

BUILDING CAPABILITIES EXCELLING BEYOND CONSTRAINTS

ANNUAL REPORT 2016



ADDVALUE TECHNOLOGIES LTD



ANYWHERE, ANYTIME ANYONE, ANYTHING

Leveraging satellite networks in space, we develop communication terminals not only with a human touch, but also a lot of smart.

Our terminals connect seamlessly and effectively to anyone or anything across the world anytime, especially in places where terrestrial networks are either non-existent or incapable of providing reliable or adequate coverage. We also enable Internet Of Things via satellites.



An aerial photograph of Earth from space, showing a vast expanse of white clouds over a blue ocean. A dotted white line runs horizontally across the top of the image.

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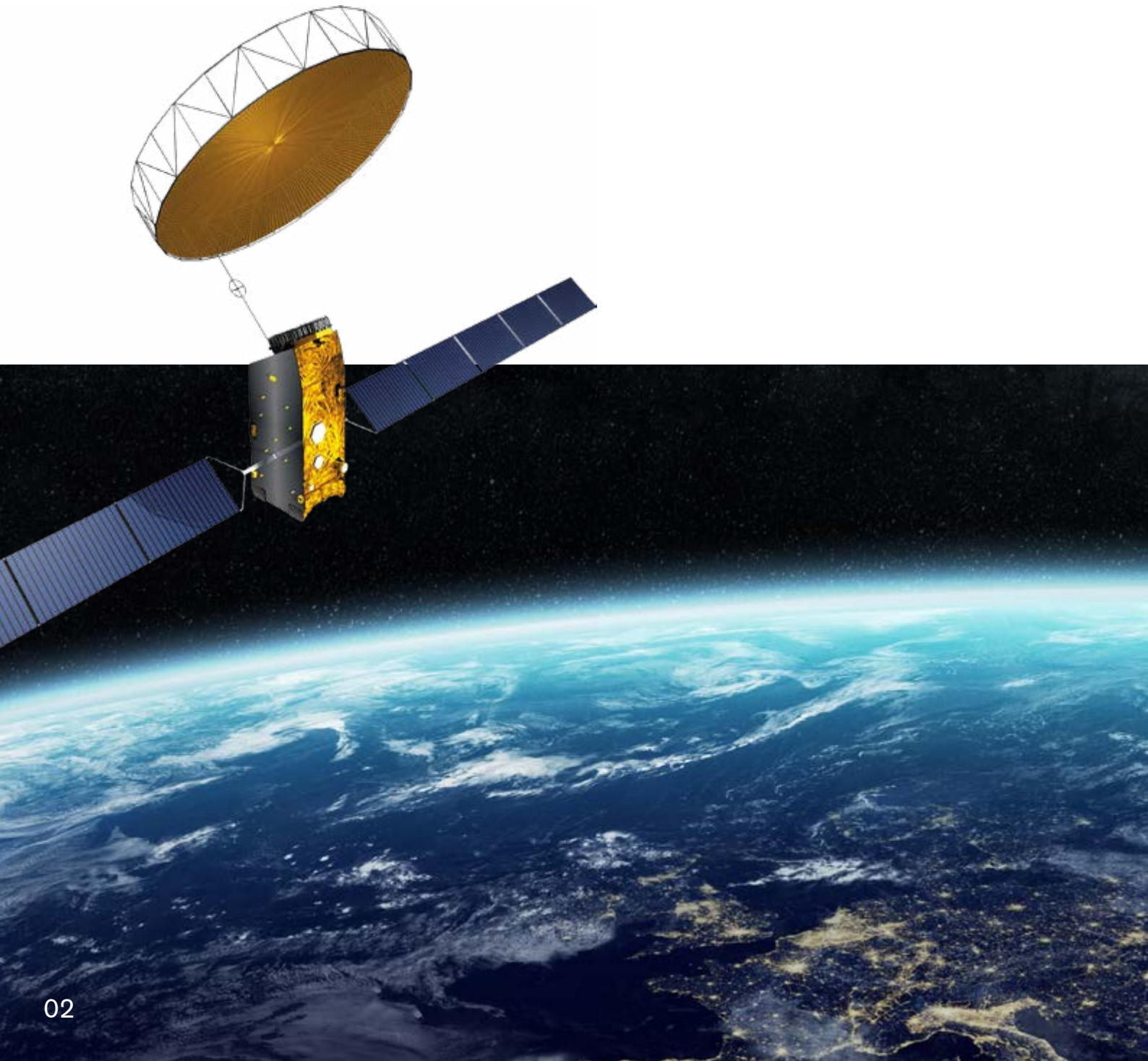
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CORPORATE PROFILE

Addvalue Technologies Ltd and its subsidiaries (collectively, “Addvalue” or the “Group”) is a world renowned 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.

Addvalue has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally renowned leaders such as Inmarsat, Thuraya, SingTel, Astrium (an Airbus Group company), Satlink, Intellian, Applied Satellite Technology Ltd and Satcom Global.



Addvalue is presently a leading global developer and supplier of mobile satellite terminals supporting coverage provided by premier mobile satellite communication operators. These terminals are ideal choices for communications in areas around the world where terrestrial networks are non-existent, or ineffective. This is particularly so for maritime communications, which rely almost entirely on satellite communications, and Addvalue's products are well suited to address these needs.

Addvalue also offers customised design services, tailored to the unique needs of each of its existing and potential customers, with its total satellite communication solutions derived from its proven technologies, established capabilities as well as strong and tested working relationships with the world leading premier mobile satellite operators.

**From-anywhere-at-anytime total satellite communication solutions
= Our Technologies x Our Capabilities x Satellite Network**

Addvalue is ISO9001:2008 certified and maintains high quality on-time services and deliverables, promising total customer satisfaction.

Addvalue has also obtained a Business Continuity Management certification ISO 22301:2012 to strengthen the company's prestige as an excellent service provider in the satellite communications industry.





BUSINESS MODEL

Addvalue generates the bulk of its income from two main revenue streams:

- Design income from the provision of new product development or technical solutions services against contracts awarded by its clients.

Our comprehensive and proven capabilities in high quality product development and our depth of technical knowhow in sophisticated engineering project have been highly regarded in the industry. This not only gives us tremendous competitive advantages to attract high value projects but also expand our opportunities into new and evolving markets that require our profile of core competence; and

- Sales from supplying the products and solutions through its own distribution channels or through its private label or OEM arrangements with partners who have developed their own vertical markets.



Over the years not only we have broadened our product portfolio but we have also developed valuable partnerships in the mobile satellite industry that help reach the end users of our products. As it is crucial to understand the end user markets for any successful business, we continue to focus on forging alliances that help us to be more customer-centric and to provide solutions that optimize values to the end users. Where appropriate Addvalue also derives share of air time revenue from its partners through creative bundling of commercial packages. In addition, Addvalue shall also create new commercial packages with solutions tailored to specific vertical market segments to expand into subscription-based revenue model.

OUTSOURCING MANUFACTURING

It is a strategic decision that Addvalue will not have in-house manufacturing facility.

As such, Addvalue outsources its manufacturing operations to Addvalue pre-approved third party contract manufacturers. The Group manages the manufacturers through its team of supply chain and quality assurance specialists. Through the years of close collaboration and interaction with these external manufacturers and other key suppliers in the value supply chain, Addvalue has cultivated strong partnership with them to ensure the quality and timely delivery of products to the market. Through such outsourcing, Addvalue is able to focus in its forte to further enhance its core businesses.



CHAIRMAN'S STATEMENT

“ The initial in-orbit testing of our IDRS terminal carried out by our engineers in the weeks following the successful launch of the VELOX-II satellite have had yielded extremely encouraging positive results that were very much in line with expectations. ”



DEAR FELLOW SHAREHOLDERS

On behalf of the Board of Directors (the “Board”), I present to you the Annual Report of Addvalue Technologies Ltd (the “Company”) and its subsidiaries (the “Group” or “Addvalue”) for the financial year ended 31 March 2016 (“FY2016”).

A REVIEW OF FY2016

Our Group registered a turnover of US\$9.9 million for FY2016, representing a decrease of 32.5% from that of US\$14.7 million recorded for the financial year ended 31 March 2015 (“FY2015”). The reduced turnover was attributed mainly to the confluence of the following ‘perfect storm’ events, which had lasted for a sustained period, though the end of the tunnel for some is at sight:

- The anaemic world economy, other than that of the People's Republic of China (PRC) albeit its slowdown, which adversely affected many industries, including the energy and the maritime sectors which the Group is depended upon to a reasonable extent since the past few years;
- The delay or hold back in anticipated orders for certain of our new products by some of our channel partners due to:
 - (a) The delay in the rollout of Inmarsat GX services as a result of the adjournment in the launch of Inmarsat-5 F3 satellite, which finally took place on 28 August 2015. Together with Inmarsat-5 F1 and Inmarsat-5 F2, which were successfully launched in December 2013 and February 2015 respectively, the newly configured constellation, barring any unforeseen circumstances, is expected to spur fresh orders for our high-end FleetBroadband (“FBB”) terminals;
 - (b) The deferment of a commercial program by one of our network partners because of some technical issues it has with its consigned supplier concerning a certain key and unique component required of the broadband maritime terminal to be operated under the said program. With the said program resumed in November 2015, we are now seeing orders for the affected maritime terminals and are hopeful that the momentum will build up in the near future; and
 - (c) The delay in the upgrading of the IsatHub billing platform by Inmarsat to have the flexibility in embracing more pricing options, including the prepayment mode, for channel partners to expand the market reach with a view to attract more non-traditional satellite communications end users. To this end, Inmarsat has recently added the BGAN pricing option which has pre-paid pricing components to the service plan for iSavi. At the same time, SIM card roaming for some terrestrial mobile network operators are under testing and if completed will widen the market reach of iSavi. Market responses to these new features have been very positive, and we hope to translate them into fresh orders for the iSavi terminals in the near term.

Notwithstanding the decrease in turnover and albeit certain assets of the Group being substantially impaired in FY2015, our Group, through various ongoing Group-wide cost containment measures and productivity enhancement overhauls, narrowed its pre-tax loss from US\$6.2 million in FY2015 to US\$4.7 million in FY2016.

With regard to the financial position, the negative working capital position of the Group widened from US\$1.9 million as at 31 March 2015 to US\$6.5 million as at 31 March

2016, with the corresponding consolidated net asset value of the Group reduced by US\$4.7 million or 36.4% from US\$13.0 million to US\$8.3 million and the consolidated net asset value per ordinary share of the Company reduced from 1.09 US cents per share to 0.70 US cents per share.

To regularize the negative working capital position of the Group and reduce the operating costs, particularly finance costs, the Company undertook and successfully concluded a non-underwritten rights issue exercise through the issuance of 395,785,271 new ordinary shares of the Company at (the "Rights Shares") on the basis of one Rights Share for every three existing ordinary shares of the Company at an issue price of S\$0.031 each (the "Rights Issue") on 16 June 2016. With an oversubscription of about 4%, the Rights Issue raised about S\$12.3 million in strengthening the balance sheet of the Group, which, on a *proforma* basis (i.e. assuming that the Rights Issue was completed as at 31 March 2016), resulted in a reversal in the working capital position of the Group as at 31 March 2016 to a positive US\$5.5 million as well as an increase in the consolidated net asset of the Group as at 31 March 2016 to US\$20.3 million and the consolidated net asset value per ordinary share of the Company as at 31 March 2016 to 1.28 US cents per share.

On the operational front, we are pleased to report on the following:

- Our collaboration forged with Zhongyou Century Technology Co Ltd 中邮世纪(北京)通信技术有限公司 ("Zhongyou") on 12 November 2015 to distribute satellite communication-based products and provide customised solutions for the communication needs in the PRC, including but not limited to the massive 'Belt and Road' initiative. Following from which, on 19 April 2016, we entered into a three-year distribution contract with Zhongyou to supply satellite communication terminals and provide related support services to the PRC's regional maritime vessels market estimated to comprise more than 300,000 vessels. The first batch of supply, totaling about US\$4.0 million, under the distribution contract signed, commenced delivery from May 2016 and is expected to be completed by November 2016 and contribute positively to the financial performance of the Group for the financial year ending 31 March 2017 ("FY2017").
- Our space qualified radiation-resistant satellite-based data relay terminal integrated on the VELOX-II satellite, built by Nanyang Technological University (NTU) under a contract by us, being successfully launched on 16 December 2015 into a Low Earth Orbit (LEO) by an Indian rocket. Our data relay terminal is an essential component of our planned Inter-Satellite Data Relay System ("IDRS"), which is an innovative new service that addresses a long standing constraint on the operation of LEO satellites. Currently, communication with LEO satellites is only available when the satellite is within sight of an earth station. Further, this limited connectivity is

available only on a rigid time schedule based on the particular LEO satellite orbit and the geographic placement of the earth stations. Thus LEO satellite operators must contend with communication links that are not available on a 24/7 basis. With the launch of the VELOX-II satellite, we will be able to demonstrate the technical feasibility of IDRS, i.e. its new LEO satellite link, to provide high capacity; on-demand; 24/7; and two-way IP-based data services for LEO satellite missions. The initial in-orbit testing of our IDRS terminal carried out by our engineers in the weeks following the successful launch of the VELOX-II satellite have had yielded extremely encouraging positive results that were very much in line with expectations. The in-orbit testing of our IDRS terminal will continue to provide valuable test data in the coming months for our engineers to analyse and improve our design for commercial purposes. Concurrently, we have been in discussion with a few potential industrial leading players in the LEO satellite industry to identify and specify commercial plans in the near future. We are hence hopeful that our IDRS terminal will eliminate the within-sight-of-an-earth-station limitation confronting LEO satellites today, and accordingly will not only enhance the efficiency of satellite communications, but also open up many uncharted market opportunities for LEO satellite operators in the foreseeable future.

LOOKING AHEAD

For the past many years, the satellite ecosystem has been characterized by the distinct segregation of one-off hardware terminal sales and the generation of recurring air-time revenue. In this regard, the Group has been rather dependent on the existing traditional distribution channels to sell its hardware terminals to the end users with no recourse to air-time revenue and has had its sales clipped as a consequence. Such distribution models stifle the opening of new market opportunities for all players in the ecosystem, be it a satellite network operator (like Inmarsat or Thuraya) or a terminal developer/supplier (like our Group), for more flexible and innovative approaches to engage the end user markets, where total solutions must be tailored made in addressing the varied needs and cost expectations.

Taking cognisance of the above and with a view to broaden the modes of revenue source and entrench recurring income, the Group has since been and will continue into the foreseeable future to take steps to further enhance its commercial focus on the emerging markets, particularly the PRC (the "Emerging Market Focus"), and to gradually reduce its dependency on terminal sales through the existing traditional distribution channels by having a better understanding of the needs of end users so as to develop and provide bespoke products and solutions, agnostic to any specific satellite infrastructure, which are to be bundled and packaged with negotiated recurring air-time revenue through collaboration with suitable partners that best tailored to the specific needs of the end users concerned (the "Commercial Refocusing"). The

CHAIRMAN'S STATEMENT

Emerging Market Focus and Commercial Refocusing are pursuits, shaping and being shaped by the new paradigm in the satellite ecosystem, upheld by many industry players in general. We believe this twin-pronged strategy targeting the mobile satellite communications industry is key to our success in the near future.

In this regard and in respect of our Emerging Market Focus, we believe that our alliance with Zhongyou will lead to a higher level of market penetration for our terminals into the PRC market. Further, to create a bigger impact for our market presence in the PRC and beyond, we are stepping up our efforts to customize products and solutions that are closely coupled with the communication needs in the PRC and its neighbors, including but not limited to the massive 'Belt and Road' initiative.

As for our Commercial Refocusing, we particularly aim to make inroads into the Machine-to-Machine (M2M) terminal market driven by the Internet-of-Things (IoT). Traditionally, our M2M terminal market is strongly linked to the natural resources exploration activities such as oil & gas and mining operations. With the prices of oil and other natural resources still being depressed, we continue to see restraints in companies making CAPEX or OPEX decisions. Notwithstanding the challenge faced, the demand for connectivity in everything and everywhere as driven by the IoT has widened up market opportunities that increasingly depend upon satellite communications as a reliable backhauling technology for a plethora of M2M applications, such as wide area asset tracking and positioning, smart city, smart metering and remote vessel management (including the monitoring of health for crew members on board vessels). In line with these industrial trends, our new range of M2M terminals shall have built-in capabilities to serve as a satellite gateway to seamlessly link with a multitude of IoT devices.

