addvalue

driving connectivity

Annual Report 2010

Empowering Borderless Communications

CORPORATE PROFILE

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 variety of voice and IP-based data applications. The Group 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, Satlink and Globe Wireless.

Through the recent years of business transformation, Addvalue has emerged to be a leading global developer and supplier of mobile satellite terminals, supporting coverage provided by premier mobile satellite communication operators such as Inmarsat and Thuraya. These terminals are ideal choices for communications in areas around the world where terrestrial networks are non-existent, inept or ineffective. This is particularly so for maritime communications which rely almost entirely on satellite communications, and Addvalue's products are well poised to address these needs.

wideye™

liberating communications

We market our products under the brand name of " Wideye™ " and aim to deliver the user's experience the way it should.

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BUSINESS MODEL

Design and Supply of Products and Solutions

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

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 recognised as an innovative solution provider with its products and services gaining substantial market shares
- **Technology:** Possessed 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 to entry
- **Opportunity:** Promising due to small number of market players and high growth potentials, organically or through M&As

CHAIRMAN'S STATEMENT

Dear fellow shareholders

On behalf of the Board of Directors, I present to you the annual report of the Group for the financial year ended 31 March 2010 ("FY2010").

THE START TO BUSINESS GROWTH

The foundation that the Group had vehemently laid in the past coupled with its focused business pursuit had resulted in the Group recording a spurred revenue of S$12.0 million in FY2010, which more than doubled that of S$5.8 million registered for the financial year ended 31 March 2009 ("FY2009"), ushering in the start of business growth to the Group.

Notwithstanding the full financial year loss of S$3.3 million in FY2010, chiefly as a result of delays in the delivery of certain products due to the global supply crunch and hence long lead times required in the procurement of certain key production components, the Group achieved an operating profit of S$0.7 million against a revenue of S$8.0 million for the fourth financial quarter of FY2010 ("4Q2010") (compared to an operating loss of S$0.1 million against a revenue of S$2.8 million for the third financial quarter of FY2010 and an operating loss of S$3.0 million against a revenue of S$1.1 million for the fourth financial quarter of FY2009). The profit for 4Q2010 could have been significantly higher if not for the one time start-up cost incurred for the maiden launch of our FleetBroadband products and the temporary increase in production costs due to the higher cost of materials incurred to secure and expedite delivery of certain key production components amidst the global tight supply conditions.

The Philippines' 2010 National Elections

"Today's election was an important step forward for the Philippines,"
"By automating our voting process we are able to deliver a faster, more transparent and accurate election and final vote tally. The fact that all parties accepted the results, which have been delivered in record time, is a testament to the success of our automated election."
Jose Melo, Chairman at COMELEC

"I had the privilege of observing the electoral process (…) and was impressed by the manner in which this first nation-wide automated election was conducted. Voters seemed generally comfortable with this new system, turn-out was high, and the automation process seemed to work well, with relatively few technical hitches"
"Our observations suggested that this process was carried out smoothly, and the results transmitted rapidly, in the great majority of cases"
Alistair MacDonald, EU Ambassador to the Philippines

Quotes extracted from Smartmatic Press Release dated 12 May 2010

RISING TO THE OPPORTUNITIES

SABRE™ 1 Terminals (Inmarsat Land BGAN Centric)

Our land portable Class 3 BGAN terminal (SABRE™ 1) continued to demonstrate success in the market place. In the second half of FY2010, we secured a contract to supply Smartmatic International Corp ("Smartmatic"), a world-class leading supplier of electoral solutions and services, with 5,500 Wideye™ SABRE™ 1 terminals for deployment in the Philippines for its 2010 National Elections held on 10 May 2010.

With about 3,400 units of the Wideye SABRE™ 1 terminals shipped as at 31 March 2010 and about 2,100 units of the same in April 2010, all the 5,500 Wideye™ SABRE™ 1 terminals were successfully deployed by Smartmatic together with about 82,200 automated voting machines across 7,107 islands in the Philippines. The deployment set the record as the world's largest BGAN terminal deployment for a single project with over 1,400 Wideye™ SABRE™ 1 terminals transmitting data simultaneously at a peak, a feat which outdone our previously held world record in October 2008 when 1,200 Wideye™ SABRE™ 1 terminals were deployed in facilitating Brazil's first round of municipal elections.

The Philippines' 2010 National Elections (comprising the Presidential, Legislative and Local Elections) was the first computerised elections to be held in the country. It was a big success with the first set of results delivered within 30 minutes after the close of voting and 92% of the votes of the entire country transmitted and tallied within 24 hours, a herculean accomplishment unheard of in the country's past history of elections.

We add value... by taking good ideas even further

In the midst of high seas
Our SKIPPER™ 150 FleetBroadband terminals provide reliable communication, position reporting and navigational updates critical to the maritime industry

Firmly landed
Our SABRE™ 1 BGAN terminals allow global voice calls and high speed data connectivity simultaneously from anywhere and at anytime

At remote unmanned location
Our SABRE™ Ranger terminals, the ruggedised version of our BGAN terminals, target especially the oil and gas industries requiring remote unmanned data management constantly

For time-critical communications
Our BGAN terminals meet the demand for time-critical communications where exceptional levels of availability, security and reliability are required, especially in times of government and military operations as well as emergency relief situations

SKIPPER™ 150 FleetBroadband Terminals (Inmarsat Maritime BGAN Centric)

Our competitively priced SKIPPER™ 150 FleetBroadband terminals, suited for use by smaller vessel owners across a broad range of maritime markets, commenced commercial shipment in late July 2009. By April 2010, within a short span of nine months since the product was first conceptualised and developed, our delivery of the product crossed the 1,000th mark. This was a significant milestone as it signified the capturing of a more than 40% market share of the activated 150 FleetBroadband market. To date, we have signed up ten notable distributors to distribute and market this product, including Satlink S.L. ("Satlink") which carries the product as an OEM (Original Equipment Manufacturer) model under its own brand.

FB250 FleetBroadband Terminals (Inmarsat Maritime BGAN Centric)

The FB250 FleetBroadband terminal, which offers traditional telephony, facsimile, SMS (Short Messaging System), email services and internet access and is 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, was developed by us in cooperation with Satlink as an OEM product. The product, marketed under Satlink's own brand name of "SATLINK FleetBroadband 250 Maritime Terminal", had commenced commercial shipment since June 2009.

In recent times, mandatory European Union legislation requires all fishing vessels of over 15 metres in length to migrate their logbook operation from manual to an electronic recording and reporting system (ERS) by July 2011, with the first phase of legislation, concerning vessels of over 24 metres in length, took effect from 1 January 2010. The e-logging system is expected to provide real-time catch information so as to ensure that larger fish stocks are harvested efficiently and at sustainable levels. Satlink, through a consortium, won the first European Fishing e-logbook contract awarded to the Republic of Ireland using the SATLINK FleetBroadband 250 Maritime Terminal solution. Ireland, through its Cork-based Sea Fisheries Protection Authority (SFPA) (a competent authority for the enforcement of sea-fisheries protection and seafood safety legislation in Ireland and throughout Ireland's exclusive fishery limits), is the first member of the European Union to be awarded the ERS contract. Wining this first tender is significant to Addvalue as it will accord our FB250 FleetBroadband terminal a track record in clinching future tenders to be initiated by the other European countries to meet the demands of the EU directive. The market for the FB250 FleetBroadband terminal is indeed very promising because, not even counting the market for new builds, there are currently about 10,000 vessels across Europe that have yet to meet the ERS requirements.

SABRE™ Ranger Terminals (Inmarsat Land BGAN Centric)

The SABRE™ Ranger terminal, which is a ruggedised compact version of our BGAN terminal, can withstand all environmental challenges associated with remote SCADA (Supervisory, Control and Data Acquisition) applications. Targeting especially the oil and gas industries, it is designed to reliably transmit mission critical data to user's corporate headquarters from hard-to-reach locations. While commercial shipment of the first batch of our SABRE™ Ranger terminals was carried out in end June 2009, with further improvements made based on feedback from prolong testing results for mass deployment, we are confident that our enhanced SABRE™ Ranger terminals would be well-poised to serve the niche but growing SCADA market in the coming years.

CHAIRMAN'S STATEMENT

Seagull 5000 Terminals (Thuraya Centric)

The Seagull 5000 terminal is a maritime and land-based mobile satellite communication terminal developed by us in partnership with Thuraya Telecommunications Company ("Thuraya") to suit the functional and budgetary needs of low-end mobile satellite users. Offering a cost-effective communication solution such as voice, SMS and data services via Thuraya's satellite network, it targets cost sensitive users who predominantly require voice and data services at less than 60Kbps. It is ideally suited for the fishery industry in the Asia Pacific and Australia regions. The terminal is now certified and endorsed by Thuraya as a product that Thuraya will keenly promote to all its distributors globally. Thuraya presently provides cost effective mobile satellite services in more than 140 countries in Asia, Africa, Europe, Australia and the Middle East.

LOOKING AHEAD

With the successful completion of our four new terminals, namely SKIPPER™ 150 FleetBroadband terminals, 250 FleetBroadband terminals, SABRE™ Ranger terminals and Seagull 5000 terminals, in FY2010 coupled with our SABRE™ 1 terminals, we are now ready with a much wider range of mobile satellite terminals for mass commercial rollout. For the financial year ending 31 March 2011 ("FY2011"), riding on the commitments procured, we expect robust sales of these staple products as each of them is uniquely and competitively well placed to address demands by the different segments in the market place. Such diversification of products and market segments will not only maximises the sale potentials of our products and services but also helps reducing our dependency on a single market segment.

