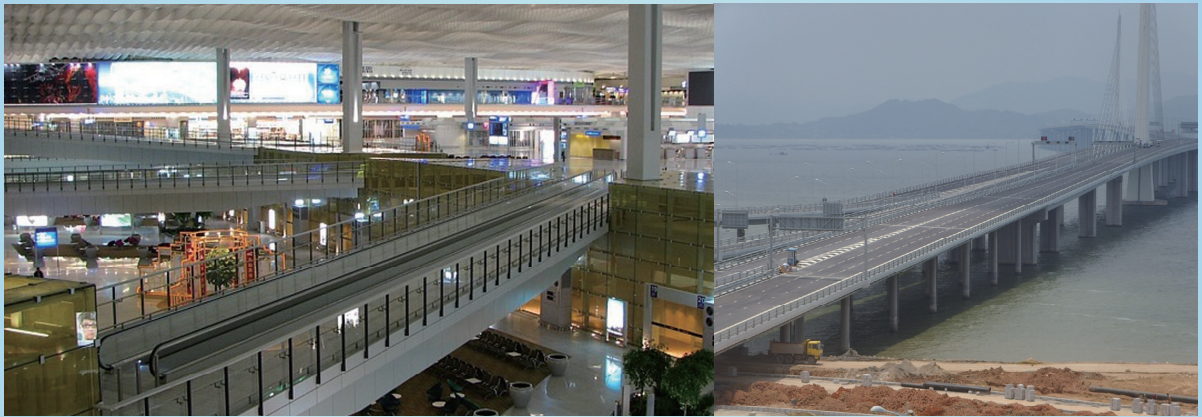




UniVision Engineering Limited



Security Solutions

Forward-thinking technology

Annual Report

Year ended 31 March 2008

UNIVISION ENGINEERING LIMITED
Annual Report
Year ended 31 March 2008

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BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*
Chun Hung WONG, *Chief Executive Officer*
Chun Pan WONG, *Technical Director*
Danny Kwok Fai YIP, *Finance Director*
Richard FERNIE, *Non-Executive Director*
Andrew Ping Sum TANG, *Non-Executive Director*

Senior Management

Mike Chiu Wah CHAN, *Director of Operations*
Yip Tak CHAN, *Director of Sales and Marketing*

Audit Committee

Andrew Ping Sum TANG, *Chairman*
Richard FERNIE
Stephen Sin Mo KOO

Remuneration Committee

Richard FERNIE, *Chairman*
Andrew Ping Sum TANG
Stephen Sin Mo KOO

Company Secretary

Danny Kwok Fai YIP

Registered Office

8/F Lever Tech Centre
69-71 King Yip Street
Kwun Tong
Kowloon
Hong Kong
Tel: (852) 2389 3256
Fax: (852) 2797 8053
E-mail: uvel@hk.uvel.com
Website: www.uvel.com

AIM Stock Code: UVEL

Nominated Adviser and Broker

HB Corporate, a division of Hoodless Brennan plc,
40 Marsh Wall,
Docklands,
London E14 9TP
UK

Auditors

LITTLEJOHN
1 Westferry Circus, Canary Wharf
London E14 4HD

Financial Public Relations

THREADNEEDLE COMMUNICATIONS
107-111 Fleet Street
London EC4A 2AB

Registrars

Computershare Investor Services (Channel
Islands) Limited
PO Box 83 Ordnance House
31 Pier Road St Helier
Jersey JE4 8PW
Channel Islands

UK Depositary

Computershare Investor Services PLC
The Pavilions
Bridgwater Road,
Bristol BS99 7NH
UK

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report on the results of the Group for the financial year ended 31 March 2008, our third year as a public company, which has proved to be an exciting and successful period for UniVision.

Our business operates in two distinct areas, namely the provision of turn key Security and Surveillance Systems, and in the Electrical and Mechanical ("E&M") sector. The Security and Surveillance Systems business, which provides a one stop shop for our clients' needs and includes our subsidiary T-Com, has continued its growth in the Greater China Region. The performance of this business has been stable over the course of the year.