THE PENDING DISPOSAL OF ADDVALUE COMMUNICATIONS PTE LTD ("AVC")

With regard to the Company's pending disposal of the entire ordinary shares capital of its wholly-owned subsidiary, Addvalue Communications Pte Ltd ("AVC"), constituted by 1,100,000,000 ordinary shares held by the Company, to an unrelated third party buyer, 天成恒盛(北京)科技有限公司 (the "Buyer"), for a cash consideration of S\$330 million (the "Pending Disposal") pursuant to a conditional sale and purchase agreement entered into on 24 March 2014 (the "S&P Agreement"), the Buyer has had recently affirmed, among others, to revise the total cash consideration for the Pending Disposal to S\$308 million, subject to the terms of the S&P Agreement (including the conditions to be fulfilled prior to completion) and a supplemental agreement to be finalised and entered into between the Company and the Buyer.

While both the Company and the Buyer are committed to use best commercial efforts to reach final agreement and in seeing

the Pending Disposal at the revised cash consideration through, Shareholders are to note that the Pending Disposal is not to be taken as a done deal or that parties will eventually come to an agreement to proceed with the Pending Disposal.

As the completion of the Pending Disposal is still subject to the fulfillment of many conditions precedent (even with the entry into a supplemental agreement as mentioned above), there can be no assurance of the completion of the Pending Disposal or, if it were to be eventually completed, as to the length of time required to do so. Hence, Shareholders are advised to exercise caution when dealing in the securities of the Company. Shareholders are further advised to refrain from taking any action in relation to their securities which may be prejudicial to their interests, and to seek appropriate advice from their brokers, bankers, lawyers and other professional advisers.

COMPLIANCE WITH THE MINIMUM TRADING PRICE ("MTP")

As the Singapore Exchange Securities Trading Limited ("SGX-ST") has had on 29 February 2016 granted an extension of time for the first quarterly review of the Company's compliance with the MTP requirements to 1 September 2016, barring any unforeseen circumstances, we are considering a transfer of the Company's listing from the Main Board of the SGX-ST to the Catalist of the SGX-ST by then to address the compliance.

A WORD OF THANKS

On behalf of the Board, I would like to extend my deepest appreciation to the management and staff for their dedication and hard work in helping the Group overcoming the many challenges during the year. Against all odds, I would also like to extend my heartfelt thanks to our esteemed customers, business partners and suppliers for the unrelenting support and the confidence they have had in our Group.

I would also like to thank our Board members for their valued contributions and guidance throughout the year. Last but not least, I am extremely grateful to you, our Shareholders, for standing by us as well as in supporting and bringing about the oversubscribed Rights Issue, and look forward to your continual support as we strive to create a greater Shareholders' value for all in FY2017 and beyond.

Dr Chan Kum Lok Colin
Chairman & CEO



FINANCIAL REVIEW



TURNOVER

The turnover of our Group decreased by US\$4.8 million or 32.5% to US\$9.9 million for FY2016 from US\$14.7 million for FY2015. The decrease was attributed mainly to the confluence of the following 'perfect storm' events, which had lasted for a sustained period, though the end of the tunnel for some is at sight:

- The anaemic world economy, other than that of the People's Republic of China albeit its slowdown, which adversely affected many industries, including the energy and the maritime sectors which the Group is depended upon to a reasonable extent since the past few years;
- The delay or hold back in anticipated orders for certain of our new products by some of our channel partners due to:
 - (a) The delay in the rollout of Inmarsat GX services as a result of the adjournment in the launch of Inmarsat-5 F3 satellite, which finally took place on 28 August 2015. Together with Inmarsat-5 F1 and Inmarsat-5 F2, which were successfully launched in December 2013 and February 2015 respectively, the newly configured constellation, barring any unforeseen circumstances, is expected to spur fresh orders for our high-end FBB terminals;
 - (b) The deferment of a commercial program by one of our network partners because of some technical issues it has with its consigned supplier concerning a certain key and unique component required of the broadband maritime terminal to be operated under the said program. With the said program resumed in November 2015, we are now seeing orders for the affected maritime terminals and are hopeful that the momentum will build up in the near future; and
 - (c) The delay in the upgrading of the IsatHub billing platform by Inmarsat to have the flexibility in embracing more pricing options, including the prepayment mode, for channel partners to expand the market reach with a view to attract more non-traditional satellite communications end users. To this end, Inmarsat has recently added the BGAN pricing option which has pre-paid pricing components to the service plan of iSavi. At the same time, SIM card roaming for some terrestrial mobile network operators are under testing and, if completed, will widen the market reach of iSavi. Market responses to these new features have been very positive, and we hope to translate them into fresh orders for the iSavi terminals in the near term

FINANCIAL REVIEW

PROFITABILITY

Principally as a result of the reduced turnover, our Group recorded a gross profit of US\$3.4 million in FY2016 compared to a gross profit of US\$4.5 million in FY2015. Despite the reduced gross profit, our Group registered a higher gross profit margin of 34.6% in FY2016 compared to a gross profit margin of 30.5% in FY2015.

Our other operating income in FY2015 relates mainly to unrealised foreign exchange gain on our S\$ borrowings due to the strengthened US\$ against S\$ in FY2015.

In line with decreased business activities, our selling and distribution expenses decreased by US\$0.2 million or 18.4%, from US\$1.1 million in FY2015 to US\$0.9 million FY2016.

Our administrative expenses increased by US\$263,000 or 11.4%, from US\$2.3 million in FY2015 to US\$2.6 million in FY2016, attributed mainly to higher manpower costs and rental due to the expansion of our Beijing office.

Our other operating expenses decreased by US\$3.1 million or 48.7%, from US\$6.3 million in FY2015 to US\$3.2 million in FY2016. The higher other operating expenses incurred in FY2015 was mainly the result of an audit adjustment made in impairing certain intangible assets of the Group by about US\$3.2 million.

The increase in finance expenses was attributed mainly to higher funding costs in procuring additional borrowings and the costs incurred in extending the period in making good certain payments for a loan.

The tax expense of about US\$1.0 million registered in FY2015 was attributed to an audit adjustment made to partially reverse the deferred tax asset of certain subsidiaries of the Group in view of the lower than previously projected future economic benefits expected to be generated by the commercial exploitation of products, applications and processes that are developed by these entities.

As a result of the above, our Group incurred a net loss of US\$4.7 million in FY2016 compared to a net loss of US\$6.2 million in FY2015.

FINANCIAL POSITION

The amount due from the subsidiaries of the Company was reduced from US\$1.1 million as at 31 March 2015 to US\$0.7 million as at 31 March 2016. The impairment was attributed mainly to certain non-performing subsidiaries.

The decrease in plant and equipment was largely due to fewer assets purchased during FY2016.

The decrease in intangible assets was primarily attributed to higher amortization expenses following the commercialization of several new in-house developed products during FY2016.

The increase in inventories relates mainly to finished goods which await delivery to customers.

The decrease in trade receivables and other receivables, deposits and prepayments were in line with our reduced business activities during FY2016.

The lower amount due from customers for contract work as at 31 March 2016 relative to that as at 31 March 2015 was attributed mainly to more billings made in FY2016.

The decrease in trade payables was mainly attributed to payments made.

The increase in other payables and accruals relate mainly to advances while the increase in advance receipts relates mainly to deposits received for new orders from customers.

The increase in current borrowings was attributed mainly to additional short-term loans procured in FY2016.

Consequence to the above:

- the gearing of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) increased from 28.8% as at 31 March 2015 to 59.3% as at 31 March 2016;
- the negative working capital position of the Group widened from US\$1.9 million as at 31 March 2015 to US\$6.5 million as at 31 March 2016; and
- the net asset value of the Group decreased by US\$4.7 million or 36.4% from US\$13.0 million as at 31 March 2015 to US\$8.3 million as at 31 March 2016, with the net asset value per ordinary share decreased from 1.09 US cents per share as at 31 March 2015 to 0.70 US cents per share as at 31 March 2016.



OPERATIONS REVIEW



During FY2016, amidst the slowdown in the world economy, characterised by depressed commodity prices such as oil and gas, overcapacity in the shipping industry and tattered regional financial crises, the Group persevered through by mounting a series of austerity plans and measures to assure recovery and to effect business transformation, and at the same time paid keen attention to build new and sustainable growth for the following initiatives:

1. FOCUSING IN DEVELOPING THE PRC MARKET

Our focus in developing the PRC market has led to our collaboration with Zhongyou Century Technology Co Ltd 中邮世纪(北京)通信技术有限公司 ("Zhongyou") that was first forged on 12 November 2015 to distribute satellite communication-based products and provide customised solutions for the communication needs in the PRC, including but not limited to the massive 'Belt and Road' initiative. Following from which, on 19 April 2016, we entered into a three-year distribution contract with Zhongyou to supply satellite communication terminals and provide related support services to the PRC's regional maritime vessels market estimated to comprise more than 300,000 vessels. The first batch of supply, totaling about US\$4.0 million, under the distribution contract signed, commenced delivery from May 2016 and is expected to be completed by November 2016 and contribute positively to the financial performance of the Group for the financial year ending 31 March 2017 ("FY2017").

2. BUILDING CAPABILITY TO TAP INTO THE FLEDGING AND POTENTIALLY HUGE MARKET IN THE LOW EARTH ORBIT (LEO) SATELLITE INDUSTRY

We have made a great leap into the space technology by successfully demonstrating real time data link capability on the VELOX-II, a LEO satellite (built by Nanyang Technological University (NTU) under a contract by us) that was integrated with our world-first space qualified radiation-resistant satellite-based data relay terminal. Our data relay terminal is an essential component of our planned Inter-Satellite Data Relay System ("IDRS"). Partially funded by the EDB OSTIn Program, our IDRS is an innovative new service that addresses a long standing constraint on the operation of LEO satellites. Currently, communication with LEO satellites is only available when the satellites are within sight of their earth stations. Further, this limited connectivity is available only on a rigid time schedule based on the particular LEO satellite orbit and the geographic placement of the earth stations. Thus LEO satellite operators must contend with communication links that are not available on a 24/7 basis. With the launch of the VELOX-II satellite, we have repeatedly demonstrated the technical feasibility of IDRS, to provide decent data rates on-demand for two-way IP-based data services for LEO satellite missions. The in-orbit testing of our IDRS terminal will continue to provide valuable test data in the coming months for our engineers to analyse and improve our design for commercial purposes. Concurrently, we have been in discussion with a few potential industrial leading players in the LEO satellite industry to identify and specify commercial plans in the near future. We are hence hopeful that our IDRS terminal will eliminate the within-sight-of-an-earth-station limitation confronting LEO satellites today, and accordingly will not only enhance the efficiency of satellite communications, but also open up many uncharted market opportunities for LEO satellite operators in the foreseeable future.



BOARD OF DIRECTORS

Dr Chan Kum Lok, Colin

Chairman and Chief Executive Officer

Dr Chan, the key co-founder of the Group, is responsible for the overall management of financials, investor relations, operations and formulation of business strategies and policies of the Group. As a Mechanical Engineer with over 30 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.

Mr Tan Khai Pang

Chief Operating and Technology Officer

Mr Tan, one of the co-founders, has over 30 years of experience in product development and project management in the field of telecommunications. In the past fifteen years, his work was primarily focused on satellite communications product development and strategic business management. He was instrumental in re-moulding the Group's strategies and organizational competences necessary for the successful business transformation of the Group from consumer product-centric to satellite-based terminals and related application focus. His in-depth understanding of the industry and the competing forces helps the Group position its niche in the market. He oversees the business and technology development in order to ensure an integrated and cohesive overall Group strategic direction.

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 Angeles Campus, USA.

Mr Tan Juay Hwa

Executive Director

Mr Tan, one of the co-founders, has over 30 years of experience in communications design, proprietary software technology development for communications products and product development management. In the past fifteen years, his primary focus was on project management and firmware development for satellite communication products.

Mr Tan holds a Diploma in Electronics from the Ngee Ann Polytechnic and a Master of Business Administration Degree from the Open University, United Kingdom.

Mr Lim Han Boon**Lead Independent Director**

Mr Lim was appointed to the Board since the Initial Public offering of the Company in June 2000 and serves as an Independent Director. At present, he is the Chairman of our Audit and Nominating Committees and on 26 June 2014, he was appointed Lead Independent Director of the Company. With more than 20 years of experience in investment banking and private equity financing services, he has been advising the Company on matters concerning financial reporting, compliance with listing rules and other regulatory requirements, upholding of good practices for sound corporate governance, fund raising and corporate restructuring etc.

Mr Lim 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, Singapore. He is a Fellow Member of Institute of Singapore Chartered Accountants and a Full Member of the Singapore Institute of Directors.

Mr Ang Eng Lim**Independent Director**

Mr Ang was appointed to the Board on 13 October 2006 and serves as an Independent Director of the Company. At present, he is the Chairman of our Remuneration Committee. Mr Ang is a Chartered Accountant (Singapore) and a Fellow Member of the Association of Chartered Certified Accountants and the Insolvency Practitioners Association of Singapore Limited. He has more than 39 years of experience in areas relating to the provision of audit assurance, accounting, tax consultancy, corporate secretarial and general management services, including more than 35 years as a Practising Accountant. Mr Ang is currently a director of R Chan & Associates PAC, Chartered Accountants of Singapore.

Mr Michael J Butler**Independent Director**

Mr Michael J Butler was appointed to the Board on 1 September 2010 and serves as an Independent Director of the Company. Mr Butler, a British national, has over 24 years of successful commercial experience in world class, high technology businesses, including more than 13 years in senior general management roles with full P&L responsibility. From May 2000 to April 2009, Mr Butler served as the Managing Director, then President & Chief Operating Officer and an executive board director of Inmarsat, a FTSE 100 company. Inmarsat, the acknowledged world leader in the provision of global mobile satellite communications services to enterprise and government customers - on land, at sea and in the air, provides voice, data and broadband services in over 200 countries, via a worldwide network of over 500 partner organizations.

In April 2012, Mr Butler was appointed into the Board of Director of Thuraya Telecommunications Company, to serve as one of its Independent Directors. Thuraya was established in 1997 and has grown into a multimillion dollar business offering satellite performance and solutions; its portfolio, encompassing data, voice and maritime products and services, supports dual GSM and satellite mode and advanced applications to provide people and businesses with constant connectivity when they need it most. Thuraya specifically designs successful satellite communication solutions for vertical sectors such as energy, media, government, NGOs and maritime.



KEY MANAGEMENT

Ms Chow Choi Fun, Jackie

Financial Controller

Ms Chow, joined the Group in 2010. She is responsible for the accounting, financial, secretarial and tax related matters of the Group. She is in the accounting profession for more than 25 years with more than 13 years working experience in Singapore listed companies. Prior to joining the Group, she was the Financial Controller of a SGX Main Board listed marine company from April 2007 to July 2010 and was the General Manager – Finance of a SGX Main Board listed electronic company from February 2006 to March 2007 and the Corporate Finance Manager of another SGX Sesdaq listed electronic company from July 2002 to January 2006. Ms Chow is a Fellow Member of the Association of Chartered Certified Accountants and an Associate member of the Institute of Singapore Chartered Accountants.

Dr Lim Wei Ming

Vice President, Advanced Development

Dr Lim first joined the Group in 2005. From 2007 to 2010 he was with Institute of Information Research ("I2R") under Agency for Science Technology and Research ("A*STAR"), a Singapore government-owned organization to undertake various research work. Dr Lim is currently in-charge of the technology development programs and also heading developmental work on baseband design. With more than 12 years of experience in designing state-of-the-art communications systems, especially in the area of satellite communications for both fixed and mobile satellite terminals, he is well versed in many aspects of embedded systems design, including (FPGA) Field Programmable Gate Array, ASIC (Application Specific Integrated Circuit) and digital signal processing. Having been involved in many research and development projects over the years, he is also responsible for identifying future technology trends and finding opportunities to leverage on the research and development expertise of local research institutes and universities. Dr Lim graduated with a PhD in Electronics Engineering and a Bachelor Degree (First Class Honours) in Electronics Engineering (Computing), both from the University of Sheffield, UK.

