ADDVALUE TECHNOLOGIES LTD

Forging Ahead

Annual Report 2015

Contents

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.

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

Business Model

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

1. Development fees or design income from the provision of product and solution development service against contracts awarded by its key partners; and

2. Sales from supplying the abovementioned products and related application solutions.

As one of two authorised developer for both Inmarsat's land and maritime terminals, Addvalue needs to provide products and solutions in tandem with Inmarsat's technologic and business strategic plan. In return, it receives from time to time development fees for providing such development services and also the commitment to supply these products and services.

Addvalue is also the only developer for both Thuraya's narrowband and maritime terminals. The products and solutions of Addvalue are marketed under the Group's proprietary brand name of "Wideye™".

wideye™

liberating communications

As a competent product development house, Addvalue also provides product development services to a few key players in the satellite industry. These products, after being successfully developed by Addvalue, will be sold through the key player's unique and strong distribution and sales channels. By forging close alliances with these key players, Addvalue creates a "captive customer effect" through the supply of such customised products and solutions to these key players.

AIR TIME REVENUE

While the development and sales of satellite communication products are core to its business, Addvalue, where appropriate, also derives share of air time revenue from its partners through creative bundling of commercial packages.

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 this 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

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 2015 ("FY2015").

A REVIEW OF FY2015

Our Group registered a 7.9% improvement in turnover to US$14.7 million for FY2015 from US$13.6 million for the financial year ended 31 March 2014 ("FY2014"), while reversing from a pre-tax profit of US$45,000 in FY2014 to a pre-tax loss of US$5.2 million in FY2015. The pre-tax loss of US$5.2 million incurred in FY2015 was attributed mainly, to the protracted delay in the completion of the pending disposal by the Company of one of the wholly-owned subsidiaries of the Group, Addvalue Communications Pte Ltd ("AVC") (as announced by the Company on 25 March 2014 (the "Pending Disposal"). As mentioned in the Company's unaudited results announcement for FY2015 on 30 May 2015, the buyer for the Pending Disposal had in early May 2015, in response to the Company's quest for assurance of its commitment to the deal, affirmed that, while it remains committed, it would need to know, prior to divulging any further information on its commitment, whether the Company is agreeable to the possible revision of certain terms of the Pending Disposal. The proposed revision is expected to help the buyer overcome certain hurdles that have resulted in the delay in closing the deal and hence enable parties to proceed further with the Pending Disposal. Whilst the Company had responded that it is prepared to consider a revision of terms, the buyer had in July 2015 reverted with a letter setting out some initial proposals for a revision to the terms of the Pending Disposal (the "Buyer's Letter"), which are currently being negotiated between the Company and the buyer. An appropriate announcement will be made by the Company once the terms being negotiated have been mutually agreed and formalised.

Specifically, the pre-tax loss of the Group for FY2015 was attributed to:

1. the impairment of certain intangible assets of AVC of about US$3.2 million (the "IA Impairment") as the Auditors, basing their judgment on the more than 15 months of non-fulfilment of the Sale and Purchase Agreement entered into since March 2014, deemed, in the absence of a signed supplemental sale and purchase agreement, the Buyer's Letter to be inadequate to support the confirmation that the parties are able to arrive at an agreement in respect of the Buyer's Letter and thereby adding assurance that the Pending Disposal is progressing; and

2. the continued amortisation of the intangible assets, specifically the development expenditures, of AVC in FY2015, aggregating approximately US$1.7 million (the "DE Amortisation"); the DE Amortization was carried out throughout FY2015, despite the existence of the Pending Disposal which led the Group since April 2014 to stop actively pursuing new business activities for AVC while taking active steps to reduce the operations of AVC.

Had it not been for the delay in completion of the Pending Disposal initiated since the end of FY2014, apart from the IA Impairment having then been avoided, AVC would have been classified as an asset-held-for-sale at the onset of FY2015, and had AVC been indeed classified as such, the expenses sustained in FY2015 pursuant to the DE Amortisation would have been done away with. The consequence of the aforesaid would result in the Group registering a considerably lower consolidated net loss of approximately US$1.3 million for FY2015 instead.

With regard to the financial position, the net asset value of the Group was consequentially reduced by US$6.0 million or 31.7% from US$19.0 million as at 31 March 2014 to US$13.0 million as at 31 March 2015, with the corresponding net asset value per ordinary share reduced from 1.6 US cents per share to 1.1 US cents.

For FY2015, except for the US economy which seems to be turning the corner, as a whole, the mobile satellite services or MSS industry is battling against the almost static world economy. The euro-zone crisis continued to unravel while prices of oil and other commodities slid to new lows. Despite our lacklustre performance, we believe we are tapping into the emerging trends in the mobile satellite communications industry and stand ready to capture new market opportunities as the external conditions become more propitious.

LOOKING AHEAD

Notwithstanding the depressed condition in the commercial marine and the ship building industries due to the generally stagnant world economy, there are strong indications of new markets for MSS Maritime Broadband terminals associated with emerging commercial and welfare communications as well as improving operational efficiency for commercial and large fishing vessels. As MSS Maritime Broadband is operating in L band, which is more resilient to bad weather conditions than the Ku or Ka bands employed in maritime VSAT, an increasing number of commercial vessels are installing MSS Maritime Broadband terminals to complement the VSAT service for crew calling, messaging, social media, real-time commercial information update, and other on-board IT management needs.

We have been successful in expanding our presence in the small vessel markets, particularly in North and South East Asia. While these are low-end MSS satellite terminals for voice and short-message GPS tracking functions, we are seeing continued demand in this market segment. We have also noted that the ubiquity of smart phones and mobile tablets has started to create interest for having decent IP data services on board smaller fishing and leisure vessels. There is a tremendous market opportunity for such vessels to upgrade their communications means for internet-based information access and social media besides voice and messaging services. The growth potential is expected to flow once the right air time pricing policy is in place with a reasonably priced IP data capable terminal.

Our Wideye™ iSavi™, a fashionably designed and highly portable hotspot, has finally heralded in a new era in satellite connectivity for smart phones and mobile tablets for the vast consumer markets. The first and only one of its kind, the iSavi™ is capable of delivering Inmarsat IsatHub service at data rates of more than 200kbps. As this is a brand new

"We have embarked on a few capability enhancement programs in core technology competence as well as the management of soft skills as our team of professionals continue to upgrade their skillsets to meet the demanding and challenging tasks in the new age economy."

Dr Chan Kum Lok Colin

service to attract new market segments, our distributors and Inmarsat are reviewing the market responses and broadening the air time pricing plans in order to gain better end users' acceptance. While positive product reviews by industry pundits are elevating the market awareness of the new terminal and service, new marketing plans by Inmarsat and our partners are also in place to reach deeper into various market verticals from global travellers to outdoor adventuring communities. We believe that the new air time pricing options being launched now will have a very positive impact on the sales potential of this terminal.

The Machine-to-Machine (M2M) terminal market is strongly linked to the natural resources exploration activities such as Oil & Gas and mining operations. With prices of oil and other natural resources going down, we saw a slower than expected take up rate of the BGAN M2M terminals as companies were scaling down or holding back purchase decisions. While this market has been our most challenging, we see increasing light at the end of this tunnel. It has been a long journey of M2M education for the Oil & Gas, Environmental Controls, Utility Grid and Power Distribution users as they seek out and identify solutions for increased operational efficiency requirements and we now see their education period beginning to turn into a period of action. The market is beginning to realize that even in a down economy, operational overhead cuts can be successfully offset with the expanded use of technology such as our M2M terminals.

As Internet-of-Things ("IoT") devices are rapidly permeating through the terrestrial cellular networks, satellite communications will doubtlessly play a pivotal role in enhancing the reliability of these services in mission-critical IoT operations as well as extending the reach of IoT services to remote and underserved areas. Our MSS M2M terminals are poised to take advantage of such growth opportunities.

On the operational front, we have taken concrete, definitive and pro-active measures to strengthen our business processes and operations across our organization. We believe that we will be running our programs more cost effectively and our operations more resiliently in riding out the unexpected events in the future. We have embarked on a few capability enhancement programs in core technology competence as well as the management of soft skills as our team of professionals continue to upgrade their skillsets to meet the demanding and challenging tasks in the new age economy. We shall further strengthen our business development and sales team to tap and reap the potential opportunities accorded by the emerging market verticals for MSS.

THE PENDING DISPOSAL

Albeit the protracted delays, the Company has no reason to believe that the buyer is not interested in pursuing the Pending Disposal. While both the Company and the buyer are committed to use best commercial efforts to reach agreement pursuant to the Buyer's Letter and the underlying terms thereof for negotiation in seeing the transaction through, Shareholders are to note that the Pending Disposal is not to be taken as a done deal or that the parties will eventually come to an agreement.

As the completion of the Pending Disposal is still subject to the fulfillment of many precedent conditions, there can be no assurance of its completion 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 and refrain from taking any action in relation to their securities which may be prejudicial to their interests.

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 realizes its many milestones during the year. I would also like to extend my thanks to our 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 contributions and guidance throughout the year. Last but not least, I am extremely grateful to you, our Shareholders, for standing by us, and look forward to your continual support as we strive to create a greater Shareholders' value for all in FY2016 and beyond.

Dr Chan Kum Lok Colin
Chairman & CEO

Financial Review

TURNOVER

The turnover of our Group increased by US$1.1 million or 7.9% to US$14.7 million in FY2015 from US$13.6 million in FY2014. The increases were attributable to both product sales, particularly land products, and design contracts.

PROFITABILITY

Our Group registered a gross profit of US$4.5 million against a gross profit margin of 30.5% in FY2015 compared to a gross profit of US$6.2 million against a gross profit margin of 45.2% in FY2014. The decreased gross profit and gross profit margin were attributed mainly to the following causes encountered in FY2015:

1. product sale mixes at comparatively lower margins;

2. one-off product-price variance adjustments due to premium purchase of materials in meeting tight delivery schedules;

3. start-up production costs and additional non-recurring factory production costs incurred, due to teething issues, in bringing three new products to market; and

4. design income being recognized in respect of a relatively low yielding government funded development project, which, if successfully completed, is expected to generate attractive returns upon commercialization.

Had it not been for the one-off product-price variance adjustments and the teething issues faced in the launch of three new products in FY2015, the gross profit margin of the Group for FY2015 would have been about 35.0%, which though still lagged behind the gross profit margins attained in FY2014 as the margins then were skewed by product sale mixes at comparatively higher margins, the muted adjusted gross profit margin is expected to be boosted and made up in sales through greater volumes moving forward.

Our other operating income relates mainly to an unrealised foreign exchange gain on our S$ borrowings as a result of strengthened US$ against S$.

Our administrative expenses increased by 21.1% due mainly to increased manpower and rental costs.

Our selling and distribution expenses decreased by 15.0% due to lower distribution costs incurred.

Our other operating expenses increased by 127.6% due mainly to: (a) the impairment of certain intangible assets of Addvalue Communications Pte Ltd ("AVC") of about US$3.2 million (the "IA Impairment") in view of the protracted delay in the completion of the proposed disposal of AVC as announced by the Company on 25 March 2014 (the "Pending Disposal"); (b) the full write-off of the impairment of an available-for-sale financial asset of about US$100,000 as the diminution in value of such an asset is deemed permanent by the auditors; and (c) increased amortisation and depreciation, lab expenses and inventory written-off.

Our finance expenses increased by 85.2% chiefly as a result of increased borrowings.

Our taxation for FY2015 was attributed principally to the reversal of deferred tax assets of certain subsidiaries of the Group in view of 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.

Consequence to the above, our Group recorded an after tax loss of US$6.2 million in FY2015 compared to an after tax profit of US$45,000 in FY2014.

Had it not been for the delay in completion of the Pending Disposal initiated since the end of FY2014, apart from the IA Impairment having then been avoided, AVC would have been classified as an asset-held-for-sale at the onset of FY2015, and had AVC been indeed classified as such, the expenses sustained in FY2015 pursuant to the continued amortisation of the intangible assets, specifically the development expenditures, of AVC throughout FY2015, aggregating approximately US$1.7 million, would have been done away with. The consequence of the aforesaid would result in the Group registering a considerably lower consolidated net loss of approximately US$1.3 million for FY2015 instead.

FINANCIAL POSITION

The decrease in our intangible assets was attributed mainly to the IA Impairment and DE Amortisation, though the Group continues to develop proprietary products, including new spin-off products.

The decrease in our investment in subsidiaries was attributed principally to the impairment of investment in certain subsidiaries of the Group.

The decrease in our inventories was mainly attributed to the write-off of certain slow moving stocks and certain adjustments to the price variance of inventory.

The increase in our trade receivables was in line with our business activities.

The lower amount due from customers for contract work done as at 31 March 2015 relative to that of 31 March 2014 was due to billings made in respect of certain design services.

The increases in our other receivables, deposits and prepayments were due mainly to prepayments made to suppliers for goods as well as services to be provided.

The increases in our trade payables as well as provisions were in line with business activities.

The decrease in other payables and accruals were due to payments made.

The decrease in advances received from customers were due to the shipment of products ordered from these customers.

The increase in current borrowing was attributed mainly to a reclassification of borrowing of US$3.6 million (the "Loan") due beyond one year to within one year, which principally resulted in the Group registering a net current liabilities position as at 31 March 2015. Subsequent to 31 March 2015, the tenure of the Loan was extended to 31 December 2016.

The increase in share capital was attributed to the exercise of 3,800,000 employees' share options by the employees of the Group pursuant to the Employees' Share Option Scheme of the Company.