Our E&M business, which is operated through Leader Smart, our wholly owned subsidiary based in Shanghai has had a successful year. We have expanded our presence and now have a successful operation in the Zhongshan shopping mall in China. We will continue to expand and develop our E&M business, although in the short term it is inevitable that its performance may be affected by the overall state of the commercial property market in China.

As well as driving forward our organic growth, we will also look for further possible expansion in Security and Surveillance businesses through select M&A targets within the South East Asia region.

We are considering developing our own, unique products to cater for the growing demand in the surveillance and security industry, both domestically and abroad, such as video analysis devices and related applications. We remain confident in the Group's long-term growth potential.

FINANCIAL REVIEW

During the period under review, turnover increased by 63% to £14.5M (2007: £8.9m). This growth is attributable to the profitable E&M business in China through our 100% owned subsidiary, Leader Smart (Shanghai). Our Security and Surveillance businesses, including T-Com, remain stable. I am delighted that turnover for the period was significantly higher than our internal forecasts.

Gross profit margin was 30% (2007: 32%). Administration and other operating expenses were in line with the Group's increase in capital investment, marketing and office expansion, rising to £2.7M (2007: £1.5M). This increase is principally due to the additional administration costs of our subsidiaries T-Com and Leader Smart Shanghai, which include business tax on service income. Further, one off expenses were incurred in investigating the possibility of listing on a US market, and a full impairment loss of £0.34M was made against a receivable from the PRC.

Net growth in adjusted profit before tax after excluding all one-off expenses increased by 43% to £2.2 million.

Basic earnings per share decreased to 0.36p from 0.39p due to the impairment loss and the one-off expenses.

MARKET REVIEW

The demand for surveillance products and systems in China has been growing at 25% - 35 % per annum due to growing security concerns and the Chinese government's pledge to improve public security. Industrial and economic growth in the Greater China region is leading to an increase in the construction of facilities, such as hotels, shopping centres, and convention and exhibition centres.

There is a continuing strong demand for IP Video such as Digital Video Server (DVS), Network Video Recorders (NVRs) and Internet Protocol (IP) cameras. Specific examples of this include the upgrade of traffic surveillance in Hong Kong and the upgrade of Digital Video Server (DVS) for the Hong Kong Kowloon and Canton Railway, the Hong Kong MTRC and the Hong Kong Housing Authority, as well as the new Hong Kong Government Headquarters and the Western Kowloon development complex.

CHAIRMAN'S STATEMENT

(continued)

BUSINESS REVIEW

Markets

IP Video is providing the CCTV industry with a unique set of tools, particularly for use in the demanding transportation industry which has used the analogue system for a decade.

The use of a Hybrid IP analogue system is the most cost effective way to connect IP and analogue cameras with CCTV Matrix Controllers and DVS. Hybrid solutions provide large installed base analogue cameras with a gateway to transmit video streams from networks and the Internet.

There are considerable opportunities in Greater China which is providing avenues for the Hybrid solutions. The Group is looking into several different solutions, including Video compression technology MPEG-4 and H.264, Digital Encoder and Decoder (Codec) with built-in video analysis algorithms. These systems are particularly prevalent in the Homeland Security field, where new areas of focus will be centered on intruder detection, loitering detection, left behind objects and trip wire will be the new area of interest.

We expect that the market will go towards more sophisticated and integrated systems as well as high-tech products. The Board believes that UniVision will be among the pioneers in providing the most effective solutions for businesses involved in airport, rail and traffic surveillance industry and we hope to expand our sphere of business accordingly. By focusing on our core strength, we remain cautiously optimistic in our future growth prospects.

Technologies, Solutions and Products

On the solutions side, an ongoing product development programme is in place to cater for the needs of the Group's growing client base in the Asia Pacific region.

The embedded DVR, which is sold under the Univision brand, has been used in several projects in Hong Kong. The newly developed Video Amplifier with an on-screen display function has also been used in one of our projects. We have received several other enquiries and excited by its potential. We are also working on video analysis algorithms as well as some applications which we expect to launch in the coming year.