Being nimble and quick to react to market demands and capitalising on our vast experiences accumulated from the development of competitively priced consumer products in the past, we are also in the midst of cultivating some new customers to diversify our customer base as well as introducing a couple of new products at attractive pricings to extend our existing product range for FY2011.

Barring any unforeseen circumstances and delay in the procurement of certain key components amidst the present tight supply conditions globally, we expect to accelerate the performance and momentum gathered in 4Q2010 into FY2011.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my deepest appreciation to our management and staff for their perseverance, dedication and hard work in fortifying the foundation of the Group and turned a critical corner in FY2010. I would also like to extend my sincere gratitude to our customers, business partners, suppliers and, in particular, Inmarsat for their unrelenting support and the confidence that they have had in our Group.

I am fortunate to have the wise counsel and guidance of my fellow Directors in helping the Group overcoming the many challenges faced and look forward to continue working closely with them as we grow our core operations in FY2011. Last but not least, I am extremely grateful to our Shareholders for their understanding and continued support for the Group throughout FY2010.

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

GROUP STRUCTURE

FINANCIAL REVIEW

Review of financial performance

TURNOVER

Our Group achieved a higher turnover of about S$12.0 million for FY2010 compared to that of about S$5.8 million for FY2009. The increase was attributed mainly to the commencement of bulk commercial sales in late July 2009 of our Inmarsat-centric FleetBroadband terminals and the supply in the fourth financial quarter of FY2010 ("4Q2010") of SABRE™ 1 BGAN Terminals for the Philippines' National Elections held on 10 May 2010.

PROFITABILITY

As a result of the marked increase in turnover, we registered a higher gross profit of about S$3.7 million in FY2010 relative to that of about S$3.5 million in FY2009. Notwithstanding which, over the same financial years under review, our gross profit margin reduced from about 59.9% in FY2009 to about 30.8% in FY2010 due principally to:

(a) a lower proportion of the *ad hoc* though higher margin design contract revenues (relative to sales revenue) being recognised in FY2010 as we channelled our limited manpower and resources in FY2010 to focus on the commercialisation of certain of our products; these products had reached critical delivery milestones to yield recurring income to the Group over the next few years;

(b) higher cost of materials incurred to secure and expedite the delivery of certain key production components during the second half of FY2010 amidst the tide global supply conditions; and

(c) start-up costs in facilitating the production of our products for commercialisation.

The other operating income of about S$0.3 million recorded in FY2010 relates to exchange gains as a result of volatile fluctuation of exchange rates. The other operating income recorded in FY2009 relates mainly to the grant of distribution rights to a distributor to sell certain of our products.

In tandem with the growth in revenue, our selling and distribution expenses, principally through participation in more exhibitions, increased by about by S$0.2 million or 73.0% from about S$0.2 in FY2009 to about S$0.4 million in FY2010.

Our administrative expenses decreased by about S$0.2 million or 16.3% from about S$1.4 million in FY2009 to about S$1.2 million in FY2010, chiefly as a result of our continued cost containment measures and in part due to lesser professional fees incurred.

Our other operating expenses increased by about S$0.7 million or 13.4% from about S$4.3 million in FY2009 to about S$4.9 million in FY2010. The increase was mainly due to:

(a) an impairment in the value of a construction-work-in-progress in FY2010 as the customer concerned procured certain major components directly from our suppliers instead of through us;

(b) laboratory usage and labour charges for testing and customising our Inmarsat-centric FleetBroadband terminals upon implementation; and

(c) amortisation of our development expenditure, commencing from the second financial quarter of FY2010 ("2Q2010"), without significant matching product sale revenues in 2Q2010 and the third financial quarter of FY2010 ("3Q2010"), as a result of delays in the delivery of the products concerned due to the global supply crunch and hence long lead times in the procurement of certain key production components.

On a full financial year basis, we incurred higher finance expenses in FY2010 (relative to FY2009) chiefly as a result of increased borrowings procured with financial institutions and some one-off settlement interests with certain financial institutions

Collectively as a result of the above and given that the commercialisation of our products took place mostly in 4Q2010, we recorded a pre-tax loss of about S$3.2 million in FY2010 compared to that of S$2.8 million in FY2009.

Review of financial position

WORKING CAPITAL

Our current assets decreased by about 12.4% from about S$6.9 million as at 31 March 2009 to about S$6.1 million as at 31 March 2010. The decrease was chiefly due to a decrease in our construction contract work-in-progress as a result of an impairment in the value of a design-cum-supply contract as explained above and continuous progress billings made since 1 April 2009, despite increases in:

(a) our inventories (due mainly to the bulk purchase of materials in anticipation of production requirements);

(b) our trade receivables (in tandem with the higher turnover attained in FY2010); and

(c) our other receivables, deposits and prepayments (attributed mainly to deposits placed for the purchase of equipment and the acquisition of new software licences used by our Inmarsat-centric SABRE™ range of products).

With the marked reduction in our payables, accruals and loans from financial institutions, we significantly narrowed our negative working capital from about S$4.9 million as at 31 March 2009 to about S$2.8 million as at 31 March 2010.

We secured a 2-year term loan of S$4.0 million in 3Q2010 to fund our production needs and will continue to explore various financing means to further strengthen our financial position.

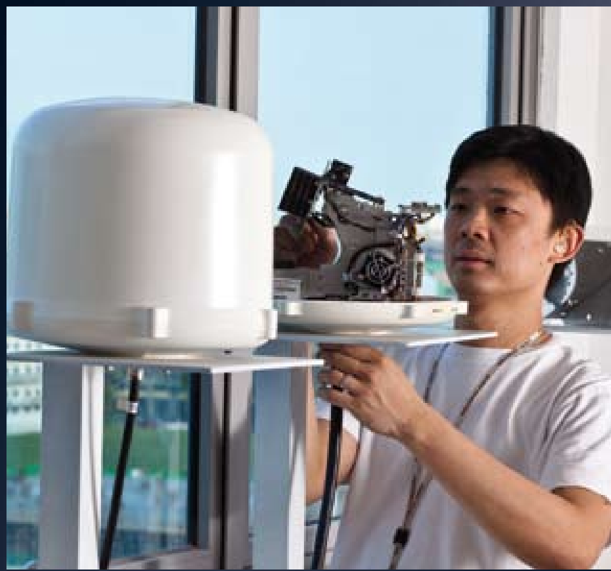
PROPERTY, PLANT AND EQUIPMENT

The increase in our property, plant and equipment by about 37.6% from about S$0.8 million as at 31 March 2009 to about S$1.1million as at 31 March 2010 was mainly due to the purchase of tooling and computer equipment in enhancing our work process.

INTANGIBLE ASSETS

The increase in our intangible assets by about 21.3% from about S$9.1 million as at 31 March 2009 to about S$11.1 million as at 31 March 2010 relates mainly to development expenditure incurred as we continue to develop our proprietary products.

OPERATIONS REVIEW



SUPPLY OF PRODUCTS

In FY2010, we had not only completed a few land and maritime satellite products but also successfully kicked off the commercialisation of these products. Our efforts in exploiting and maximising the sale potentials of these land and maritime satellite communication products are detailed in the Chairman's message.

For FY2011, we will continue to strengthen the value proposition of these products as well as develop a few more new products, some of which being customised to the specific needs of new customers, to enlarge the variation of our product offerings and widen our customer base for better market penetration in the land and maritime markets.

DESIGN SERVICES

We have been and will continue to be actively pursuing opportunities in developing satellite communication products and solutions that will involve our technologies and skillsets. Such opportunities will usually lead to new product supply revenue. Currently we have one such program that is expected to be completed within FY2011.

AIRTIME SERVICE

We have started to sell satellite airtime as part of our business model, albeit on an initial small scale. In this regard, we 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 and Chief Executive Officer

Dr Chan, the key founder of the Group, is responsible for the Group's overall management, operations and formulation of business strategies and policies. As a Mechanical Engineer with more than 25 years of experience in communications product design and manufacturing, business development and corporate management, he was responsible for formulating the strategies in restructuring and transforming the Group to be a satellite communications focused company. 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 Operating and Technology Officer

Mr Tan, one of the co-founders, has more than 25 years of experience in product development and project management in the field of telecommunications. In the past ten years, his work was primarily focused on satellite communications product development management. Keeping himself abreast of the latest technology development in the satellite communication 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, USA 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 Angelesampus, USA.

TAN JUAY HWA

Executive Director

Mr Tan, one of the co-founders, has more than 25 years of experience in communications design, proprietary software technology development for communications products and product development management. In the past ten years, his primary focus was on firmware development for satellite communication products, including testing and manufacturing firmware for such products. Mr Tan holds a Diploma in Electronics from the 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.

BOARD OF DIRECTORS

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 12 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 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, including 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 and Joint Company Secretary

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 13 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.

K. KALAIVANAN

Senior Software Design Manager

Mr Kalaivanan joined the Group in 1996 and specialises in telecommunications software development, especially in the areas of wireless communications and networking protocols. He has more than 19 years of experience in telecommunications industry, involving 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 communication, protocol analyzers, SCADA, tracking and navigation and satellite communications products. He manages the software development of the Inmarsat BGAN satellite terminal projects.

Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering (Hons) Degree in Electronics and Instrumentation. He also holds two Masters Degrees, one in Master of Engineering (Hons) in Instrument Technology from Madras Institute of Technology, Anna University, India and another Master of Science in Communications Software Management, specialized in Data Communication and Networking Software, from the University of Essex, UK.