Consequence to the above:

1. 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 15.6% as at 31 March 2014 to 28.8% as at 31 March 2015;
2. the working capital position of the Group reversed from a positive US$4.0 million as at 31 March 2014 to a negative US$1.9 million as at 31 March 2015; and
3. the operating cashflow position of the Group reversed from a net cash generated from operations of US$395,000 in FY2014 to a net cash used in operations of US$235,000 in FY2015.

Operations Review

Amidst the many uncertainties and the almost static world economy, FY2015 was a year full of activities as we have launched several new products in enriching our portfolio of terminals as well as continued to develop new technologies and capabilities.

RAISING TO THE CHALLENGES IN THE MSS MARITIME BROADBAND

The delay in the full roll-out of the Inmarsat Global Xpress ("GX") service has generally caused a slow-down in the overall new orders for FleetBroadband ("FBB") terminals, particularly our OEM Intellian FBB terminals and iFusion series of terminals.

To expand our market reach, we have identified new markets for MSS Maritime Broadband terminals in the commercial and large fishing vessels segments which exhibit a growing needs for commercial and welfare communications and the use of MSS maritime broadband terminals to complement the VSAT services for crew calling, messaging, social media, real-time commercial information update, and other on-board IT management needs. To address these market segments, we have not only launched a new Inmarsat FBB terminal under private label for Satlink, a Spanish company specializing in operational applications for the fishing industry, but also developed a new Thuraya MSS Maritime Broadband terminal to widen the user's choice in these growing market segments.

ESTABLISHING A STRONG FOOTHOLD IN THE SMALL VESSEL MARKETS

Riding on our initial success in the small vessel markets, particularly in North and South East Asia, we have introduced new terminals during FY2015 to enhance our portfolio of such low-end cost effective terminals for both the Inmarsat and Thuraya satellite coverages, thereby enabling our valued partners to compete effectively and grow their respective market shares. The ubiquity of smart phones and mobile tablets has started to create interest for having decent IP data services on board smaller fishing and leisure vessels. There is a tremendous market opportunity for such vessels to upgrade their communications means for internet-based information access and social media besides voice and messaging services. The growth potential is expected to swell once the right air time pricing policy is in place with a reasonably priced IP data capable terminal. To capture this new growth segment, Inmarsat is expected to launch new small-vessel air time pricing plans, and we, in this regard, have embarked on our next generation of terminal design to take advantage of the opportunity.

PLUGGING INTO THE MOBILE SMART DEVICES 'APPLICATIONS

One of the highlights last year was the successful launch of the iSavi™, the first and only Inmarsat portable satellite hotspot terminal which has also attracted very positive product review by independent cognoscenti in the consumer electronics industry. As the terminal can seamlessly support applications running on many smart mobile devices for the mass consumer market or specialty markets, the sales momentum is expected to pick up as Inmarsat is tuning air time pricing plans to allow distribution partners with more options to attract new businesses arising from the pervasive use of smart mobile devices. Taking cognizant of this development, we have also started value engineering activities to maximize our return in anticipation of an increase in product demand in the present financial year ending 31 March 2016 and beyond.

PERSEVERING IN BUILDING GROWTH MOMENTUM IN MSS M2M MARKET

The Machine-to-Machine (M2M) terminal market is strongly linked to the natural resources exploration activities, such as Oil & Gas and mining operations. Our close collaboration with key industry partners and distributors has led to increased interest in utility and energy companies wanting to conduct technical trials for remote monitoring and control operations, each of which may involve several hundreds of our BGAN M2M terminals with custom applications when implemented. During FY2015, we have not only demonstrated the satellite communication capabilities in our BGAN M2M terminals but also the functionalities to ensure end-to-end connectivity, scalability and controllability and have conducted long-term tests to assess performance, reliability and stability with our potential customers. The success of this case study is documented and used as marketing materials for our BGAN M2M terminals, and this ground work shall help us penetrate the relevant market segment in the coming years.

STRENGTHENING OUR OPERATIONS AND EXTENDING OUR TECHNOLOGIES TO SPACE

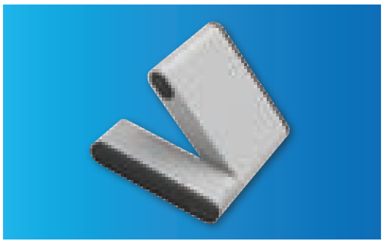
We have taken concrete and definitive measures to strengthen our business processes and operations across our organization. As a result of our conscious effort, our organization is also certified for Business Continuity Management ISO22301 in FY2015.

Under the auspice of the EDB OTSin Program, our collaboration with NTU for an inter-satellite data relay experiment is well on track. This program shall not only enhance our technical capabilities for space-based engineering but also allow us to explore new business opportunities in the rapidly burgeoning Low Earth Orbit satellite industry.

Product Showcase

The group's prevailing list of products

INMARSAT-CENTRIC PRODUCTS



Wideye™ iSavi™

Wideye™ iSavi™ is a portable satellite terminal which enables you to get online via a satellite connection within minutes. It has a standard IP data rate of up to 240/384kbps send/receive. It can extends your smartphone, tablet or laptop connectivity needs via Inmarsat's IsatHub service, enabling users to talk, text and access the internet, while preserving all of the functions, contacts, apps and other important information you are used to on your smart device(s), no matter where you roam.

Wideye™ SABRE™ 1

Wideye™ SABRE™ 1 is an Inmarsat land portable class 3 BGAN terminal that allows global simultaneous voice calls and high speed data connectivity with a data rate of up to 384kbps. With more than 13,000 units shipped for many mission-critical purposes, including election campaigns in Brazil, the Philippines and Congo, it is arguably the most cost effective and reliable portable BGAN terminal.

Wideye™ SABRE™ Ranger & Wideye™ SABRE™ Ranger M2M

Wideye™ SABRE™ Ranger and Wideye™ SABRE™ Ranger M2M which are Inmarsat BGAN M2M terminals, are waterproof and ruggedised build for long term outdoor all weather installation. In addition, with intrinsic safety certification, the terminals are suitable for the natural resources exploration activities, such as the oil and gas and mining industries and designed to operate 24/7 autonomously and reliably transmit mission critical data from hard-to reach locations to user's corporate headquarters and receive instructions from there.

Wideye™ SAFARI™ & Wideye™ SAFARI™ 10

Wideye™ SAFARI™ and Wideye™ SAFARI™ 10 are Inmarsat land vehicular BGAN terminals which we developed for installation in vehicles. It allow users to access both Internet (with WiFi capability) and voice communications in a moving vehicle, targeting a wider market concerning vehicular fleet management, news and broadcasting companies. SAFARI™ supports streaming of up to 128kbps and Standard IP data rate of up to 464kbps; SAFARI™ 10 supports streaming of up to 256kbps and Standard IP data rate of up to 492kbps.

Wideye™ SKIPPER™ 150

Wideye™ SKIPPER™ 150 is an Inmarsat FleetBroadband terminal well suited for use by smaller vessel owners across a broad range of maritime markets and provide reliable communication, position reporting and navigational updates critical to the maritime industry with data rate of up to 150kbps.

Wideye™ FX series

Wideye™ FX series is a suite of Inmarsat FleetBroadband terminals comprising the FX 150 with a data rate of up to 150kbps, the FX 250 with a data rate of up to 284kbps and FX 500 with a data rate of up to 432kbps. FX 250 and FX 500 are also equipped to support Inmarsat XpressLink and their services when it becomes available in 2015.

Wideye™ SM1000™

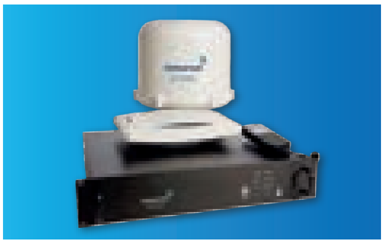
Wideye™ SM1000™ is specifically designed to provide both fishing boats with communications at sea, and larger vessels with an anti-piracy system (citadel solutions). It supports the use of an external alert button that can be installed in a secure location for emergencies. When activated, it will send a pre-defined SMS alert including the time-stamped GPS coordinates of your current position to a maximum of three pre-defined contacts to request assistance.

Product Showcase

The group's prevailing list of products

SATLINK FB250

SATLINK FB250 is an OEM product developed specifically for Satlink S.A. It is an Inmarsat FleetBroadband terminal which offers traditional telephony, facsimile, SMS (Short Messaging System), email services and internet access,video conferencing, VoIP (Voice over Internet Protocol), instant messaging, real-time electronic chart, weather update, vessel telemetry, files transfer at a data rate of up to 284kbps.



iFUSION®

The iFUSION® series of terminals now represent the flagship terminals for Inmarsat Maritime after the acqusition of Globe Wireless LLC by Inmarsat in January 2014. The iFUSION® series of terminals fully integrate shipboard satellite communications, shoreside administrative control and GSM voiceservice for crews. i250 and i500 are capable of delivering full FleetBroadband services and ideally poised to support Inmarsat XpressLink and Global Xpress services when it becomes available in 2015.

Fleet One

Fleet One terminal, for leisure and fishing vessles, is an OEM product specially designed for Inmarsat new service allowing flexible regional price plans and offers tailored airtime pricing in key coastal regions to keep costs down.

THURAYA-CENTRIC PRODUCTS

Wideye™ Seagull 5000i & SeagullConnect™

Wideye™ Seagull 5000i is a voice, data and fax satellite terminal with a built-in GPS tracking system specially designed for reliable performance in the harsh maritime and land environment. SeagullConnect™ is a new auxiliary box customised for Seagull 5000i to enable analog G3 fax function and analog telephony function over the Thuraya satellite network.

Wideye™ SF2500™

Wideye™ SF2500™ is a voice, SMS and GPS tracking satellite terminal specially designed as a robust, versatile and cost effective solution for medium to small size fishing vessels, pleasure boats, patrol boats and other sea vessels or land vehicles. This low cost, easy-to-install and user-friendly terminal enables users to make satellite voice calls to normal PSTN phones, mobile phones and other satellite phones through the Thuraya satellite network.

Thuraya Atlas IP

Thuraya Atlas IP is an OEM product developed specifically for Thuraya Telecommunications Company. It is specifically designed to deliver added value to end-users seeking enhanced connectivity and greater operational efficiency on board ships. It provides merchant maritime, fishing, government and leisure users with a purpose-designed, fully-featured maritime satellite terminal that supports voice and broadband IP data connectivity at speeds of up to 444kbps.

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.

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 19 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 38 years of experience in areas relating to the provision of audit assurance, accounting, tax consultancy, corporate secretarial and general management services, including more than 34 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 23 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 24 years with more than 12 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

Head of 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 11 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 K. KALAIVANAN

Head of Software and Application Engineering

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 software design team of the Group, which also manages the software development of the Inmarsat BGAN satellite terminal projects. With more than 24 years of experience in the telecommunications industry and in product development and project management, especially in wired and wireless communications products, he has been involved in various research and development projects.

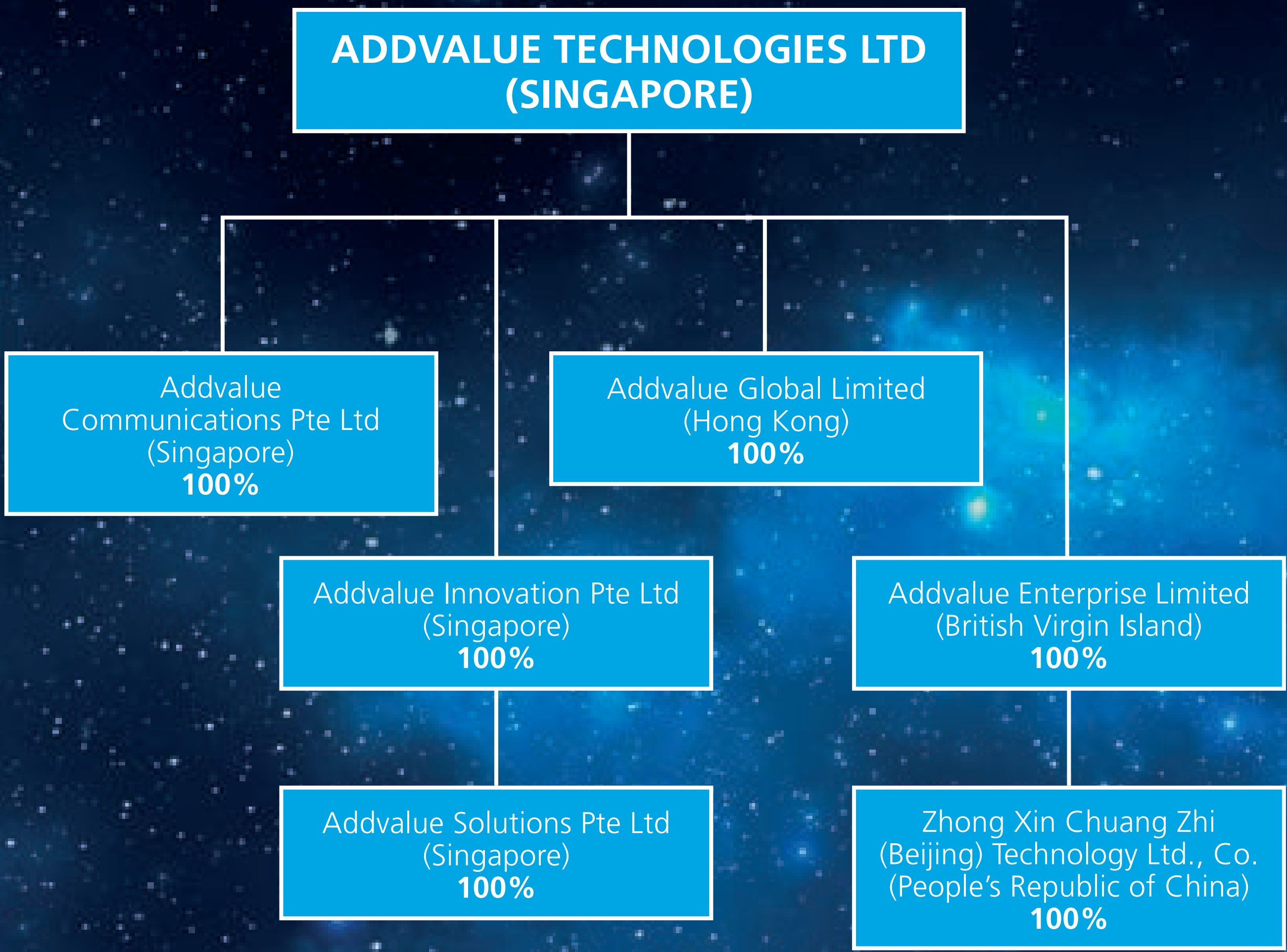
Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering (Hons) Degree in Electronics and Instrumentation. He also holds 2 Masters Degrees, one in Master of Engineering (Hons) in Instrument Technology from Madras Institute of Technology, Anna University, India and another Master of Science in Communications Software Management, specialised in Data Communication and Networking Software, from the University of Essex, UK.