Mr E.M.L. Ekanayake

Vice President, Product Management

Mr Ekanayake joined the Group in 1996 and specializes in electronics hardware design. He has more than 24 years of experience in the areas of analog and digital telephony-related product development, hardware design for satellite communication terminals, design and development of tracking, navigation and remote monitoring products using GPS, cellular and satellite technologies and product management. Having been directly involved in the complete design and development lifecycle of a number of maritime, fixed and portable satellite terminals, he has gained vast experience in product development and project

management skills. Mr Ekanayake graduated from the University of Peradeniya (Sri Lanka) with a Bachelor of Science (Hons) Degree in Electrical and Electronic Engineering and holds a Graduate Diploma in Information Communication Technology from Nanyang Technological University.

Mr K. Kalaivanan

Vice President, Solutions Platform

Mr Kalaivanan joined the Group in 1996 and specializes in telecommunications software development, especially in the area of wireless communications and networking protocols. He heads the Solutions Platform team of the Group, which manages the development of value added applications/ solutions in the wireless communication domain including IoT, M2M and Mobile Satellite Service (MSS). Prior to this assignment, he has been managing the software development of MSS terminals and other wireless communication products that the Group has developed so far. With more than 26 years of experience in the telecommunications industry and in product development, project management and applications development especially in wired and wireless communications products, he has been involved in various research and development projects.

Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering (Hons) Degree in Electronics and Instrumentation. He also holds 2 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, specialised in Data Communication and Networking Software, from the University of Essex, UK.

Mr Chin Woon Loong, Andy

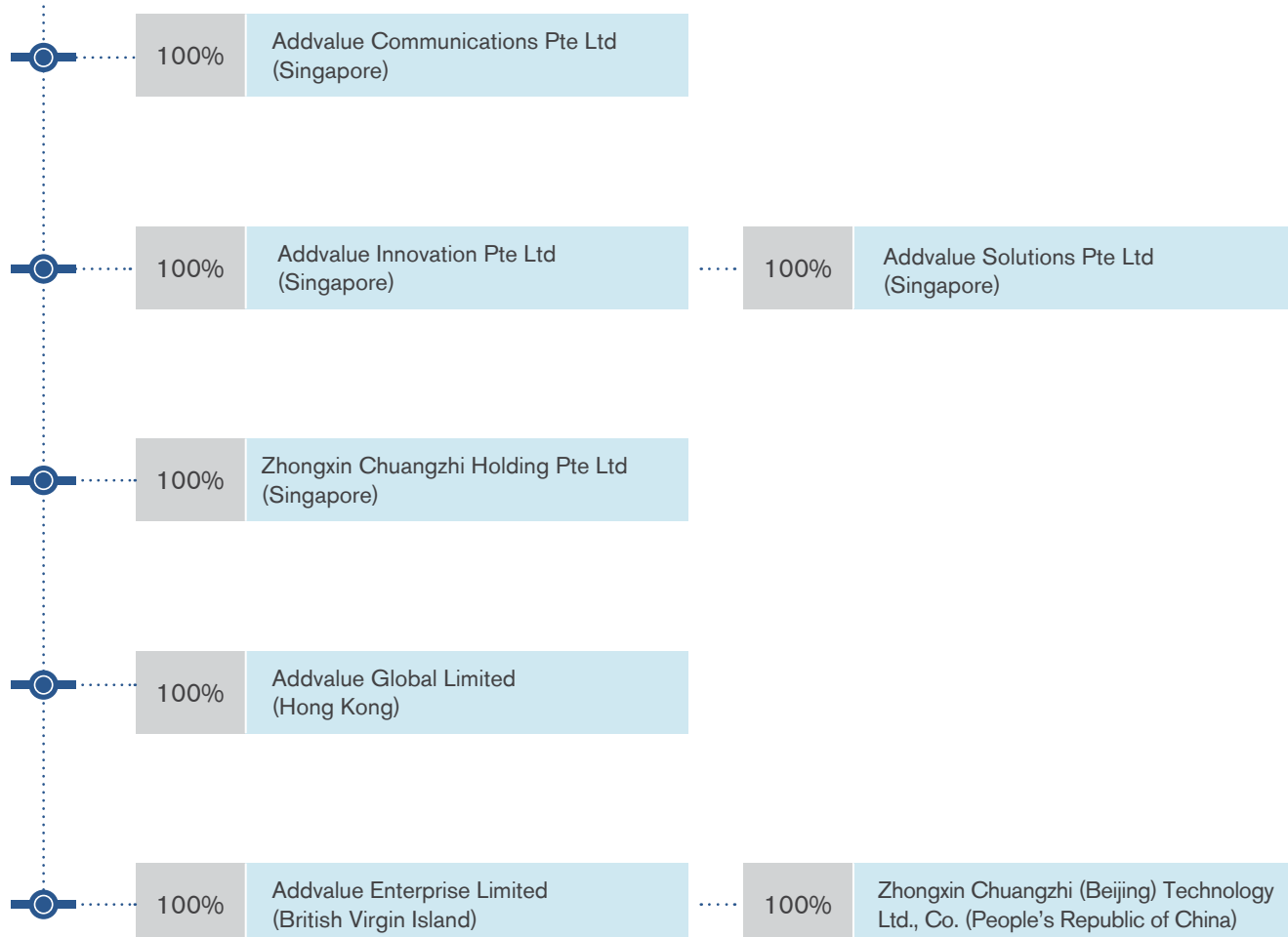
Vice President, Business Development and Sales

Mr Chin joined the Group in 2013. He is responsible for the Group's maritime business unit where he is in charge of the product management, sales and business development of the maritime satellite terminals developed by the Group including Fleet One and the FX series terminals which use the Inmarsat satellite network; Seagull 5000i, SF2500 and Thuraya Atlas IP, which uses the Thuraya satellite network. Mr Chin has over 20 years of experience in the maritime industry. After leaving the Singapore Navy where he served for 10 years as an Electronics System engineer, he continued to pursue his career in the maritime industry and most years in the satellite communications industry for maritime sector. Mr Chin graduated with a Bachelor of Science Degree in Computer Science from the Open University, UK and holds a Diploma in Electronics, Communications and Computer Engineering, majored in Satellite and Telecommunication system from Singapore Polytechnic.

GROUP STRUCTURE



ADDVALUE TECHNOLOGIES LTD (SINGAPORE)





CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Chan Kum Lok, Colin

Chairman & CEO

Mr Tan Khai Pang

Executive Director

Mr Tan Juay Hwa

Executive Director

Mr Lim Han Boon

Lead Independent Non-Executive Director

Mr Ang Eng Lim

Independent Non-Executive Director

Mr Michael J Butler

Independent Non-Executive Director

AUDIT COMMITTEE

Mr Lim Han Boon

Chairman

Mr Ang Eng Lim

Mr Tan Khai Pang

Mr Michael J Butler

NOMINATING COMMITTEE

Mr Lim Han Boon

Chairman

Mr Ang Eng Lim

Mr Tan Khai Pang

Mr Michael J Butler

REMUNERATION COMMITTEE

Mr Ang Eng Lim

Chairman

Mr Lim Han Boon

Mr Tan Khai Pang

Mr Michael J Butler

COMPANY SECRETARY

Ms Foo Soon Soo

REGISTERED OFFICE

8 Tai Seng Link, Level 5 (Wing 2)

Singapore 534158

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REGISTRAR

KCK CorpServe Pte Ltd

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KH KEA Building

Singapore 188721

Tel : +65 6837 2133

Fax: +65 6339 0218

AUDITORS

Mazars LLP

135 Cecil Street

#10-01 MYP Plaza,

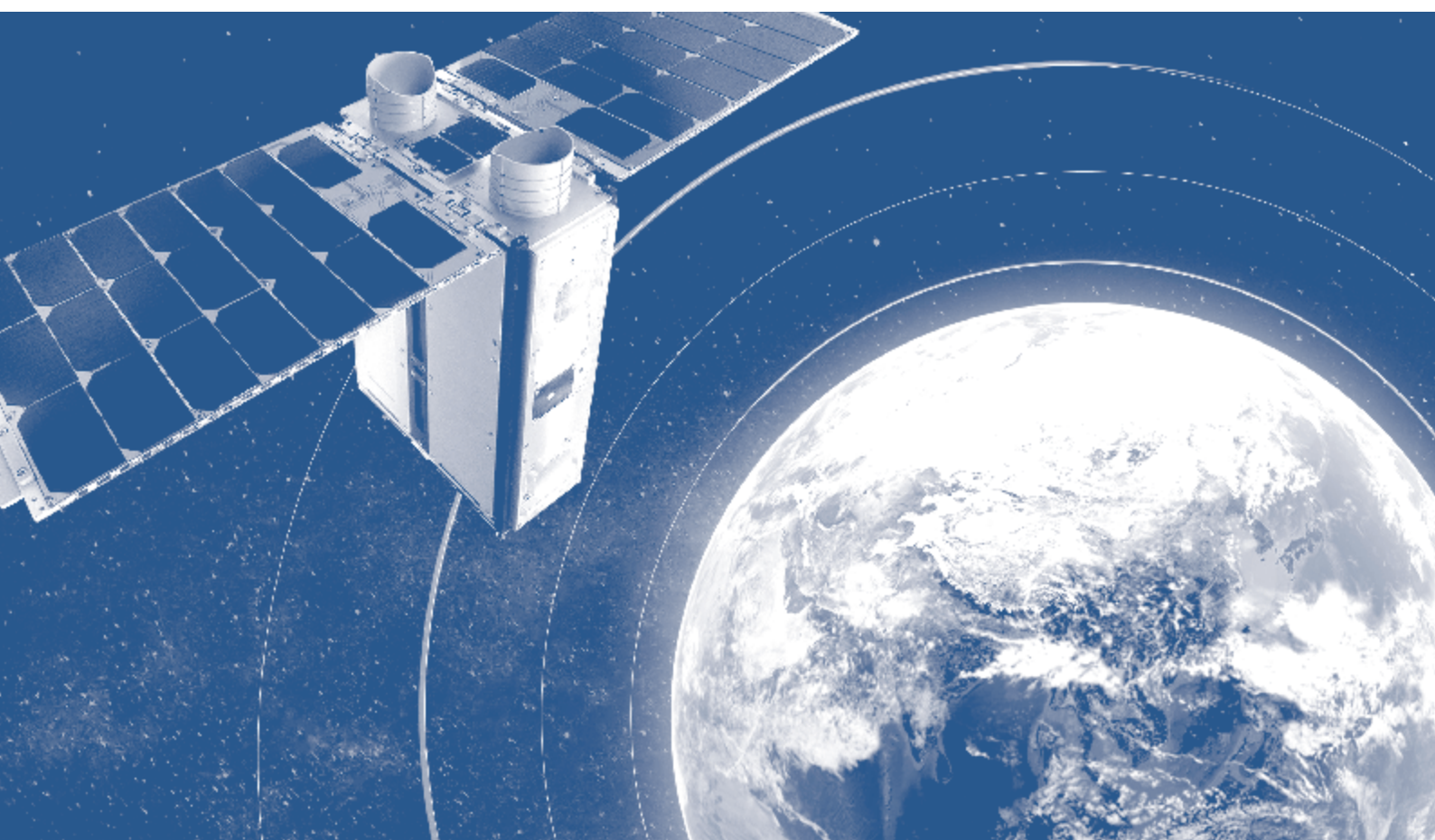
Singapore 069536

Partner-in-charge: Dominique Tan

Date of Appointment: From FY2016

COMPANY REGISTRATION NUMBER

199603037H



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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 2012 (the “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 collectively responsible for the long-term success of the company. The Board works with the management to achieve this outcome and the management remains accountable to the Board.

The Board is responsible for protecting and enhancing long-term Shareholders’ value. It provides directions and guidance to the overall management of the Company and its subsidiaries (the “Group”). The Board presently comprises three Executive Directors and three Independent Directors.

No new Director was appointed to the Board during the financial year ended 31 March 2016 (“FY2016”). Newly appointed Directors will be given an orientation program to familiarize themselves with our Group’s operation. The experience and competency of each Director contribute to the overall effective management of the Group. Incoming Directors joining the Board will be given briefing by the management, the Chief Executive Officer (“CEO”) and, where appropriate, the Company’s legal advisers, on their duties and obligations as director, and on the Group’s organization structure, business and governance practice and arrangements, including the Company’s policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company’s securities and restrictions on the disclosure of price-sensitive information.

During FY2016, the Directors had received updates on regulatory changes to the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the accounting standards and the Code. The Chairman updates the Board at each Board meeting on business and strategic developments and also highlights the salient issues as well as the risk management considerations for the Group. From time to time, the Directors also attended appropriate courses, conferences and seminars, including programmes run by the Singapore Institute of Directors or the like.

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 quarterly and full year financial results’ announcements
- Reviewing the adequacy of the Group’s internal controls and the financial information reporting system
- Monitoring the composition, processes and performance of the Board as well as the selection of a Director
- 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 (“AC”), a Nominating Committee (“NC”) and a Remuneration Committee (“RC”). 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.

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 Constitution. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports and papers containing adequate, relevant and timely information to support the decision making process.

Matters which are reserved for the Board’s approval include the following:

- Review of 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 an interested person
- Material acquisition and disposal



CORPORATE GOVERNANCE REPORT

- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new Directors

Board Committees, namely the AC, NC, and RC, have been constituted to assist the Board in the discharge of specific responsibilities. Please refer to Principles 4 to 5, 7 to 9, 11 and 12 herein for further information on the activities of the AC, NC and RC respectively.

From 30 July 2015, being the date of the last Annual Report, to the date of this Annual Report, our Company convened four Board meetings, four AC meetings, one NC meeting and one RC meeting.

Besides formal meetings, Board members also met at informal meeting or via teleconferencing or emails to discuss specific issues related to the Company's development. While the Board considers Directors' attendance at Board meetings to be important, it does not consider that to be the only criterion to measure their contributions. Other than participating in these meetings, Board members also rendered guidance and advice on various matters relating to the Group and convened discussions when needed.

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

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Dr Colin Chan Kum Lok	4	N/A	N/A	N/A
Mr Tan Juay Hwa	4	N/A	N/A	N/A
Mr Tan Khai Pang	4	4	1	1
Mr Lim Han Boon	4	4	1	1
Mr Ang Eng Lim	3	3	0	0
Mr Michael J Butler	4	4	1	1

BOARD COMPOSITION AND BALANCE

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

The Board presently comprises six members, three of whom, namely Mr Lim Han Boon, Mr Ang Eng Lim and Mr Michael J Butler, are independent and non-executive. Key information regarding the Directors and their appointments on the various Board Committees is presented under the profile of the Board in the Annual Report.

There are presently three Committees, namely the AC, NC and RC, commissioned by the Board. All Committees are chaired by an Independent Director, with majority of members being independent and non-executive.

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 NC 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.



CORPORATE GOVERNANCE REPORT

The criterion for independence is based on the definition given in the Code. The Code has defined an “independent” director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the company. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

The Board conducts a rigorous review of the independence of the Directors who have served beyond nine years. Such review includes the critical examination of any conflicts of interest as well as other factors such as the overseeing review and scrutiny performed by such Directors of matters and proposals put before the Board, and the effectiveness of their oversight role as check and balance on the acts of the Board and management of the Company and their role in enhancing and safeguarding the interest of the Group.

Presently, Mr Lim Han Boon and Mr Ang Eng Lim have served the Board as Independent directors for more than nine years. Taking into account the views of the NC, the Board concurs that the Independent Directors have over the years developed significant insights in the Group’s business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. On a yearly basis, based on the views of the NC and the assessment by the Board and having regard to Guideline 2.4 of the Code, the Board is of the view that, although Mr Lim Han Boon and Mr Ang Eng Lim have served on the Board for more than nine years, their independence will not be compromised for the following reasons:

- (a) Mr Lim and Mr Ang have demonstrated a high degree of independence from the management of the Group during their term as Independent Directors of the Company, in particular, as the chairman of their respective Committee; and
- (b) Mr Lim and Mr Ang have shown significant commitment to the Group and have brought to the Board considerable financial expertise as Independent Directors of the Company.

Both Mr Lim Han Boon and Mr Ang Eng Lim have confirmed that they have no association with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment. After taking into account all these factors, the Board has determined that Mr Lim and Mr Ang are independent.

To maintain their independence, Mr Lim Han Boon and Mr Ang Eng Lim abstained from the NC’s and the Board’s deliberation with regard to their independence.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. 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 CEO 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 between the leadership of the Board and the executives responsible for managing the business of the Group.

There are constant communications among Board members, and no Director represents a considerable concentration of power as any key decision will require the approval from all Directors prior to implementation.

