment loss:		
Balance at beginning/end of year	-	25,906

These non-trade balances including amount due to subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

15. DUE FROM AN ASSOCIATE (NON-TRADE)

	Group and Company	
	2009 $	2008 $
Due from an associate (non-trade)	61,109	61,109
Less : Allowance for impairment loss	(61,109)	(61,109)
	-	-
Analysis of allowance for impairment loss:		
Balance at beginning/end of year	61,109	61,109

The non-trade balance is unsecured, interest-free and repayable on demand.

16. CASH AND BANK BALANCES

	Group		Company	
	2009 $	2008 $	2009 $	2008 $
Pledged fixed deposits	-	2,400,000	-	1,400,000
Cash and bank balances	40,484	28,335	498	403
	40,484	2,428,335	498	1,400,403
Less: Bank overdrafts	(600,533)	(1,747,754)	(600,533)	(1,747,754)
Cash and cash equivalents as stated in the consolidated cash flows statement	(560,049)	680,581	(600,035)	(347,351)

Fixed deposits amounting to $Nil (2008: $2,400,000) were pledged in connection with credit facilities granted by a bank and a financial institution for a subsidiary bearing effective interest rate at Nil (2008: 1.5%).

Fixed deposits with maturity dates more than 3 months can be withdrawn anytime before the maturity dates without penalty. However, any interest receivable will be forfeited upon pre-mature withdrawal. As the principal value of the deposits is readily convertible to cash, they form part of the cash and cash equivalents in the consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Accrued operating expenses:				
- Director fees	1,263,460	205,315	266,205	205,315
- Employee benefits	1,622,077	1,174,045	-	-
- Others	178,681	212,743	48,000	48,000
Other payables	1,694,162	1,278,928	569,978	456,623
	4,758,380	2,871,031	884,183	709,938

Included in other payables is an owing to a payable for advances made amounting to $484,490 (2008: $411,461) which bears interest rate of 7% (2008: 7%) per annum and is repayable on demand.

18. Borrowings

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Trust receipts from a bank	-	149,030	-	149,030
Trust receipts from a financial institution	589,317	1,353,394	-	-
Loan 1	1,000,000	1,500,000	-	-
Loan 2	2,400,355	2,107,380	2,400,355	2,107,380
	3,989,672	5,109,804	2,400,355	2,256,410
Bank overdrafts	(600,533)	(1,747,754)	(600,533)	(1,747,754)

As at 31 March 2008, the bank overdrafts and trust receipts facilities amounting to $1,896,784 granted by a bank to the Company are secured by fixed deposits of $1,400,000.

During the financial year, the Company has withdrawn fixed deposits of $1,400,000 pledged with a bank previously for the bank overdrafts and trust receipts facilities. The Company is in the process of negotiation to revise the banking facilities with the bank.

As at 31 March 2008, the trust receipt and Loan 1 amounting to $2,353,394 granted by a financial institution to the Group are secured by fixed deposits of $1,000,000 and a corporate guarantee by the Company.

During the financial year, the Group has withdrawn fixed deposits of $1,000,000 pledged with a financial institution. The Company is in the process of negotiation to revise the facilities with the financial institution.

Loan 1 is repayable on demand and bears effective interest rate ranging from 5.83% to 6.33% (2008: 5.83% to 6.33%).

Trust receipts bear effective interest rate ranging from 3.65% to 9.75% (2008: 3.88% to 12%).

As at balance sheet date, Loan 2 of $2,400,355 (2008: $2,107,380) is secured by a legal charge over a number of shares in the capital of the Company owned by a director of the Company.