MR E.M.L. EKANAYAKE

Senior Manager, Product Management

Mr Ekanayake joined the Group in 1996 and specializes in electronics hardware design. He has more than 23 years of experience in the areas of analog and digital telephony-related product development, hardware design for satellite communication products, design and development of tracking, navigation and remote monitoring products using GPS, GPRS technologies and product management. Mr Ekanayake graduated from the University of Peradeniya (Sri Lanka) with a Bachelor of Science (Hons) Degree in Engineering and holds a Graduate Diploma in Information Communication Technology from Nanyang Technological University.

Group Structure



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

333 North Bridge Road #08-00
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T: + 65 6837 2133

F: + 65 6339 0218

AUDITORS

Crowe Horwath First Trust LLP

8 Shenton Way
#05-01 AXA
Singapore 068811

Partner-in-charge: Alfred Cheong

Date of Appointment: From FY2014

COMPANY REGISTRATION NUMBER

199603037H

Corporate Governance Report & Financial Contents

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. 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 Group. The Board comprises three Executive Directors and three Independent Directors.

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.

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules and the accounting standards and the Code of Corporate Governance 2012. 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. The Directors had also attended appropriate courses, conferences and seminars, including programmes run by the Singapore Institute of Directors.

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, a Nominating Committee and a Remuneration Committee. These Committees function within clearly defined terms of reference which are reviewed on a regular basis. The effectiveness of each Committee is also closely monitored.

The Board meets regularly, formally or otherwise, and as warranted by particular circumstances or as deemed appropriate by the Board members. Attendance via audio or audio-visual equipment is permitted under Article 110(4) of our Company's Articles of Association. 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 or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new Directors

Board Committees, namely the Audit Committee (“AC”), Nominating Committee (“NC”), and Remuneration Committee (“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 June 2014 being the date of the last Annual Report, to the date of this Annual Report, excluding ad hoc informal meetings and discussions carried out via teleconferencing or emails, our Company convened four Board meetings, four Audit Committee meetings, one Nominating Committee meeting and one Remuneration Committee meeting.

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

Director	Board	Audit	Nominating	Remuneration
Dr Colin Chan Kum Lok	4	N/A	N/A	N/A
Tan Juay Hwa	4	N/A	N/A	N/A
Tan Khai Pang	4	4	1	1
Lim Han Boon	4	4	1	1
Ang Eng Lim	3	3	0	0
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 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 contained herein.

There are presently three Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, commissioned by the Board. All Committees are chaired by an Independent Director, with majority of members being non-executive and independent.

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

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

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

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 Nominating Committee, based on the definition of independence as stated in the Code.

Presently, Mr Lim Han Boon has served the Board as Independent director for more than nine years. Taking into account the views of the NC (without the participation of Mr Lim Han Boon), the Board concurs 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 (excluding Mr Lim Han Boon) and the assessment by the Board (without the participation of Mr Lim Han Boon) and having regard to Guideline 2.4 of the Code of Corporate Governance 2012, the Board (excluding Mr Lim Han Boon) is of the view that although Mr Lim Han Boon has served on the Board for more than nine years, his independence will not be compromised for the following reasons:

(a) he has demonstrated a high degree of independence from the management of the Group during his term as an Independent Director of the Group, in particular, as the Chairman of the Audit Committee; and

(b) he has shown significant commitment to the Group and has brought to the Board considerable financial expertise as an Independent Director of the Group.

Mr Lim has confirmed that he has 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 the directors' independent business judgment. After taking into account all these factors, the Board has determined Mr Lim is independent.

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 Chief Executive Officer ("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.

There are constant communications among Board members and 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.

BOARD MEMBERSHIP

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

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

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

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

In addition, Article 104 of our Company's Articles of Association provides that except for the Managing Director (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".

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, and for 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 has confirmed that he is able to devote sufficient time and attention to the affairs of the Group. In this regard, they have also considered various factors, including the following:

(a) Mr Lim Han Boon does not have any full-time executive commitments in any companies; and

(b) Mr Lim Han Boon has maintained a good attendance record and has actively participated at the respective board and committee meetings of the other SGX-ST listed companies for which he currently acts as a director.

Mr Ang Eng Lim was appointed to the Board on 13 October 2006 and confirmed that he is able to devote sufficient time and attention to the affairs of the Group. Mr Ang Eng Lim has maintained a good attendance record and has actively participated at the respective board and committee meetings. His experience as a Practising Accountant is valuable to the board and committees.

After making all reasonable enquiries and having considered the aforementioned, nothing has come to the attention of the Nominating Committee (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 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 Nominating Committee 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 Board Committees. The results of the appraisal exercise were considered by the NC, which then made recommendations to the Board, aimed at helping the Board discharge its duties more effectively. The appraisal focus on Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with the management and standard of conduct.

The overall assessment of individual Directors and of the Board as a whole was good for the financial year ended 31 March 2015, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

ACCESS TO INFORMATION

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

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

Our Company Secretary 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 Remuneration Committee was established in May 2000 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

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

The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Board and key Executives and to determine specific remuneration packages for each Executive Director of our Company. The Independent and Non-Executive Directors believe that the Remuneration Committee benefits and will continue to benefit from the inputs of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively. Each Remuneration Committee 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 Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining 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 Annual General Meeting.

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

The Addvalue Technologies Employees' Share Option Scheme ("Scheme") expired on 31 July 2012. While the Scheme has expired, the options previously granted when the Scheme was in effect, continue to be valid and exercisable until the expiry of the options' exercise period on 21 June 2014, details of which are set out under Principle 9 of the Code.

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 the financial year ended 31 March 2015 are set out below:

Remuneration Bands	Director	Director's Fees (%)	Fixed Salary* (%)	Benefits* (%)
S$250,000 to S$499,999	Dr Colin Chan Kum Lok	–	96	4
	Tan Khai Pang	–	96	4
Below S$250,000	Tan Juay Hwa	–	93	7
	Lim Han Boon	100	–	–
	Ang Eng Lim	100	–	–
	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 is linked to individual performances and other allowances.

The Board considered the disclosure of Directors' remuneration in bands of S$250,000 as adequate. The three Executive Directors are non-substantial shareholders and are employees of the Company, like any of the other key management personnel who are not directors, and whose remuneration are disclosed in bands of S$250,000. The Executive Directors should not be disadvantaged as compared to other key management personnel just because they are directors.

Details of the remuneration paid to the key Executives (who are not Directors) for the financial year ended 31 March 2015 are set out below:

Remuneration Bands	Name of key Executive	Designation	Fixed Salary* (%)	Benefits* (%)
$250,000 to $499,999	Nil	Nil	–	–
Below $250,000	Ms Chow Choi Fun	Financial Controller	99	1
	Mr EML Ekanayake	Senior Manager, Product Management	100	–
	Mr K Kalaivanan	Head of Software & Application Engineering	99	1
	Dr Lim Wei Ming	Head of Advanced Development	99	1

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

The key management team of the Group, who are not Directors of the Company, comprised only four personnel as disclosed above. The total remuneration paid to the four of them for FY2015, aggregated to US$423,707.

No employee of our Company or its subsidiaries was an immediate family member of a Director or the CEO during the financial year ended 31 March 2015.

The Addvalue Technologies Employees' Share Option Scheme

A summary of the grant of share options under the Scheme (the "Options") is provided below:

Date of grant	Options period	Subscription price S$	Options Outstanding as at 1.4.14	Options lapsed/ exercised	*Options Outstanding as at 31.03.15
22.06.2010	22.06.2011 to 21.06.2014	0.035	3,800,000	(3,800,000)	–

During the financial year ended 31 March 2015, 3,800,000 Options were exercised and there is no outstanding unexercised options granted under the Addvalue Technologies Employees' Share Option Scheme.

Options granted to Directors

Director	Options Outstanding as at 31.3.14 and 21.4.14	Options lapsed/exercised	Options Outstanding as at 31.3.15 and 21.4.15
Dr Colin Chan Kum Lok	–	–	–
Tan Khai Pang	–	–	–
Tan Juan Hwa	–	–	–
Lim Han Boon	–	–	–
Ang Eng Lim	–	–	–
Michael J Butler	–	–	–

Options granted to key Executives

Key Executives	Options Outstanding as at 31.3.14 and 21.4.14	Options lapsed/exercised	Options Outstanding as at 31.3.15 and 21.4.15
E.M.L Ekanayake	–	–	–
K. Kalaivanan	–	–	–
Dr Lim Wei Ming	–	–	–
Chow Choi Fun	–	–	–

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

Immediate family members of Directors or CEO

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

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 Audit Committee has reviewed the 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 a Enterprise Risk Management Programme ("ERM") last year. 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, especially on operational risks and compliance risks area. Where necessary, the Group engages external consultants and experts to assist in this area.

Pursuant to Rule 1207 (10) of the Listing Manual, based on above arrangement, the work performed by the external auditors and the reviews performed by the management, the various Board Committees and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, including operation, financial, compliance, information technology controls and risk management system, were adequate as at the date of this Annual Report.

For the financial year ended 31 March 2015, 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 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.

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.

Audit Committee

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

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

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

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

The Independent and Non-Executive Directors believe that the Audit Committee 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 Audit Committee 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 Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee 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 of Directors of the Company 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 of Directors of the Company for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Company confirms that it has complied with Rules 712 and 715 of the SGX-ST Listing Manual in engaging Crowe Horwath First Trust 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 Audit Committee are satisfied that the appointment of different auditors would not compromise the standard and the effectiveness of the audit of the Company and its subsidiaries and that Rule 716 of the SGX-ST Listing Manual has been complied with.

The Audit Committee 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 satisified that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the Audit Committee recommended to the Board that Crowe Horwath First Trust LLP be nominated for the re-appointment as external auditor of the Group's companies in Singapore at the forthcoming Annual General Meeting of the Company 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.

Internal Audit

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

From 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 the perspective of cost effectiveness coupled with the Audit Committee's review 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 accounts department and quality control department review the internal controls and compliance systems of the Group and report findings and make recommendation to the management and the Audit Committee. To ensure the adequacy of the Group's in-house internal audit functions, the Audit Committee meets regularly to review these functions. The Audit Committee 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 Audit Committee 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. To facilitate participation by the Shareholders, the Articles of Association of the Company allow the Shareholders to attend and vote at general meetings of the Company by proxies. The Company ensures separate resolutions are proposed at general meetings on each distinct issue.

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

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's Articles of Association allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

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 Audit Committee. The Company does not have any general mandate pursuant to Rule 920 of the SGX-ST Listing Manual. There were no interested person transactions for the financial year ended 31 March 2015.

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 $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 $100,000)
Nil		

SECURITIES TRANSACTIONS

The Company has adopted a policy prohibiting dealings in the Company's shares by Directors and employees of the Company and its subsidiaries 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 the financial year ended 31 March 2015, our Company has complied materially with the principal corporate governance recommendations set out in the Code of Corporate Governance.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The directors present their report to the members together with the audited consolidated financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2015 and the statement of financial position of the Company as at 31 March 2015.

DIRECTORS

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

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

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

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

		Direct interests	
	At 1 April 2014	At 31 March 2015	At 21 April 2015
The Company			
Ordinary shares			
Dr Chan Kum Lok, Colin	39,190,960	39,190,960	39,190,960
Tan Khai Pang	51,675,360	51,675,360	51,675,360
Tan Juay Hwa	5,131,720	5,131,720	5,131,720
Lim Han Boon	19,990,560	19,990,560	19,990,560
Ang Eng Lim	3,100,640	3,100,640	3,100,640
Michael John Butler	2,000,000	2,000,000	2,000,000

DIRECTORS' CONTRACTUAL BENEFITS

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

There were no material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

SHARE OPTIONS

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

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

Other statutory information regarding the Scheme is set out below:

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

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

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

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

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

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

	Number of shares under option				
	Aggregate option granted in financial year ended 31 March 2015	Aggregate options granted since commencement of the Scheme to 31 March 2015	Aggregate options exercised since commencement of the Scheme to 31 March 2015	Aggregate options cancelled/ transferred since commencement of the Scheme to 31 March 2015	Aggregate options outstanding as at 31 March 2015 and 21 April 2015
Directors of the Company					
Dr Chan Kum Lok, Colin	–	17,950,000	(16,750,000)	(1,200,000)	–
Tan Khai Pang	–	18,900,000	(16,750,000)	(2,150,000)	–
Tan Juay Hwa	–	9,450,000	(8,000,000)	(1,450,000)	–
Lim Han Boon	–	8,800,000	(8,000,000)	(800,000)	–
Ang Eng Lim	–	700,000	(500,000)	(200,000)	–

There was no unissued ordinary shares in respect of unexercised options granted under the Scheme as at 31 March 2015.