E.M.L. EKANAYAKE

Senior Hardware Design Manager

Mr Ekanayake joined the Group in 1996 and specialises in electronics hardware design. He has more than 19 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 (Hons) Degree in Engineering and holds a Graduate Diploma in Information Communication Technology from the Nanyang Technological University.

PENG PIANG, KEVIN

Vice President, Business Development
(Land & Mobile Solutions)

Mr Peng joined the Group in April 2006. Apart from managing business development in the satellite communication area, especially with regard to BGAN core module, he also plays the role of a baseband functional manager. He has 11 years of digital ASIC design experience, specializing in 3D graphics and optical fibre SDH communication design. Mr Peng graduated with a Master of Business Administration from the Nanyang Business School of the Nanyang Technological University and a Bachelor in Electrical Engineering from the Iowa State University, USA.

LEE KIM HOCK, MICHAEL

Human Resource and 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 11 years of experience in the areas concerning 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.

CORPORATE INFORMATION

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

Mr Tan Khai Pang
Chief Operating and Technology Officer

Mr Tan Juay Hwa
Executive Director

Mr Lim Han Boon
Independent Director

Mr Ang Eng Lim
Independent 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

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28 Tai Seng Street #06-02
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Registrar
KCK CorpServe Pte Ltd
333 North Bridge Road #08-00
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Auditors
Horwath First Trust LLP
7 Temasek Boulevard #11-01
Suntec Tower One
Singapore 038987
Partner-in-charge: Mr Alfred Cheong
Date of Appointment: 4 May 2007

Company Registration Number
199603037H

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PROXY FORM

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
- Authorizing 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 operation. 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 requires 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.

As at the date of this Annual Report, excluding *ad hoc* informal meetings and discussions carried out via teleconferencing or emails, our Company convened Five Board of Directors' meetings, Five Audit Committee meetings, two Nominating Committee meetings and two Remuneration Committee meetings are held.

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	5	N/A	N/A	N/A
Tan Juay Hwa	5	N/A	N/A	N/A
Tan Khai Pang	5	5	2	2
Lim Han Boon	4	4	1	1
Ang Eng Lim	5	5	2	2

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 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 our 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 are constant communications among 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 comprised 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 having regard 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 had 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 2010, 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 our Company Secretary and key executives.

Our 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 MATTETRS

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 comprised 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 our Company.

Our 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 Board's approval.

In addition, the Remuneration Committee administers our 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 our Company for the financial year ended 31 March 2010 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.

Details of the remuneration paid to the key senior executives (who are not also Directors) for the financial year ended 31 March 2010 are set out below:

Remuneration Bands	Name of Executive	Designation	Fixed Salary* (%)	Benefits (%)
$500,000 and above	Nil			
$250,000 to $499,999	Nil			
Below $250,000	Lim Teck Meng	Financial Controller & Joint Company Secretary	100	–
	Peng Piang, Kevin	Vice President, Business Development	100	–
	K. Kalaivanan	Senior Manager, Product Development	100	–
	E.M.L Ekanayake	Senior Manager, Product Development	100	–
	Lee Kim Hock, Michael	Human Resource & Administration Manager	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 2010.

Corporate Governance Report

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	Exercise period	Subscription price S$	Options Outstanding as at 01.04.09	Options lapsed/ cancelled/ exercised (net of transfer)	Options Outstanding as at 31.03.10
01.08.2002	01.08.2002 to 31.07.2012	0.12	1,240,000	(720,000)	520,000
20.04.2007	20.04.2008 to 19.04.2011	0.12	8,145,000	(70,000)	8,075,000
05.06.2007	05.06.2008 to 04.06.2011	0.123	3,900,000	–	3,900,000

Options granted to Directors

Director	Options Outstanding as at 31.03.09	Options cancelled/ transferred	Options Outstanding as at 31.03.10
Dr Chan Kum Lok, Colin	1,200,000	–	1,200,000
Tan Khai Pang	2,150,000	950,000	1,200,000
Tan Juay Hwa	1,450,000	950,000	500,000
Lim Han Boon	800,000	–	800,000
Ang Eng Lim	200,000	–	200,000

Options granted to Senior Executives

Senior Executives	Options Outstanding as at 31.03.09	Options cancelled/ transferred	Options Outstanding as at 31.03.10
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.

Corporate Governance Report

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 comprised 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 continue 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 2010 as well as the auditors' report thereon and the half-yearly and annual results announcements before they are 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 matter within its terms of reference as it deems appropriate.

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.

Corporate Governance Report

Internal Control

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.

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 opportunities 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, the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders.

INTERESTED PERSON TRANSACTION

Our Group has adopted an internal policy in respect of the 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 2010.

RISK MANGEMENT

The Board of Directors oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group 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 quarterly 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 2010, our Company has complied materially with the principal corporate governance recommendations set out in the Code issued by the SGX-ST.

Directors' Report

Year Ended 31 March 2010

The directors present their report to the members together with the audited financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2010 and the balance sheet of the Company as at 31 March 2010.

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

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

Except as disclosed under "Share options" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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' interests in shares or debentures

According to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act, Cap 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except 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 2009	At 31 March 2010	At 21 April 2010	At 1 April 2009	At 31 March 2010	At 21 April 2010
The Company						
Ordinary shares						
Dr Chan Kum Lok, Colin	54,651,960	25,440,960	25,440,960	–	–	–
Tan Khai Pang	38,925,360	31,925,360	31,925,360	–	–	–
Tan Juay Hwa	14,092,720	3,131,720	3,131,720	–	–	–
Lim Han Boon	11,990,560	11,990,560	11,990,560	–	–	–
Ang Eng Lim	2,600,640	2,600,640	2,600,640	–	–	–
Options to subscribe for the Company's ordinary shares						
Dr Chan Kum Lok, Colin	1,200,000	1,200,000	1,200,000	–	–	–
Tan Khai Pang	2,150,000	1,200,000	1,200,000	–	–	–
Tan Juay Hwa	1,450,000	500,000	500,000	–	–	–
Lim Han Boon	800,000	800,000	800,000	–	–	–
Ang Eng Lim	200,000	200,000	200,000	–	–	–

Directors' contractual benefits

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 except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

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 (Member)
Tan Khai Pang (Member)

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.

Share options (Continued)

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 in financial year ended 31 March 2010	Aggregate granted since commencement of the Scheme to 31 March 2010	Aggregate cancelled/ transferred since commencement of the Scheme to 31 March 2010	Aggregate outstanding as at 31 March 2010 and 21 April 2010
Directors of the Company				
Dr Chan Kum Lok, Colin	–	1,200,000	–	1,200,000
Tan Khai Pang	–	2,150,000	950,000	1,200,000
Tan Juay Hwa	–	1,450,000	950,000	500,000
Lim Han Boon	–	800,000	–	800,000
Ang Eng Lim	–	200,000	–	200,000

Unissued ordinary shares in respect of unexercised options granted under the Scheme as at 31 March 2010 comprise:

For ordinary shares in the Company	Exercise price per option	Exercise period
520,000	$0.12	1 August 2001 to 31 July 2012
8,075,000	$0.12	20 April 2008 to 19 April 2011
3,900,000	$0.123	5 June 2008 to 4 June 2011
12,495,000		

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 (Member)
Tan Khai Pang (Member)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

Audit Committee (Continued)

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 2010 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 3 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 of Directors that the independent auditors, 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 Corporate Governance Report.

Independent auditors

The independent auditors, Horwath First Trust LLP, 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
2 July 2010

Statement by Directors

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 33 to 83 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 2010 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the Board of Directors

DR CHAN KUM LOK, COLIN
Director

TAN KHAI PANG
Director

Singapore
2 July 2010

Independent Auditors' Report

Year Ended 31 March 2010

We have audited the accompanying financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiary companies (the "Group") set out on pages 33 to 83, which comprise the balance sheets of the Company and of the Group as at 31 March 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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

Year Ended 31 March 2010

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 2010, and 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 $3,214,838 during the financial year ended 31 March 2010 and was in a net current liability position of approximately $2,784,837 as at 31 March 2010. As at 31 March 2010, 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.

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
2 July 2010

Balance Sheets

As At 31 March 2010

(Amounts in Singapore dollars)

	Note	Group		Company	
		2010	2009	2010	2009
		$	$	$	$
Equity attributable to the Company's equity holders					
Share capital	3	62,852,117	59,166,001	62,852,117	59,166,001
Capital reserve	4	65,120	65,120	65,120	65,120
Fair value adjustment reserve		(74,375)	–	(74,375)	–
Accumulated losses		(57,479,377)	(54,264,539)	(58,385,351)	(56,232,512)
		5,363,485	4,966,582	4,457,511	2,998,609
Minority interests		81	81	–	–
TOTAL EQUITY		5,363,566	4,966,663	4,457,511	2,998,609
Non-current assets					
Plant and equipment	5	1,056,942	767,680	–	–
Subsidiaries	6	–	–	2,724,638	4,578,934
Associates	7	–	–	–	–
Other equity investments	8	–	–	–	–
Intangible assets	9	11,091,461	9,141,962	–	–
Current assets					
Inventories	10	1,946,158	1,275,242	–	–
Amount due from customers for contract work	11	–	5,276,454	–	–
Trade receivables	12	2,156,902	63,658	–	–
Other receivables, deposits and prepayment	13	1,682,366	288,858	39	148,524
Available-for-sale financial assets	14	55,907	–	55,907	–
Due from subsidiaries (non-trade)	15	–	–	2,623,417	2,343,725
Due from an associate (non-trade)	16	–	–	–	–
Cash and bank balances	17	245,764	40,484	1,108	498
		6,087,097	6,944,696	2,680,471	2,492,747
TOTAL ASSETS		18,235,500	16,854,338	5,405,109	7,071,681
Current liabilities					
Trade payables		1,879,975	1,736,268	–	–
Other payables and accruals	18	3,403,637	4,758,380	781,182	884,183
Borrowings	19	1,107,253	3,989,672	–	2,400,355
Advances received from customers		2,481,069	797,822	–	–
Due to subsidiaries (non-trade)	15	–	–	166,416	183,001
Income tax payable		–	5,000	–	5,000
Bank overdrafts	17	–	600,533	–	600,533
		8,871,934	11,887,675	947,598	4,073,072
Non-current liabilities					
Borrowings	19	4,000,000	–	–	–
TOTAL LIABILITIES		12,871,934	11,887,675	947,598	4,073,072
NET ASSETS		5,363,566	4,966,663	4,457,511	2,998,609