Loan 2 is repayable on demand and bears effective interest ranging from 9.5% to 14% (2008: 8% to 9.5%)

Bank overdrafts bear effective interest rate of 6% (2008: 6%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

19. REVENUE

	Group	
	2009	2008
	$	$
Design services	3,249,447	5,298,524
Sale of finished products and components	2,546,379	5,399,837
	5,795,826	10,698,361

20. OTHER OPERATING INCOME

	Group	
	2009	2008
	$	$
Interest income	12,994	94,276
Others	277,022	41,929
	290,016	136,205

Included in other income is the granting of an exclusive worldwide distribution right to sell certain of the products and a referral of customer to purchase such products from our exclusive distributor amounting to $216,000 (2008: $Nil).

21. OTHER OPERATING EXPENSES

	Group	
	2009	2008
	$	$
Amortisation of intangible assets	628,757	137,965
Depreciation of plant and equipment	635,996	582,878
Bad trade debts written off	511,112	-
Allowance for doubtful non-trade receivables	561,974	61,109
Amount due from customers for contract work written off	1,000,357	-
Labour cost	6,052	277,578
Travelling	201,469	382,417
Repair and maintenance	212,400	42,431
Foreign exchange loss/(gain) – net	316,318	(262,992)
Plant and equipment written off	102,480	3,778
Others	162,557	378,236
	4,339,472	1,603,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

22. (LOSS)/PROFIT FROM OPERATIONS

This is determined after charging/(crediting) the following:

	Group	
	2009 $	2008 $
Professional fees for non-audit services rendered by		
- Other auditors	10,000	6,000
Amortisation of intangible assets	628,758	137,965
Allowance for doubtful trade receivables	-	1,263
Allowance for doubtful non-trade receivables	561,974	61,109
Bad trade debts written off	511,112	-
Depreciation of plant and equipment	635,975	582,877
Directors' remuneration	488,685	517,157
Directors' fees	95,000	95,000
Deposit written off	-	34,496
Foreign exchange loss/(gain) – net	316,318	(262,992)
Amount due from customers for contract work written off	1,000,357	-
Intangible assets written off	-	6,000
Plant and equipment written off	102,480	3,778
Share option expenses	-	65,120
Operating lease expenses	293,016	292,060

23. DIRECTORS' REMUNERATION

	Group	
Number of directors of the Company in remuneration bands	2009 $	2008 $
Below $250,000	5	5

24. FINANCE EXPENSES

	Group	
	2009 $	2008 $
Interest on bank overdrafts	94,690	96,287
Interest on trust receipts interest	39,701	57,359
Interest on loans	410,989	187,252
Interest on late payment	55,735	27,142
	601,115	368,040

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

25. INCOME TAX

	Group 2009 $	Group 2008 $
Current tax		
- Under provision in prior year	81,770	-

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows

	Group 2009 $	Group 2008 $
Accounting (loss)/profit	(2,840,503)	2,182,313
Tax at the applicable tax rate of 17% (2008: 18%)	(482,886)	392,816
Expenses not deductible for tax purposes	404,893	144,372
Income not subject to tax	(585)	(47,719)
Utilisation of previously unrecognised tax losses and capital allowances	-	(547,300)
Deferred tax assets not recognised	78,578	57,831
Under provision of taxation in prior years	81,770	-
Tax expense	81,770	-

The Group has unutilised tax losses and capital allowances of approximately $24,255,512 and $845,380 (2008: $20,696,098 and $3,668,000), respectively for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the companies in the Group operate. Deferred tax assets are not recognised in the financial statements in view of the uncertainty of their recoverability.

26. (LOSS)/ EARNINGS PER SHARE

The calculations of (loss)/earnings per share are based on the (loss)/profits and numbers of shares shown below.

	Basic 2009 $	Basic 2008 $	Diluted 2009 $	Diluted 2008 $
(Loss)/Profit attributable to shareholders	(2,922,273)	2,182,313	(2,922,273)	2,182,313

Weighted average number of shares

	Number of shares 2009	Number of shares 2008
For basic earnings per share	807,905,813	798,381,223
Effect of dilutive potential ordinary shares		
- Share options pursuant to the Scheme	-	532,152
For diluted earnings per share	807,905,813	798,913,375

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

26. (LOSS)/ EARNINGS PER SHARE (Continued)

For the number of share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

The outstanding share options were excluded from the calculation of diluted earnings per share because they are anti-dilutive for the current financial year.