In addition, half of the Board currently comprises Independent and Non-Executive Directors, and the Chairman-cum-CEO of the Company is not a member of any Committee. Mr Lim Han Boon has on 26 June 2014 been appointed by the Board as the Lead Independent Director.



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 NC was established in October 2002 and currently comprised the following members, the majority of whom, including the chairman, are independent and non-executive:

Mr Lim Han Boon	(Chairman/Independent and Non-Executive)
Mr Ang Eng Lim	(Member/Independent and Non-Executive)
Mr Michael J Butler	(Member/Independent and Non-Executive)
Mr Tan Khai Pang	(Member/Executive Director)

The NC operates in accordance with its term of reference. The role of the NC 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 NC is also charged with determining annually whether or not a Director is independent.

In addition, Article 104 of our Company's Constitution provides that except for the Managing Director (or the Chairman-cum-CEO in its equivalent), "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".

Mr Lim Han Boon, who has served on the Board for more than nine years from the date of his first appointment, and Mr Tan Juay Hwa will retire and submit themselves for re-election at the forthcoming Annual General Meeting of the Company ("AGM").

With a view to reinforce the independence element of the Board, Mr Tan Juay Hwa, who is presently an Executive Director, has decided and indicated to the Board that he does not wish to seek for re-election as an Executive Director but shall remain as a Key Executive of the Group. With Mr Tan stepping down as an Executive Director at the conclusion of the upcoming AGM, the Board will comprise three Independent and Non-Executive Directors and two Executive Directors.

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

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. Accordingly, the NC leaves it to each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Mr Lim Han Boon and Mr Ang Eng Lim have confirmed that they are able to devote sufficient time and attention to the affairs of the Group. They have both maintained good attendance records and actively participated at the Board and committee meetings of the Company. Further, Mr Lim does not have any full-time executive commitments in any companies and Mr Ang's experience as a Practising Accountant is valuable to the Board and the committees.

After making all reasonable enquiries and having considered the aforementioned, nothing has come to the attention of the NC (excluding Mr Lim Han Boon and Mr Ang Eng Lim) to cause them to doubt that both Mr Lim Han Boon and Mr Ang Eng Lim would not have the ability to commit sufficient time and attention to the affairs of the Group.

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 NC had established a formal evaluation process to assess the effectiveness of individual Directors and of the Board as a whole.

Each year, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual Director's contributions to the Board and the Board Committees. The appraisal focuses on the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with the management and standard of conduct. The results of the appraisal exercise were considered by the NC, which then made recommendations to the Board with the aim of helping the Board to discharge its duties more effectively.



CORPORATE GOVERNANCE REPORT

The overall assessment of individual Directors and of the Board as a whole was good for FY2016, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's performance, financially or otherwise. 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 fulfil 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 and/or its representative 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.

REMUNERATION MATTERS

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

Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC was established in May 2000 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

Mr Ang Eng Lim	(Chairman/Independent and Non-Executive)
Mr Lim Han Boon	(Member/Independent and Non-Executive)
Mr Michael J Butler	(Member/Independent and Non-Executive)
Mr Tan Khai Pang	(Member/Executive Director)

The RC carried out its duties in accordance with the terms of reference. The role of the RC 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. The Independent and Non-Executive Directors believe that the RC benefits and will continue to benefit from the inputs of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively. Each RC member will abstain from voting on any resolution in respect of his own remuneration package.

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

The Board has also recommended that a fixed fee be paid for each of the Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fees of the Non-Executive Directors will be subject to Shareholders' approval at the AGM.

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 RC members recommend the remuneration packages of Key Executives for the approval by the Board.



CORPORATE GOVERNANCE REPORT

The Addvalue Technologies Employees' Share Option Scheme ("Scheme") expired on 31 July 2012, with the exercise period of the last options granted under the Scheme expired on 21 June 2014.

DISCLOSURE ON REMUNERATION

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. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Details of the remuneration paid or proposed to be paid to the Directors of our Company for FY2016 are set out below:

Remuneration Bands	Director	Director's Fees (%)	Fixed Salary* (%)	Benefits* (%)
S\$250,000 to S\$499,999	Nil			
Below S\$250,000	Dr Colin Chan Kum Lok	–	97	3
	Mr Tan Khai Pang	–	95	5
	Mr Tan Juay Hwa	–	95	5
	Mr Lim Han Boon	100	–	–
	Mr Ang Eng Lim	100	–	–
	Mr Michael J Butler	100	–	–

* The fixed salary amounts include salary, annual wage supplements and Central Provident Fund contribution while the benefits include variable bonuses which are linked to individual performances and other allowances.

The Board considered the disclosure of Directors' remuneration in bands of S\$250,000 as adequate due to reasons of industry competitiveness, confidentiality and sensitivity of remuneration matters. The three Executive Directors are non-substantial shareholders of the Company and are employees of the Group like any of the other key management personnel who are not directors and whose remuneration are disclosed in bands of S\$250,000. The Board is of the view that they should not be disadvantaged, as compared to the other key management personnel, just merely because they are Directors.

Details of the remuneration paid to the Key Executives (who are not Directors) for FY2016 are set out below:

Remuneration Bands	Name of Key Executive	Designation	Fixed Salary* (%)	Benefits* (%)
S\$250,000 to S\$499,999	Nil			
Below S\$250,000	Ms Chow Choi Fun, Jackie	Financial Controller	95	5
	Mr EML Ekanayake	Vice President, Product Management	96	4
	Mr K Kalaivanan	Vice President, Solutions Platform	92	8
	Dr Lim Wei Ming	Vice President, Advanced Development	90	10
	Mr Chin Woon Loong, Andy	Vice President, Business Development and Sales	92	8

* The fixed salary amounts include salary, annual wage supplements and Central Provident fund contribution while the benefits include variable bonuses which are linked to individual performances and other allowances.

The present key management team of the Group, who are not Directors of the Company, comprised five personnel as disclosed above. The total remuneration paid to the five of them for FY2016 aggregated US\$482,009.

Employees' Share Option Scheme

The Group currently does not have any new share option scheme or other share incentive schemes for its employees.



CORPORATE GOVERNANCE REPORT

Immediate family members of Directors or CEO

During FY2016 and as at the date of this Annual Report, none of the employees of the Group are family members of the Directors or CEO.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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 Listing Manual of the SGX-ST. Price sensitive information is publicly announced before it is communicated to any other interested person.

The Board is accountable to the Shareholders and is mindful of its obligations to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each respectively signed the undertaking in the form set out in Appendix 7.7 of the Listing Manual of the SGX-ST to undertake to use their best endeavours to comply with the Listing Rules of the SGX-ST and to procure that the Company shall so comply as well. The Directors have also procured a similar undertaking by the Financial Controller in her capacity as an Executive Officer.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for ensuring that management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets.

The AC has reviewed the adequacy and effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

The main risks arising from the Group's business and financial instruments are operational and financial risks. Operational risk is inherent in all business activities. To minimize such risk, the Group has put in place an Enterprise Risk Management Programme ("ERM"). The purpose of this programme was to actively engage senior management on a "hands-on" and proactive approach in managing and supervising the Group's business, with focus on operational and compliance risks. Where necessary, the Group engages external consultants and experts to assist in this area.

For FY2016, the Board has received assurance from the CEO and Financial Controller in the execution of their respective duties as CEO and Financial Controller and to the best of their knowledge and belief that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

Pursuant to Rule 1207 (10) of the Listing Manual of the SGX-ST, based on the above arrangement, the work performed by the external auditors, the assurances from the CEO and Financial Controller, the internal audit functions performed by finance and compliance department, the reviews performed by the management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including operation, financial, compliance, information technology controls and risk management system, were adequate and effective as at the date of this Annual Report.

The Board recognizes that the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and that no systems of internal controls or risk management can provide absolute assurance against the occurrence of errors, poor judgment in decision making, losses, frauds or other irregularities. It can only provide reasonable and not absolute assurance against material misstatement or loss or that the Group will not be adversely affected by any event that can be reasonably foreseen.



CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC was established in May 2000 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

Mr Lim Han Boon	(Chairman/Independent and Non-Executive)
Mr Ang Eng Lim	(Member/Independent and Non-Executive)
Mr Michael J Butler	(Member/Independent and Non-Executive)
Mr Tan Khai Pang	(Member/Executive)

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

The Independent and Non-Executive Directors believe that the AC benefits and will continue to benefit from the experience and expertise of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual and the Best Practices Guide issued by the SGX-ST. In performing those functions, the AC shall review, amongst others:

- the scope and the results of internal audit procedures with the internal auditors, or, in its absence, the scope and the results of the Group's internal audit functions;
- the audit plan of the Company's external auditors and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the external auditors;
- the periodic results announcements of the Group prior to their submission to the Board for approval;
- the financial statements of the Company and the consolidated financial statements of the Group as well as the external auditors' report thereon for each financial year prior to their submission to the Board for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in engaging Mazars LLP, an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore, as the external auditors of the Company and its Singapore subsidiaries.

With Central & Co appointed as the external auditors of the Company's Hong Kong-incorporated subsidiary, and Beijing An Zheng CPA Co., Ltd as the external auditors of the Company's People's Republic of China-incorporated subsidiary, the Board and the AC are satisfied that the appointment of different auditors would not compromise the standard and the effectiveness of the audit of the Group and that Rule 716 of the Listing Manual of the SGX-ST has been complied with.

The AC reviews the independence of the external auditors annually. It has reviewed the amount of non-audit services rendered to the Group by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. During the year, there were no fees paid to the external auditors of the Company for non-audit services. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC recommended to the Board that Mazars LLP be nominated for the re-appointment as external auditor of the Group's companies in Singapore at the forthcoming AGM at remuneration to be re-negotiated.

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties. The policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.



CORPORATE GOVERNANCE REPORT

Internal Audit

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

In view of the needs to comply with the Group's established procedures, manuals and policies, including those required by the Group's ISO 9001 certification and Business Continuity Plan certification, and from the perspective of cost effectiveness coupled with the AC's view that the existing system of internal controls is adequate, the Group currently does not engage any third party internal auditor nor have a separate internal audit department.

The Group's finance and compliance department reviews the internal controls and compliance systems of the Group under the Internal Audit Charter and Audit Plans approved by the AC, and reports findings and makes recommendation to the management and the AC. To ensure the adequacy and effectiveness of the Group's in-house internal audit functions, the AC meets regularly to review these functions.

The AC will also review the audit plans and the findings of the external auditors and will ensure that the Group follows up on the external auditors' recommendations raised, if any, during the audit process. The AC is generally satisfied with the adequacy of the current arrangement and will continue to assess its effectiveness regularly.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, 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 promptly 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.

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. The Group supports and encourages active shareholders participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the Annual Reports or Circulars sent to all Shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company website.

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Singapore Companies Act, Cap. 50) to appoint one or two proxies to attend and vote at its general meetings. The Singapore Companies Act, Cap. 50 allows relevant intermediaries, which include CPF or agent banks' nominees, to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF or agent banks' proxies.

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by Shareholders.



CORPORATE GOVERNANCE REPORT

Dividends

The Group currently does not have a formal dividend policy as it needs to conserve its financial resources for expansion or making inroads into newly cultivated markets.

INTERESTED PERSON TRANSACTION

Our Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the AC. The Company does not have any general mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST. There were no interested person transactions for FY2016.

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	Nil	Nil

SECURITIES TRANSACTIONS

The Company has adopted a policy prohibiting dealings in the Company's shares by Directors and employees of the Group on short-term considerations and for the period of one month prior to the announcement of the Group's yearly results and two weeks before the announcement of the Group's other quarterly results. The Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board confirms that for FY2016, our Company has complied materially with the principal corporate governance recommendations set out in the Code.



DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2016 and the statement of financial position of the Company as at 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (ii) 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.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

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

In accordance with Article 104 of the Constitution of the Company, Mr Tan Juay Hwa and Mr Lim Han Boon will retire and are eligible for re-election. Mr Tan Juay Hwa has given notice to the Company that he is not seeking re-election. Mr Lim Han Boon retires and, being eligible, offers himself for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Except as disclosed under "Share options" in this statement, 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.

4. 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, Chapter 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:

	Direct interests		
	At 1 April 2015	At 31 March 2016	At 21 April 2016
The Company			
Ordinary shares			
Dr Chan Kum Lok, Colin	39,190,960	39,190,960	39,190,960
Mr Tan Khai Pang	51,675,360	51,675,360	51,675,360
Mr Tan Juay Hwa	5,131,720	5,131,720	5,131,720
Mr Lim Han Boon	19,990,560	19,990,560	19,990,560
Mr Ang Eng Lim	3,100,640	3,100,640	3,100,640
Mr Michael J Butler	2,000,000	2,000,000	2,000,000



DIRECTORS' STATEMENT

5. SHARE OPTIONS

During the financial year:

- (a) all share options granted by the Company have expired on 21 June 2014. No share options have been granted during the financial year under review to take up unissued shares of the Company;
- (b) there were no shares issued during the financial year to which this relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries; and
- (c) there were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. AUDIT COMMITTEE

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

Mr Lim Han Boon	(Chairman)
Mr Ang Eng Lim	(Member)
Mr Tan Khai Pang	(Member)
Mr Michael J Butler	(Member)

The Audit Committee carried out its functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee reviewed the overall scope of the Group's in-house internal audit functions, external audit functions and the assistance given by the Company's officers to the external auditors.

The Audit Committee met with the external auditors to discuss the results of their audit. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2016 as well as the external auditors' report thereon. Reviews of interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) were also carried out by the Audit Committee at the end of each financial quarter for the financial year ended 31 March 2016.

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 four meetings during the financial year ended 31 March 2016 with 94% attendance from all members and has also met with the external 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 external auditors, Mazars 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 by the external auditors 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.

In appointing the external auditors for the Company and its subsidiaries, the Board of Directors has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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



DIRECTORS' STATEMENT

7. AUDITORS

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

On behalf of the Board of Directors

Dr Chan Kum Lok, Colin
Director

Mr Tan Khai Pang
Director

Singapore
30 June 2016



INDEPENDENT AUDITORS' REPORT

to the members of addvalue technologies ltd and its subsidiaries

Report on the Financial Statements

We have audited the accompanying financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group"), which comprise statements of financial position of the Group and of the Company as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
30 June 2016



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	Note	2016 US\$	2015 US\$
Revenue	4	9,943,649	14,725,097
Cost of sales		(6,504,448)	(10,237,746)
Gross profit		3,439,201	4,487,351
Other operating income	5	143,079	600,239
Selling and distribution expenses		(913,175)	(1,118,953)
Administrative expenses		(2,578,796)	(2,315,585)
Other operating expenses	6	(3,247,442)	(6,329,339)
Finance expenses	7	(1,573,358)	(551,577)
Loss before income tax	8	(4,730,491)	(5,227,864)
Income tax credit/(expense)	9	21,152	(988,352)
Loss for the year		(4,709,339)	(6,216,216)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available-for-sale financial assets		–	(2,440)
Impairment on available-for-sale financial assets reclassified to profit or loss		–	101,075
Exchange differences arising from translation of foreign operations		(6,256)	630
Other comprehensive (loss)/income for the year, net of tax		(6,256)	99,265
Total comprehensive loss for the year, net of tax		(4,715,595)	(6,116,951)
Loss per share attributable to equity holders of the Company (cents)			
Basic and diluted	10	(0.40)	(0.52)

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.



STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

		Group		Company	
	Note	2016 US\$	2015 US\$	2016 US\$	2015 US\$
ASSETS					
Non-current assets					
Plant and equipment	12	939,073	1,046,454	–	–
Subsidiaries	13	–	–	5,228,105	5,228,104
Associate	14	–	–	–	–
Other equity investments	15	–	–	–	–
Intangible assets	16	12,606,990	12,715,690	–	–
Deferred tax assets	17	1,208,381	1,202,079	–	–
		14,754,444	14,964,223	5,228,105	5,228,104
Current assets					
Inventories	18	3,702,962	3,515,778	–	–
Amounts due from customers for contract work	19	66,213	127,547	–	–
Trade receivables	20	2,180,558	3,050,055	–	–
Other receivables, deposits and prepayments	21	1,043,988	1,269,273	539,320	537,488
Available-for-sale financial assets	22	2,135	2,135	2,135	2,135
Due from subsidiaries (non-trade)	23	–	–	747,311	1,135,953
Fixed deposit		39,655	43,390	–	–
Cash and bank balances		425,533	292,501	1,314	3,680
		7,461,044	8,300,679	1,290,080	1,679,256
TOTAL ASSETS		22,215,488	23,264,902	6,518,185	6,907,360
LIABILITIES					
Current liabilities					
Trade payables (third parties)		3,768,049	4,332,861	–	–
Other payables and accruals	24	4,178,193	1,540,169	1,873,847	788,565
Provisions	25	250,065	405,310	127,940	127,940
Borrowings	26	4,852,587	3,709,112	1,109,100	–
Advances received from customers		829,765	210,777	–	–
Deferred income	29	40,585	22,091	–	–
Due to a subsidiary (non-trade)	23	–	–	–	139,040
Provision for income tax		–	4,147	–	–
		13,919,244	10,224,467	3,110,887	1,055,545
Non-current liabilities					
Borrowings	26	40,666	32,586	–	–
Deferred tax liabilities	17	–	34,066	–	–
		40,666	66,652	–	–
TOTAL LIABILITIES		13,959,910	10,291,119	3,110,887	1,055,545
NET ASSETS		8,255,578	12,973,783	3,407,298	5,851,815
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	57,880,597	57,880,597	57,880,597	57,880,597
Capital reserve	31	746,882	746,882	–	–
Statutory reserve	32	7,813	10,423	–	–
Fair value adjustment reserve	33	–	–	–	–
Foreign currency translation reserve		(6,235)	21	–	–
Accumulated losses		(50,373,479)	(45,664,140)	(54,473,299)	(52,028,782)
TOTAL EQUITY		8,255,578	12,973,783	3,407,298	5,851,815

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

	Share capital US\$	Capital reserve US\$	Statutory reserve US\$	Fair value adjustment reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 April 2015	57,880,597	746,882	10,423	–	21	(45,664,140)	12,973,783
Loss for the year	–	–	–	–	–	(4,709,339)	(4,709,339)
Other comprehensive loss, net of tax	–	–	–	–	(6,256)	–	(6,256)
Total comprehensive loss for the year	–	–	–	–	(6,256)	(4,709,339)	(4,715,595)
Contribution by and distribution to owners	–	–	(2,610)	–	–	–	(2,610)
Appropriation to statutory reserve	–	–	(2,610)	–	–	–	(2,610)
Total contribution by and distribution to owners	–	–	(2,610)	–	–	–	(2,610)
Balance as at 31 March 2016	57,880,597	746,882	7,813	–	(6,235)	(50,373,479)	(8,255,578)

	Share capital US\$	Capital reserve US\$	Statutory reserve US\$	Fair value adjustment reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 April 2014	57,771,705	749,595	–	(98,635)	(609)	(39,437,501)	18,984,555
Loss for the year	–	–	–	101,075	–	(6,216,216)	(6,115,141)
Other comprehensive income/(loss), net of tax	–	–	–	(2,440)	630	–	(1,810)
Total comprehensive income/(loss) for the year	–	–	–	98,635	630	(6,216,216)	(6,116,951)
Contribution by and distribution to owners	–	–	–	–	–	–	–
Issuance of new shares, pursuant to share options plan	108,892	(2,713)	–	–	–	–	106,179
Appropriation to statutory reserve	–	–	10,423	–	–	(10,423)	–
Total contribution by and distribution to owners	108,892	(2,713)	10,423	–	–	(10,423)	106,179
Balance as at 31 March 2015	57,880,597	746,882	10,423	–	21	(45,664,140)	12,973,783

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2016

	Note	2016 US\$	2015 US\$
Cash flows from operating activities			
Loss before income tax		(4,730,491)	(5,227,864)
Adjustments for:			
Amortisation of intangible assets	16	2,017,894	1,776,795
Amortisation of deferred income	29	(40,330)	(25,207)
Depreciation of plant and equipment	12	363,106	364,020
Interest expense	7	702,785	438,356
Interest income	5	(751)	(1,516)
Impairment loss on development expenditure	6	–	3,200,000
Impairment loss on available-for-sale financial assets	6	–	101,075
Provisions	25	38,728	583,158
Unrealised foreign exchange loss/(gain)		96,366	(342,155)
Operating (loss)/profit before working capital changes		(1,552,693)	866,662
Inventories		(187,184)	362,137
Amounts due from customers for contract work		61,334	742,015
Trade and other receivables		1,094,782	(386,652)
Intangible assets	16	(1,909,194)	(3,032,801)
Advances received from customers		618,988	(312,783)
Trade and other payables		1,922,963	1,981,851
Provisions utilisation	25	(193,973)	(456,456)
Cash used in operations		(144,977)	(236,027)
Interest income received		751	1,516
Income tax paid		(21,778)	(239)
Net cash used in operating activities		(166,004)	(234,750)
Cash flows from investing activities			
Purchase of plant and equipment	A	(179,856)	(294,793)
Proceeds from government grants	29	58,824	47,298
Net cash used in investing activities		(121,032)	(247,495)
Cash flows from financing activities			
Net proceeds from issue of shares		–	106,179
Proceeds from borrowings		2,071,891	1,511,490
Repayment of borrowings		(1,103,023)	(470,688)
Reduction in fixed deposits		3,735	–
Interest paid		(581,245)	(390,815)
Advances from/(Repayment to) a shareholder		28,710	(239,467)
Net cash generated from financing activities		420,068	516,699
Net increase in cash and cash equivalents		133,032	34,454
Cash and bank balances at beginning of financial year		292,501	257,210
Effects of exchange rate changes in cash and bank balances		–	837
Cash and bank balances at end of financial year	B	425,533	292,501

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2016

Note A

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the year comprised:

	2016 US\$	2015 US\$
Plant and equipment purchased during the year (Note 12)	255,725	385,030
Less: Financed by finance lease obligations	(75,869)	(90,237)
Cash payment to acquire plant and equipment	179,856	294,793

Note B

Cash and bank balances ⁽¹⁾	425,533	292,501
Fixed deposit ⁽²⁾	39,655	43,390
	465,188	335,891
Less: Pledged fixed deposit	(39,655)	(43,390)
Cash and bank balances at end of financial year	425,533	292,501

⁽¹⁾ Included in the cash and bank balances is amount of US\$11,312 (2015: US\$11,059) deposited into an escrow account which is maintained in accordance with the loan agreement with the funding institution in relation to a loan granted to a subsidiary as disclosed in Note 18 to the financial statements. The escrow account can be used for payment for cost of goods sold according to the estimated budget and repayment made to the funding institution.

⁽²⁾ Fixed deposit amounting to US\$39,655 (equivalent to S\$55,000) (2015: US\$43,390 or S\$59,000) is pledged for the purpose of performance bond which serve as a security deposit for the due and faithful performance of the subsidiary's obligations given to an external customer.

The accompanying notes from an integral part of and should be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

1. GENERAL INFORMATION

Addvalue Technologies Ltd (the "Company") is a limited liability 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 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 30 June 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and 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 statement of financial position of the Company are presented in United States dollar ("US\$") which is also the functional currency of the Company.

The financial statements indicated that the Group incurred a net loss of US\$4,709,339 (2015: US\$6,216,216) and net operating cash outflow of US\$166,004 (2015: US\$234,750) for the financial year ended 31 March 2016. As at balance sheet date, the Group's current liabilities exceed its current assets by US\$6,458,200 (2015: US\$1,923,788). In addition, the Group recorded external borrowings totalling US\$4,852,587 (2015: US\$3,709,112), which is repayable within the next 12 months from the balance sheet date.

Subsequent to the balance sheet date, the Company successfully concluded a rights issue on 16 June 2016 through the allotment and issuance of 395,785,271 new ordinary shares of the Company (the "Rights Shares") on the basis of one Rights Share for every three existing ordinary shares of the Company at an issue price of S\$0.031 each and thereby raised a gross proceeds of approximately S\$12,300,000 (US\$9,157,000). Accordingly, the Directors of the Company are of the view that the going concern assumption is appropriate for the preparation of these financial statements.

In the current financial year, the Group has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRSs and INT FRSs issued but not yet effective

At the date of authorisation of these statements, the following FRSs and INT FRSs that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
FRS 7	Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
FRS 12	Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealized Losses</i>	1 January 2017
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 27	Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment entities: Applying the consolidation exception (Editorial corrections in June 2015)</i>	1 January 2016
FRS 114	<i>Regulatory Deferral Accounts</i>	1 January 2016
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 115	Amendments to FRS 115: <i>Clarification to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
Various	Improvements to FRSs (November 2014)	Various

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

The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 March 2016. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will result.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Group does not intend to early adopt FRS 109. The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt FRS 115. The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held-for-Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in 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 the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost in its separate financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

All plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Laboratory equipment	5
Furniture, fittings and office equipment	3 - 10
Computers and software	2 - 5
Toolings	3
Renovations	over the remaining term of lease period

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting 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. Fully depreciated assets are retained in the consolidated financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other operating income (expenses)".



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and are recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(i) Research costs and development expenditure

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation calculated on a product-by-product basis over the estimated useful life begins from the time when the development is completed and the design or technology is available for use. The carrying amount 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 period. 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 follow:

	Useful lives (Years)
Satellite related products	10



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(ii) Patents

Patents are 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 7 years.

(iii) 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.

2.8 Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, amounts due from contract customers, bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets (AFS)

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct 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.

When necessary, allowance is provided for damage, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.11 Leases

Finance leases

Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.13).

Operating Leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

Warranty provisions

Provisions for warranty related costs are recognised when the product is sold or services provided. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Financial guarantees

The Company has issued corporate guarantees to banks and financial institutions for 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 as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liabilities will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangement. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, and effective control of the goods have been passed to the customer, recovery of the consideration is probable, and the amount of revenue and costs can be measured reliably. 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.

(b) Design services

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

(c) Interest income

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

2.15 Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

People's Republic of China ("PRC")

The subsidiary, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans 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 end of each reporting period.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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 capital 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 the estimation of the number of options under options that are expected to become exercisable on vesting date. At the end of each reporting date, the Group revises its estimates of the number of shares under 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.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The capital reserve is transferred to retained earnings upon expiry of the share options.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balances previously recognised in the capital reserve are credited to the share capital account, when new ordinary shares are issued.

2.16 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 profit or loss 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 subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the 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 are 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income tax (Continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The Group's sales of goods in the PRC are subjected to Value-added Tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statement of financial position. The Group's export sales are not subject to VAT.

2.17 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.19 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statement of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included in "Trade and other receivables".



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's 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 assesses, 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 judgement 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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 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 discounted cash flows are derived from the budget for the next five financial years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to sales quantities forecasted for the existing and new products in 2017 and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of development expenditure are disclosed below. The carrying value of the Group's development expenditure as at 31 March 2016 is US\$12,003,848 (2015: US\$12,275,421).

Key assumptions used for value-in-use calculations:

Group	2016	2015
Annual growth rates applied for the next 4 projection years	10%	10%
Discount rate	10%	10%

In preparing the budgets, management also assumed competitive but stable market conditions and continued acceptability of products sold except that the management expect certain products to phase out in next few years. Management determined estimated growth rate based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant industry.

Based on the key assumption above, the Group has made an impairment loss of US\$3,200,000 in prior financial year in respect of its development expenditure as at 31 March 2015, which is disclosed in Note 16.

The Group expects certain products to be competitive and if sales achieved in the forecast year dropped by 10% (2015: 10%) from the Group's forecasted quantities; with other assumptions remain constant, the carrying amount of certain development expenditure totalling US\$ Nil as at 31 March 2016 (2015: US\$4,809,000) will show an additional impairment loss of approximately US\$ Nil (2015: US\$500,000).

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of the Group's trade and other receivables as at 31 March 2016 are disclosed in Note 20 and 21 respectively.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Critical accounting estimates and assumptions (Continued)

(c) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has carried forward tax losses and capital allowances amounting to approximately US\$54,055,000 and US\$1,525,000 (2015: US\$49,442,000 and US\$1,677,000) respectively, out of which, the deferred tax assets has been recognised on amounts of tax losses and credits totaling US\$17,485,000 (2015: US\$17,485,000). These losses and tax credits relate to the companies that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The recognition of the deferred tax assets of the Group is supported by the probable future taxable profits generated by securing higher sales of existing products and expanding new products, and the key assumptions are as disclosed in part (a) above. As at 31 March 2016, management estimated that such deferred tax assets recognised will be recovered in an average of 5 years (2015: 5 years) through utilization of the tax benefits against future taxable income.

In the event that the future taxable profit achieved is lower than the level forecasted, the expected duration of recovery of such tax credits will correspondingly be extended. In addition, the recovery of the deferred tax assets in one of the subsidiaries will be affected by the proposed disposal of the subsidiary, which is still on-going at the date of this set of financial statements.

The Company has unrecognised unutilised tax losses of US\$1,227,000 (2015: US\$1,146,000) of which neither are there any temporary taxable differences or tax planning opportunities available to support recognition of these losses as deferred tax assets. No deferred tax assets have been recognised due to uncertainty of recovery.

If the Group and the Company was able to recognise all unrecognised deferred tax assets in the current financial year, profit would increase by approximately US\$6,217,000 and US\$209,000 (2015: US\$5,433,000 and US\$195,000) respectively.

(d) Useful lives of development expenditure

The cost of development expenditure is amortised on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives to be 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. If the estimated useful lives decrease or increase by 1 year, amortisation expenses for the current financial year will increase or reduce by approximately US\$244,000 or US\$138,000 respectively (2015: US\$190,000 or US\$155,000). The carrying amount of the Group's development expenditure included as intangible assets as at 31 March 2016 is US\$12,003,848 (2015: US\$12,275,421).

(e) 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 2 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at 31 March 2016 is US\$939,073 (2015: US\$1,046,454).



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

4. REVENUE

	Group	
	2016 US\$	2015 US\$
Sale of finished products and components	8,854,590	12,502,879
Rendering of design services	1,089,059	2,222,218
	9,943,649	14,725,097

5. OTHER OPERATING INCOME

	Group	
	2016 US\$	2015 US\$
Government grants received including amortisation of deferred income (Note 29)	48,161	39,160
Foreign exchange gain, net	51,196	558,661
Interest income	751	1,516
Others	42,971	902
	143,079	600,239

6. OTHER OPERATING EXPENSES

	Group	
	2016 US\$	2015 US\$
Amortisation of intangible assets (Note 16)	2,017,894	1,776,795
Bank charges	14,854	16,807
Depreciation of plant and equipment (Note 12)	363,106	364,020
Impairment loss of available-for-sale financial assets, reclassified from other comprehensive income (Note 33)	–	101,075
Impairment loss of development expenditure (Note 16)	–	3,200,000
Inventory written off (Note 18)	72,382	123,294
Labour cost	5,000	23,990
Laboratory usage	169,730	128,124
Repairs and maintenance	217,056	368,310
Telecommunications	60,554	64,927
Transportations	11,229	20,268
Travelling	83,504	82,743
Utilities	17,826	28,502
Others	214,307	30,484
	3,247,442	6,329,339



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

7. FINANCE EXPENSES

	Group	
	2016 US\$	2015 US\$
Interest on loans	662,566	384,210
Interest on late payment	36,550	51,866
Interest on lease obligations	3,669	2,280
Loan facilities fees	870,573	113,221
	1,573,358	551,577

8. LOSS BEFORE INCOME TAX

The following charges/(credit) were included in the determination of loss before income tax:

	Note	Group	
		2016 US\$	2015 US\$
Amortisation of intangible assets	16	2,017,894	1,776,795
Audit fees		56,057	65,295
Depreciation of plant and equipment	12	363,106	364,020
Directors' remuneration for the Directors of Company			
– Remuneration and contribution to defined contribution plan	34	470,546	546,080
– Directors' fees	11	117,043	126,981
Employee benefits expense*	11	2,604,577	2,519,978
Foreign exchange gain, net	5	(51,196)	(558,661)
Impairment loss of available-for-sale financial assets, reclassified from other comprehensive income	33	–	101,075
Impairment loss on development expenditure	16	–	3,200,000
Inventories recognised as an expense in cost of sales	18	5,228,564	7,920,206
Operating lease expenses		439,187	411,706

* This include the amount shown as director's remuneration.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

9. INCOME TAX CREDIT/(EXPENSE)

	Group	
	2016 US\$	2015 US\$
Tax expense		
– Current year	21,778	4,374
– Over provision in prior years	(4,140)	–
	17,638	4,374
Deferred tax:		
– Current year	(6,302)	–
– Relates to origination and reversal of temporary differences	(32,488)	33,978
– Write-down of deferred tax assets	–	950,000
	(38,790)	983,978
Income tax (credit)/expense	(21,152)	988,352

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

	Group	
	2016 US\$	2015 US\$
Loss before income tax	(4,730,491)	(5,227,864)
Tax at the applicable tax rate of 17% (2015: 17%)	(804,183)	(888,737)
Different tax rates in other countries	21,778	11,246
Expenses not deductible for tax purposes	8,220	56,189
Income not subject to tax	(8,324)	(96,405)
Tax incentives	(15,140)	(13,516)
Deferred tax assets not recognised	784,245	1,915,967
Over provision in prior financial years	(4,140)	–
Withholding tax on undistributed earnings of the PRC subsidiary	(3,608)	3,608
Income tax (credit)/expense	(21,152)	988,352

The Company and Singapore subsidiaries

The Company and Singapore subsidiaries are subject to an applicable tax rate of 17% (2015:17%).