SHARE OPTIONS (CONTINUED)

During the financial year, there were:

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

(b) no participants who had received 5% or more of the total number of the options available under the Scheme except as disclosed above; and

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

The Scheme has expired on 21 June 2014.

AUDIT COMMITTEE

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

Lim Han Boon	(Chairman)
Ang Eng Lim	(Member)
Tan Khai Pang	(Member)
Michael John 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 2015 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 2015.

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 five meetings during the financial year ended 31 March 2015 with 95% 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, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services 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.

INDEPENDENT AUDITORS

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

DR CHAN KUM LOK, COLIN
Director

TAN KHAI PANG
Director

30 July 2015

Statement by Directors

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 39 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

ON BEHALF OF THE BOARD OF DIRECTORS

DR CHAN KUM LOK, COLIN
Director

TAN KHAI PANG
Director

30 July 2015

Independent Auditors' Report

TO THE MEMBERS OF ADDVALUE TECHNOLOGIES LTD

Crowe Horwath

Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
Member Crowe Horwath International

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Report on the Financial Statements

We have audited the accompanying financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 103, which comprise consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of 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 (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 profit or loss accounts and balance sheets 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.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Independent Auditors' Report

TO THE MEMBERS OF ADDVALUE TECHNOLOGIES LTD

Opinion

In our opinion, the consolidated 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 state of affairs of the Group and of the Company as at 31 March 2015, and the results, 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.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

30 July 2015

Statements of Financial Position

AS AT 31 MARCH 2015
(Amounts in United States dollar)

	Note	Group		Company	
		2015	2014	2015	2014
		US$	US$	US$	US$
ASSETS					
Non-current assets					
Plant and equipment	3	1,046,454	1,025,434	–	–
Subsidiaries	4	–	–	5,228,104	14,345,362
Associate	5	–	–	–	–
Other equity investments	6	–	–	–	–
Intangible assets	7	12,715,690	14,659,684	–	–
Deferred tax assets	8	1,202,079	2,152,079	–	–
		14,964,223	17,837,197	5,228,104	14,345,362
Current assets					
Inventories	9	3,515,778	3,877,673	–	–
Amounts due from customers for contract work	10	127,547	869,562	–	–
Trade receivables	11	3,050,055	2,688,631	–	–
Other receivables, deposits and prepayments	12	1,269,273	1,242,819	537,488	58,353
Available-for-sale financial assets	13	2,135	4,575	2,135	4,575
Due from subsidiaries (non-trade)	14	–	–	1,135,953	5,834,584
Fixed deposit		43,390	47,028	–	–
Cash and bank balances		292,501	257,210	3,680	9,552
		8,300,679	8,987,498	1,679,256	5,907,064
TOTAL ASSETS		23,264,902	26,824,695	6,907,360	20,252,426
LIABILITIES					
Current liabilities					
Trade payables		4,332,861	2,208,924	–	–
Other payables and accruals	15	1,540,169	1,872,596	788,565	963,423
Provisions	16	405,310	278,608	127,940	127,940
Borrowings	17	3,709,112	55,632	–	–
Advances received from customers		210,777	523,560	–	–
Deferred income	20	22,091	–	–	–
Due to a subsidiary (non-trade)	14	–	–	139,040	–
Provision for income tax		4,147	–	–	–
		10,224,467	4,939,320	1,055,545	1,091,363

Statements of Financial Position

AS AT 31 MARCH 2015
(Amounts in United States dollar)

	Note	Group		Company	
		2015	2014	2015	2014
		US$	US$	US$	US$
Non-current liabilities					
Borrowings	17	32,586	2,900,820	–	–
Deferred tax liabilities	8	34,066	–	–	–
		66,652	2,900,820	–	–
TOTAL LIABILITIES		10,291,119	7,840,140	1,055,545	1,091,363
NET ASSETS		12,973,783	18,984,555	5,851,815	19,161,063
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	57,880,597	57,771,705	57,880,597	57,771,705
Capital reserve	22	746,882	749,595	–	2,713
Statutory reserve	23	10,423	–	–	–
Fair value adjustment reserve	24	–	(98,635)	–	(98,635)
Foreign currency translation reserve		21	(609)	–	–
Accumulated losses		(45,664,140)	(39,437,501)	(52,028,782)	(38,514,720)
TOTAL EQUITY		12,973,783	18,984,555	5,851,815	19,161,063

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

	Note	2015	2014
		US$	US$
Revenue	25	14,725,097	13,648,532
Cost of sales		(10,237,746)	(7,474,351)
Gross profit		4,487,351	6,174,181
Other operating income	26	600,239	178,712
Selling and distribution expenses		(1,118,953)	(1,316,981)
Administrative expenses		(2,315,585)	(1,912,105)
Other operating expenses	27	(6,329,339)	(2,781,075)
Finance expenses	28	(551,577)	(297,796)
(Loss)/Profit before income tax	29	(5,227,864)	44,936
Income tax expense	30	(988,352)	–
(Loss)/Profit for the year		(6,216,216)	44,936
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value (loss)/gain on available-for-sale financial assets		(2,440)	2,440
Impairment on available-for-sale financial assets reclassified to profit or loss		101,075	–
Exchange differences arising from translation of foreign operations		630	(609)
Other comprehensive income for the year, net of tax		99,265	1,831
Total comprehensive (loss)/income for the year, net of tax		(6,116,951)	46,767
(Loss)/Earnings per share attributable to equity holders of the Company (cents)	31		
Basic and diluted		(0.52)	0.004

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

2015
Group

	Attributable to equity holders of the Company						
	Share capital	**Capital reserve**	**Statutory reserve**	**Fair value adjustment reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total equity**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Balance as at 1.4.2014	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 31.3.2015	57,880,597	746,882	10,423	–	21	(45,664,140)	12,973,783

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

2014
Group

	Attributable to equity holders of the Company					
	Share capital	**Capital reserve**	**Fair value adjustment reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total equity**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Balance as at 1.4.2013	57,614,993	753,510	(101,075)	–	(39,482,437)	18,784,991
Profit for the year	–	–	–	–	44,936	44,936
Other comprehensive income/ (loss), net of tax	–	–	2,440	(609)	–	1,831
Total comprehensive income/ (loss) for the year	–	–	2,440	(609)	44,936	46,767
Contribution by and distribution to owners						
Issuance of new shares, pursuant to share options plan	156,712	(3,915)	–	–	–	152,797
Balance as at 31.3.2014	57,771,705	749,595	(98,635)	(609)	(39,437,501)	18,984,555

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

	Note	2015	2014
		US$	US$
Cash flows from operating activities			
(Loss)/Profit before income tax		(5,227,864)	44,936
Adjustments for:			
Amortisation of intangible assets	7	1,776,795	1,695,893
Amortisation of deferred income	20	(25,207)	–
Depreciation of plant and equipment	3	364,020	259,155
Interest expense	28	438,356	297,796
Interest income		(1,516)	(117)
Impairment loss on development expenditure	7	3,200,000	–
Impairment loss on available-for-sale financial assets	24	101,075	–
Plant and equipment written off		–	70,685
Provisions	16	583,158	651,246
Unrealised foreign exchange gain		(342,155)	(33,177)
Operating profit before working capital changes		866,662	2,986,417
Inventories		362,137	(558,072)
Amounts due from customers for contract work		742,015	(775,198)
Trade and other receivables		(386,652)	861,999
Intangible assets	7	(3,032,801)	(2,165,941)
Advances received from customers		(312,783)	514,043
Trade and other payables		1,981,851	234,586
Provisions	16	(456,456)	(702,464)
Cash (used in)/generated from operations		(236,027)	395,370
Interest income received		1,516	117
Income tax paid		(239)	–
Net cash (used in)/generated from operating activities		(234,750)	395,487
Cash flows from investing activity			
Purchase of plant and equipment	A	(294,793)	(810,045)
Proceeds from government grant	20	47,298	–
Net cash used in investing activities		(247,495)	(810,045)
Cash flows from financing activities			
Net proceeds from issue of shares		106,179	152,797
Proceeds from borrowings		1,511,490	677,115
Repayment of borrowings		(470,688)	(455,093)
Interest paid		(390,815)	(297,796)
(Repayment to)/Advances from a shareholder		(239,467)	397,550
Net cash generated from financing activities		516,699	474,573

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

	Note	2015	2014
		US$	US$
Net increase in cash and cash equivalents		34,454	60,015
Cash and bank balances at beginning of year		257,210	197,751
Effects of exchange rate changes in cash and bank balances		837	(556)
Cash and bank balances at end of year	B	292,501	257,210

Note A

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

	2015	2014
	US$	US$
Plant and equipment purchased during the year (Note 3)	385,030	819,391
Less: Financed by finance lease obligations	(90,237)	(9,346)
Cash payment to acquire plant and equipment	294,793	810,045

Note B

Cash and bank balances[1]	292,501	257,210
Fixed deposit[2]	43,390	47,028
	335,891	304,238
Less: Pledged fixed deposit	(43,390)	(47,028)
Cash and bank balances at end of year	292,501	257,210

(1) Included in the cash and bank balances is amount of US$11,059 (2014: US$8,438) 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$43,390 (equivalent to S$59,000) (2014: US$47,028 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 are an integral part of the financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
(Amounts in United States dollar)

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 4. 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 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statement indicated that the Group incurred a net loss of US$6,216,216 and net operating cash outflow of US$234,750 for the financial year ended 31 March 2015. As at balance sheet date, the Group's current liabilities exceed its current assets by US$1,923,788. In addition, the Group recorded external borrowings totaling USD3,709,112, which is repayable within the next 12 months from the balance sheet date.

Subsequent to year end, the Group has successfully extended the tenure of loan facility of USD3.6 million from 31 March 2016 to 31 December 2016 which is disclosed in Note 18. At the same, the directors also announced on 29 July 2015 that the Group are actively pursuing the proposed disposal of one of its subsidiaries, namely Addvalue Communications Pte. Ltd. in anticipation that eventual crystallisation of the proposed disposal will generate substantial cash flow to the Group.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in United States dollar ("US$").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 April 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

(Amounts in United States dollar)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19: *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
- Amendment to FRS 102: *Share-based Payment*	1 July 2014*
- Amendment to FRS 103: *Business Combinations*	1 July 2014^
- Amendment to FRS 108: *Operating Segments*	1 July 2014
- Amendment to FRS 16: *Property, Plant and Equipment*	1 July 2014
- Amendment to FRS 24: *Related Party Disclosures*	1 July 2014
- Amendment to FRS 38: *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014)	
- Amendment to FRS 103: *Business Combinations*	1 July 2014
- Amendment to FRS 113: *Fair Value Measurement*	1 July 2014
- Amendment to FRS 40: *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
- Amendment to FRS 105: *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
- Amendment to FRS 107: *Financial Instruments: Disclosures*	1 January 2016
- Amendment to FRS 19: *Employee Benefits*	1 January 2016
- Amendment to FRS 34: *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115: *Revenue from Contracts with Customers*	1 January 2017
FRS 109: *Financial Instruments*	1 January 2018

* The amendment applies prospectively to share-based payment transactions with a grant date on or after 1 July 2014

^ The amendment applies prospectively to business combination for which the acquisition date is on or after 1 July 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective (Continued)

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application except for the impending changes in accounting policy in the adoption of the following:

Improvements to FRSs (January 2014): Amendment to FRS 103 *Business Combinations*

Improvements to FRSs (January 2014): Amendment to FRS 103 is effective for financial periods beginning on or after 1 July 2014.

The amendment clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss.

The Group will apply these amendments to the future business combination from 1 July 2014 onwards.

Improvements to FRSs (January 2014): Amendment to FRS 108 *Operating Segments*

Improvements to FRSs (January 2014): Amendment to FRS 108 is effective for financial periods beginning on or after 1 July 2014.

The amendment require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total segment assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in next financial year.

Improvements to FRSs (January 2014): Amendment to FRS 24 *Related Party Disclosures*

Amendment to FRS 24 is effective for financial periods beginning on or after 1 July 2014.

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as a related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, the breakdown of the components of such compensation is not required to be disclosed.

The management expects that the adoption of the amendment will not result in additional parties being identified as related to the Company. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when implemented in next financial year.

Amendments to FRS 1: *Disclosure Initiative*

FRS *1 Presentation of Financial Statements* is amended as part of the initiatives by the standard-setters to improve presentation and disclosure in financial reports. The amendments clarify materiality guidance in FRS 1 and clarify on aggregating and disaggregating line items on the balance sheet and statement of comprehensive income, including added guidance on presenting sub-totals. The amendments also give examples on systematic ordering or grouping of the structure of the notes to financial statements. In addition, following the amendments, the share of Other Comprehensive Income (OCI) of the equity-accounted investments shall be presented separately from the other OCI on the statement of changes in equity. The Group will apply these amendments in 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective (Continued)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in 2017.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. The Group is in the process of assessing the impact of the new standard for the future periods.

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. FRS 109 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. FRS 109 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of FRS 109 or continue to apply the existing hedge accounting requirements in FRS 39 for all hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is in the process of assessing the impact of the new standard for the future periods.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Associates

Associates are entities over which the Group exercises significant influence, but not control, over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting (Continued)

(ii) Associates (Continued)

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence are retained are recognised in profit or loss.

Subsidiaries, associate and other equity investments

Investments in subsidiaries, associate and other equity investments are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, associates and other equity investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US$"), which is the functional currency of the Company.

(ii) Transactions and balances

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency translation (Continued)

(ii) Transactions and balances (Continued)

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

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into United States dollars ("US$") at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and equipment (Continued)

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)".