Subsequent to the balance sheet date, the Company completed an investment arrangement to procure aggregated cash funding of $2 million via a subscription agreement dated 30 May 2009 with four high net worth individuals, through the collective issuance of 40,000,000 new shares of the Company at $0.05 each.

Pursuant to the issue of the above mentioned shares on 19 June 2009, the existing issued share capital of the Company has increased from 807,905,813 ordinary shares to 847,905,813 ordinary shares.

27. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Compensation of key management personnel is as follows:

	Group	
	2009 $	2008 $
Salaries, bonus and others	950,815	1,001,896
Contributions to defined contribution plans	67,084	70,349
Share option expenses	-	65,120
	1,017,899	1,137,365
Directors' fees	95,000	95,000
Total compensation paid to key management personnel	1,112,899	1,232,365
Comprise amount payable to:		
Directors of the Company		
- Fees	95,000	95,000
- Remuneration and contribution to defined contribution plans	488,685	517,157
- Share option expenses	-	15,600
	583,685	627,757
Other key management personnel	529,214	604,608
	1,112,899	1,232,365

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

28. EMPLOYEE BENEFITS

	Group 2009 $	Group 2008 $
Employee benefits expense (including directors):		
- Salaries, bonuses, and others	3,220,338	3,480,527
- Contribution to defined contribution plans	325,963	235,442
- Share option expenses	-	65,120
	3,546,301	3,781,089
Directors' fees	95,000	95,000
	3,641,301	3,876,089
Charged to income statement	995,049	2,443,822
Capitalised in development expenditure	2,646,252	1,432,267
	3,641,301	3,876,089

29. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Corporate guarantee granted to a subsidiary company in respect of bank facilities	-	-	1,589,317	2,853,394

(b) Non-cancellable operating lease commitments

The Group has various operating lease agreements for equipment, offices and other facilities. Most leases contain renewable options. The lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group 2009 $	Group 2008 $
Future minimum lease payments		
- Within 1 financial year	106,646	278,840
- Later than 1 financial year but not later than 5 financial years	2,347	119,819
	108,993	398,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

30. SEGMENT INFORMATION

Reporting format

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by geographical areas. Secondary information is reported by business segments. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Geographical segments

The Group's geographical segments sales and results are based on the location of the Group's customers.

Business segments

The design service segment is driven by customers' specification. The Group will provide the expertise in the area of design solutions that incorporate its hardware and firmware. Customers are required to pay design fee for the services rendered and where possible, the customers shall purchase the complete products or sub-modules from the Group, thus providing the Group with a recurring business.

The sales segment is driven by the innovativeness and ingenuity of the Group's core engineering division to provide a strong competitive edge and to satisfy the foreseeable demand of the customers. In addition, the sales of complete products or sub-modules mentioned above form an integral part of this segment as well.

The licensing/consultancy business segment involves the provision of license and consultancy services based on the Group's library of proprietary technologies.

Allocation basis

Segment results, assets and liabilities include item directly attribute to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