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

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2010

(Amounts in Singapore dollars)

	Note	2010 $	2009 $
Revenue	20	12,044,955	5,795,826
Cost of sales		(8,330,156)	(2,324,976)
Gross profit		3,714,799	3,470,850
Other operating income	21	304,974	290,016
Selling and distribution expenses		(372,217)	(215,218)
Administrative expenses		(1,210,634)	(1,445,564)
Other operating expenses	22	(4,920,032)	(4,339,472)
Finance expenses	23	(736,728)	(601,115)
Loss before tax	24	(3,219,838)	(2,840,503)
Income tax credit (expense)	25	5,000	(81,770)
Loss for the year		(3,214,838)	(2,922,273)
Other comprehensive expense:			
Fair value loss on available-for-sale financial assets		(74,375)	–
Total comprehensive expense for the year		(3,289,213)	(2,922,273)
Attributable to:			
Equity holders of the Company		(3,289,213)	(2,922,273)
Minority interests		–	–
		(3,289,213)	(2,922,273)
Loss per share (cents)	26		
Basic		(0.38)	(0.36)
Diluted		(0.38)	(0.36)

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

Consolidated Statement of Changes in Equity

Year Ended 31 March 2010

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company					
	Share capital $	Capital reserve $	Fair value adjustment reserve (Note 14)[(1)] $	Accumulated losses $	Minority interests $	Total equity $
Balance at 1.4.2008	59,166,001	65,120	–	(51,342,266)	81	7,888,936
Total comprehensive expense 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
Balance at 1.4.2009	59,166,001	65,120	–	(54,264,539)	81	4,966,663
Issuance of new shares	4,196,835	–	–	–	–	4,196,835
Share issue expenses	(510,719)	–	–	–	–	(510,719)
Total comprehensive expense for the year	–	–	(74,375)	(3,214,838)	–	(3,289,213)
Balance at 31.3.2010	62,852,117	65,120	(74,375)	(57,479,377)	81	5,363,566

(1) The fair value adjustment reserve records the cumulative fair value changes of available for sale financial assets until they are derecognised or impaired.

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

Consolidated Statement of Cash Flow

Year Ended 31 March 2010

(Amounts in Singapore dollars)

	Note	2010 $	2009 $
Cash flows from operating activities			
Loss before tax		(3,219,838)	(2,840,503)
Adjustments:			
Allowance for doubtful non-trade receivables		–	561,974
Allowance for doubtful trade receivables		22,873	–
Bad trade debts written off		–	511,112
Amortisation of intangible assets		1,038,988	628,758
Depreciation of plant and equipment		558,901	635,975
Interest expense		736,728	601,115
Interest income		–	(12,994)
Amount due from customers for contract work written off		1,900,260	1,000,357
Plant and equipment written off		–	102,480
Gain on disposal of plant and equipment		(1,800)	–
Operating profit before working capital changes		1,036,112	1,188,274
Inventories		(670,916)	131,714
Amount due from customers for contract work		3,376,194	(1,321,733)
Trade and other receivables		(3,509,625)	773,590
Available-for-sale financial assets		(130,282)	–
Development expenditure		(2,988,487)	(3,470,932)
Trade and other payables		472,212	3,568,207
Cash (used in) generated from operations		(2,414,792)	869,120
Interest received		–	12,994
Income tax paid		–	(81,770)
Net cash (used in) generated from operating activities		(2,414,792)	800,344
Cash flows from investing activities			
Purchase of plant and equipment		(848,163)	(242,478)
Purchase of computer software		–	(77,250)
Proceeds from disposal of plant and equipment		1,800	–
Net cash used in investing activities		(846,363)	(319,728)
Cash flows from financing activities			
Net proceeds from issue of shares		3,686,116	–
Net proceeds from / (repayment of) loans		1,117,580	(207,024)
Repayment of trust receipts		–	(913,107)
Interest paid		(736,728)	(601,115)
Net cash generated from (used in) financing activities		4,066,968	(1,721,246)
Net increase (decrease) in cash and cash equivalents		805,813	(1,240,630)
Cash and cash equivalents at beginning of year		(560,049)	680,581
Cash and cash equivalents at end of year	17	245,764	(560,049)

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

Notes to the Financial Statements

Year Ended 31 March 2010

(Amounts in Singapore dollars)

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

1. CORPORATE INFORMATION

Addvalue Technologies Ltd (the "Company") is a limited company domiciled and incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and principal place of business is 28 Tai Seng Street, #06-02, Singapore 534106.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The balance sheet of the Company and the consolidated financial statements for the financial ended 31 March 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 2 July 2010.

2. 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 preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical 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 in this note.

Adoption of new and revised standards

On 1 April 2009, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new or revised FRS and INT FRS that are relevant to the Group:

(a) FRS 1 (revised) Presentation of financial statements

The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement but entities can choose whether to present one performance statement (the "statement of comprehensive income") or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. In addition, where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2009 in the current financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised standards (Continued)

(b) Amendments to FRS 23 Borrowing costs

FRS 23 has been revised to require capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. The Group has amended its accounting policy based on the revised FRS 23. In accordance with the transitional provisions of the Standard, the Group has adopted this as a prospective change. The Group has assessed that the borrowing costs are not attributable to qualifying assets. Accordingly, borrowing costs are expensed in the profit or loss in the period in which they are incurred.

(c) Amendments to FRS 107 Improving disclosures about financial statements

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (Note 32). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

(d) FRS 108 Operating segments

This replaces FRS 14 Segment Reporting, and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting.

New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published as at the balance sheet date and are relevant and mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods and which the Group has not early adopted.

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Improvements to FRS issued in 2009	
- Amendments to FRS 38 Intangible Assets	1 July 2009
- Amendments to FRS 102 Share-based Payment	1 July 2009
- Amendments to FRS 108 Operating Segments	1 July 2009
- Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
- Amendments to FRS 7 Statement of Cash Flows	1 January 2010
- Amendments to FRS 17 Leases	1 January 2010
- Amendments to FRS 36 Impairment of Assets	1 January 2010
- FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
- Amendments to FRS 108 Operating Segments	1 January 2010
- Revised FRS 24 Related Party Disclosures	1 January 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards and FRS interpretations (Continued)

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below:

<u>FRS 103 (revised) Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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. Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. Adjustments to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's interest in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recognised as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised as income in the profit or loss on the date of acquisition.

The results of subsidiaries are consolidated from the date control is transferred to the Group and de-consolidated from the date on which control ceases. 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 statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Minority interests represent the portion of profit or loss and net assets in a subsidiary attributable to interests which are not owned directly or indirectly by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated balance sheet, separately from parent shareholders' equity. 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 minorities in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' 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 statement of comprehensive income. 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 statement of comprehensive income.

Functional and foreign currencies

Functional currency and presentation currency

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 the functional currency of the Company.

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Subsidiaries

A subsidiary is an entity over 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

An associate is an entity over 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. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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. 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, unless it has incurred obligations or made payments on behalf of the associate.

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. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The most recent available 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 un-audited 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, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of comprehensive income as incurred.

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Plant and equipment are depreciated using the straight-line method to write-off the cost of the plant and equipment over their estimated useful lives. The estimated useful lives 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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment (Continued)

Fully depreciated assets are retained in the financial statements until they are no longer in use. The estimated useful life and depreciation method are reviewed and adjusted as appropriate, at each balance sheet date 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 plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

Intangible assets

(a) Goodwill on consolidation

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. After initial recognition, goodwill is measured at cost less accumulated impairment loss, 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 recognised for goodwill is not reversed in subsequent periods.

(b) Research costs and development expenditure

Research costs are charged as an expense in the profit or loss 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)
Consumer related products	3
Satellite related products	10

(c) Patents

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(d) Computer software

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

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 compiled with. Government grants relating to assets are included in the balance sheet as deferred income and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

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 calculated as the higher of the asset's value in use and the asset's or cash-generating unit's fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. In determining value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. 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 first-in first-out basis. Finished goods comprise cost of raw materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary 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.

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

For the purpose of the consolidated cash flow statement, cash and cash equivalent comprises cash on hand and in banks and bank overdraft and 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 three months when acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. 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 had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised and derecognised on trade date basis where the purchase or sale of financial assets are under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

A. Classification

The Group classifies its investments in financial assets in the categories of loans and receivables 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.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 which are classified as non-current assets. Loans and receivables are presented as trade and other receivables including, amounts due from subsidiaries and an associate on the balance sheet.

(ii) Available-for-sale financial assets

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.

B. Subsequent measurement

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value. For available-for-sale financial assets, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and recognised the impairment loss when such evidence exists.

(i) Financial assets carried at amortised cost

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and 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. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

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

When the asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from equity to profit or loss.