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 follows:

	Useful lives (Years)
Satellite related products	10

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third or fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

(i) Initial recognition and measurement (Continued)

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the categories of financial assets at fair value through profit or loss and held-to-maturity investments.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on the classification, as follows:

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the end of the reporting period which are classified as non-current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, including amounts due from subsidiardies and staff loans.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Assets in this category are presented as non-current assets unless the investment matures or management intends to dispose of the assets within twelve months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

(iii) Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

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

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

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

(ii) Available-for-sale financial assets

Considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired include (i) a significant or prolonged decline in the fair value of the investment below its costs, (ii) significant financial difficulties of the issuer or obligor, and (iii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When the available-for-sale financial asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

(ii) Available-for-sale financial assets (Continued)

For debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as the financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed in profit or loss.

(iii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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.

Construction contracts work-in-progress

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract should be recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the financial year end, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

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

Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in an active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets and the financial liabilities are the current bid prices and the current asking prices respectively.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair value of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

Leases – the Group as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability 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. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – the Group as lessee (Continued)

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

General

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the financial year end, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the financial year end are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, 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 occurence 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.

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.

<u>Singapore</u>

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

<u>People's Republic of China ("PRC")</u>

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' benefits (Continued)

(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.

(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.

Income tax

(i) Current income tax

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted at the end of each reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

(ii) Deferred tax (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets 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 tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or 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.

(iii) Value-added tax ("VAT")

The Group's sales of goods in the PRC are subjected to 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.

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.

Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other operating income". Alternatively, they are deducted in reporting the related expenses.

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.

(Amounts in United States dollar)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(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).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

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

(i) Critical accounting estimates and assumptions

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

(a) Impairment of development expenditure

The Group determines whether development expenditure is impaired at least on an annual basis. This requires an estimation of the probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group. The 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 2016 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 2015 is US$12,275,421 (2014: US$14,424,105).

Key assumptions used for value-in-use calculations:

	Group	
	2015	**2014**
Annual growth rates applied for the next 4 projection years	10%	10%
Discount rate	10%	10%

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(a) Impairment of development expenditure (Continued)

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 assumptions above, the Group has made an impairment loss of US$3,200,000 (2014: Nil) in respect of its development expenditure as at 31 March 2015, which is disclosed in Note 7.

The Group expects certain products to be competitive and if sales achieved in the forecast year dropped by 10% (2014: 10%) from the Group's forecasted quantities; with other assumptions remain constant, the carrying amount of certain development expenditure totalling US$4,809,000 as at 31 March 2015 (2014: US$2,000,000) will show an additional impairment loss of approximately US$500,000 (2014: US$23,000).

(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 2015 are disclosed in Note 11 and 12 respectively.

(c) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unused 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$35,688,000 and US$1,677,000 (2014: US$32,496,000 and US$1,349,000 respectively), out of which, the deferred tax assets has been recognised on amounts of tax losses and credits totaling US$17,485,000 (2014: US$25,564,000). 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 2015, management estimated that such deferred tax assets recognised will be recovered in an average of 5 years (2014: 3 years) through utilization of the tax benefits against future taxable income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(c) Recoverability of deferred tax assets (Continued)

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$1,103,000 (2014: US$1,007,000) 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$3,095,000 and US$188,000 (2014: US$1,178,000 and US$171,000) 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$190,000 or US$155,000 respectively (2014: US$148,000 or US$179,000). The carrying amount of the Group's development expenditure included as intangible assets as at 31 March 2015 is US$12,275,421 (2014: US$14,424,105).

(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 2015 is US$1,046,454 (2014: US$1,025,434).

(ii) Critical judgements in applying the entity'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.

<u>Capitalisation of development expenditure</u>

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.

(Amounts in United States dollar)

3. PLANT AND EQUIPMENT

Group

	Laboratory equipment	Furniture, fittings and office equipment	Computers and software	Toolings	Renovations	Total
	US$	US$	US$	US$	US$	US$
Cost						
As at 1.4.2013	486,620	202,302	557,957	675,025	192,472	2,114,376
Additions	31,129	176,424	93,255	146,294	372,289	819,391
Written off	(165,761)	(186,136)	(22,560)	(102,421)	(195,609)	(672,487)
As at 31.3.2014	351,988	192,590	628,652	718,898	369,152	2,261,280
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
Accumulated depreciation						
As at 1.4.2013	319,325	140,306	379,285	579,545	160,032	1,578,493
Depreciation charge for the year	52,645	23,229	85,785	47,731	49,765	259,155
Written off	(165,711)	(140,082)	(19,247)	(97,562)	(179,200)	(601,802)
As at 31.3.2014	206,259	23,453	445,823	529,714	30,597	1,235,846
As at 1.4.2014	206,259	23,453	445,823	529,714	30,597	1,235,846
Depreciation charge for the 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
Net carrying value						
As at 31.3.2015	267,585	139,015	216,913	130,410	292,531	1,046,454
As at 31.3.2014	145,729	169,137	182,829	189,184	338,555	1,025,434

Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of US$90,237 (2014: US$9,346) by means of finance leases.

The carrying amount of plant and equipment held under finance leases as at 31 March 2015 were US$144,234 (2014: US$34,713).

Leased assets are pledged as security for the related finance lease obligations (Note 19).

(Amounts in United States dollar)

4. SUBSIDIARIES

	Company	
	2015	2014
	US$	US$
Unquoted equity shares at cost		
As at beginning of year	40,944,642	40,944,642
Addition of investment in a subsidiary [1]	3,982,742	–
	44,927,384	40,944,642
Less: Impairment losses		
At beginning of the year	(26,599,280)	(26,599,280)
Addition [2]	(13,100,000)	–
	(39,699,280)	(26,599,280)
As at end of year	5,228,104	14,345,362

Notes:

(1) During the financial year, the Company has increased its share capital on a subsidiary, Addvalue Innovation Pte Ltd, by way of captalisation of amount due from Addvalue Innovation Pte Ltd, amounting to US$3,982,742 (Note 14).

(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 2. The Company has recognised an impairment loss of US$13,100,000 (2014: NIL), which has charged to profit and loss during the year as the subsidiaries recorded significant losses for the current year.

(3) During the financial year, the Group has incorporated a new subsidiary, namely Addvalue Solutions Pte Ltd with a paid up capital of S$2, which is wholly owned by a subsidiary, Addvalue Innovation Pte Ltd.

(Amounts in United States dollar)

4. 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	
			2015	**2014**	**2015**	**2014**
			%	**%**	**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	6,916,838
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
					44,927,384	40,944,642

^ denotes amount less than US$1.00.

(Amounts in United States dollar)

4. SUBSIDIARIES (CONTINUED)

Name of subdidiary	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2015	2014
			%	%
Held by Addvalue Enterprise Limited				
Zhong Xin Chuang Zhi (Beijing) Technology Ltd., Co[4]	Business development, sale and marketing of satellite communication equipment	People's Republic of China	100	100
Held by Addvalue Innovation Pte Ltd				
Addvalue Solutions Pte Ltd[5]	Design and supply of communication products and services	Singapore	100	–

(1) Audited by Crowe Horwath First Trust LLP, Singapore.

(2) Audited by Central & Co, Hong Kong and reviewed by Crowe Horwath First Trust 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 audited by Crowe Horwath First Trust LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.

(4) Audited by Beijing An Zheng CPA Co., Ltd, Beijing and reviewed by Crowe Horwath First Trust LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements of the Group.

(5) Incorporated on 13 August 2014 and audited by Crowe Horwath First Trust LLP, Singapore.

5. ASSOCIATE

	Group and Company	
	2015	2014
	US$	US$
Equity shares at cost	137	137
Impairment losses	(137)	(137)
	–	–

Details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2015	2014	2015	2014
			%	%	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.

(Amounts in United States dollar)

6. OTHER EQUITY INVESTMENTS

	Group		Company	
	2015 US$	2014 US$	2015 US$	2014 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	–	–	–	–

7. INTANGIBLE ASSETS

Group	Development expenditure	Patents	Computer software	Total
	US$	US$	US$	US$
Cost				
As at 1.4.2013	18,021,183	44,126	732,575	18,797,884
Additions	2,165,941	–	–	2,165,941
As at 31.3.2014	20,187,124	44,126	732,575	20,963,825
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
Accumulated amortisation and impairment losses				
As at 1.4.2013	4,141,056	44,126	423,066	4,608,248
Amortisation charge for the year	1,621,963	–	73,930	1,695,893
As at 31.3.2014	5,763,019	44,126	496,996	6,304,141
As at 1.4.2014	5,763,019	44,126	496,996	6,304,141
Amortisation charge for the 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
Net carrying value				
As at 31.3.2015	12,275,421	16,669	423,600	12,715,690
As at 31.3.2014	14,424,105	–	235,579	14,659,684

(Amounts in United States dollar)

7. INTANGIBLE ASSETS (CONTINUED)

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$12,275,421 (2014: US$14,424,105) 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$1,708,576 (2014: US$1,621,963) was charged to other operating expenses in the consolidated statement of comprehensive income.

The individual development project of which carrying amount is more than 10% of the total intangible assets in either 2015 or 2014 are as follows:

	Group			
	2015		**2014**	
	Carrying amount	**Remaining amortisation period (years)**	**Carrying amount**	**Remaining amortisation period (years)**
	US$		**US$**	
Development expenditure:				
Project 1	654,492	3	1,545,384	4
Project 2	1,075,867	4	1,920,403	5
Project 3	1,195,774	8	2,088,871	9
Project 4	561,933	7	1,473,201	8
Project 5 (In progress)	1,989,875	10	418,444	10

Included in the development expenditure and computer software are the capitalisation of the employees benefit expenses of US$2,294,953 for the current financial year (2014: US$2,021,876) (Note 33).

Impairment loss of development expenditure

During the 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 (2014: Nil), representing the write-down of certain development expenditure to recoverable amount was recognised in "Other operating expenses" (Note 27) 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% (2014: 10%).

(Amounts in United States dollar)

8. DEFERRED TAX

	Group 2015 US$	Group 2014 US$
As at beginning of year	2,152,079	2,152,079
Recognised in the profit or loss		
- Relates to origination and reversal of temporary differences	(33,978)	(45,325)
- Write-down of deferred tax assets	(950,000)	–
- Under provision of prior year	–	45,325
Exchange differences	(88)	–
As at end of year	1,168,013	2,152,079
Presented after appropriate offsetting as follows:		
Deferred tax assets, net	1,202,079	2,152,079
Deferred tax liabilities, net	(34,066)	–
As at end of year	1,168,013	2,152,079

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

Deferred tax assets of the Group	Unutilised capital allowance	Unutilised tax loss	Other temporary differences	Total
	US$	US$	US$	US$
2015				
As at beginning of year	222,263	4,345,884	36,028	4,604,175
Recognised in the profit or loss				
- Relates to origination and reversal of temporary differences	50,735	(411,322)	(4,687)	(365,274)
- Write-down of deferred tax assets	–	(950,000)	–	(950,000)
- Under provision of prior year	12,064	(12,064)	–	–
As at end of year	285,062	2,972,498	31,341	3,288,901
2014				
As at beginning of year	138,665	4,336,681	36,353	4,511,699
Recognised in the profit or loss				
- Relates to origination and reversal of temporary differences	38,273	9,203	(325)	47,151
- Under provision of prior year	45,325	–	–	45,325
As at end of year	222,263	4,345,884	36,028	4,604,175

(Amounts in United States dollar)

8. DEFERRED TAX (CONTINUED)

Deferred tax liabilities of the Group	Development expenditure	Accrued revenue	Total
	US$	US$	US$
2015			
As at beginning of year	2,452,096	–	2,452,096
Recognised in the profit or loss			
- Relates to origination and reversal of temporary differences	(365,274)	33,978	(331,296)
Exchange differences	–	88	88
As at end of year	2,086,822	34,066	2,120,888
2014			
As at beginning of year	2,359,620	–	2,359,620
Recognised in the profit or loss			
- Relates to origination and reversal of temporary differences	92,476	–	92,476
As at end of year	2,452,096	–	2,452,096

The Group has unutilised capital allowances and unutilised tax losses of approximately US$1,677,000 (2014: US$1,349,000) and US$35,688,000 (2014: US$32,496,000) 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$18,203,000 (2014: US$6,932,000) 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$1,677,000 (2014: US$1,349,000) and US$17,485,000 (2014: US$25,564,000) 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.

9. INVENTORIES

	Group	
	2015	**2014**
	US$	**US$**
Finished goods	2,159,651	2,249,603
Raw materials	1,212,959	833,911
Semi-finished goods	143,168	513,662
Goods-in-transit	–	280,497
	3,515,778	3,877,673

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$7,883,160 (2014: US$6,028,649). 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$123,294 (US$82,117), included in "other operating expenses" (Note 27).

All inventories held by the Group as at balance sheet date have been pledged as security for a loan from a funding institution to a subsidiary (Note 18).

(Amounts in United States dollar)

10. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2015 US$	2014 US$
Aggregate costs incurred and recognised profit to date	2,295,284	1,201,724
Less: Progress billings	(2,167,737)	(332,162)
	127,547	869,562
Presented as:		
Gross amounts due from customers for contract work	127,547	869,562

11. TRADE RECEIVABLES

	Group	
	2015 US$	2014 US$
Trade receivables	3,050,055	2,708,310
Less : Allowance for doubtful trade receivables (Note 37)	–	(19,679)
	3,050,055	2,688,631

Included in the total trade receivables, an amount of US$2.3 million (2014: US$1.6 million) is subject to floating charge to a funding institution for securing a loan facility to a subsidiary as disclosed in Note 18.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 US$	2014 US$	2015 US$	2014 US$
Deposits	645,698	653,556	500,111	–
Other receivables	2,997	35,793	108	118
Prepayments	582,645	325,907	37,269	58,235
Staff loans and advances	37,933	227,563	–	–
	1,269,273	1,242,819	537,488	58,353

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$18,932 (2014: US$197,097).