Acquisitions and Investments

The success of our investments in T-Com Tech. Co. Ltd and Leader Smart (Shanghai) Ltd has reinforced the Company's strategy of acquiring interests in companies with strategic value. Turnover at T-Com has increased and its overall performance is improving. As for Leader Smart, it has enabled us to obtain WOFE (Wholly Owned Foreign Enterprise) status within China and provides a platform to explore and expand further the business in China. To this end, the Group is currently assessing a number of companies in related fields with a view to making further strategic investments.

Contract Wins

During the reporting period, I am pleased to report that the Group was awarded a number of high profile projects including CCTV systems in the following locations; there are numbers of projects in the Hong Kong Airport for its expansion and renovation. They are: the upgrade of BHS and Terminal 1 Camera, the On-Board CCTV for Terminal 1 APM' Skypier CCTV system and East Hall modification work. The others include the DVRS in East Rail Stations, the expansion for Lok Ma Chau Spur Line terminal and redundant H.264 Digital Video Codec system for Olympic Games. We have also been awarded a contract for an E & M System for the Ming Xuan Square Mall in Zhongshan, China. A similar project in Huangshan is under negotiation and will hopefully commence soon.

CHAIRMAN'S STATEMENT

(continued)

Macau Casinos

The business is declining due to the tightened control measure of the China Government policy. Projects for building new hotel and casino are being delayed or withheld. We are expecting the business will continue reducing.

MTR & Maintenance

Our maintenance contracts are particularly important to the business by providing strong visibility in our revenue and I am delighted that we have continued to develop this side of the business. In particular, our relationship with the Mass Transit Railway ("MTR") has proved to be positive. A further extension of a 3-year maintenance contract for the CCTV, Public Address and Passenger Information Display System (PIDS) is expected in the coming year. There are also several renovation contracts anticipated for MTR in the fourth quarter of 2008. We have also extended our services to cover the CCTV system in Ngong Ping 360, a subsidiary of MTR, as well as ELV systems for some MTR managed properties

PROSPECTS

Our Security and Surveillance business remains stable, although competition remains high. The Company is exploring new revenue streams from both the public and private sector in the Greater China Region. We are working with partners in other areas to secure product distribution channels. We continue to enhance our product and application development programmes.

The business model of E&M business with the property rights held as collateral as within Leader Smart (Shanghai) this year has proven to be successful and profitable. At the Shopping Mall in Zhongshan, we secured a contract that includes cash for engineering services and property rights. This model is, we believe, unique. The management believes, in addition to diversifying our operations, it will enable us to hedge the credit risk in doing business in China. This will also increase our related Security and Surveillance business. WOFE status of Leader Smart (Shanghai) is an advantage to attract foreign capital to invest in China. The Board is confident of making further significant progress in the current year.

Finally, on behalf of the Board, I would like to thank our customers, suppliers and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all the staff for their contribution and dedication to the Group.

MR. STEPHEN KOO
EXECUTIVE CHAIRMAN
30 September 2008

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Richard FERNIE – Non Executive Director (aged 62)

Mr. Fernie was appointed as a non-executive Director on 19 December 2006. Mr. Fernie holds a Bachelor of Science degree from the University of Strathclyde. He has been a divisional managing director of international electronic security business with turnover up to 100m pounds

Andrew Ping Sum TANG – Non Executive Director (aged 51)

Mr. Tang was appointed as a non-executive Director on 1 December 2005. Mr. Tang holds a Bachelor of Commerce Degree from the University of Western Australia and a Masters Degree in Applied Finance from Macquarie University. He is a member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Certified Public Accountants of Australia and the Hong Kong Securities Institute, a director of the Institute of Securities Dealers and a member of the advisory board of the Society of Registered Financial Planners of Hong Kong. Mr. Tang was a Manager of the Licensing Department of Securities and Futures Commission from 1993 to 1995. He monitored the registrants under Securities Ordinance and participated in the development of licensing systems and procedures. Mr. Tang has over 10 years experience in the financial services industry. He was the Deputy Chairman and General Manager of Hantec Investment Holdings Limited, a financial services group listed on the main board of the Stock Exchange of Hong Kong. At present, Mr. Tang is the Director-China Business of Tai Fook Securities Group, a leading securities group which listed on the main board of the Stock Exchange of Hong Kong.