The impairment losses recognised as an expense for equity instruments are not reversed through profit or loss. The impairment losses recognised as an expense for debt instruments are subsequently reversed if an increase in the fair value of the instruments can be objectively related to event occurring after the recognition of the impairment loss.

Financial liabilities

Financial liabilities within the scope of FRS 39 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 recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

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

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees 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 directly attributable to the issuance of the guarantee, in the Company's balance sheet. Financial guarantee contracts are subsequently amortised to the statement of comprehensive income 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 in the Company's balance sheet.

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 at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the provision is discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

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 upon the transfer of significant 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 is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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.

Interest income is recognised on a time-proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

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 profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Borrowing costs

Borrowing costs are recognised on a time-proportion basis in the profit or loss using the effective interest method.

Employees' benefits

(i) Defined contribution plan

The Singapore companies in the Group make contribution to the Central Provident Fund ("CPF") Scheme in Singapore, a defined contribution pension schemes. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

(iii) Share-based compensation

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

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 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 Group revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the profit or loss, and a corresponding adjustment to the share option reserve 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.

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as an offset against staff costs.

Income 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 statement of comprehensive income 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, 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.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of development expenditure

The Group determines 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 2010 is $10,661,166 (2009: $8,601,293).

(b) 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 2010 is $1,056,942 (2009: $767,680). 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.

(c) Useful lives of intangible assets

The cost of intangible assets is amortised on a straight line basis over their respective estimated useful lives. Management estimates the useful lives to be within 3 to 10 years. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Therefore, future amortisation changes could be revised. The carrying amount of the Group’s intangible assets at the balance sheet date is disclosed in Note 9 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

(ii) Critical judgments made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most 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 judgement. 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 this capitalised development expenditure that will flow to the Group.

3. SHARE CAPITAL

	Group and Company	
	2010	2009
	$	$
Issued and fully paid		
As at beginning of year		
807,905,813 (2009: 807,905,813) ordinary shares	59,166,001	59,166,001
Issued during the year		
96,000,000 (2009: Nil) ordinary shares	4,196,835	–
Share issue expenses	(510,719)	–
As at end of year 903,905,813 (2009: 807,905,813) ordinary shares	62,852,117	59,166,001

During the financial year ended 31 March 2010, the Company issued the following shares:

No. of shares	Description of shares	Purpose of issue
40,000,000	Ordinary shares $0.05 each for cash	For production of products to be launched and the balance for general working capital
30,000,000	Ordinary shares $0.03836 each for cash	For production of products to be launched and the balance for general working capital
18,000,000	Ordinary shares $0.040202 each for cash	For general working capital
8,000,000	Ordinary shares $0.0403 each for cash	For general working capital
96,000,000		

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.

3. SHARE CAPITAL (Continued)

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.

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

	Group and Company			
	2010		2009	
Options outstanding	**Number of share option**	**Weighted average exercise price $**	**Number of share option**	**Weighted average exercise price $**
As at beginning of year	13,285,000	0.121	17,950,000	0.121
Cancelled/Lapsed during the year (net of transfer)	(790,000)	0.12	(4,665,000)	0.12
As at end of year	12,495,000	0.121	13,285,000	0.121
Exercisable at the end of the year	12,495,000		13,285,000	

Terms of the share options outstanding as at end of year:		**Number of options**	
		2010	**2009**
Expiry date	**Exercise price**		
31 July 2012	$0.12	520,000	1,240,000
19 April 2011	$0.12	8,075,000	8,145,000
4 June 2011	$0.123	3,900,000	3,900,000
		12,495,000	13,285,000

4. CAPITAL RESERVE

The capital reserve represents the share option reserve arising from recognition of share-based payment. There is no recognition of share-based payment during the year as there is no issuance of share option under employee share option scheme.

5. PLANT AND EQUIPMENT

Group

	Laboratory equipment	Furniture, fittings and office equipment	Computers and software	Toolings	Renovations	Total
	$	$	$	$	$	$
Cost						
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 / Disposal	–	–	(298,633)	–	–	(298,633)
As at 31.3.2009	2,460,025	255,270	2,072,291	947,514	220,915	5,956,015
As at 1.4.2009	2,460,025	255,270	2,072,291	947,514	220,915	5,956,015
Additions	43,602	52,250	189,063	362,547	200,701	848,163
Written off / Disposal	(337,410)	–	(49,056)	–	(220,915)	(607,381)
As at 31.3.2010	2,166,217	307,520	2,212,298	1,310,061	200,701	6,196,797
Accumulated depreciation						
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 / Disposal	–	–	(196,153)	–	–	(196,153)
As at 31.3.2009	2,264,739	204,438	1,941,922	579,333	197,903	5,188,335
As at 1.4.2009	2,264,739	204,438	1,941,922	579,333	197,903	5,188,335
Depreciation charge for the year	85,578	19,850	93,001	306,198	54,274	558,901
Written off / Disposal	(337,410)	–	(49,056)	–	(220,915)	(607,381)
As at 31.3.2010	2,012,907	224,288	1,985,867	885,531	31,262	5,139,855
Net carrying value						
As at 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
As at 31.3.2010	153,310	83,232	226,431	424,530	169,439	1,056,942

Notes to the Financial Statements

Year Ended 31 March 2010

6. SUBSIDIARIES

	Company 2010 $	Company 2009 $
Unquoted equity shares at cost	54,211,963	54,211,965
Less: Impairment losses	(51,487,325)	(49,633,031)
	2,724,638	4,578,934
Analysis of impairment losses:		
Balance at beginning of year	49,633,031	49,601,792
Impairment made during the year	1,854,294	31,239
Balance at end of year	51,487,325	49,633,031

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 2010 %	Effective equity held by the Group 2009 %	Cost of investment 2010 $	Cost of investment 2009 $
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 [(5)]	Dormant	British Virgin Island	–	100	–	2
					54,211,963	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

7. ASSOCIATES

	Group and Company 2010 $	Group and Company 2009 $
Equity shares at cost	98,173	98,173
Less: Impairment losses	(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 2010 %	Effective equity held by the Group 2009 %	Cost of investment 2010 $	Cost of investment 2009 $
Addvalue Communications, Inc [(1)]	Ceased operations	United States of America	23.42	23.42	173	173
Boost Time International Ltd.("BTI") [(1)(3)]	Dormant	British Virgin Island	49	49	–	–
Held through an Associate, BTI						
Addvalue Technologies (Guangzhou) Limited [(2)]	Ceased operations	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) The associate ceased its operation. As a result, no audit has been conducted for the financial year.
(3) Struck off from the register companies with effect from 2 November 2009. No audit has been conducted for the financial year.

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. In prior year, 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.

In prior year, the Group had not recognised its share of losses of associated companies amounting to $382 because the Group's cumulative share of losses exceeded its interest in the entities and the Group had no obligation in respect of those losses. The cumulative unrecognised losses amounted to $526,875 at the balance sheet date.

7. ASSOCIATES (Continued)

During current financial year, the associates have ceased its operation. As a result, there is no financial statement of associates available to the Group.

As at 31 March 2009, the summarised financial information of the associates was as follows:

	Group
	2009
	$
Assets and liabilities	
Current assets	159,827
Non-current assets	1,552,049
Total assets	1,711,876
Current liabilities / Total liabilities	2,507,157
Results:	
Revenue	–
Loss for the year	779

8. OTHER EQUITY INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Unquoted equity investments, at cost	3,512,218	3,512,218	1,875,721	1,875,721
Less: Impairment losses	(3,512,218)	(3,512,218)	(1,875,721)	(1,875,721)
	–	–	–	–

9. INTANGIBLE ASSETS

Group	Development expenditure $	Patents $	Computer software $	Total $
Cost				
As at 1.4.2008	5,539,462	55,700	629,886	6,225,048
Reclassified from plant and equipment (Note 5)	166,034	–	–	166,035
Additions	3,470,933	–	77,250	3,548,182
As at 31.3.2009	9,176,429	55,700	707,136	9,939,265
As at 1.4.2009	9,176,429	55,700	707,136	9,939,265
Additions	2,988,487	–	–	2,988,487
As at 31.3.2010	12,164,916	55,700	707,136	12,927,752
Accumulated amortisation				
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
As at 1.4.2009	575,136	39,786	182,381	797,303
Amortisation charge for the year	928,614	7,957	102,417	1,038,988
As at 31.3.2010	1,503,750	47,743	284,798	1,836,291
Net carrying value				
As at 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
As at 31.3.2010	10,661,166	7,957	422,338	11,091,461

The Group invests in development activities to build its base of proprietary products, applications and processes. The net carrying value of development expenditure amounted to $10,661,166 (2009: $8,601,293) represents customised costs incurred in the development of customised ASIC (Application Specific Integrated Circuit) chipsets for satellite communication applications, tracking and telemetry solutions. 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. The amortisation of development expenditure amounting to $928,614 (2009: $523,410) was charged to other operating expenses in the statement of comprehensive income.

10. INVENTORIES

	Group 2010 $	Group 2009 $
Finished goods	222,783	1,071,704
Raw materials	1,723,375	203,538
Total inventories at lower of cost and net realisable value	1,946,158	1,275,242
Movement in allowance for stock obsolescence:		
At beginning of the year	70,918	86,878
Allowance made during the year	–	330
Inventories written off against allowance	(70,918)	(16,291)
At end of year	–	70,918

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to $7,278,844 (2009: $1,649,766).

11. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group 2010 $	Group 2009 $
Work-in-progress		
- Costs incurred	–	1,465,814
- Attributable profit	–	5,989,093
	–	7,454,907
Less: Progress billings	–	(2,178,453)
	–	5,276,454

Amount due from customers for contract work amounting to $1,900,260 (2009: $1,000,357) was written off and included in other operating expenses in the profit or loss.