Included in deposits of the Group and the Company was security deposit paid to the Group's subcontractors amounting to US$500,000 (2014: US$500,000) and US$500,000 (2014: NIL) respectively.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2015 US$	2014 US$
Equity instrument (quoted), at fair value		
As at beginning of year	4,575	2,135
Fair value adjustment for the year (Note 24)	(2,440)	2,440
As at end of year	2,135	4,575

(Amounts in United States dollar)

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

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

During the financial year, the Company has increased its investment in a subsidiary, Addvalue Innovation Pte Ltd ("AVI"), by way of captalisation of amount due from AVI, amounting to US$3,982,742 as cost of investment (Note 4).

15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 US$	2014 US$	2015 US$	2014 US$
Accrued operating expenses:				
- Employee benefits	447,193	523,069	–	–
- Directors' fees[1]	394,585	349,646	394,585	349,646
- Others	118,853	95,411	57,231	52,361
Due to directors[1]	–	70,532	–	–
Due to a shareholder[2]	158,083	397,550	158,083	397,550
Other payables	406,071	436,388	178,666	163,866
Value added tax payable	15,384	–	–	–
	1,540,169	1,872,596	788,565	963,423

(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 (2014: 6.25% per annum). The advance is jointly and severally guaranteed by certain directors of the Company.

16. PROVISIONS

	Group		Company	
	2015 US$	2014 US$	2015 US$	2014 US$
Directors' fees	127,940	127,940	127,940	127,940
Royalties	78,411	47,368	–	–
Warranty	198,959	103,300	–	–
	405,310	278,608	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.

(Amounts in United States dollar)

16. PROVISIONS (CONTINUED)

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.

Group	Directors' fees	Royalties	Warranty	Total
	US$	US$	US$	US$
2015				
As at beginning of year	127,940	47,368	103,300	278,608
Provision for the year	126,981	282,225	173,952	583,158
Utilisation during the year	(126,981)	(251,182)	(78,293)	(456,456)
As at end of year	127,940	78,411	198,959	405,310
2014				
As at beginning of year	127,940	124,984	76,902	329,826
Provision for the year	127,940	420,925	102,381	651,246
Utilisation during the year	(127,940)	(498,541)	(75,983)	(702,464)
As at end of year	127,940	47,368	103,300	278,608

Company	Directors' fees
	US$
2015	
As at beginning of year	127,940
Provision for the year	126,981
Utilisation during the year	(126,981)
As at end of year	127,940
2014	
As at beginning of year	127,940
Provision for the year	127,940
Utilisation during the year	(127,940)
As at end of year	127,940

(Amounts in United States dollar)

17. BORROWINGS

	Group	
	2015 US$	2014 US$
Due within one year		
Loans (Note 18)	3,674,668	38,051
Finance lease obligations (Note 19)	34,444	17,581
	3,709,112	55,632
Due after one year or more		
Loans (Note 18)	–	2,900,820
Finance lease obligations (Note 19)	32,586	–
	32,586	2,900,820
Total borrowings		
Loans (Note 18)	3,674,668	2,938,871
Finance lease obligations (Note 19)	67,030	17,581
	3,741,698	2,956,452

18. LOANS

	Group	
	2015 US$	2014 US$
Due within one year		
Loan 1 (secured)	3,639,500	–
Loan 2 (unsecured)	35,168	38,051
	3,674,668	38,051
Due after one year or more		
Loan 1 (secured)	–	2,862,360
Loan 2 (unsecured)	–	38,460
	–	2,900,820
Total loans		
Loan 1 (secured)	3,639,500	2,862,360
Loan 2 (unsecured)	35,168	76,511
	3,674,668	2,938,871

18. LOANS (CONTINUED)

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% (2014: 10%) per annum and is secured by way of the following:

(a) Floating charge on the inventories of a subsidiary of the Company (Note 9);
(b) Floating charge on the trade receivables of a subsidiary of the Company (Note 11);
(c) Escrow accounts with a bank of a subsidiary of the Company; and
(d) Corporate guarantee provided by the Company

The loan amount of S$5,000,000 (US$3,600,000), which includes an amount of S$1,400,000 (US$1,100,000) drawndown during the year, is repayable on 31 March 2016.

Subsequent to the balance sheet date, the Group has obtained the approval from funding institution to extend the tenure of Loan 1 from 31 March 2016 to 31 December 2016.

Loan 2 (unsecured)

Loan 2 which was obtained by a subsidiary of the Company from a local bank during the year and denominated in Singapore dollar, bears a fixed interest rate at 10.28% (2014: 10.28%) per annum and is unsecured and repayable in 24 monthly installments. The loan is jointly and severally guaranteed by certain directors of the Company.

19. FINANCE LEASE OBLIGATIONS

Group	Minimum lease payments	Interest	Present value of payments
	US$	US$	US$
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
2014			
Within one year	18,096	(515)	17,581
More than one year but not later than five years	–	–	–
	18,096	(515)	17,581

Interest is payable at effective interest rate of 3.27% to 6.60% (2014: 6.60%) per annum and the finance leases are guaranteed by the Company.

(Amounts in United States dollar)

20. DEFERRED INCOME

Deferred income represents PIC 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 26) over the remaining useful life of the relevant assets.

	Group	
	2015 US$	2014 US$
As at beginning of year	–	–
Addition	47,298	–
Amortisation for the year (Note 26)	(25,207)	–
As at end of year	22,091	–

21. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of ordinary share	US$	Number of ordinary share	US$
Amount				
Ordinary shares				
Issued and fully paid:				
As at beginning of year	1,183,555,813	57,771,705	1,178,085,813	57,614,993
Issued during the year	3,800,000	108,892	5,470,000	156,712
As at end of year	1,187,355,813	57,880,597	1,183,555,813	57,771,705

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.

During the financial year ended 31 March 2015, the Company issued the following shares:

No. of shares	Cash consideration US$	Description of shares	Purpose of issue
3,800,000	106,179	Ordinary shares at exercise price of S$0.035 each for cash	Issued pursuant to exercise of shares options under the Employees' Shares Option Scheme.

The newly issued shares arose from exercise of Employees' Share Options and the shares rank pari passu in all respects with the existing ordinary shares.

Share Option Scheme

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

Other statutory information regarding the Scheme is set out below:

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

(Amounts in United States dollar)

21. SHARE CAPITAL (CONTINUED)

Share Option Scheme (Continued)

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

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

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

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

On 22 June 2010, options to subscribe for 110,000,000 ordinary shares of the Company at an exercise price of $0.035 per ordinary share were granted pursuant to the Scheme ("2010 Option"). The 2010 Option is exercisable on 22 June 2011 and has expired on 21 June 2014.

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

	Group and Company			
	2015		2014	
Options outstanding	**Number of share options**	**Weighted average exercise price S$**	**Number of share options**	**Weighted average exercise price S$**
As at beginning of year	3,800,000	0.035	9,270,000	0.035
Exercised during the year	(3,800,000)	0.035	(5,470,000)	0.035
As at end of year	–		3,800,000	0.035
Exercisable at the end of year	–		3,800,000	

The weighted average share price at the time of exercise at S$0.120 (2014: S$0.065 to S$0.145) per share.

		Number of options	
Terms of the share options outstanding as at end of year:		**2015**	**2014**
Expiry date	**Exercise price**		
21 June 2014	S$0.035	–	3,800,000

(Amounts in United States dollar)

21. SHARE CAPITAL (CONTINUED)

Share Option Scheme (Continued)

Option granted before 2010 was expired in previous year. The fair value of options granted on 22 June 2010, determined using the Black-Scholes Pricing Model, was S$0.001. The significant inputs into the model were as follows:

Weighted average share price	S$0.035
Weighted average option price	S$0.035
Expected volatility	1.3%
Expected life	3 years
Risk free rate	0.59%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effect of non transferability, exercise restriction and behavioural considerations.

22. CAPITAL RESERVE

	Group	
	2015	**2014**
	US$	**US$**
As the beginning of year	749,595	753,510
Less: Exercise of share options	(2,713)	(3,915)
As at end of year	746,882	749,595
Representing non-distributable reserve (Group):		
- Share based payment reserve	–	2,713
- Redemption of preference shares out of profits of a subsidiary *	746,882	746,882
	746,882	749,595
Representing non-distributable reserve (Company):		
- Share based payment reserve	–	2,713

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

23. STATUTORY RESERVE

In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, being a wholly foreign-owned enterprise (WFOE) is required to make contributions to a statutory reserve fund. At least 10 per cent of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations is required to be allocated to the reserve fund. If the cumulative total of the statutory reserve fund reaches 50% of the subsidiary's registered capital, the enterprise will not be required to make any additional contribution.

The reserve fund may be used to offset accumulated losses or increase the registered capital of the Company, subject to approval from the relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

(Amounts in United States dollar)

23. STATUTORY RESERVE (CONTINUED)

These non-distributable reserves represent amounts set aside in compliance with the local laws in the PRC where the subsidiary operates. The subsidiary is considered a foreign investment enterprise and the percentage of appropriation from the net profit for the year to the various reserve funds are determined by the Board of Directors of the subsidiary.

24. FAIR VALUE ADJUSTMENT RESERVE

	Group and Company	
	2015	**2014**
	US$	**US$**
As the beginning of year	(98,635)	(101,075)
Financial assets, available-for-sale		
- Fair value (loss)/gain (Note 13)	(2,440)	2,440
Reclassification to profit or loss		
- Impairment of available-for-sale financial assets (Note 27)	101,075	–
As at end of year	–	(98,635)

The Group recognised US$2,440 in other comprehensive income relating to the fair value loss on the available for sale financial assets (Note 13) for the financial year. Subsequently the management has determined that there is an objective evidence that the assets has impaired, and consequently, a reclassification from equity to profit or loss of US$101,075 has been recognised in other operating expenses (Note 27).

25. REVENUE

	Group	
	2015	**2014**
	US$	**US$**
Sale of finished products and components	12,502,879	12,122,132
Rendering of design services	2,222,218	1,526,400
	14,725,097	13,648,532

26. OTHER OPERATING INCOME

	Group	
	2015	**2014**
	US$	**US$**
Amounts due to third parties written off	–	99,991
Government grants received including amortisation (Note 20)	39,160	31,659
Foreign exchange gain, net	558,661	46,045
Interest income	1,516	117
Others	902	900
	600,239	178,712

Government grants mainly relates to income received from IRAS. There is no unfulfilled condition or contingencies attached to these grants.

(Amounts in United States dollar)

27. OTHER OPERATING EXPENSES

	Group	
	2015 US$	2014 US$
Amortisation of intangible assets (Note 7)	1,776,795	1,695,893
Bank charges	16,807	23,548
Depreciation of plant and equipment (Note 3)	364,020	259,155
Impairment loss of available-for-sale financial assets, reclassified from other comprehensive income (Note 24)	101,075	–
Impairment loss of development expenditure (Note 7)	3,200,000	–
Inventory written off (Note 9)	123,294	82,117
Labour cost	23,990	40,224
Laboratory usage	128,124	40,115
Plant and equipment written off	–	70,685
Repairs and maintenance	368,310	340,989
Telecommunications	64,927	67,547
Trade receivables written off	–	16,026
Transportations	20,268	9,458
Travelling	82,743	79,039
Utilities	28,502	32,519
Others	30,484	23,760
	6,329,339	2,781,075

28. FINANCE EXPENSES

	Group	
	2015 US$	2014 US$
Interest on loans	384,210	272,109
Interest on late payment	51,866	22,421
Interest on lease obligations	2,280	3,266
Loan facilities fees	113,221	–
	551,577	297,796

(Amounts in United States dollar)

29. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Group	
	2015	**2014**
	US$	**US$**
Amortisation of intangible assets (Note 7)	1,776,795	1,695,893
Audit fees	65,295	63,782
Depreciation of plant and equipment (Note 3)	364,020	259,155
Directors' remuneration for the directors of Company (Note 32)		
- Remuneration and contribution to defined contribution plan	546,080	562,900
- Directors' fees	126,981	127,940
Employee benefits expense (Note 33)*	2,519,978	2,386,038
Foreign exchange gain, net	(558,661)	(46,045)
Impairment loss of available-for-sale financial assets, reclassified from other comprehensive income (Note 24)	101,075	–
Impairment loss on development expenditure (Note 7)	3,200,000	–
Inventories recognised as an expense in cost of sales (Note 9)	7,883,160	6,028,649
Operating lease expenses	411,706	365,981
Plant and equipment written off	–	70,685
Trade receivables written off	–	16,026

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

30. INCOME TAX EXPENSE

	Group	
	2015	**2014**
	US$	**US$**
Current tax expense	4,374	–
Deferred tax:		
- Current year		
- Relates to origination and reversal of temporary differences	33,978	(45,325)
- Write-down of deferred tax assets	950,000	–
- Under provision in prior years	–	45,325
Income tax expense	988,352	–

(Amounts in United States dollar)

30. INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2015 US$	2014 US$
(Loss)/Profit before income tax	(5,227,864)	44,936
Tax at the applicable tax rate of 17% (2014: 17%)	(888,737)	7,639
Different tax rates in other countries	11,246	(1,707)
Expenses not deductible for tax purposes	56,189	75,433
Income not subject to tax	(96,405)	(2,621)
Tax incentives	(13,516)	(49,709)
Under provision of deferred tax assets in prior years	–	(45,325)
Deferred tax assets not recognised	1,915,967	16,290
Withholding tax on undistributed earnings of the PRC subsidiary	3,608	–
Income tax expense	988,352	–

The Company and Singapore subsidiaries

The Company and these subsidiaries are subject to an applicable tax rate of 17%.