Hong Kong

The subsidiary is subject to an applicable tax rate of 16.5% (2015:16.5%).

BVI

The subsidiary incorporated under the laws of BVI is exempted from income tax.

PRC

The subsidiary is subject to an applicable tax rate of 25% (2015:25%) and withholding tax of 5% (2015:5%) respectively.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

10. LOSS PER SHARE

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

	Basic		Diluted	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Loss attributable to shareholders	(4,709,339)	(6,216,216)	(4,709,339)	(6,216,216)

Weighted average number of shares

	Number of shares	
	2016	2015
As at beginning of financial year	1,187,355,813	1,186,563,484
Effect of dilutive potential ordinary shares		
– Share options pursuant to the Scheme	–	792,329
As at end of financial year	1,187,355,813	1,187,355,813

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

11. EMPLOYEE BENEFITS

	Group	
	2016 US\$	2015 US\$
Employee benefits expense (including Directors):		
– Salaries, bonuses and others	4,295,436	4,203,915
– Contribution to defined contribution plans	482,105	484,035
	4,777,541	4,687,950
Directors' fees	117,043	126,981
	4,894,584	4,814,931
Charged to consolidated statement of comprehensive income	2,604,577	2,519,978
Capitalised in development expenditure (Note 16)	2,290,007	2,294,953
	4,894,584	4,814,931



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

12. PLANT AND EQUIPMENT

	Laboratory equipment US\$	Furniture, fittings and office equipment US\$	Computers and software US\$	Toolings US\$	Renovations US\$	Total US\$
Group						
Cost						
As at 1.4.2014	351,988	192,590	628,652	718,898	369,152	2,261,280
Additions	193,438	1,022	144,482	28,367	17,721	385,030
Currency translation difference	–	–	14	–	–	14
As at 31.3.2015	545,426	193,612	773,148	747,265	386,873	2,646,324
Additions	163,440	854	87,931	3,500	–	255,725
As at 31.3.2016	708,866	194,466	861,079	750,765	386,873	2,902,049
Accumulated depreciation						
As at 1.4.2014	206,259	23,453	445,823	529,714	30,597	1,235,846
Depreciation charge for the financial year	71,582	31,144	110,408	87,141	63,745	364,020
Currency translation difference	–	–	4	–	–	4
As at 31.3.2015	277,841	54,597	556,235	616,855	94,342	1,599,870
Depreciation charge for the financial year	114,788	37,249	72,921	73,670	64,478	363,106
As at 31.3.2016	392,629	91,846	629,156	690,525	158,820	1,962,976
Net carrying value						
As at 31.3.2016	316,237	102,620	231,923	60,240	228,053	939,073
As at 31.3.2015	267,585	139,015	216,913	130,410	292,531	1,046,454

Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of US\$75,869 (2015: US\$90,237) by means of finance leases.

The carrying amount of plant and equipment held under finance leases as at 31 March 2016 were US\$214,666 (2015: US\$134,631).

Leased assets are pledged as security for the related finance lease obligations (Note 28).



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

13. SUBSIDIARIES

	Company	
	2016 US\$	2015 US\$
<u>Unquoted equity shares at cost</u>		
As at beginning of financial year	44,927,384	40,944,642
Addition of investment in a subsidiary ⁽¹⁾	1	3,982,742
	44,927,385	44,927,384
Less: Impairment losses		
At beginning of the financial year	(39,699,280)	(26,599,280)
Addition	–	(13,100,000)
	(39,699,280)	(39,699,280)
As at end of financial year	5,228,105	5,228,104

Notes:

- ⁽¹⁾ During the financial year, the Group has incorporated a new subsidiary, Zhongxin Chuangzhi Holding Pte Ltd with a paid up capital of S\$2, which is wholly owned by the Company.

In prior financial year, the Company has increased its share capital on a subsidiary, Addvalue Innovation Pte Ltd, by way of capitalization of amount due from Addvalue Innovation Pte Ltd, amounting to US\$3,982,742 (Note 23).

- ⁽²⁾ For the purpose of impairment testing at balance sheet date, the recoverable amounts of cost of investments in subsidiaries were determined based on a value-in-use calculation and was determined by discounting future cash flows to be generated from the continuing use of the cash-generating unit. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. The key assumptions of the calculations are consistent with Note 3. The Company has recognised an impairment loss of US\$ nil (2015: US\$13,100,000), which has charged to profit and loss during the year.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

13. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2016	2015	2016	2015
			%	%	US\$	US\$
Held by the Company						
Addvalue Communications Pte Ltd ⁽¹⁾	Design, development and distribution of tele-communication equipment and related products	Singapore	100	100	34,027,803	34,027,803
Addvalue Innovation Pte Ltd ⁽¹⁾	Design, development and distribution of tele-communication equipment and related products	Singapore	100	100	10,899,580	10,899,580
Addvalue Global Limited ⁽²⁾	Business development, sale and marketing of satellite communication equipment	Hong Kong	100	100	^	^
Addvalue Enterprise Limited ⁽³⁾	Business development, sale and marketing of satellite communication equipment	British Virgin Island (“BVI”)	100	100	1	1
Zhong Xin Chuang Zhi Holding Pte Ltd ⁽⁵⁾	Investment holding	Singapore	100	–	1	–
					44,927,385	44,927,384

^ denotes amount less than US\$1.00.

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Effective interest held by the Group	
			2016	2015
			%	%
<u>Held by Addvalue Enterprise Limited</u>				
Zhong Xin Chuang Zhi (Beijing) Technology Ltd., Co ⁽⁴⁾	People's Republic of China	Business development, sale and marketing of satellite communication equipment	100	100
<u>Held by Addvalue Innovation Pte Ltd</u>				
Addvalue Solutions Pte Ltd ⁽¹⁾	Singapore	Design and supply of communication products and services	100	100



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

13. SUBSIDIARIES (CONTINUED)

- (1) Audited by Mazars LLP, Singapore.
- (2) Audited by Central & Co, Hong Kong and reviewed by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements of the Group.
- (3) Not required to be audited by law in the country of incorporation. However, it is reviewed by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements of the Group.
- (4) Audited by Beijing An Zheng CPA Co., Ltd, Beijing and reviewed by Mazars LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements of the Group.
- (5) Incorporated on 5 February 2016 and will be audited by Mazars LLP, Singapore in the next financial year.

14. ASSOCIATE

	Group and Company	
	2016 US\$	2015 US\$
Equity shares at cost	137	137
Impairment losses	(137)	(137)
	–	–

Details of the associate are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2016	2015	2016	2015
			%	%	US\$	US\$
Addvalue Communications Inc ("AVCI") ⁽¹⁾	Ceased operations	United States of America	23	23	137	137

- (1) Not required to be audited by law in the country of incorporation.

The associate, AVCI has ceased operation since 2009. As a result, there are no financial statements available to the Group.

15. OTHER EQUITY INVESTMENTS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Unquoted equity investments, at cost	1,713,763	1,713,763	1,485,956	1,485,956
Impairment losses	(1,713,763)	(1,713,763)	(1,485,956)	(1,485,956)
Net carrying value	–	–	–	–



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

16. INTANGIBLE ASSETS

	Development expenditure US\$	Patents US\$	Computer software US\$	Total US\$
Group				
Cost				
As at 1.4.2014	20,187,124	44,126	732,575	20,963,825
Additions	2,759,892	16,669	256,240	3,032,801
As at 31.3.2015	22,947,016	60,795	988,815	23,996,626
Additions	1,583,838	10,129	315,227	1,909,194
As at 31.3.2016	24,530,854	70,924	1,304,042	25,905,820
Accumulated amortisation and impairment losses				
As at 1.4.2014	5,763,019	44,126	496,996	6,304,141
Amortisation charge for the financial year	1,708,576	–	68,219	1,776,795
Impairment losses	3,200,000	–	–	3,200,000
As at 31.3.2015	10,671,595	44,126	565,215	11,280,936
Amortisation charge for the financial year	1,855,411	–	162,483	2,017,894
As at 31.3.2016	12,527,006	44,126	727,698	13,298,830
Net carrying value				
As at 31.3.2016	12,003,848	26,798	576,344	12,606,990
As at 31.3.2015	12,275,421	16,669	423,600	12,715,690

The Group invests in development activities to build its base of proprietary products, applications and processes. The net carrying value of development expenditure amounting to US\$12,003,848 (2015: US\$12,275,421) represents development costs incurred for the development of various core technological elements in mobile satellite communication terminals and related applications, including radio frequency and antenna design, new embedded firmware and hardware systems, digital communication and baseband processing and application firmware to ensure continual innovation, competitiveness and future proof of terminal design and related applications. The carrying value of development expenditure is expected to be recovered from probable future economic benefits that are expected to be generated from the sales of the wide portfolio of existing products and the commercial exploitation of related applications over the useful mobile satellite service life time. The amortisation of development expenditure amounting to US\$1,855,411 (2015: US\$1,708,576) was charged to other operating expenses in the consolidated statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

16. INTANGIBLE ASSETS (CONTINUED)

The individual development project of which carrying amount is more than 10% of the total intangible assets in either 2016 or 2015 are as follows:

	Group			
	2016		2015	
	Carrying amount	Remaining amortisation period (years)	Carrying amount	Remaining amortisation period (years)
Project 1 (In progress)	2,208,436	10	1,989,875	10

Included in the development expenditure and computer software are the capitalisation of the employees benefit expenses of US\$2,290,007 for the current financial year (2015: US\$2,294,953) (Note 11).

Impairment loss of development expenditure

In prior financial year, as part of the impairment testing, the Group has carried out a review of products' life cycle and determined that certain products reach saturation point and will be phased out in next few years. As a result, an impairment loss of US\$3,200,000, representing the write-down of certain development expenditure to recoverable amount was recognised in "Other operating expenses" (Note 8) for the financial year ended 31 March 2015. The impairment loss is included in the segment result of Asia Pacific region as the Group operates mainly from Singapore. The recoverable amount was based on its value in use and the pre-tax discount rate used was 10%.

17. DEFERRED TAX

	Group	
	2016 US\$	2015 US\$
As at beginning of financial year	1,168,013	2,152,079
Recognised in the profit or loss		
– Relates to origination and reversal of temporary differences	32,488	(33,978)
– Recognition/(Write-down) of deferred tax assets	6,302	(950,000)
Exchange differences	1,578	(88)
As at end of financial year	1,208,381	1,168,013
Presented after appropriate offsetting as follows:		
Deferred tax assets, net	1,208,381	1,202,079
Deferred tax liabilities, net	–	(34,066)
As at end of financial year	1,208,381	1,168,013

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

17. DEFERRED TAX (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Unutilised capital allowance US\$	Unutilised tax loss US\$	Other temporary differences US\$	Development expenditure US\$	Accrued revenue US\$	Total US\$
Group						
2016						
As at beginning of financial year	285,062	2,972,498	31,341	(2,086,822)	(34,066)	1,168,013
Recognised in the profit or loss						
– Relates to origination and reversal of temporary differences	50,768	866,776	(10,152)	(46,166)	32,488	893,714
– Deferred tax assets not recognised	(50,206)	(850,211)	10,152	46,166	–	(844,099)
– Over provision of prior financial year	(609)	(10,216)	–	–	–	(10,825)
Exchange differences	–	–	–	–	1,578	1,578
As at end of financial year	285,015	2,978,847	31,341	(2,082,822)	–	1,208,381
2015						
As at beginning of financial year	222,263	4,345,884	36,028	(2,452,096)	–	2,152,079
Recognised in the profit or loss						
– Relates to origination and reversal of temporary differences	50,735	(411,322)	(4,687)	365,274	(33,978)	(33,978)
– Write-down of deferred tax assets	–	(950,000)	–	–	–	(950,000)
– Under provision of prior financial year	12,064	(12,064)	–	–	–	–
Exchange differences	–	–	–	–	(88)	(88)
As at end of financial year	285,062	2,972,498	31,341	(2,086,822)	(34,066)	1,168,013

The Group has unutilised capital allowances and unutilised tax losses of approximately US\$1,525,000 (2015: US\$1,677,000) and US\$54,055,000 (2015: US\$49,442,000) respectively which can be carried forward indefinitely and used to offset against future taxable income subject to meeting certain statutory requirements, out of which approximately US\$36,570,000 (2015: US\$31,957,000) of unutilised tax losses was not recognised as deferred tax assets due to uncertainty of its recoverability.

Deferred tax assets recognised for the unutilised capital allowances and tax losses of approximately US\$1,525,000 (2015: US\$1,677,000) and US\$17,485,000 (2015: US\$17,485,000) respectively, are expected to be recovered from the probable future taxable income expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

18. INVENTORIES

	Group	
	2016 US\$	2015 US\$
Finished goods	2,496,321	2,361,854
Raw materials	989,197	1,010,755
Semi-finished goods	217,444	143,169
	3,702,962	3,515,778

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US\$5,228,564 (2015: US\$7,920,206). Finished goods, raw materials and semi-finished goods of the Group are stated at net realisable value after the write-down of inventories of US\$72,382 (2015: US\$123,294), included in "other operating expenses" (Note 6).

Inventories amounting to US\$2,530,648 (2015: US\$1,601,657) held by a subsidiary as at balance sheet date have been pledged as security for a loan from a funding institution to a subsidiary (Note 27).

19. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2016 US\$	2015 US\$
Aggregate costs incurred and recognised profit to date	3,195,597	2,295,284
Less: Progress billings	(3,129,384)	(2,167,737)
	66,213	127,547
Presented as:		
Gross amounts due from customers for contract work	66,213	127,547

20. TRADE RECEIVABLES

	Group	
	2016 US\$	2015 US\$
Trade receivables	2,180,558	3,050,055

Included in the total trade receivables, an amount of US\$1.8 million (2015: US\$2.3 million) is subject to floating charge to a funding institution for securing a loan facility to a subsidiary as disclosed in Note 27.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Deposits	625,308	645,698	522,002	500,111
Other receivables	18,293	2,997	110	108
Prepayments	286,889	582,645	17,208	37,269
Staff loans and advances	113,498	37,933	–	–
	1,043,988	1,269,273	539,320	537,488

Included in staff loans and advances was an amount held in trust by an employee of the Group for future operating expenditure amounting to US\$113,498 (2015: US\$18,932).

Included in deposits of the Group and the Company was security deposit paid to the Group's subcontractors amounting to US\$500,000 (2015: US\$500,000) held by the Company.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2016 US\$	2015 US\$
Equity instrument (quoted), at fair value		
As at beginning of financial year	2,135	4,575
Fair value adjustment for the financial year (Note 33)	–	(2,440)
As at end of financial year	2,135	2,135

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

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

In prior financial year, the Company has increased its investment in a subsidiary, Addvalue Innovation Pte Ltd ("AVI"), by way of capitalisation of amount due from AVI, amounting to US\$3,982,742 as cost of investment (Note 13).



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Accrued operating expenses:				
– Employee benefits	471,909	447,193	–	–
– Directors' fees ⁽¹⁾	505,515	394,585	505,515	394,585
– Others	725,042	118,853	70,993	57,231
Due to a shareholder ⁽²⁾	186,793	158,083	186,793	158,083
Other payables	2,288,934	406,071	1,110,546	178,666
Value added tax payable	–	15,384	–	–
	4,178,193	1,540,169	1,873,847	788,565

⁽¹⁾ These amounts represent unpaid directors' fees and salaries which are unsecured, interest-free and repayable on demand.