Stephen Sin Mo KOO – Executive Chairman (aged 51)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He holds both a Bachelor Degree from the University of Technology, Sydney, and a Masters Degree in Business from the Royal Melbourne Institute of Technology in Australia. He was a director of MultiVision Holdings Limited in 2001, prior to being appointed to the Board of UniVision. He is a Fellow of the Institute of Certified Public Accountants of Australia.

Chun Hung WONG – Chief Executive Officer (aged 49)

Mr. Wong joined UniVision in 1998 and was appointed as CEO on 1 January 2008. Before the appointment, he was the Director of Operations who responsible for the management of the Project and Maintenance Divisions. Mr. Wong holds a Master of Business Administration degree from The Open University of Hong Kong. He has over 20 years' experience in project management. Mr. Wong is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations.

Chun Pan WONG – Technical Director (aged 48)

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He has a degree in Computer Science from the University of Edinburgh, Scotland, and over 16 years' experience in the surveillance industry. He is responsible for the development of UniVision's state of the art CCTV control and monitoring systems and smart card access systems.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

(Continued)

Danny Kwok Fai YIP –Finance Director (aged 44)

Mr. Yip was appointed as Finance Director on 18 September 2007. He was the Financial Controller for the Group before the appointment. Mr. Yip obtained a Bachelor of Commerce (Accounting) degree from The Curtin University of Technology. Before joining the Group, Mr. Yip was the Accounting Manager of Nissin Food Group, the leading instant noodle manufacturing MNC. Mr. Yip has over 20 years' experience in finance and accounting in different industries. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. He also acts as Company Secretary for the Corporate.

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Mike, Chiu Wah CHAN – Director of Operations (aged 34)

Mr. Chan joined UniVision as Assistant Engineer in December 1996, and was promoted to a number of increasingly senior positions in maintenance and project department, prior to being appointed to his present position on 2 January 2008. He is now responsible for the management of UniVision's Project and Maintenance Division. Mr. Chan holds a Bachelor of Engineering degree in Industrial and Manufacturing System Engineering from the University of Hong Kong.

Yip Tak CHAN – Director of Sales and Marketing (aged 44)

Mr. Chan joined UniVision in 1995. He holds a Degree in Computing from the University of Northwest Missouri and has over 10 years' experience in sales and project management. He is responsible for UniVision's Sales and Marketing Division.

UNIVISION ENGINEERING LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Company and Group for the year ended 31 March 2008.

Principal Activities

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, sale of security related products. The Group is involved in similar activities as well as electrical and mechanical services.

Review of the Business

A review of the Company and Group and its future development is included in the Chairman's Statement.

Financial Position

The Group's consolidated profit for the year ended 31 March 2008 and the state of affairs of the Group at that date are set out in the income statement on page 18 and in the balance sheet on page 19 respectively.

The Group's changes in equity for the year ended 31 March 2008 are set out in the statement of changes in equity on page 21.

The Group's consolidated cash flow for the year ended 31 March 2008 is set out in the cash flow statement on pages 23 to 24.

Key Performance Indicators (KPI)

		<u>2008</u>	<u>2007</u>
Current Ratio:	Current Asset / Current Liabilities	1.8	2.45
Average Collection Period :	Account receivable / Sales per Day	43 days	88 days
Inventory Turnover :	Cost of goods sold / Inventory	10.4	6.0
Gross profit Margin :	Gross profit / Sales	30%	32%
Operating Profit Margin :	Operating Profit / Sales	9%	14%
Profit /Equity :	Operating Profit / Equity	20%	22%

Share Capital and Reserves

Details of the movements in share capital are set out in note 27 on pages 74

The movements in reserves during the year are set out in the statement of changes in equity on page 21

Dividends

The Directors do not propose the payment of a dividend for the year ended 31 March 2008 (2007: Nil).