30. SEGMENT INFORMATION (Continued)

(a) Geographical segment

2009	Europe $	North America $	Asia $	Consolidated $
Revenue				
Total revenue from external customers	3,222,083	2,174,023	399,720	5,795,826
Segment result before amortisation	2,669,927	634,792	166,131	3,470,850
Amortisation	-	-	(628,758)	(628,758)
Allowance for doubtful non-trade receivables	-	(561,974)	-	(561,974)
Bad trade debt written off	-	-	(511,112)	(511,112)
Depreciation of plant and equipment	-	-	(635,975)	(635,975)
Amount due from customers for contract work	-	-	(1,000,357)	(1,000,357)
Segment results after amortisation	2,669,927	72,818	(2,646,143)	132,674
Unallocated expenses				(2,662,078)
Other income				290,016
Finance expenses				(601,115)
Loss before income tax				(2,840,503)
Income tax				(81,770)
Net loss for the year				(2,922,273)
Segment assets				
By location of customers				
- Segment assets	5,281,200	-	11,573,138	16,854,338
- Unallocated	-	-	-	-
Total assets				16,854,338
By location of assets				
- Segment assets	48,559	671,260	16,134,519	16,854,338
- Unallocated	-	-	-	-
Total assets				16,854,338
Segment liabilities	688,319	3,111,759	8,087,597	11,887,675
Total liabilities				11,887,675
Other Information				
Capital expenditure				
- Plant and equipment	-	-	257,615	257,615
- Intangible assets	-	-	77,250	77,250
Depreciation and amortisation	-	-	1,167,403	1,167,343
Amortisation of computer software	-	-	97,390	97,390

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

30. SEGMENT INFORMATION (Continued)

(a) Geographical segment

2008	Europe $	North America $	Asia $	Consolidated $
Revenue				
Total revenue from external customers	4,624,960	3,629,551	2,443,850	10,698,361
Segment result before amortisation	3,373,769	2,484,375	799,509	6,657,653
Amortisation	-	-	(137,965)	(137,965)
Depreciation of plant and equipment	-	-	(582,877)	(582,877)
Segment results after amortisation	3,373,769	2,484,375	78,667	5,936,811
Unallocated expenses				(3,522,663)
Other income				136,205
Finance expenses				(368,040)
Profit before income tax				2,182,313
Income tax				-
Net profit for the year				2,182,313
Segment assets				
By location of customers				
- Segment assets	4,004,688	1,062,182	8,742,203	13,809,073
- Unallocated				4,666,683
Total assets				18,475,756
By location of assets				
- Segment assets	111,793	831,991	17,531,972	18,475,756
- Unallocated				-
Total assets				18,475,756
Segment liabilities	102,941	2,707,810	7,776,069	10,586,820
Total liabilities				10,586,820
Other Information				
Capital expenditure				
- Plant and equipment	-	-	468,427	468,427
- Intangible assets	-	-	221,672	221,672
Depreciation and amortisation	-	-	628,603	628,603
Amortisation of computer software	-	-	92,239	92,239

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

30. SEGMENT INFORMATION (Continued)

(b) Business segments

2009	License and Consultancy $	Design Services $	Sales $	Consolidated $
Total revenue from external customers	-	3,249,447	2,546,379	5,795,826
Segment assets	148,683	15,186,096	1,519,559	16,854,338
Unallocated assets				-
Total assets				16,854,338
Unallocated capital expenditure				334,865
Total capital expenditure				334,865

2008	License and Consultancy $	Design Services $	Sales $	Consolidated $
Total revenue from external customers	-	5,298,524	5,399,837	10,698,361
Segment assets	691,937	12,441,273	5,342,546	18,475,756
Unallocated assets				-
Total assets				18,475,756
Unallocated capital expenditure				690,099
Total capital expenditure				690,099

31. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2009 $	2008 $	2009 $	2008 $
Financial assets	275,099	4,607,572	2,492,747	4,463,767
Financial liabilities	10,989,853	10,456,220	3,973,072	4,826,233

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks, and these policies are summarized below.

(a) Market risk

Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group also sells its products/services in several countries and for such overseas sales, it transacts mainly in United States dollars ("USD"). As a result, movements in USD exchange rates are the main foreign exchange risk which the Group is exposed to. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and firm and probable purchases and sales commitments. The Group has not entered into any derivative instruments for hedging or trading purposes.