⁽²⁾ The amount represented advances from a shareholder of the Company for the purpose of research and development of technology which is unsecured, repayable on demand and interest-free. The advance is jointly and severally guaranteed by certain Directors of the Company.

25. PROVISIONS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Directors' fees	127,940	127,940	127,940	127,940
Royalties	39,693	78,411	–	–
Warranty	82,432	198,959	–	–
	250,065	405,310	127,940	127,940

Provision for directors' fees represents the amounts proposed for the current financial year and is subject to the shareholders' approval at the forthcoming annual general meeting of the Company.

Provision for royalties relates to royalties payable for sales of certain types of finished goods in accordance with the relevant licencing agreements, and is estimated based on the actual number of units sold for the financial year.

The subsidiaries of the Company provide a two-year warranty on most products under which faulty products are repaired or replaced. The amount of the provision is based on the sales volume and experience with the level of repairs and returns.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

25. PROVISIONS (CONTINUED)

Group	Directors' fees US\$	Royalties US\$	Warranty US\$	Total US\$
2016				
As at beginning of financial year	127,940	78,411	198,959	405,310
Provision/(over provision)	127,940	(5,250)	(93,437)	29,253
Utilisation	(127,940)	(33,468)	(23,090)	(184,498)
As at end of financial year	127,940	39,693	82,432	250,065
2015				
As at beginning of financial year	127,940	47,368	103,300	278,608
Provision	126,981	282,225	173,952	583,158
Utilisation	(126,981)	(251,182)	(78,293)	(456,456)
As at end of financial year	127,940	78,411	198,959	405,310

Company	Directors' fees US\$
2016	
As at beginning of financial year	127,940
Provision	127,940
Utilisation	(127,940)
As at end of financial year	127,940
2015	
As at beginning of financial year	127,940
Provision	126,981
Utilisation	(126,981)
As at end of financial year	127,940



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

26. BORROWINGS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Due within one year				
Loans (Note 27)	4,806,100	3,674,668	1,109,100	–
Finance lease obligations (Note 28)	46,487	34,444	–	–
	4,852,587	3,709,112	1,109,100	–
Due after one year or more				
Loans (Note 27)	–	–	–	–
Finance lease obligations (Note 28)	40,666	32,586	–	–
	40,666	32,586	–	–
Total borrowings				
Loans (Note 27)	4,806,100	3,674,668	1,109,100	–
Finance lease obligations (Note 28)	87,153	67,030	–	–
	4,893,253	3,741,698	1,109,100	–

27. LOANS

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Due within one year				
Loan 1 (secured)	3,697,000	3,639,500	–	–
Loan 2 (unsecured)	–	35,168	–	–
Loan 3 (unsecured)	1,109,100	–	1,109,100	–
	4,806,100	3,674,668	1,109,100	–

Loan 1 (secured)

Loan 1 obtained by a subsidiary of the Company from a funding institution sponsored by International Enterprise Singapore. The loan amount is denominated in Singapore dollar, bears a fixed interest rate at 10% (2015: 10%) per annum and is secured by way of the following:

- Floating charge on the inventories of a subsidiary of the Company (Note 18);
- Floating charge on the trade receivables of a subsidiary of the Company (Note 20);
- Escrow accounts with a bank of a subsidiary of the Company; and
- Corporate guarantee provided by the Company

The loan amount of S\$5,000,000 (US\$3,697,000) is repayable on 31 December 2016.

Subsequent to the financial year end, the loan was fully settled on 17 June 2016 with the proceeds from the Rights Issue.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

27. LOANS (CONTINUED)

Loan 2 (unsecured)

Loan 2 which was fully repaid during the year, was obtained by a subsidiary of the Company from a local bank in prior financial year and denominated in Singapore dollar, bore a fixed interest rate at 10.28% (2015:10.28%) per annum and is unsecured and repayable in 24 monthly instalments. The loan was jointly and severally guaranteed by certain Directors of the Company.

Loan 3 (unsecured)

Loan 3 obtained by the Company from several third party individuals during the year and denominated in Singapore dollar, bears a fixed interest rate at 18% per annum and is unsecured with a tenure of 6 months. The loan is guaranteed by a Director of the Company.

28. FINANCE LEASE OBLIGATIONS

	Group		
	Minimum lease payments US\$	Interest US\$	Present value of payments US\$
2016			
Within one year	49,924	(3,437)	46,487
More than one year but not later than five years	44,015	(3,349)	40,666
	93,939	(6,786)	87,153
2015			
Within one year	36,170	(1,726)	34,444
More than one year but not later than five years	34,944	(2,358)	32,586
	71,114	(4,084)	67,030

Interest is payable at effective interest rate of 3.27% to 6.60% (2015: 3.27% to 6.60%) per annum and the finance leases are guaranteed by the Company.

29. DEFERRED INCOME

Deferred income represents Productivity and Innovation Credit grants received from Inland Revenue Authority of Singapore ("IRAS") relating to qualifying plant and equipment acquired by the Group in prior years. The grant is amortised to profit or loss as "Other operating income" (Note 5) over the remaining useful life of the relevant assets.

	Group	
	2016 US\$	2015 US\$
As at beginning of financial year	22,091	–
Addition	58,824	47,298
Amortisation for the financial year	(40,330)	(25,207)
As at end of financial year	40,585	22,091



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

30. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
Ordinary shares				
Issued and fully paid:				
As at beginning of financial year	1,187,355,813	57,880,597	1,183,555,813	57,771,705
Issued during the financial year	–	–	3,800,000	108,892
As at end of financial year	1,187,355,813	57,880,597	1,187,355,813	57,880,597

The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

In prior financial year, the Company issued 3,800,000 ordinary shares for cash considerations of US\$106,179 pursuant to the exercise of share options under the Employees' Share Option Scheme at exercise price of S\$0.035 each. The newly issued shares rank *pari passu* in all respect with the existing ordinary shares.

There is no shares options outstanding during the financial year end as the Share Option Scheme expired on 21 June 2014.

31. CAPITAL RESERVE

	Group	
	2016 US\$	2015 US\$
As the beginning of financial year	746,882	749,595
Less: Exercise of share options	–	(2,713)
As at end of financial year	746,882	746,882
Representing non-distributable reserve (Group):		
Redemption of preference shares out of profits of a subsidiary*	746,882	746,882

* This amount arose from redemption of preference shares issued by a subsidiary in financial year 2012.

32. STATUTORY RESERVE

One of the Group's subsidiaries follow PRC GAAP applicable to foreign-owned enterprise in the preparation of its accounting records and statutory financial statements. According to the Articles of Association of the subsidiary, it is required to transfer certain amounts from its profits after tax to statutory reserve. The transfers to the reserve must be made before the distribution of dividends to equity owners. The percentage of appropriation is at the discretion of the directors of the subsidiaries. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

33. FAIR VALUE ADJUSTMENT RESERVE

	Group and Company	
	2016 US\$	2015 US\$
As the beginning of financial year	–	(98,635)
Financial assets, available-or-sale		
– Fair value loss (Note 22)	–	(2,440)
Reclassification to profit or loss		
– Impairment of available-for-sale financial assets (Note 6)	–	101,075
As at end of financial year	–	–

In prior financial year, the Group recognised US\$2,440 in other comprehensive income relating to the fair value loss on the available-for-sale financial assets (Note 22). Subsequently, the management has determined that there is an objective evidence that the asset has impaired, and consequently, a reclassification from equity to profit or loss of US\$101,075 has been recognised in other operating expenses (Note 6).

34. RELATED PARTY TRANSACTIONS

Details of compensation of key management personnel are as follows:

	Group	
	2016 US\$	2015 US\$
Salaries, bonus and others	894,353	999,239
Contributions to defined contribution plans	58,202	54,402
	952,555	1,053,641
Directors' fees	117,043	126,981
Total compensation paid/payable to key management personnel	1,069,598	1,180,622
Comprised of amount due to:		
Directors of the Company		
– Fees	117,043	126,981
– Remuneration and contribution to defined contribution plans	470,546	546,080
	587,589	673,061
Other key management personnel	482,009	507,561
	1,069,598	1,180,622

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

Outstanding balances as at 31 March 2016 owing to the Directors of the Company are disclosed in Note 24. There has been no other related party transaction entered into during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

35. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Corporate Guarantee by the Company

As at 31 March 2016, corporate guarantees given to financial institutions, in connection with the facilities granted to subsidiaries (Note 27) amounted to approximately US\$3.8 million (2015: US\$3.7 million). The facilities are for working capital purposes. As at 31 March 2016, the Company did not consider it probable that a claim would be made against the Company under the guarantee and therefore the fair value of the guarantee is immaterial.

(ii) Non-cancellable operating lease commitments

As at the end of the reporting period, 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 financial year end date but not recognised as liabilities are as follows:

	Group	
	2016 US\$	2015 US\$
Future minimum lease payments:		
– within one year	177,020	407,803
– later than one year but not later than five years	170,269	187,370
	347,289	595,173

(iii) Future capital expenditure

Capital expenditure contracted for as at 31 March 2016 but not recognised in the financial statements:

	Group	
	2016 US\$	2015 US\$
In respect of		
– property, plant and equipment	–	131,520
– intangible assets	–	265,227
	–	396,747

36. SUBSEQUENT EVENT

On 24 March 2014, the Company has entered into a Conditional Sale and Purchase Agreement ("CSPA") with an entity incorporated in People's Republic of China, namely 天成恒盛 (北京) 科技有限公司 (the "Buyer"), to dispose of its wholly-owned subsidiary, Addvalue Communications Pte Ltd ("Proposed Disposal") for a total Disposal Consideration of S\$330,000,000.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

36. SUBSEQUENT EVENT (CONTINUED)

The completion of the CSPA is subject to, amongst others, the fulfilment of following conditions precedent:

- (a) All relevant approvals, consents and authorization from Chinese Foreign Exchange Control Bureau ("FECB"), a government authority of People's Republic of China, having been obtained;
- (b) Execution of an escrow agreement to govern the release of AVC's shares to the Buyer;
- (c) The payment of an initial deposit by the Buyer into the Company's designated account, amounting to S\$33 million ("Initial Deposit") and subsequent payments into a Joint Account;
- (d) The approval of the shareholders of the Company for the Disposal at the extraordinary general meeting;
- (e) Submission of the relevant notification of share transfer to The Accounting and Corporate Regulatory Authority of Singapore ("ACRA") to have the Buyer reflected as the new holder of all the AVC Shares (the "Transfer Notification"); and
- (f) Approval from supervisory authority over the Buyer

As announced by the Company on 7 June 2016, the Buyer has affirmed the key revised terms governing the Proposed Disposal, and amongst others, to revise the total Disposal Consideration to S\$308,000,000 and the Directors of the Company are in the process of reviewing the revised terms and conditions of the Proposed Disposal with the Buyer.

On 16 June 2016, the Company has allotted and issued 395,785,271 Rights Shares with issue price of S\$0.031. Following the allotment and issue of the Rights Shares, the total number of issued Shares (excluding treasury shares) has increased from 1,187,355,813 Shares to 1,583,141,084 Shares.

On 22 June 2016, the Company announced that it has utilised S\$5 million of its gross proceeds of S\$12.3 million raised from the Rights Issue for the repayment of secured borrowings (Note 27), with the balance to be utilised for general working capital purposes, which is in accordance with the intended use of proceeds of the Rights Issue.

37. SEGMENT INFORMATION

For management purposes, the Group organised their reportable segment based on their geographical areas which represents 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 is engaged in a single business of sales of telecommunication equipment and related products and components and provision of related design services. During the reporting years, the Group has three 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 Middle East and Africa ("EMEA") included sales made to customers based in Spain, United Kingdom, United Arab Emirates ("UAE") and other countries within the region;
- Segment 2: North America included sales made to customers based in United States of America, Canada and other countries within the region;
- Segment 3: Asia Pacific included sales made to customers based in Singapore, Malaysia, Korea, China, Philippines, Australia, and other countries within the region.

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 or loss in the consolidated financial statements. Group's 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 no inter-segment transaction.



NOTES TO THE FINANCIAL STATEMENTS

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37. SEGMENT INFORMATION (CONTINUED)

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.

The Group operates from Asia Pacific region. Segment assets and liabilities for other segments (EMEA and North America) mainly includes the balances with the customers or suppliers located in the respective regions. Other segment assets (mainly comprising intangible assets, plant and equipment and inventories) and other segment liabilities are presented based on its location, being the Asia Pacific region.

	EMEA US\$	North America US\$	Asia Pacific US\$	Consolidated US\$
<u>As at 31 March 2016</u>				
Revenue				
Total revenue from external customers	1,229,497	417,649	8,296,503	9,943,649
Segment result	265,649	(79,599)	(688,705)	(502,655)
Unallocated expenses*				(2,746,361)
Other income				91,883
Finance expenses				(1,573,358)
Loss before income tax				(4,730,491)
Income tax credit				21,152
Loss for the year				(4,709,339)
Segment assets				
– Segment assets	755,438	480,747	19,770,922	21,007,107
– Deferred tax assets				1,208,381
Total assets				22,215,488
Segment liabilities				
– Segment liabilities	974,499	1,043,669	11,941,742	13,959,910
– Deferred tax liabilities				–
Total liabilities				13,959,910
Other information				
Capital expenditure				
– Plant and equipment			255,725	255,725
– Intangible assets			1,909,194	1,909,194
Depreciation and amortisation**	111,695	8,806	2,260,499	2,381,000



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

37. SEGMENT INFORMATION (CONTINUED)

	EMEA US\$	North America US\$	Asia Pacific US\$	Consolidated US\$
As at 31 March 2015				
Revenue				
Total revenue from external customers	4,403,071	2,501,324	7,820,702	14,725,097
Segment result	715,332	51,004	(3,679,244)	(2,912,908)
Unallocated expenses*				(2,363,618)
Other income				600,239
Finance expenses				(551,577)
Loss before income tax				(5,227,864)
Income tax expense				(988,352)
Loss for the year				(6,216,216)
Segment assets				
– Segment assets	1,094,818	914,570	20,053,435	22,062,823
– Deferred tax assets				1,202,079
Total assets				23,264,902
Segment liabilities				
– Segment liabilities	1,223,042	234,513	8,799,498	10,257,053
– Deferred tax liabilities				34,066
Total liabilities				10,291,119
Other information				
Capital expenditure				
– Plant and equipment	–	–	385,030	385,030
– Intangible assets	–	–	3,032,801	3,032,801
Impairment loss on development expenditure	–	–	3,200,000	3,200,000
Impairment loss on financial assets available-for-sale	–	–	101,075	101,075
Depreciation and amortisation**	82,706	239,322	1,818,787	2,140,815

* Unallocated expenses mainly represent administrative expenses not directly attributable to revenue generated from customers.

** Depreciation and amortisation were allocated based on revenue contribution from each segment.

Non-current assets of the Group are located in Singapore. Revenue from external customers are mainly derived from sales of land and maritime communication products. Breakdown of the revenue is as follows:

	Group	
	2016 US\$	2015 US\$
Land communication products	3,327,763	3,934,975
Maritime communication products	3,912,592	6,503,033
Design services	1,089,059	2,222,218
Components and other sales	1,614,235	2,064,871
	9,943,649	14,725,097



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

37. SEGMENT INFORMATION (CONTINUED)

The countries from which the Group derives revenue are mainly as follows:

	Revenue	
	2016 US\$	2015 US\$
Country of domicile		
– Singapore	1,008,544	3,039,334
Foreign countries		
– United States of America	407,417	2,328,627
– Korea	347,420	346,933
– UAE	541,588	2,880,701
– United Kingdom	583,041	838,884
– China	2,662,748	2,949,538
– Canada	21,376	172,697
– Australia	180,885	350,513
– Malaysia	1,135,640	966,237
– Philippines	2,202,095	–
– Others*	852,895	851,633
	9,943,649	14,725,097

* Others comprise Spain, France, Taiwan, South Africa, Indonesia, Vietnam, Turkey, Norway and Netherlands.

Major customers

In 2016, revenue of the Group was attributable to major customers as follows:

- Three major customers based in Asia Pacific amounted to US\$2,202,000, US\$2,000,000 and US\$709,000 respectively.