Plant and Equipment

Details of the movements in plant and equipment are set out in note 17 on page 63 to 64

DIRECTORS' REPORT

(Continued)

Directors

The directors who held office during the year and to the date of this report were as follows:

Stephen Sin Mo KOO	
Stephen Pui Ming CHAN	(resigned on 31 December 2007)
Chun Hung WONG	(appointed on 1 January 2008)
Ronald Kwok Wai Sin	(resigned on 31 July 2007)
Johnny Ka Siu TANG	(resigned on 1 Nov 2007)
Andrew Ping Sum TANG	
Chun Pan WONG	
Richard FERNIE	
Danny Kwok Fai YIP	(appointed on 18 September 2007)

Mr. Andrew Ping Sum TANG and Mr. Richard FERNIE retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, offers themselves for re-election.

Directors' Interests in Contracts

No director had a material interest in any contract of significance to the business of the Company to which the Company was a party subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares

According to the register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors (or their immediate families) who held office at the end of the financial year in the ordinary shares of the Company are as set out in the table below:

	Ordinary Shares held as at 31 March 2008
	-
Stephen Sin Mo KOO	80,710,000*
Chun Hung WONG	-
Andrew Ping Sum TANG	-
Chun Pan WONG	-
Richard FERNIE	-
Danny Kwok Fai YIP	-

* The ordinary shares are registered under the name of Up Sky Investments Limited which is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Moo KOO. Mr. Stephen Sin Mo KOO, is deemed to be interested in all the ordinary shares registered in the name of Up Sky Investments Limited.

Save as disclosed in this report, none of the Directors (or their immediate families) who held office at the end of the financial year had interests in the share capital of the Company during the financial year.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the directors of the Company to acquire by means of the acquisition of shares in, or debentures of any other body corporate.

DIRECTORS' REPORT

(Continued)

Substantial Shareholdings

As at 26 September 2008 the Directors had been informed of the following companies that held in 3% or more of the Company's issued ordinary share capital

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited ⁽¹⁾	183,736,000	47.9
Up sky Investments Limited ⁽²⁾	78,744,000	20.5
Raven Nominees Limited	32,948,199	8.6
Pershing Nominees Limited	16,928,834	4.4
W B Nominees Limited	15,431,800	4.0

⁽¹⁾ UniVision Holdings Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mayne Management Limited. Mayne Management Limited is a wholly-owned subsidiary of Cameo Management Group Limited which, in turn, is a trustee of a trust set up for the benefit of members of the Chen family, a Hong Kong based family with widespread investments.

⁽²⁾ Up Sky Investments Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO.

Payments to Creditors

The Group does not follow any code or standard on payment practice but instead the Group policy is to pay all creditors in accordance with agreed terms of business.

Political and Charitable Donations

During the year the Company made no political or charitable contributions (2007: Nil).

Employees

The Group values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Group encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Group.

The Group recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Group will give every effort to ensure that their employment will continue and that sufficient training is arranged.

Annual General Meeting

The Annual General Meeting of the Company will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 31 October 2008 at 5:00p.m. The Notice of Meeting appears on page 78.

Annual Report

The annual report for the year ended 31 March 2008 will be sent to shareholders and will be available, free of charge, from the offices of the Company's nominated adviser, HB Corporate, a division of Hoodless Brennan plc., at 40 Marsh Wall, London, E14 9TP and the Company's registrar, Computershare Investor Services (Channel Islands) Limited at PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Island from 13 October 2008.

DIRECTORS' REPORT

(Continued)

Auditors

A resolution to re-appoint the retiring auditor, Littlejohn, Chartered Accountants will be put at the forthcoming Annual General Meeting.

By Order of the Board

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
30 September 2008

REMUNERATION REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board.

Membership of Remuneration Committee

The Remuneration Committee comprises Mr. Andrew Ping Sum TANG (our Non-executive Director), Mr. Richard FERNIE (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Richard FERNIE.

Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the executive Directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the executive directors is determined by the remuneration committee having regard to the performance and experience of individuals, the overall performance of the Group and market trends.