Group As at 31 March 2009	Singapore Dollars $	United States Dollars $	Euro Dollars $	Others $	Total $
Financial assets					
Cash and bank balances	38,376	1,848	-	260	40,484
Trade receivables	10,950	52,708	-	-	63,658
Other receivables	21,543	149,414	-	-	170,957
	70,869	203,970	-	260	275,099
Financial liabilities					
Borrowings	-	3,989,672	-	-	3,989,672
Bank overdrafts	600,533	-	-	-	600,533
Trade payables	236,448	1,408,309	83,646	7,865	1,736,268
Other payables and accruals	3,874,468	743,566	-	45,346	4,663,380
	4,711,449	6,141,547	83,646	53,211	10,989,853
Net financial (liabilities)/ assets	(4,640,580)	(5,937,577)	(83,646)	(52,951)	(10,714,754)
Less: Net financial liabilities denominated in the respective entities' functional currencies	4,640,580	-	-	-	4,640,580
Foreign currency exposure	-	(5,937,577)	(83,646)	(52,951)	(6,074,174)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Group As at 31 March 2008	Singapore Dollars $	United States Dollars $	Euro Dollars $	Others $	Total $
Financial assets					
Fixed deposits	2,400,000	-	-	-	2,400,000
Cash and bank balances	23,804	4,531	-	-	28,335
Trade receivables	216,320	1,102,111	72,105	-	1,390,536
Other receivables	63,271	725,430	-	-	788,701
	2,703,395	1,832,072	72,105	-	4,607,572
Financial liabilities					
Borrowings	1,500,000	3,609,804	-	-	5,109,804
Bank overdrafts	1,747,754	-	-	-	1,747,754
Trade payables	126,680	628,781	67,170	-	822,631
Other payables and accruals	2,141,208	631,526	-	3,297	2,776,031
	5,515,642	4,870,111	67,170	3,297	10,456,220
Net financial assets/ (liabilities)	(2,812,247)	(3,038,039)	4,935	(3,297)	(5,848,648)
Less: Net financial liabilities denominated in the respective entities' functional currencies	2,812,247	-	-	-	2,812,247
Foreign currency exposure	-	(3,038,039)	4,935	(3,297)	(3,036,401)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Company As at 31 March 2009	Singapore Dollars $	United States Dollars $	Euro Dollars $	Others $	Total $
Financial assets					
Cash and bank balances	498	-	-	-	498
Trade receivables	-	-	-	-	-
Other receivables	6,228	142,296	-	-	148,524
Due from subsidiaries (non-trade)	2,343,725	-	-	-	2,343,725
	2,350,451	142,296	-	-	2,492,747
Financial liabilities					
Borrowings	-	2,400,355	-	-	2,400,355
Bank overdrafts	600,533	-	-	-	600,533
Trade payables	-	-	-	-	-
Other payables and accruals	743,837	-	-	45,346	789,183
Due to subsidiaries (non-trade)	183,001	-	-	-	183,001
	1,527,371	2,400,355	-	45,346	3,973,072
Net financial assets/ (liabilities)	823,080	(2,258,059)	-	(45,346)	(1,480,325)
Less: Net financial assets denominated in the respective entities' functional currencies	(823,080)	-	-	-	(823,080)
Foreign currency exposure	-	(2,258,059)	-	(45,346)	(2,303,405)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Company As at 31 March 2008	Singapore Dollars $	United States Dollars $	Euro Dollars $	Others $	Total $
Financial assets					
Fixed deposits	1,400,000	-	-	-	1,400,000
Cash and bank balances	403	-	-	-	403
Trade receivables	-	-	-	-	-
Other receivables	8,227	683,551	-	-	691,778
Due from subsidiaries (non-trade)	2,371,586	-	-	-	2,371,586
	3,780,216	683,551	-	-	4,463,767
Financial liabilities					
Borrowings	-	2,256,410	-	-	2,256,410
Bank overdrafts	1,747,754	-	-	-	1,747,754
Other payables and accruals	581,641	30,000	-	3,297	614,938
Due to subsidiaries (non-trade)	207,131	-	-	-	207,131
	2,536,526	2,286,410	-	3,297	4,826,233
Net financial assets/(liabilities)	1,243,690	(1,602,859)	-	(3,297)	(362,466)
Less: Net financial assets denominated in the respective entities' functional currencies	(1,243,690)	-	-	-	(1,243,690)
Foreign currency exposure	-	(1,602,859)	-	(3,297)	(1,606,156)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore Dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the Singapore dollar strengthens by 10% against the relevant foreign currencies, profit or loss will increase/(decrease) by:

For the financial year ended 31 March 2009	United States Dollars $	EuroDollars $	Others $	Total $
Group				
Profit/(Loss)	593,758	8,364	5,295	607,417
Company				
Profit/(Loss)	(225,806)	-	(4,535)	(230,341)

For the financial year ended 31 March 2008	United States Dollars $	EuroDollars $	Others $	Total $
Group				
Profit/(Loss)	303,804	(494)	330	303,640
Company				
Profit/(Loss)	160,286	-	330	160,616

If the Singapore Dollar weakens by 10% against the relevant foreign currencies, profit or loss will increase/(decrease) by:

For the financial year ended 31 March 2009	United States Dollars $	EuroDollars $	Others $	Total $
Group				
Profit/(Loss)	(593,758)	(8,364)	(5,295)	(607,417)
Company				
Profit/(Loss)	225,806	-	4,535	230,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

For the financial year ended 31 March 2008	United States Dollars $	EuroDollars $	Others $	Total $
Group				
Profit/(Loss)	(303,804)	494	(330)	(303,640)
Company				
Profit/(Loss)	(160,286)	-	(330)	(160,616)

Interest rate risk

The Group obtains additional financing through borrowings from banks and financial institutions and loans from third parties.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2009, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group	
	2009 $	2008 $
Within 1 year – fixed rates		
Loans from financial institution	2,400,355	2,107,380
Other payable	484,490	411,461
Fixed deposits	-	2,400,000
Within 1 year – floating rate		
Bank overdrafts	600,533	1,747,754
Trust receipts	589,317	1,502,424
Loans from financial institution	1,589,317	3,002,424

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

Interest rate risk (Continued)

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's loss for the financial year ended 31 March 2009 would increase/decrease by $46,442 (2008: profit increase/decrease by $47,502). This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

(b) Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through committed credit facilities from a bank and financial institutions. In addition, the Group has also sought for investment funds via issuing of shares and convertible loan to finance its cashflow and operations.

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group and the Company can be required to pay.

Group	On demand or within 1 year $
As at 31 March 2009	
Trade payables	1,736,268
Other payables	4,663,380
Loans from financial institutions	3,989,672
Bank overdrafts	600,533
	10,989,853
As at 31 March 2008	
Trade payables	822,631
Other payables	2,776,031
Loans from financial institutions	5,109,804
Bank overdrafts	1,747,754
	10,456,220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

Company	On demand or within 1 year $
As at 31 March 2009	
Other payables	789,183
Due to subsidiaries (non-trade)	183,001
Borrowings	2,400,355
Bank overdrafts	600,533
	3,973,072
As at 31 March 2008	
Other payables	614,938
Due to subsidiaries (non-trade)	207,131
Borrowings	2,256,410
Bank overdrafts	1,747,754
	4,826,233

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

While the Company has no trade receivables, the Group's trade receivables relate primarily to 1 substantial debtor (2008: 2 debtors) that individually represented 69% (2008: 14%% to 63%) of trade receivables.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The average credit period on sales of goods is 20 (2008: 15 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables. The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2009	2008
	$	$
By geographical areas		
- Europe	43,813	111,793
- Asia	19,845	1,278,743
	63,658	1,390,536
By segments		
- Sales of finished products and components	63,658	1,390,536

The carrying amounts of cash and bank balances, trade and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

The age analysis of trade receivables is as follows:

	Group	
	2009	2008
	$	$
Not past due and not impaired	10,950	456,189
Past due but not impaired		
- Past due 0 to 3 months	402	20,692
- Past due 3 to 6 months	4,350	871,875
- Past due over 6 months	67,717	59,682
	72,469	952,249
Impaired trade receivables	19,761	17,902
Less: Allowance for doubtful trade receivables	(19,761)	(17,902)
	63,658	1,390,536