12. TRADE RECEIVABLES

	Group 2010 $	Group 2009 $
Trade receivables	2,182,727	83,419
Less : Allowance for doubtful trade receivables	(25,825)	(19,761)
	2,156,902	63,658

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deposits and prepayments	219,740	131,696	–	–
Consideration receivable under settlement arrangement	–	710,459	–	710,459
Other receivables	200,790	200,790	–	–
Advances received from customers	1,419,942	7,118		
Others	42,684	1,559	39	39
	1,883,156	1,051,622	39	710,498
Less : Allowance for doubtful non-trade receivables	(200,790)	(762,764)	–	(561,974)
	1,682,366	288,858	39	148,524
Analysis of allowance for doubtful non-trade receivables:				
Balance at beginning of year	762,764	200,790	561,974	–
Allowance made during the year	–	561,974	–	561,974
Written off against allowance	(561,974)	–	(561,974)	–
Balance at end of year	200,790	762,764	–	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. During the financial year, the net consideration receivable under settlement arrangement related to prior year amounted to $148,485 has been converted to available-for-sale financial assets as the ownership of the quoted shares has been transferred to the Company (Note 14).

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Equity instrument (quoted), at cost				
Balance at beginning of year	–	–	–	–
Additions	148,485	–	148,485	–
Disposal	(18,203)	–	(18,203)	–
Fair value adjustment for the year	(74,375)	–	(74,375)	–
	55,907	–	55,907	–

The available-for-sale financial assets relate to the transferred of ownership of the quoted shares from the net consideration receivable under the settlement arrangement (Note 13).

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

These non-trade balances are unsecured, interest-free and repayable on demand.

16. DUE FROM AN ASSOCIATE (NON-TRADE)

	Group and Company	
	2010	2009
	$	$
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.

17. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Cash and bank balances	245,764	40,484	1,108	498
	245,764	40,484	1,108	498
Less: Bank overdrafts (unsecured)	–	(600,533)	–	(600,533)
Cash and cash equivalents as stated in the consolidated statement of cash flows	245,764	(560,049)	1,108	(600,035)

Bank overdraft (unsecured)

Bank overdraft is denominated in Singapore dollar, bears effective interest rates ranging from 6.24% to 10.93% (2009: 6%).

No outstanding bank overdraft as at the end of the financial year.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Accrued operating expenses:				
- Director fees	375,315	1,263,460	375,315	266,205
- Employee benefits	1,366,039	1,622,077	–	–
- Others	161,752	178,681	39,380	48,000
Other payables	1,500,531	1,694,162	366,487	569,978
	3,403,637	4,758,380	781,182	884,183

Included in other payables is an amount owing to third party amounting to $34,981 (2009: $484,490) which bears interest rate of 7% (2009: 7%) per annum and is repayable on demand.

19. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Borrowings from financial institutions:				
Trust receipts (secured)	207,253	589,317	–	–
Loan 1 (secured)	900,000	1,000,000	–	–
Loan 2 (secured)	–	2,400,355	–	2,400,355
Loan 3 (secured)	4,000,000	–	–	–
	5,107,253	3,989,672	–	2,400,355
Due within one year	1,107,253	3,989,672	–	–
Due after one year or more	4,000,000	–	–	–
	5,107,253	3,989,672	–	2,400,355

Trust receipts (secured)

The trust receipts are repayable on demand and denominated in United States dollar, bear effective interest rates ranging from 6.4.% to 8.5% (2009: 3.65% to 9.75%) and are secured by a corporate guarantee by the Company.

Loan 1 (secured)

The loan 1 is repayable on demand and denominated in Singapore dollar, bears effective interest rate ranging from 10% to 20% (2009: 5.83% to 6.33%) and is secured by a corporate guarantee by the Company.

Loan 2 (secured)

The loan 2 is repayable on demand and denominated in United States dollar, bears effective interest rate of 14% (2009: 9.5% to 14%) and is secured by a legal charge over a number of shares in the capital of the Company owned by a director of a Company.

The loan was fully settled during current financial year.

Loan 3 (secured)

The loan 3 matured on 30 September 2011, denominated in Singapore dollar, bears effective interest rate ranging from 5% to 10% and is secured by a corporate guarantee by the Company.

20. REVENUE

	Group	
	2010	2009
	$	$
Design services	75,526	3,249,447
Sale of finished products and components	11,969,429	2,546,379
	12,044,955	5,795,826

21. OTHER OPERATING INCOME

	Group 2010 $	Group 2009 $
Interest income	–	12,994
Foreign exchange gain, net	256,173	–
Gain on disposal of property, plant and equipment	1,800	–
Others	47,001	277,022
	304,974	290,016

For the financial year ended 2009, included in "Others" is income of $216,000 derived from 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.

22. OTHER OPERATING EXPENSES

	Group 2010 $	Group 2009 $
Amortisation of intangible assets	1,038,988	628,757
Depreciation of plant and equipment	558,901	635,996
Bad trade debts written off	–	511,112
Allowance for doubtful non-trade receivables	–	561,974
Amount due from customers for contract work written off	1,900,260	1,000,357
Labour cost	405,390	6,052
Travelling	207,552	201,469
Repair and maintenance	259,691	212,400
Foreign exchange loss, net	–	316,318
Plant and equipment written off	–	102,480
Laboratory usage	150,564	10,460
Postage	144,809	39,934
Others	253,877	112,163
	4,920,032	4,339,472

23. FINANCE EXPENSES

	Group 2010 $	Group 2009 $
Interest on bank overdrafts	13,693	94,690
Interest on trust receipts interest	51,893	39,701
Interest on loans	442,451	410,989
Interest on late payment	228,691	55,735
	736,728	601,115

24. LOSS BEFORE TAX

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

	Group	
	2010	2009
	$	$
Professional fees for non-audit services rendered by		
- Auditors	25,861	9,000
- Other auditors	7,203	10,000
Inventories recognized as an expense in cost of sales (Note 10)	7,278,844	1,649,766
Employee benefits expense (Note 28)	1,157,171	995,049
Amortisation of intangible assets	1,038,988	628,758
Allowance for doubtful trade receivables	22,873	–
Allowance for doubtful non-trade receivables	–	561,974
Bad trade debts written off	–	511,112
Depreciation of plant and equipment	558,901	635,975
Directors' remuneration	491,668	488,685
Directors' fees	95,000	95,000
Foreign exchange loss/(gain), net	(256,173)	316,318
Amount due from customers for contract work written off	1,900,260	1,000,357
Plant and equipment written off	–	102,480
Operating lease expenses	185,191	293,016
Gain from disposal of property, plant and equipment	1,800	–
Interest income	–	12,994

25. INCOME TAX CREDIT (EXPENSE)

	Group	
	2010	2009
	$	$
Current tax		
- Over / (Under) provision in prior years	5,000	(81,770)

25. INCOME TAX CREDIT (EXPENSE) (Continued)

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

	Group	
	2010	2009
	$	$
Loss before tax	(3,219,838)	(2,840,503)
Tax at the applicable tax rate of 17% (2009: 17%)	(547,372)	(482,886)
Expenses not deductible for tax purposes	126,296	189,261
Income not subject to tax	(401)	(585)
Utilisation of previously unrecognised tax losses	(40,149)	–
Deferred tax assets not recognised	461,626	294,210
Over / (under) provision of taxation in prior years	5,000	(81,770)
Income tax credit / (expense)	5,000	(81,770)

Deferred tax assets / (liability) have not been recognised in respect of the following items: -

	Group	
	2010	2009
	$	$
Excess of tax written down value over plant and equipments	2,991,549	2,497,557
Development expenditures	(10,661,164)	(8,601,293)
Unutilised tax losses	28,359,415	24,279,435
Provision for stock obsolescence	–	70,918
Provision for doubtful receivables	25,825	19,761
Provision for unutilised annual leave	137,167	107,140
	20,852,792	18,373,518

Deferred tax assets are not recognised in the financial statements in view of the uncertainty of their 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.

26. LOSS PER SHARE

The calculations of loss per share are based on the loss and numbers of shares shown below.

	Basic		Diluted	
	2010	2009	2010	2009
	$	$	$	$
Loss attributable to shareholders	(3,289,213)	(2,922,273)	(3,289,213)	(2,922,273)

26. LOSS PER SHARE (Continued)

Weighted average number of shares

	Number of shares	
	2010	**2009**
	$	**$**
For basic earnings per share	873,659,238	807,905,813
Effect of dilutive potential ordinary shares		
– Share options pursuant to the Scheme	–	–
For diluted earnings per share	873,659,238	807,905,813

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 financial year ended 31 March 2009 and 2010.

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	
	2010	**2009**
	$	**$**
Salaries, bonus and others	856,900	950,815
Contributions to defined contribution plans	52,710	67,084
	909,610	1,017,899
Directors' fees	95,000	95,000
Total compensation paid to key management personnel	1,004,610	1,112,899
Comprise amount payable to:		
Directors of the Company		
- Fees	95,000	95,000
- Remuneration and contribution to defined contribution plans	491,668	488,685
	586,668	583,685
Other key management personnel	417,942	529,214
	1,004,610	1,112,899

28. EMPLOYEE BENEFITS

	Group 2010 $	Group 2009 $
Employee benefits expense (including directors):		
- Salaries, bonuses, and others	2,947,397	3,266,110
- Contribution to defined contribution plans	283,641	325,963
- Job credit scheme	(108,851)	(45,772)
	3,122,187	3,546,301
Directors' fees	95,000	95,000
	3,217,187	3,641,301
Charged to profit or loss	1,157,171	995,049
Capitalised in development expenditure	2,060,016	2,646,252
	3,217,187	3,641,301

29. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Corporate Guarantee

As at 31 March 2010, unsecured corporate guarantees given to financial institutions in connection with the facilities granted to subsidiaries amounted to approximately $5.1million (2009: $1.6 million). The facilities are for working capital purposes, including outstanding trust receipts as disclosed in Note 19 to the financial statements.