Directors' Remuneration

Details of individual Directors' remuneration for the year are set out in the table below:

	Salary and fees	Pension Scheme Contribution	Bonus	2008 Total	2007 Total
	£	£	£	£	£
Executive Directors					
Stephen Pui Ming CHAN	39,648	574	-	40,222	50,479
Stephen Sin Mo KOO	52,087	-	4,340	56,427	60,018
*Johnny Ka Siu TANG	-	-	-	-	14,258
Chun Pan WONG	28,628	766	2,368	31,762	32,148
Chun Hung WONG	8,043	191	-	8,234	-
Danny Kwok Fai YIP	12,603	447	670	13,720	-
Ronald Kwok Wai SIN	7,850	255	-	8,105	14,501
Non-executive Directors					
Tak Ding TAM	-	-	-	-	4,753
Andrew Ping Sum TANG	7,660	-	-	7,660	8,147
*Johnny Ka Siu TANG	4,468	-	-	4,468	3,395
Richard FERNIE	7,660	-	-	7,660	2,000

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interest in Shares are given in the Directors' Report.

REPORT ON CORPORATE GOVERNANCE

Introduction

The Directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is listed on AIM and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the Combined Code on Corporate Governance. However, it is the intention of the Board to manage the Company's and Group's affairs in accordance with this Code, in so far as is practical and appropriate for a public company of this size and complexity. The following are a few examples on how the Directors have applied the principles of good corporate governance to manage the Company throughout the year.

Board of Directors

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the year and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' and Senior Management's Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointments, the Directors are offered an opportunity to request for information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all non-executive directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These non-executive directors do not participate in any of the Company's pension schemes or bonus. The Chairman of the Audit and Remuneration Committee are both non-executive directors.

Nomination Committee

As the Board of Directors of the Company is small, there is no separate Nomination Committee. All nominations to the Board are considered by all of the directors.

Audit Committee

Our Audit Committee comprises Mr. Richard FERNIE (Our Non-executive Director), Mr. Andrew Ping Sum TANG (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Andrew Ping Sum TANG. The Chairman of the Audit Committee has full discretion to invite any Executive Directors to attend its meetings. The Audit Committee meets not less than twice per annum.

The responsibilities of the Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's Accounting Policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the audit and discuss the audit fees;
- review reports from the Auditors relating to the Company's accounting and internal controls;
- to ensure the Company complies with the AIM Rules.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Remuneration Committee

Our Remuneration Committee comprises Mr. Andrew Ping Sum TANG (our Non-executive Director), Mr. Richard FERNIE (our Non-executive Director) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Richard FERNIE. The Remuneration Committee meets as required.

The responsibilities of the Committee are to:

- determine the specific remuneration package for each Director including Director's fees, salaries, allowances, bonuses, options, benefits-in-kind;
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate; and

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expenses of such advices shall be borne by the Company.

Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures for all Group companies. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information are used within the Group and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal financial control by reviewing the overall process and the performance of the systems, setting annual budgets and monthly forecasts, and seeking any prior approval for all significant expenditure.

The Group currently does not have an internal audit department and after extensive review and consideration, the Board has concluded that the existing control mechanisms are sufficient for the size of the Group. This decision will be kept under review.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's and Group's financial statements.

Investor Relations

The Company realizes that effective communication can increase the transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website (www.uvel.com). The Company will make every effort to ensure that all price-sensitive information is released publicly and immediately. If an immediate announcement is not possible, the Company will try to publicize the information at the earliest time possible to ensure that the shareholders and the public will have a fair access to it.

The Company will send the Annual Report and the notice of the Annual General Meeting (AGM) to all its shareholders. This notice is also made available on RNS. The Company recognizes the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and direct their queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcomed to discuss any issues on an informal basis at the conclusion of the AGMs.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Directors are responsible to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIVISION ENGINEERING LIMITED

Report on the financial statements

We have audited the accompanying financial statements (the 'Financial Statements') of Univision Engineering Limited for the year ended 31 March 2008 which comprise the Group Income Statement, the Group and Company Balance Sheet, the Group and Company Cash Flow Statement, the Group and Company Statement of Changes in Equity, a summary of significant accounting policies and other explanatory notes, as set out in note 1 to 31.