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

The movement in allowance for doubtful trade receivables is as follows:

	Group	
	2009	2008
	$	$
Balance at beginning of the year	17,902	16,639
Allowance made during the year	1,859	1,263
Balance at end of the year	19,761	17,902

Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, fixed deposits, trade and other receivables, trade and other payables and interest bearing loan and borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure, where feasible, through the payment of dividends and new share as well as the issue of new debt.

The Group's overall strategy remains unchanged from 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009
(Amounts in Singapore dollars)

32. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Proposed cash investments of $8 million

The Company has entered into the following investment arrangements to procure an aggregate cash funding of $8 million:

(a) $2 million via a subscription agreement dated 30 May 2009 with four high net worth individuals, through the collective issuance of 40,000,000 new shares of the Company at $0.05 each;

(b) Subject to certain pre-completion conditions, $3 million via a convertible loan agreement dated 30 May 2009 with an investment holding company owned by another high net worth individual, through the grant of a convertible loan, convertible, in whole or in part, at the option of the convertible loan holder into a maximum of 60,000,000 new shares of the Company at $0.05 each. Under the convertible loan agreement with the convertible loan holder, interest is payable monthly in arrears at the rate of 12% per annum, until the Loan is converted or redeemed by 31 March 2010; and

(c) Subject to certain pre-completion conditions, $3 million (or the US$ equivalent) via a convertible loan agreement dated 1 June 2009 with a long-time business partner, through the grant of a convertible loan, which is to be drawndown in tranches of at least $1 million each and convertible, in whole or in part, at the option of the convertible loan holder into a maximum of 60,000,000 new shares of the Company at S$0.05 each. Under the Convertible Loan Agreement, interest is payable monthly in arrears at the rate of 12% per annum from 1 September 2009 until the Loan is converted or redeemed by 31 March 2010.

Proposed new office rental

On 24 June 2009, the Company entered into a conditional letter of intent ("LOI") with a potential landlord to lease an office space for at least 3 years commencing from mid August 2009 when its current lease at the existing premises expired.

Pursuant to the LOI, the future minimum lease payments within 1 year and beyond 1 year are expected to be about $76,500 and $474,300 respectively.

ANALYSIS OF SHAREHOLDINGS

Distribution of shareholdings as at 30 June 2009

Number & Class of shares		:	847,905,813 ordinary shares
Voting rights	- On a show of hands	:	one vote per member
	- On a poll	:	one vote per share

Distribution of shareholdings and number of holders as at 30 June 2009

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	38	0.71	16,281	0.00
1,000 - 10,000	2,236	41.76	12,244,723	1.44
10,001 - 1,000,000	2,987	55.79	240,361,430	28.35
1,000,001 and above	93	1.74	595,283,379	70.21
Total	**5,354**	**100.00**	**847,905,813**	**100.00**

As at 30 June 2009, the percentage of shareholdings held in the hands of the public was 87% and Rule 723 of the Listing Manual is complied with.