The fair values of the corporate guarantees are immaterial based on management estimates.

(b) Non-cancellable operating lease commitments

As at balance sheet date, the Group has various non-cancellable operating lease agreements for equipment, offices and other facilities. The leases have varying items, escalation clauses and renewable rights. The lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group 2010 $	Group 2009 $
Future minimum lease payments		
- Within 1 financial year	181,926	106,646
- Later than 1 financial year but not later than 5 financial years	269,640	2,347
	451,466	108,993

30. SEGMENT INFORMATION

For management purposes, the Group organised their reportable segment based on their geographical areas which representing their strategic business units because the geographical segments as the Group's risks and rates of return are affected predominantly by geographical areas.

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the directors review internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Europe reflects sales made to customers based in Spain, Germany, United Kingdom, Norway and Canada;
- Segment 2: North America reflects sales made to customers based in United States of America;
- Segment 3: Asia reflects sales made to companies based in Singapore, Japan, China, Philippines and Australia.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit of loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. There is no transfer pricing between operating segments as there is not inter-segment transaction.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

30. SEGMENT INFORMATION (Continued)

As at 31 March 2010	Europe $	North America $	Asia $	Consolidated $
Revenue				
Total revenue from external customers	4,244,576	1,795,558	6,004,821	12,044,955
Segment result	(983,605)	380,340	(1,122,196)	(1,725,461)
Unallocated expenses				(1,062,623)
Other income				304,974
Finance expenses				(736,728)
Loss before income tax				(3,219,838)
Income tax				5,000
Net loss for the year				(3,214,838)
Segment assets				
By location of customers				
- Segment assets	1,189,124	62,551	16,983,825	18,235,500
By location of assets				
- Segment assets	1,189,124	118,458	16,927,919	18,235,500
Segment liabilities	50,356	776,947	12,044,631	12,871,934
Other Information				
Capital expenditure				
- Plant and equipment	–	–	848,163	848,163
Depreciation and amortisation	–	–	1,495,472	1,495,472
Amortisation of computer software	–	–	102,417	102,417

30. SEGMENT INFORMATION (Continued)

As at 31 March 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	2,669,927	72,818	(3,862,087)	(1,119,342)
Unallocated expenses				(1,410,062)
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
By location of assets				
- Segment assets	48,559	671,260	16,134,519	16,854,338
Segment liabilities	688,319	3,111,759	8,087,597	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

30. SEGMENT INFORMATION (Continued)

Business information

As at 31 March 2010	License and Consultancy $	Design Services $	Sales of finished products and components $	Consolidated $
Total revenue from external customers	–	75,526	11,969,429	12,044,955
Segment assets	56,105	11,949,178	6,230,217	18,235,500
Unallocated assets	–	–	–	–
Total assets				18,235,500
Unallocated capital expenditure	–	–	–	848,163
Total capital expenditure				848,163

As at 31 March 2009	License and Consultancy $	Design Services $	Sales of finished products and components $	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

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	
	2010	2009	2010	2009
	$	$	$	$
Financial assets	2,576,344	275,099	2,680,471	2,492,747
Financial liabilities	10,295,865	10,989,853	852,598	3,973,072

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (which comprises of foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

(a) Market risk

(i) 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") and Euro. As a result, movements in USD and Euro 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.

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Group As at 31 March 2010	Singapore Dollars $	United States Dollars $	Euro Dollars	Others $	Total $
Financial assets					
Cash and bank balances	104,969	140,795	–	–	245,764
Trade receivables	186,569	1,179,918	790,415	–	2,156,902
Other receivables	117,771	–	–	–	117,771
Available-for-sale financial assets	–	55,907	–	–	55,907
	409,309	1,376,620	790,415	–	2,576,344
Financial liabilities					
Borrowings	4,900,000	207,253	–	–	5,107,253
Trade payables	114,271	1,688,874	69,779	7,051	1,879,975
Other payables and accruals	2,619,778	656,798	–	32,061	3,308,637
	7,634,049	2,552,925	69,779	39,112	10,295,865
Net financial (liabilities)/assets	(7,224,740)	(1,176,305)	720,636	(39,112)	(7,719,521)
Less: Net financial liabilities denominated in the respective entities' functional currencies	7,224,740	–	–	–	7,224,740
Foreign currency exposure	–	(1,176,305)	720,636	(39,112)	(494,781)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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	1,000,000	2,989,672	–	–	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
	5,711,449	5,141,547	83,646	53,211	10,989,853
Net financial liabilities	(5,640,580)	(4,937,577)	(83,646)	(52,951)	(10,714,754)
Less: Net financial liabilities denominated in the respective entities' functional currencies	5,640,580	–	–	–	5,640,580
Foreign currency exposure	–	(4,937,577)	(83,646)	(52,951)	(5,074,174)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Company **As at 31 March 2010**	**Singapore Dollars** **$**	**United States Dollars** **$**	**Others** **$**	**Total** **$**
Financial assets				
Cash and bank balances	1,108	–	–	1,108
Other receivables	39	–	–	39
Due from subsidiaries (non-trade)	2,623,417	–	–	2,623,417
Available-for-sale financial assets	–	55,907	–	55,907
	2,624,564	55,907	–	2,680,471
Financial liabilities				
Other payables and accruals	654,121	–	32,061	686,182
Due to subsidiaries (non-trade)	166,416	–	–	166,416
	820,537	–	32,061	852,598
Net financial assets/ (liabilities)	1,804,027	55,907	(32,061)	1,827,873
Less: Net financial assets denominated in the respective entities' functional currencies	(1,804,027)	–	–	(1,804,027)
Foreign currency exposure	–	55,907	(32,061)	23,846

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Company As at 31 March 2009	Singapore Dollars $	United States Dollars $	Others $	Total $
Financial assets				
Cash and bank balances	498	–	–	498
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
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)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) 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, loss for the year will increase/ (decrease) by:

As at 31 March 2010	United States Dollars $	Euro Dollars $	Others $	Total $
Group				
Loss for the year	(117,631)	72,064	(3,911)	(49,478)
Company				
Loss for the year	5,591	–	(3,206)	2,385

As at 31 March 2009	United States Dollars $	Euro Dollars $	Others $	Total $
Group				
Loss for the year	(493,758)	(8,364)	(5,295)	(507,417)
Company				
Loss for the year	(225,806)	–	(4,535)	(230,341)

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

As at 31 March 2010	United States Dollars $	Euro Dollars $	Others $	Total $
Group				
Loss for the year	117,631	(72,064)	3,911	49,478
Company				
Loss for the year	(5,591)	–	3,206	(2,385)

As at 31 March 2009	United States Dollars $	Euro Dollars $	Others $	Total $
Group				
Loss for the year	493,758	8,364	5,295	507,417
Company				
Loss for the year	225,806	–	4,535	230,341

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group obtains additional financing through borrowings from financial institutions. 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 2010, 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	
	2010	**2009**
	$	**$**
Within 1 year – fixed rates		
Borrowing from financial institution		
- Loan 2	–	2,400,355
Other payables	34,981	484,490
More than 1 year – fixed rates		
Borrowing from financial institution		
- Loan 3	4,000,000	–
Within 1 year – floating rate		
Borrowings from financial institution		
- Trust receipts	207,253	589,317
- Loan 1	900,000	1,000,000
Bank overdrafts	–	600,533

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 2010 would increase/decrease by $11,073 (2009: profit increase/decrease by $21,899). This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(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 cash flow and operations.

The Group's trade payables are non-interest bearing and normally settled on 30 days terms while other payables have an average term of 30 days. 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 $	On demand or more than 1 year $
As at 31 March 2010		
Trade payables	1,879,975	–
Other payables	3,308,637	–
Borrowings	1,107,253	4,000,000
	6,295,865	4,000,000
As at 31 March 2009		
Trade payables	1,736,268	–
Other payables	4,663,380	–
Borrowings	3,989,672	–
Bank overdrafts	600,533	–
	10,989,853	–

Company	On demand or within 1 year $
As at 31 March 2010	
Other payables	686,182
Due to subsidiaries (non-trade)	166,416
	852,598
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

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(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. In addition, receivables are closely monitored on an ongoing basis.

The Group's trade receivables comprise of 4 debtors (2009: 1 debtor) that collectively represented 88% (2009: 69%) of trade receivables.

As the Group and the Company do 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 Group's trade receivables are non interest bearing and are generally on 24 days (2009: 20 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2010	**2009**
	$	**$**
By geographical areas		
- Europe	1,169,124	43,813
- North America	62,551	–
- Asia	925,227	19,845
	2,156,902	63,658
By segments		
- Sales of finished products and components	2,156,902	63,658

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.

31. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

The age analysis of trade receivables is as follows:

	Group	
	2010	2009
	$	$
Not past due and not impaired	1,355,380	10,950
Past due but not impaired		
- Past due 0 to 3 months	729,098	402
- Past due 3 to 6 months	7,937	4,350
- Past due over 6 months	90,312	67,717
	827,347	72,469
Impaired trade receivables	25,825	19,761
Less: Allowance for doubtful trade receivables	(25,825)	(19,761)
	2,156,902	63,658

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

	Group	
	2010	2009
	$	$
Balance at beginning of the year	19,761	17,902
Allowance made during the year	22,873	–
Write off against allowance	(16,809)	–
Currency realignment	–	1,859
Balance at end of the year	25,825	19,761

Included in the Group's trade receivables are an aggregate amount of $827,348 (2009: $72,469) that are past due but not impaired. These relates to a number of independent customers of a subsidiary that have a good track record. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

As other receivables are not significant, no detailed age analysis has been set out as above.

31. FINANCIAL RISK MANAGEMENT (Continued)

Fair values of financial assets and financial liabilities

A. Fair value of financial instruments by classes that are carried at fair value

Fair value hierarchy

Effective 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy as at 31 March 2010:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Available-for-sale financial assets	55,907	–	–	55,907

Determination of fair value

Fair value of Available-for-sale financial assets is determined directly by reference to their published market bid price at the balance sheet date.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances, current trade and other receivables and payables, due from / (to) subsidiaries and associates.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are market interest rate instruments on or near the balance sheet date.

31. FINANCIAL RISK MANAGEMENT (Continued)

Fair values of financial assets and financial liabilities (Continued)

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classed that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value is as follows:

	Group			
	2010		2009	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial liabilities				
Borrowing (non-current)				
- Loan 3	4,000,000	3,601,999	–	–

Determination of fair value

Borrowing

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

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 of Directors reviews the capital structure on an annual basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board of Directors, 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 2009.

32. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

On 22nd June 2010, the Company granted 60,000,000 share options to its employees and 50,000,000 share options to its directors pursuant to the Addvalue Technologies Ltd's Employees Share Options Scheme adopted in 2001. The exercise price of the share options is $0.035 and has a vesting period of 12 months from the date of grant.

Analysis of Shareholdings

Distribution of shareholdings as at 21 June 2010

Number & Class of shares		:	903,905,813 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 21 June 2010

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	37	0.69	15,601	0.00
1,000 - 10,000	2,189	40.56	11,917,403	1.32
10,001 - 1,000,000	3,071	56.90	279,077,710	30.87
1,000,001 and above	100	1.85	612,895,099	67.81
Total	**5,397**	**100.00**	**903,905,813**	**100.00**

As at 21 June 2010, 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 21 June 2010 as shown in the Register of Members

No.	Name	No. of Shares	%
1	CREST CAPITAL PARTNERS PTE LTD	39,000,000	4.31
2	UOB KAY HIAN PTE LTD	32,687,000	3.62
3	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	32,613,000	3.61
4	CHAN KUM ONN ROGER	32,256,240	3.57
5	TAN KHAI PANG	31,925,360	3.53
6	CHAN KUM LOK COLIN	25,440,960	2.81
7	WONG KOON CHUE @ WONG KOON CHUA	20,571,000	2.28
8	NG SER MIANG	18,053,000	2.00
9	GOH POH HENG	16,500,000	1.83
10	PHILLIP SECURITIES PTE LTD	14,800,000	1.64
11	UNITED OVERSEAS BANK NOMINEES	14,567,000	1.61
12	OCBC SECURITIES PRIVATE LTD	13,491,320	1.49
13	TAN KIM SENG	13,288,000	1.47
14	CIMB SEC (S'PORE) PTE LTD	12,655,000	1.40
15	DBS NOMINEES PTE LTD	12,447,000	1.38
16	RAFFLES NOMINEES (PTE) LTD	12,250,760	1.36
17	LIM HAN BOON	11,990,560	1.33
18	SHENYANG STARARK COMMUNICATIONS CO., LTD	10,000,000	1.11
19	LEE KIM BOCK	9,781,000	1.08
20	SAT PAL KHATTAR	9,700,000	1.07
	Total	**384,017,200**	**42.50**

Notice of Annual General Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held at 28 Tai Seng Street #06-02, Singapore 534106 (refer to map on page 87), on Wednesday, 28 July 2010, 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 2010 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Mr Lim Han Boon, a Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 2)**

   Note:
   Mr Lim Han Boon will upon re-election as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as Chairman of the Nominating Committee and a member of the Remuneration Committee.

3. To re-elect Mr Ang Eng Lim, a Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 3)**

   Note:
   Mr Ang Eng Lim will upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as Chairman of the Remuneration Committee and a member of the Nominating Committee.

4. To approve the payment of Directors' Fees of S$95,000.00 for the financial year ended 31 March 2010 (2009: S$95,000.00). **(Resolution 4)**

5. To re-appoint Horwath First Trust LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

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

   "(a) That, pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, 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 Company's 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 of the Company, 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

(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 Singapore Exchange Securities Trading Limited, and

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

(ii) 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 6)**
(See Explanatory Note)

ANY OTHER BUSINESS

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, 12 July 2010

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.

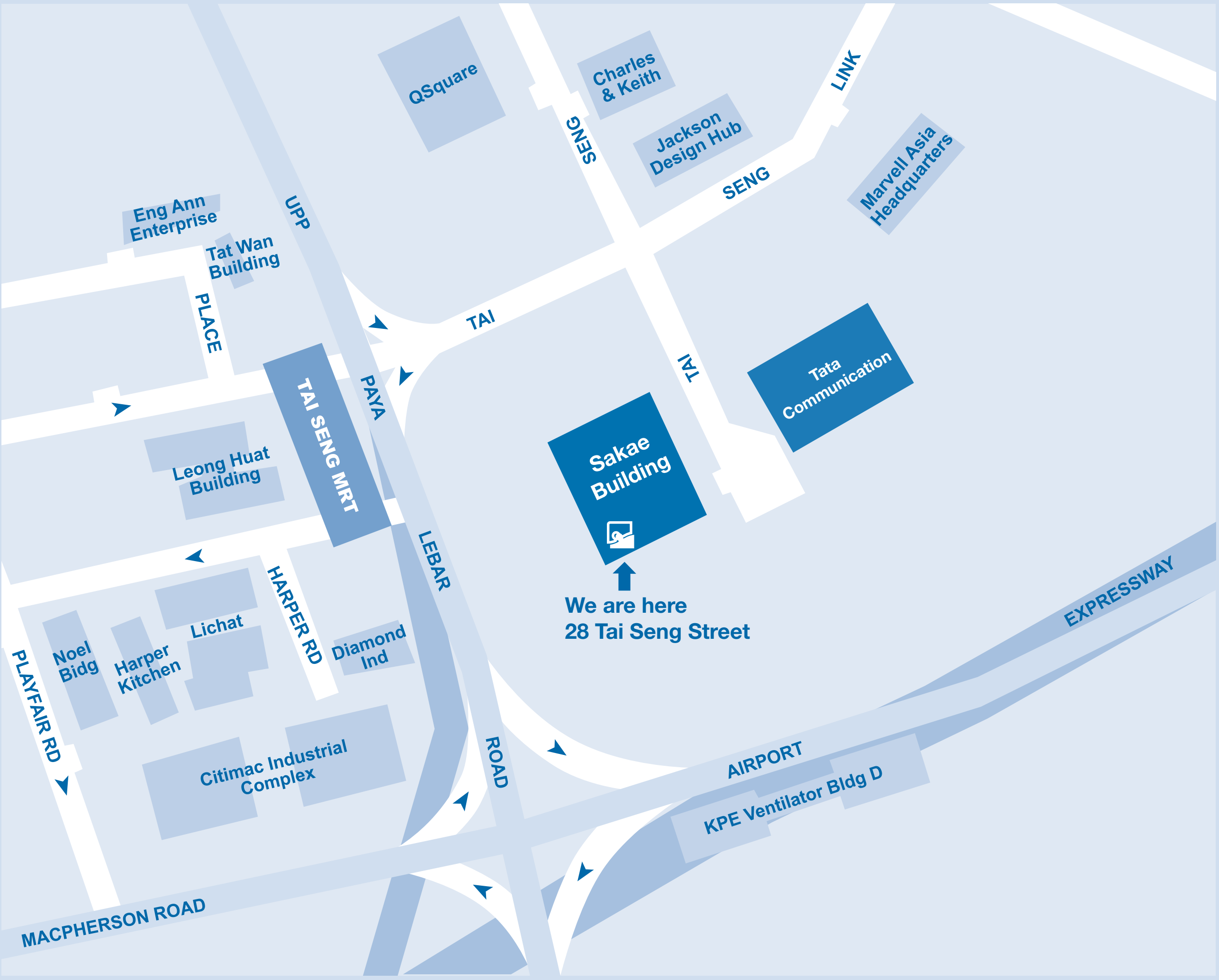
3. The Instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

Notice of Annual General Meeting

Explanatory Notes on Special Business to be transacted:

The Ordinary Resolution No. 6 in item 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued share excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

A map on the location of the venue (being the registered office of the Company) convening the Annual General Meeting is provided below:



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PROXY FORM
FOURTEENTH 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 Wednesday, 28 July 2010 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 2010 together with the reports of the Directors and the Auditors thereon.				
2.	To re-elect Mr Lim Han Boon, a Director retiring under Article 104 of the Articles of Association of the Company.				
3.	To re-elect Mr Ang Eng Lim, a Director retiring under Article 104 of the Articles of Association of the Company.				
4.	To approve the payment of Directors' Fees of S$95,000.00 for 2010.				
5.	To re-appoint Horwath First Trust LLP as Auditors and to authorise the Directors to fix their remuneration.				
	Special Business				
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				

** 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 ______________ 2010.

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% 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 28 Tai Seng Street #06-02, Singapore 534106, 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.

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addvalue
driving connectivity

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Satellite picture courtesy of Inmarsat Global Limited