Hong Kong

The subsidiary is subject to an applicable tax rate of 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% and withholding tax of 5% respectively.

31. (LOSS)/EARNINGS PER SHARE

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

	Basic		Diluted	
	2015 US$	2014 US$	2015 US$	2014 US$
(Loss)/Profit attributable to shareholders	(6,216,216)	44,936	(6,216,216)	44,936

(Amounts in United States dollar)

31. (LOSS)/EARNINGS PER SHARE (CONTINUED)

Weighted average number of shares

	Number of shares	
	2015	**2014**
For basic earnings per share	1,186,563,484	1,179,396,002
Effect of dilutive potential ordinary shares		
- Share options pursuant to the Scheme	792,329	2,072,727
For diluted earnings per share	1,187,355,813	1,181,468,729

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.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares represent 2010 share options which has been fully expired in June 2014 (Note 21).

For the number of 2010 share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

32. RELATED PARTY TRANSACTIONS

Details of compensation of key management personnel is as follows:

	Group	
	2015	**2014**
	US$	**US$**
Salaries, bonus and others	924,872	908,121
Contributions to defined contribution plans	44,915	50,847
	969,787	958,968
Directors' fees	126,981	127,940
Total compensation paid/payable to key management personnel	1,096,768	1,086,908
Comprised of amount due to:		
Directors of the Company		
- Fees	126,981	127,940
- Remuneration and contribution to defined contribution plans	546,080	562,900
	673,061	690,840
Other key management personnel	423,707	396,068
	1,096,768	1,086,908

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 2015 owing to the directors of the Company are disclosed in Note 15.

There has been no other related party transaction entered into during the financial year.

(Amounts in United States dollar)

33. EMPLOYEE BENEFITS

	Group	
	2015	**2014**
	US$	**US$**
Employee benefits expense (including directors):		
- Salaries, bonuses and others	4,203,915	3,929,930
- Contribution to defined contribution plans	484,035	350,044
	4,687,950	4,279,974
Directors' fees	126,981	127,940
	4,814,931	4,407,914
Charged to consolidated statement of comprehensive income	2,519,978	2,386,038
Capitalised in development expenditure (Note 7)	2,294,953	2,021,876
	4,814,931	4,407,914

34. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Corporate Guarantee by the Company

As at 31 March 2015, corporate guarantees given to financial institutions, in connection with the facilities granted to subsidiaries (Note 18) amounted to approximately US$3.7 million (2014: US$2.9 million). The facilities are for working capital purposes. As at 31 March 2015, 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	
	2015	**2014**
	US$	**US$**
Future minimum lease payments:		
- within one year	407,803	405,704
- later than one year but not later than five years	187,370	588,959
	595,173	994,663

(Amounts in United States dollar)

34. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(iii) Future capital expenditure

Capital expenditure contracted for as at 31 March 2015 but not recognised in the financial statements:

	Group	
	2015	**2014**
	US$	**US$**
In respect of		
- property, plant and equipment	131,520	–
- intangible assets	265,227	–
	396,747	–

35. 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.

The completion of the CSPA is subject to, amongst others, the fulfillment 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

At the date of these financial results, the Proposed Disposal is still on going. As announced by the Company on 29 July 2015, the directors of the Company are in the process of reviewing the revised terms and conditions of the Proposed Disposal with the Buyer.

36. 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.

36. SEGMENT INFORMATION (CONTINUED)

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.

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.

In the previous financial year, sales made to customers based in Middle East were grouped under "Asia Pacific and others". It has been disclosed separately under "EMEA" during the financial year. The comparative information presented has been restated to reflect the change in composition during the financial year.

(Amounts in United States dollar)

36. SEGMENT INFORMATION (CONTINUED)

As at 31 March 2015	EMEA	North America	Asia Pacific	Consolidated
	US$	US$	US$	US$
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.

(Amounts in United States dollar)

36. SEGMENT INFORMATION (CONTINUED)

As at 31 March 2014 (Restated)	EMEA	North America	Asia Pacific	Consolidated
	US$	US$	US$	US$
Revenue				
Total revenue from external customers	4,071,060	4,789,170	4,788,302	13,648,532
Segment result	504,563	665,547	1,072,564	2,242,674
Unallocated expenses *				(2,078,654)
Other income				178,712
Finance expenses				(297,796)
Profit before income tax				44,936
Income tax expense				–
Profit for the year				44,936
Segment assets				
- Segment assets	1,220,361	799,631	22,652,624	24,672,616
- Deferred tax assets				2,152,079
Total assets				26,824,695
Segment liabilities	866,768	725,727	6,247,645	7,840,140
Other information				
Capital expenditure				
- Plant and equipment	–	–	819,391	819,391
- Intangible assets	–	–	2,165,941	2,165,941
Depreciation and amortisation**	111,620	677,050	1,166,378	1,955,048

* 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	
	2015	2014
	US$	US$
Land communication products	3,934,975	1,569,923
Maritime communication products	6,503,033	9,810,556
Design services	2,222,218	1,526,400
Components and other sales	2,064,871	741,653
	14,725,097	13,648,532

36. SEGMENT INFORMATION (CONTINUED)

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

	Revenue	
	2015	**2014**
	US$	**US$**
Country of domicile		
- Singapore	3,039,334	1,318,762
Foreign countries		
- United States of America	2,328,627	3,643,261
- Korea	346,933	2,360,536
- UAE	2,880,701	1,909,459
- United Kingdom	838,884	1,118,915
- China	2,949,538	1,158,491
- Canada	172,697	1,144,146
- Australia	350,513	440,325
- Malaysia	966,237	–
- Others*	851,633	554,637
	14,725,097	13,648,532

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

Major customers

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.

In 2014, revenue of the Group was attributable to major customers as follows:

- One major customer based in EMEA, North America and Asia Pacific, totaling US$5,404,000.
- Two major customers based in Asia Pacific, amounted to US$2,360,000 and US$2,009,000 respectively.

37. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

The Group sells its products/services in several countries and for some of such overseas sales, it transacts in Singapore dollar, Euro and Renminbi. Borrowings by the subsidiary are denominated in Singapore dollar. As a result, movements in Singapore dollar, Euro and Renmimbi exchange rates are the main foreign exchange risk which the Group is exposed to. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and existing and firm purchases and sales commitments. The Group has not entered into any derivative instruments for hedging or trading purposes.

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk

(a) Foreign exchange risk

Group As at 31 March 2015	United States dollar	Singapore dollar	British Pound Sterling	Renminbi	Others*	Total
	US$	US$	US$	US$	US$	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
Intragroup receivables	2,369,181	3,438,804	–	323,424	–	6,131,409
	5,280,839	3,963,052	–	1,089,774	–	10,333,665
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
Intragroup payables	2,369,181	3,438,804	–	323,424	–	6,131,409
	5,721,126	9,575,782	37,101	402,492	9,636	15,746,137
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.

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group As at 31 March 2014	United States dollar	Singapore dollar	Euro dollar	Renminbi	Others*	Total
	US$	US$	US$	US$	US$	US$
Financial assets						
Amounts due from customers for contract work	686,071	183,491	–	–	–	869,562
Trade receivables	1,981,769	433,667	–	273,195	–	2,688,631
Other receivables and deposits	535,028	162,763	–	219,121	–	916,912
Available-for-sale financial assets	4,575	–	–	–	–	4,575
Fixed deposit	–	47,028	–	–	–	47,028
Cash and bank balances	187,931	19,925	–	49,354	–	257,210
Intragroup receivables	2,158,686	3,749,563	–	–	–	5,908,249
	5,554,060	4,596,437	–	541,670	–	10,692,167
Financial liabilities						
Trade payables	1,888,400	63,134	234,091	–	23,299	2,208,924
Other payables and accruals	93,500	1,730,900	–	8,078	40,118	1,872,596
Borrowings	–	2,956,452	–	–	–	2,956,452
Intragroup payables	2,158,686	3,749,563	–	–	–	5,908,249
	4,140,586	8,500,049	234,091	8,078	63,417	12,946,221
Net financial assets/(liabilities)	1,413,474	(3,903,612)	(234,091)	533,592	(63,417)	(2,254,054)
Less: Net financial assets denominated in the respective entities' functional currencies	(1,378,486)	–	–	(51,787)	–	(1,430,273)
Foreign currency exposure	34,988	(3,903,612)	(234,091)	481,805	(63,417)	(3,684,327)

* Others comprise British Pound Sterling, Hong Kong dollar, Malaysian Ringgit and Japanese Yen.

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company **As at 31 March 2015**	**United States dollar**	**Singapore dollar**	**Total**
	US$	**US$**	**US$**
Financial assets			
Available-for-sale financial assets	2,135	–	2,135
Other receivables and deposits	500,111	108	500,219
Due from subsidiaries (non-trade)*	184,494	3,366,094	3,550,588
Cash and bank balances	–	3,680	3,680
	686,740	3,369,882	4,056,622
Financial liabilities			
Other payables and accruals	6,000	782,565	788,565
Due to subsidiaries (non-trade)*	2,553,675	–	2,553,675
	2,559,675	782,565	3,342,240
Net financial (liabilities)/assets	(1,872,935)	2,587,317	714,382
Less: Net financial liabilities denominated in the Company's functional currency	1,872,935	–	1,872,935
Foreign currency exposure	–	2,587,317	2,587,317

* Net amount due to subsidiaries denominated in United States dollar is US$2,369,181, and the balances presented prior to and after appropriate offsetting as below:

	United States dollar	**Singapore dollar**	**Net amount presented on the statement of financial position**
	US$	**US$**	**US$**
Financial assets			
Due (to) / from subsidiaries (non-trade)	(2,230,141)	3,366,094	1,135,953
Financial liabilities			
Due to a subsidiary (non-trade)*	(139,040)	–	(139,040)
Net financial (liabilities) / assets	(2,369,181)	3,366,094	996,913

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company **As at 31 March 2014**	**United States dollar**	**Singapore dollar**	**Total**
	US$	**US$**	**US$**
Financial assets			
Available-for-sale financial assets	4,575	–	4,575
Other receivables	118	–	118
Due from subsidiaries (non-trade)	2,157,734	3,676,850	5,834,584
Cash and bank balances	–	9,552	9,552
	2,162,427	3,686,402	5,848,829
Financial liabilities			
Other payables and accruals	6,000	957,423	963,423
	6,000	957,423	963,423
Net financial assets	2,156,427	2,728,979	4,885,406
Less: Net financial assets denominated in the Company's functional currency	(2,156,427)	–	(2,156,427)
Foreign currency exposure	–	2,728,979	2,728,979

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% (2014: 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 2015	**Singapore dollar**	**British Pound Sterling**	**Renminbi**	**Others**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
Group					
Loss for the year	(465,857)	(3,079)	38,693	(800)	(431,043)
Company					
Loss for the year	214,747	–	–	–	214,747

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity (Continued)

As at 31 March 2014	United States dollar	Singapore dollar	Euro	Renminbi	Others	Total
	US$	US$	US$	US$	US$	US$
Group						
Profit for the year	2,904	324,000	19,430	(39,990)	5,264	311,608
Company						
Loss for the year	–	226,505	–	–	–	226,505

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.

(b) Interest rate risk

The Group obtains additional financing through borrowings from financial institutions. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2015, there were no such financing arrangements, interest rate swap contracts or other derivative instruments being outstanding.

Interests on the Group's borrowings (Note 17) 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 statement of 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.

(ii) Liquidity risk

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

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

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Group	On demand or within 1 year	Later than 1 year and not later than 5 years
	US$	US$
As at 31 March 2015		
Trade payables	4,332,861	–
Other payables and accruals	1,540,169	–
Borrowings	4,078,402	34,944
	9,951,432	34,944
As at 31 March 2014		
Trade payables	2,208,924	–
Other payables and accruals	1,872,596	–
Borrowings	60,173	3,477,362
	4,141,693	3,477,362

Company	On demand or within 1 year
	US$
As at 31 March 2015	
Other payables and accruals	788,565
Due to a subsidiary (non-trade)	139,040
	927,605
As at 31 March 2014	
Other payables and accruals	963,423

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk

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

Included in the Group's trade receivables are the following major customers:

	2015		2014	
	Number of customers	**%**	**Number of customers**	**%**
EMEA	1	23	1	10
North America	1	27	1	19
Asia Pacific	2	31	1	19

The above customers in EMEA and North America are both established global corporations in satellite communication industries.

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	
	2015 US$	**2014 US$**
Corporate guarantees provided to banks on subsidiary's loans and finance leases	3,706,530	2,879,941

The Group's trade receivables are non-interest bearing and are generally ranging from 0 to 60 days (2014: 0 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

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

	Group	
	2015	**2014**
	US$	**US$**
By geographical areas		
- EMEA	753,769	422,940
- North America	875,074	775,086
- Asia Pacific	1,421,212	1,490,605
	3,050,055	2,688,631
By type of revenue		
- Sales of finished products and components	2,942,963	2,301,932
- Design services	107,092	386,699
	3,050,055	2,688,631

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

The age analysis of trade receivables is as follows:

	Group	
	2015	**2014**
	US$	**US$**
Not past due and not impaired	2,380,356	1,853,201
Past due but not impaired		
- Past due 0 to 3 months	518,790	755,154
- Past due 3 to 6 months	150,909	57,097
- Past due over 6 months	–	23,179
	669,699	835,430
Impaired trade receivables	–	19,679
Less: Allowance for doubtful trade receivables	–	(19,679)
	3,050,055	2,688,631

(Amounts in United States dollar)

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

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

	Group	
	2015	**2014**
	US$	**US$**
As at beginning of year	19,679	19,679
Write off during the year	(19,679)	–
As at end of the year	–	19,679

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$669,699 (2014: US$835,430) 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$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.