20 Largest registered shareholders as at 30 June 2009 as shown in the Register of Members

No.	Name	No of Shares	%
1	UOB KAY HIAN PTE LTD	40,502,000	4.78
2	CREST CAPITAL PARTNERS PTE LTD	39,000,000	4.60
3	CHAN KUM ONN ROGER	32,256,240	3.80
4	TAN KHAI PANG	21,925,360	2.59
5	UNITED OVERSEAS BANK NOMINEES	19,270,000	2.27
6	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	18,932,000	2.23
7	PHILLIP SECURITIES PTE LTD	18,641,000	2.20
8	NG SER MIANG	18,053,000	2.13
9	YUEN WAI KHEONG	17,420,740	2.05
10	SBS NOMINEES PTE LTD	17,000,000	2.00
11	GOH POH HENG	16,500,000	1.95
12	CHAN KUM LOK COLIN	15,240,960	1.80
13	TAN KIM SENG	13,288,000	1.57
14	RAFFLES NOMINEES (PTE) LTD	12,250,760	1.44
15	LIM HAN BOON	11,990,560	1.41
16	MAYBAN NOMINEES (S) PTE LTD	11,734,000	1.38
17	LEE BEE KIM	11,508,000	1.36
18	OCBC SECURITIES PRIVATE LTD	11,050,320	1.30
19	LIM KENG HOCK JONATHAN	11,000,000	1.30
20	DBS NOMINEES PTE LTD	10,757,000	1.27
	Total	**368,319,940**	**43.44**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at 190 Changi Road #02-02, Singapore 419974, on Tuesday, 28 July 2009, at 10.00 a.m., to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2009 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Mr Tan Juay Hwa, a Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$95,000.00 for the financial year ended 31 March 2009 (2008: S$95,000.00). **(Resolution 3)**

4. To re-appoint Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions (with or without amendments):-

5. **Authority to allot and issue shares**

"(a) That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

NOTICE OF ANNUAL GENERAL MEETING

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) the 50 per cent limit in sub-paragraph (i) above may be increased to 100% for issues of shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." (**Resolution 5**)
(See Explanatory Note 1)

6. **Authority to grant options and issue shares**

"That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Addvalue Technologies Employees' Share Option Scheme ("the Scheme") and to allot and issue such shares as may be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time." **(Resolution 6)**
(See Explanatory Note 2)

7. To transact any other business that may normally be transacted at an Annual General Meeting.

By Order of the Board

Lim Teck Meng / Foo Soon Soo
Joint Company Secretaries

Singapore, 13 July 2009

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted:

1 (a) The Ordinary Resolution 5 in item 5 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company of which (a) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) by way of a renounceable rights issue does not exceed 100% of the total number of issued shares excluding treasury shares, (b) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued on a pro rata but non-renounceable basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares, and (c) the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares provided always the aggregate number of shares (including shares to be issued in pursuance of convertible securities granted) under (a), (b) and (c) shall not exceed 100% of the total number of issued shares excluding treasury shares.

(b) The increased limit of up to 100% for renounceable rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's notification dated 19 February 2009 and the increased limit is subject to the conditions that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

2. The Ordinary Resolution 6 in item 6 is to allow Directors to offer and grant options under the Addvalue Technologies Employees' Share Option Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme up to an amount not exceeding 15 per cent of the total number of issued shares excluding treasury shares of the Company from time to time.

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING

Addvalue Technologies Ltd

(Incorporated in the Republic of Singapore)
Registration No. 199603037H

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____ (Name)

of ____ (Address)

being a member/members of ADDVALUE TECHNOLOGIES LTD hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 a.m. on Tuesday, 28 July 2009 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2009 together with the reports of the Directors and the Auditors thereon.				
2.	To re-elect Mr Tan Juay Hwa, a Director retiring under Article 104 of the Articles of Association of the Company.				
3.	To approve the payment of Directors' Fees of S$95,000 for 2009.				
4.	To re-appoint Horwath First Trust LLP as Auditors and to authorise the Directors to fix their remuneration.				
	Special Business				
5.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				
6.	To authorise Directors to offer and grant options and to issue shares in accordance with the provisions of the Addvalue Technologies Employees' Share Option Scheme.				

* *Please indicate your vote "For" or "Against" with a "✓" within the box provided.*

** *If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ________________ 2009.

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

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

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this proxy form will be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.

4. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office at 190 Changi Road #02-02, MDIS Building, Singapore 419974, not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if such appointor is a corporation under its common seal, if any, and, if none, then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

7. Please indicate with a "✓" in the appropriate space how you wish your proxy to vote. If this proxy form is returned without any indication as to how your proxy shall vote, he will vote or abstain from voting as he thinks fit.

General

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