In 2015, revenue of the Group was attributable to major customers as follows:

- One major customer based in EMEA, amounted to US\$2,881,000.
- One major customer based in EMEA and North America, totaling US\$1,699,000.
- Three major customers based in Asia Pacific amounted to US\$1,800,000, US\$1,441,000 and US\$1,507,000 respectively.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and generally do not require a collateral. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's and Company's major classes of financial assets are cash and bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

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 statement of financial position, except as follows:

	Company	
	2016 US\$	2015 US\$
Corporate guarantees provided to banks on subsidiary's loans and finance leases	3,784,153	3,706,530

The Group's trade receivables are non-interest bearing and are generally ranging from 0 to 60 days (2015: 0 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

The age analysis of trade receivables is as follows:

	Group	
	2016 US\$	2015 US\$
Not past due and not impaired	686,496	2,380,356
Past due but not impaired		
– Past due 0 to 3 months	1,290,634	518,790
– Past due 3 to 6 months	203,428	150,909
– Past due over 6 months	–	–
	1,494,062	669,699
	2,180,558	3,050,055

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

	Group	
	2016 US\$	2015 US\$
As at beginning of year	–	19,679
Write off during the year	–	(19,679)
As at end of the year	–	–

Trade receivables that are not past due and not impaired are with creditworthy debtors with good payment records with the Group.

Included in the Group's trade receivables are an aggregate amount of US\$ 1,494,062 (2015: US\$669,699) that are past due but not impaired. These relate to a number of independent customers of subsidiaries 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, except that for past-due but not impaired trade receivables with an amount of US\$ 540,344 (2015: US\$401,545), credit risk can be partially mitigated by amounts owing to the same counterparties (included in trade payables) subject to the agreement of the counterparties to offset these balances.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

At the end of the reporting date, other than as disclosed elsewhere, the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics without collaterals, are analysed as follows:

- Included in deposit (Note 21) was an amount of US\$500,000 (2015: US\$500,000) paid to a major subcontractor as security deposit which are fully refundable upon termination of contract; and
- Included in staff loan and advances (Note 21) was an amount of US\$113,498 (2015: US\$18,932) due from an employee of the Group.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2016 US\$	2015 US\$
<i>By geographical areas</i>		
– EMEA	619,734	753,769
– North America	11,389	875,074
– Asia Pacific	1,549,435	1,421,212
	2,180,558	3,050,055
<i>By type of revenue</i>		
– Sales of finished products and components	1,895,501	2,942,963
– Design services	285,057	107,092
	2,180,558	3,050,055

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

The Group transacts business in various foreign currencies, including, United States dollar, Euro, British Sterling Pound, Chinese Renminbi and Malaysia Ringgit, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risks. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated financial assets and financial liabilities as at the end of the financial year are as follows:

Group As at 31 March 2016	United States dollar US\$	Singapore dollar US\$	Euro dollar US\$	Renminbi US\$	Others* US\$	Total US\$
Financial assets						
Amounts due from customers for contract work	66,213	–	–	–	–	66,213
Trade receivables	1,601,754	281,689	–	297,115	–	2,180,558
Other receivables and deposits	537,136	88,766	–	131,197	–	757,099
Available-for-sale financial assets	2,135	–	–	–	–	2,135
Fixed deposit	–	39,655	–	–	–	39,655
Cash and bank balances	286,731	77,810	–	60,992	–	425,533
	2,493,969	487,920	–	489,304	–	3,471,193
Financial liabilities						
Trade payables	2,627,456	877,260	177,730	85,603	–	3,768,049
Other payables and accruals	1,771,602	2,332,172	–	38,211	36,208	4,178,193
Borrowings	–	4,893,253	–	–	–	4,893,253
	4,399,058	8,102,685	177,730	123,814	36,208	12,839,495
Net financial (liabilities)/assets	(1,905,089)	(7,614,765)	(177,730)	365,490	(36,208)	(9,368,302)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	1,905,089	–	–	(60,992)	–	1,844,097
Foreign currency exposure	–	(7,614,765)	(177,730)	304,498	(36,208)	(7,524,205)

* Others comprise British Sterling Pound and Malaysian Ringgit.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

Group As at 31 March 2015	United States dollar US\$	Singapore dollar US\$	British Sterling Pound US\$	Renminbi US\$	Others* US\$	Total US\$
Financial assets						
Amounts due from customers for contract work	–	127,547	–	–	–	127,547
Trade receivables	2,348,007	200,690	–	501,358	–	3,050,055
Other receivables and deposits	535,293	107,381	–	43,954	–	686,628
Available-for-sale financial assets	2,135	–	–	–	–	2,135
Fixed deposit	–	43,390	–	–	–	43,390
Cash and bank balances	26,223	45,240	–	221,038	–	292,501
	2,911,658	524,248	–	766,350	–	4,202,256
Financial liabilities						
Trade payables	3,151,408	1,130,216	–	43,162	8,075	4,332,861
Other payables and accruals	200,537	1,265,064	37,101	35,906	1,561	1,540,169
Borrowings	–	3,741,698	–	–	–	3,741,698
	3,351,945	6,136,978	37,101	79,068	9,636	9,614,728
Net financial (liabilities)/assets	(440,287)	(5,612,730)	(37,101)	687,282	(9,636)	(5,412,472)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	440,287	–	–	(221,104)	–	219,183
Foreign currency exposure	–	(5,612,730)	(37,101)	466,178	(9,636)	(5,193,289)

* Others comprise Euro and Malaysian Ringgit.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

Company As at 31 March 2016

	United States dollar US\$	Singapore dollar US\$	Total US\$
<u>Financial assets</u>			
Available-for-sale financial assets	2,135	–	2,135
Other receivables and deposits	510,625	11,487	522,112
Due from subsidiaries (non-trade)	747,311	–	747,311
Cash and bank balances	–	1,314	1,314
	<u>1,260,071</u>	<u>12,801</u>	<u>1,272,872</u>
<u>Financial liabilities</u>			
Other payables and accruals	1,192,793	681,054	1,873,847
Borrowings	–	1,109,100	1,109,100
	<u>1,192,793</u>	<u>1,790,154</u>	<u>2,982,947</u>
Net financial assets/(liabilities)	67,278	(1,777,353)	(1,710,075)
Less: Net financial liabilities denominated in the Company's functional currency	(67,278)	–	(67,278)
Foreign currency exposure	<u>–</u>	<u>(1,777,353)</u>	<u>(1,777,353)</u>



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

Company As at 31 March 2015	United States dollar US\$	Singapore dollar US\$	Total US\$
<u>Financial assets</u>			
Available-for-sale financial assets	2,135	–	2,135
Other receivables and deposits	500,111	108	500,219
Due from subsidiaries (non-trade)	1,135,953	–	1,135,953
Cash and bank balances	–	3,680	3,680
	1,638,199	3,788	1,641,987
<u>Financial liabilities</u>			
Other payables and accruals	6,000	782,565	788,565
Due to subsidiaries (non-trade)	139,040	–	139,040
	145,040	782,565	927,605
Net financial assets/(liabilities)	1,493,159	(778,777)	714,382
Less: Net financial liabilities denominated in the Company's functional currency	(1,493,159)	–	(1,493,159)
Foreign currency exposure	–	(778,777)	(778,777)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. 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. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the United States dollar strengthens by 10% (2015: 10%) against the relevant foreign currency, with all other variables held constant, profit or loss for the year and other equity will increase/(decrease) by:

As at 31 March 2016	Singapore dollar US\$	Euro dollar US\$	Renminbi US\$	Others US\$	Total US\$
Group					
Loss for the year	(632,025)	(14,752)	25,273	(3,005)	(624,509)
Company					
Loss for the year	(147,520)	–	–	–	(147,520)



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risks (Continued)

Foreign exchange risk sensitivity (Continued)

As at 31 March 2015	Singapore dollar US\$	British Sterling Pound US\$	Renminbi US\$	Others US\$	Total US\$
<u>Group</u>					
Loss for the year	(465,857)	(3,079)	38,693	(800)	(431,043)
<u>Company</u>					
Loss for the year	(64,638)	–	–	–	(64,638)

A weakening of the USD against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest bearing liabilities.

Interests on the Group's borrowings (Note 26) are on fixed rates that prevail until the maturity of the instruments. No other financial instrument of the Group is subject to interest rate risks.

Interest risk sensitivity

The Group's consolidated statements of profit or loss and other comprehensive income and equity are not affected by changes in interest rates as the interest-bearing financial instruments carry fixed interest until maturity. Hence, the Group's exposure to interest rate risk is minimal.

Liquidity risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

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.



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (Continued)

The Group's trade payables are mainly non-interest bearing and normally settled on 30 to 90 days terms while other payables have an average term of 30 days. The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

	On demand or within 1 year US\$	Later than 1 year and not later than 5 years US\$
Group		
As at 31 March 2016		
Trade payables	3,768,049	—
Other payables and accruals	4,178,193	—
Borrowings	4,856,024	44,015
	<u>12,802,266</u>	<u>44,015</u>
As at 31 March 2015		
Trade payables	4,332,861	—
Other payables and accruals	1,540,169	—
Borrowings	4,078,402	34,944
	<u>9,951,432</u>	<u>34,944</u>
		On demand or within 1 year US\$
Company		
As at 31 March 2016		
Other payables and accruals		1,873,847
Borrowings		1,109,100
		<u>2,982,947</u>
As at 31 March 2015		
Other payables and accruals		788,565
Due to a subsidiary (non-trade)		139,040
		<u>927,605</u>



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial instruments by category

The carrying amount of the different categories of financial instruments as follows:

	Group		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Financial assets:				
– Loans and receivables	3,469,058	4,200,121	1,270,737	1,639,852
– Available-for-sale	2,135	2,135	2,135	2,135
	3,471,193	4,202,256	1,272,872	1,641,987
Financial liabilities at amortised cost	12,839,495	9,614,728	2,982,947	927,605

Fair values of financial assets and financial liabilities

- (i) Fair value of financial instruments by classes that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table shows an analysis of financial instruments carried at fair value on a recurring and non-recurring basis by level of fair value hierarchy:

	Group and Company			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 March 2016				
Recurring:				
Financial assets				
Available-for-sale financial assets	2,135	–	–	2,135
As at 31 March 2015				
Recurring:				
Financial assets				
Available-for-sale financial assets	2,135	–	–	2,135



NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

38. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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 financial year end date.

- (ii) Fair value of financial instruments by classes that is not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of cash and bank balances, current trade and other receivables, borrowings (current) and payables, due from/(to) subsidiaries are reasonable approximation of fair values due to their relative short-term nature.

- (iii) 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 non-current portion of borrowings of the Group which is carried at amortised cost and bear a fixed interest rate. Fair value information is not disclosed as there is a lack of market information of comparable instruments with similar characteristics and risk profile.

39. 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 Company, 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 2015.



ANALYSIS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2016

Issued and fully paid-up capital	:	S\$ 86,113,948
Total number of shares	:	1,583,141,084
Class of Shares	:	Ordinary
Treasury shares	:	Nil
Voting Rights (excluding treasury shares)	:	One Vote Per Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	11	0.24	664	0.000
100 - 1,000	257	5.61	236,960	0.015
1,001 - 10,000	1,362	29.73	8,104,295	0.512
10,001 - 1,000,000	2,775	60.56	374,184,109	23.636
1,000,001 and above	177	3.86	1,200,615,056	75.838
Total	4,582	100	1,583,141,084	100.000

As at 30 June 2016, the percentage of shareholdings held in the hands of the public was 88.96% and Rule 723 of the Listing Manual is complied with.

20 LARGEST REGISTERED SHAREHOLDERS AS AT 30 JUNE 2016 AS SHOWN IN THE REGISTERS OF MEMBERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	109,550,126	6.92%
2	TAN KHAI PANG	68,900,360	4.35%
3	CREST CAPITAL ASIA PTE LTD	68,699,017	4.34%
4	ORIENTAL MAYA (S'PORE) PTE LTD	54,000,000	3.41%
5	OCBC SECURITIES PRIVATE LTD	46,317,819	2.93%
6	CHAN KUM LOK COLIN	39,190,960	2.48%
7	GOH POH HENG	33,904,000	2.14%
8	CHIA MIA NGUANG	31,404,266	1.98%
9	DBS NOMINEES PTE LTD	29,700,065	1.88%
10	DBS VICKERS SECS (S) PTE LTD	29,340,731	1.85%
11	LIM HAN BOON	26,654,080	1.68%
12	CITIBANK NOMS S'PORE PTE LTD	25,005,998	1.58%
13	CHAN KUM ONN ROGER	24,208,320	1.53%
14	UNITED OVERSEAS BANK NOMINEES	23,617,699	1.49%
15	UOB KAY HIAN PTE LTD	23,531,532	1.49%
16	HSBC (SINGAPORE) NOMS PTE LTD	22,006,666	1.39%
17	PHILLIP SECURITIES PTE LTD	21,395,831	1.35%
18	YUEN WAI KHEONG	21,065,300	1.33%
19	WONG KOON CHUE @ WONG KOON CHUA	20,137,000	1.27%
20	NG SER MIANG	18,053,000	1.14%
		736,682,770	46.53%



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of Addvalue Technologies Ltd will be held at the Registered Office of the Company at 8 Tai Seng Link (Level 5) Wing 2, Singapore 534158 on Thursday, 28 July 2016 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Lim Han Boon, a Director retiring under Article 104 of the Company's Constitution. **(Resolution 2)**
(See Explanatory Note 1)
3. To approve the Directors' Fee of S\$160,000 for the financial year ended 31 March 2016 (2015: S\$160,000). **(Resolution 3)**
4. To re-appoint Mazars LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

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

5. Authority to allot and issue shares

"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:

- (a)
 - (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 capitalization 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 fifty per cent (50%) of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of convertible securities, or



NOTICE OF ANNUAL GENERAL MEETING

- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, 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 5)

(See Explanatory Note 2)

6. Proposed renewal of Share Buyback Mandate

"That:

- (a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchase(s) ("**Market Purchase**"), transacted on SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and / or
 - (ii) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme or schemes as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual;
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company ("**AGM**") or the date by which such AGM is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Company in general meeting;



NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

“Prescribed Limit” means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period or within any one financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

“Relevant Period” means the period commencing from the date on which the AGM is held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

(Resolution 6)

(See Explanatory Note 3)

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

Singapore, 13 July 2016



NOTICE OF ANNUAL GENERAL MEETING

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 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 not less than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

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

With a view to reinforce the independence element of the Board, Mr Tan Juay Hwa, who is presently an Executive Director, has decided and indicated to the Board that he does not wish to seek for re-election as an Executive Director but shall remain as a Key Executive of the Group. With Mr Tan stepping down as an Executive Director at the conclusion of the upcoming AGM, the Board will comprise three Independent and Non-Executive Directors and two Executive Directors.

2. **Resolution 5**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares 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 twenty per cent (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 bonus issues 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.
3. **Resolution 6** in item 6 relates to the renewal of mandate approved by shareholders on 21 August 2015 authorizing the Company to purchase its own shares subject to and in accordance with the rules of the SGX-ST. The details are set out in the circular to shareholders dated 13 July 2016 on the Renewal of the Share Buyback Mandate.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ADDVALUE TECHNOLOGIES LTD

(Incorporated in the Republic of Singapore)

Co. Registration No. 199603037H

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy shares in ADDVALUE TECHNOLOGIES LTD, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We,

of

being *a member/members of **ADDVALUE TECHNOLOGIES LTD** (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)
*and/or (delete as appropriate)			

as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 8 Tai Seng Link (Level 5) Wing 2, Singapore 534158 on **Thursday, 28 July 2016 at 10.00 a.m.** and at any adjournment thereof.*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions	No. of Votes or to indicate with a tick	
		For	Against
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon.		
2.	To re-elect Mr Lim Han Boon, a Director retiring under Article 104 of the Company's Constitution.		
3.	To approve the Directors' Fee of S\$160,000 for the financial year ended 31 March 2016 (2015: S\$160,000).		
4.	To re-appoint Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
5.	To authorize Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
6.	To approve the renewal of the Share Buyback Mandate.		

Dated this _____ day of _____ 2016.

Total Number of Shares Held

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



IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.
2. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.
3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting.

Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
6. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Tai Seng Link (Level 5) Wing 2, Singapore 534158 not later than 48 hours before the time set for the Annual General Meeting.
8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited) he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

Fold along this line

Affix
Postage
Stamp

The Company Secretary
ADDVALUE TECHNOLOGIES LTD
8 Tai Seng Link (Level 5) Wing 2
Singapore 534158

Fold along this line

BUILDING CAPABILITIES EXCELLING BEYOND CONSTRAINTS

ANNUAL REPORT 2016

ADDVALUE TECHNOLOGIES LTD

Company Registration No. 199603037H

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