At the balance sheet 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 12) was an amount of US$500,000 (2014: 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 12) was an amount of US$18,932 (2014: US$197,097) due from an employee of the Group.

(iv) Financial instruments by category

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$	**US$**	**US$**	**US$**
Financial assets:				
- Loans and receivables	4,200,121	4,779,343	1,639,852	5,844,254
- Available-for-sale	2,135	4,575	2,135	4,575
	4,202,256	4,783,918	1,641,987	5,848,829
Financial liabilities at amortised cost	9,614,728	7,037,972	927,605	963,423

37. FINANCIAL INSTRUMENTS (CONTINUED)

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	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
As at 31 March 2015				
Recurring:				
Financial assets				
Available-for-sale financial assets	2,135	–	–	2,135
As at 31 March 2014				
Recurring:				
Financial assets				
Available-for-sale financial assets	4,575	–	–	4,575

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 are 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.

37. FINANCIAL INSTRUMENTS (CONTINUED)

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 2014.

Analysis of Shareholdings

Distribution of shareholdings as at 24 July 2015

Issued and fully paid-up capital	:	S$ 73,844,604
Total number of shares	:	1,187,355,813
Class of Shares	:	Ordinary
Treasury shares	:	Nil
Voting Rights (excluding treasury shares)	:	One Vote Per Share

Distribution of shareholdings as at 24 July 2015

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	11	0.25	664	0.0001
100 – 1,000	274	6.32	258,360	0.0218
1,001 – 10,000	1,493	34.43	8,988,350	0.7570
10,001 – 1,000,000	2,450	56.50	261,201,750	21.9986
1,000,001 and above	108	2.49	916,906,689	77.2226
Total	**4,336**	**100**	**1,187,355,813**	**100.0000**

As at 24 July 2015, the percentage of shareholdings held in the hands of the public was 81.5% and Rule 723 of the Listing Manual is complied with.

20 largest registered shareholders as at 24 July 2015 as shown in the Registers of Members

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	90,797,460	7.65%
2	CREST CAPITAL ASIA PTE LTD	81,199,017	6.84%
3	ORIENTAL MAYA (S'PORE) PTE LTD	54,000,000	4.55%
4	TAN KHAI PANG	51,675,360	4.35%
5	CHAN KUM LOK COLIN	39,190,960	3.30%
6	UOB KAY HIAN PTE LTD	36,541,000	3.08%
7	GOH POH HENG	33,904,000	2.86%
8	DBS VICKERS SECS (S) PTE LTD	26,583,833	2.24%
9	CITIBANK NOMS S'PORE PTE LTD	24,143,006	2.03%
10	CHAN KUM ONN ROGER	23,956,240	2.02%
11	OCBC SECURITIES PRIVATE LTD	23,534,420	1.98%
12	WONG KOON CHUE @ WONG KOON CHUA	21,667,000	1.82%
13	CHIA MIA NGUANG	21,300,000	1.79%
14	LIM HAN BOON	19,990,560	1.68%
15	DBS NOMINEES PTE LTD	18,608,400	1.57%
16	NG SER MIANG	18,053,000	1.52%
17	HSBC (SINGAPORE) NOMS PTE LTD	16,650,000	1.40%
18	PHILLIP SECURITIES PTE LTD	14,180,000	1.19%
19	UNITED OVERSEAS BANK NOMINEES	13,478,900	1.14%
20	THE ENTERPRISE FUND II LTD	13,000,000	1.09%
		642,453,156	**54.11%**

SUBSTANTIAL SHAREHOLDERS INFORMATION
(As recorded in the Register of Substantial Shareholders)

Name	No. of Shares	%
Merida Resources Incorporated	60,097,000	5.06%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth 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 Friday, 21 August 2015 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2015 together with the reports of the Directors and Auditors thereon. **(Resolution 1)**

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

   Mr Tan Khai Pang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

3. To re-elect Mr Michael J Butler, a Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 3)**

   Mr Michael J Butler will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and 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.

4. To approve the Directors' Fee of S$160,000 for the financial year ended 31 March 2015 (2014: S$160,000). **(Resolution 4)**

5. To re-appoint Crowe Horwath First Trust 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 5)**

AS SPECIAL BUSINESS

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

6. 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

(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 6)
(See Explanatory Note 1)

7. Proposed renewal of share buy-back 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;

(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 7)**
(See Explanatory Note 2)

ANY OTHER BUSINESS

8. 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, 6 August 2015

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.

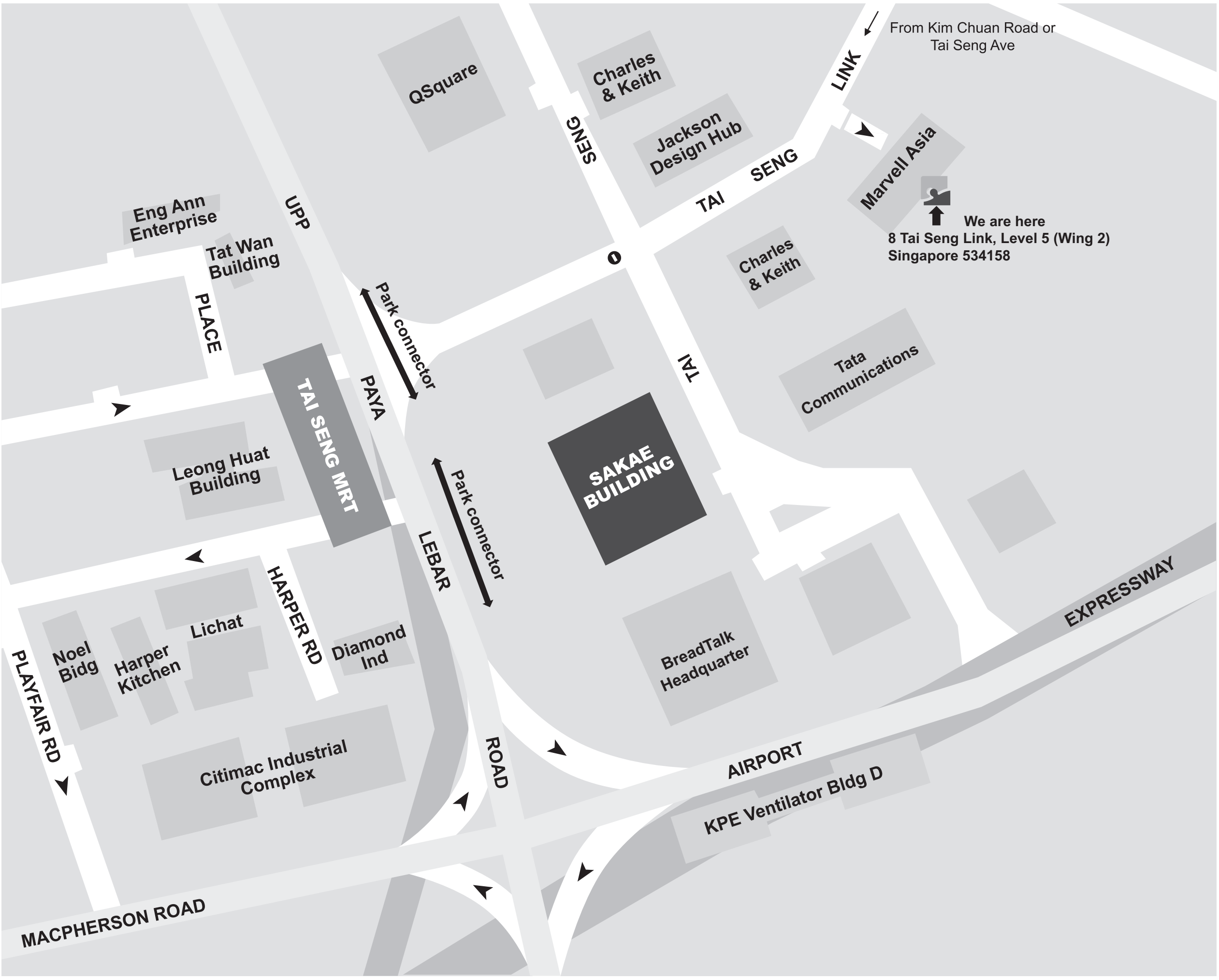
3. The instrument appointing a proxy must be lodged at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 not less than 48 hours before the time appointed for the Meeting.

Explanatory Notes on Special Business to be transacted:

1. **Resolution 6**, 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.

2. **Resolution 7** in item 7 relates to the renewal of mandate approved by shareholders on 30 July 2014 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 6 August 2015 on the Renewal of the Share Buyback Mandate.

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



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PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy ADDVALUE TECHNOLOGIES LTD shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent FOR INFORMATION ONLY.
2. 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.

NINETEENTH ADDVALUE TECHNOLOGIES LTD
(Incorporated in the Republic of Singapore)
Registration No. 199603037H

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 and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 on **Friday, 21 August 2015** 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 as indicated with an "X" 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.	Resolutions relating to:	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2015 together with the reports of Directors and Auditors thereon.				
2.	To re-elect Mr Tai Khai Pang, a Director retiring under Article 104 of the Articles of Association of the Company.				
3.	To re-elect Mr Michael J Butler, a Director retiring under Article 104 of the Articles of Association of the Company.				
4.	To approve the Directors' Fee of S$160,000 for the financial year ended 31 March 2015 (2014: S$160,000).				
5.	To re-appoint Crowe Horwath First Trust 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.				
	Special Business				
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				
7.	To approve the renewal of Share Buyback Mandate.				

* Please indicate your vote "For" or "Against" with a "X" within the box provided.
** If you wish to exercise all your votes "For" or "Against", please cross "X" within the box provided.
Alternatively, please indicate the number of votes as appropriate.

Dated this _____________ day of __________________2015

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 entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.

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

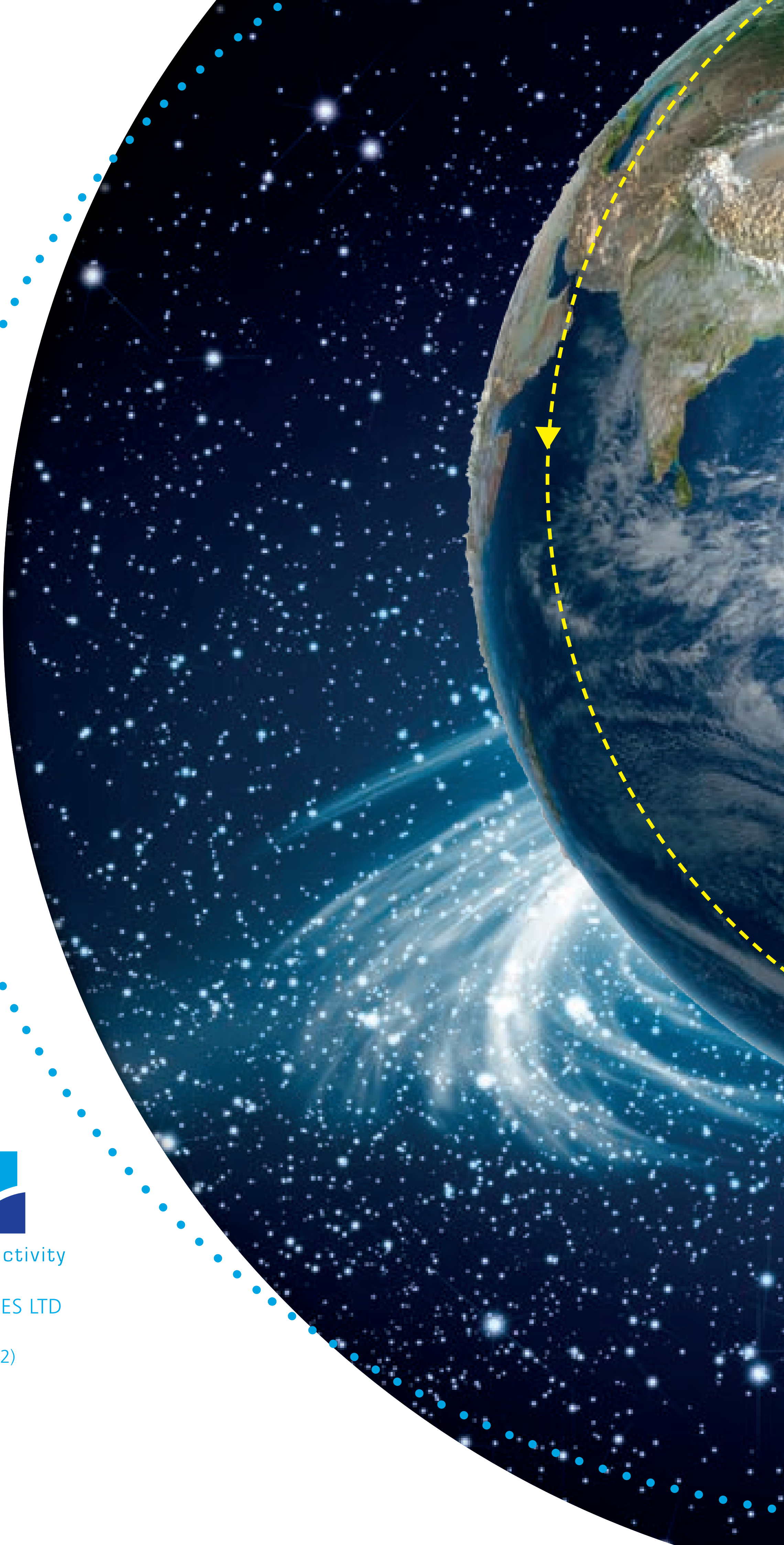
3. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. 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 Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

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

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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.

7. 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 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.



addvalue
driving connectivity

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