This report is made solely to the Company's shareholders, as a body, in compliance with the AIM Rules for Companies as published by the London Stock Exchange ('AIM Rules'). Our work has been undertaken so we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body for this report or for the opinions we have formed.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and in compliance with the AIM Rules. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgments, 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIVISION ENGINEERING LIMITED (CONT'D)

Auditor's responsibility (cont'd)

We read other information contained in the annual report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report, the Chairman's Statement, Remuneration Committee Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

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

Opinion

In our opinion the Financial Statements give a true and fair view of the financial position of the Group and Company as at 31 March 2008 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the information given in the Directors' Report is consistent with the Financial Statements.

Littlejohn
Chartered Accountants and
Registered Auditors
London
30 September 2008

UNIVISION ENGINEERING LIMITED
GROUP INCOME STATEMENT

For the year ended 31 March 2008

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
Revenue	7	14,523,529	8,935,778
Cost of sales		<u>(10,160,841)</u>	<u>(6,053,721)</u>
Gross profit		4,362,688	2,882,057
Other income	8	323,806	139,284
Distribution costs		(71,826)	(63,345)
Administrative expenses		(1,959,772)	(1,403,744)
Other operating expenses		<u>(716,914)</u>	<u>(77,353)</u>
Profit from operations		1,937,982	1,476,899
Finance costs	10	<u>(239,952)</u>	<u>(44,476)</u>
Profit before taxation	9	1,698,030	1,432,423
Income tax	13	<u>(435,712)</u>	<u>(30,659)</u>
Profit for the year		<u>1,262,318</u>	<u>1,401,764</u>
Profit attributable to equity holders of the parent		1,400,331	1,281,189
Attributable to minority interest		<u>(138,013)</u>	<u>120,575</u>
		<u>1,262,318</u>	<u>1,401,764</u>
<hr/>			
Earnings per share			
Basic	14	<u>0.36p</u>	<u>0.39p</u>
Diluted	14	<u>N/A</u>	<u>N/A</u>

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP BALANCE SHEET

At 31 March 2008

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
ASSETS			
Non-current assets			
Goodwill	16	961,845	961,845
Plant and equipment	17	352,175	340,560
		<u>1,314,020</u>	<u>1,302,405</u>
Current assets			
Inventories	19	973,400	1,007,434
Trade and other receivables	21	11,861,304	5,108,855
Cash and cash equivalents	22	440,955	1,603,932
		<u>13,275,659</u>	<u>7,720,221</u>
Total assets		<u><u>14,589,679</u></u>	<u><u>9,022,626</u></u>
EQUITY			
Capital and reserves		7,136,220	5,589,816
Minority interest		154,752	285,641
Total equity		<u><u>7,290,972</u></u>	<u><u>5,875,457</u></u>
LIABILITIES			
Current liabilities			
Bank overdrafts	22	2,457	-
Trade and other payables	24	2,905,668	1,875,779
Interest-bearing borrowings	23	3,881,788	1,241,905
Tax payable	25	495,810	29,485
Obligation under finance lease	26	3,055	-
		<u>7,288,778</u>	<u>3,147,169</u>
Non-current liabilities			
Obligation under finance lease	26	9,929	-
Total liabilities		<u><u>7,298,707</u></u>	<u><u>3,147,169</u></u>
Total equity and liabilities		<u><u>14,589,679</u></u>	<u><u>9,022,626</u></u>

These financial statements were approved by the Board on Directors on 30 September 2008 and authorised for issue.

On behalf of the Board of Directors

Stephen Sin Mo KOO
Director

Chun Hung WONG
Director

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
PARENT COMPANY BALANCE SHEET

At 31 March 2008

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	18	6,046,793	2,054,081
Plant and equipment	17	<u>24,503</u>	<u>15,075</u>
		<u>6,071,296</u>	<u>2,069,156</u>
Current assets			
Inventories	19	723,026	818,140
Trade and other receivables	21	3,092,062	2,356,162
Cash and cash equivalents	22	<u>245,135</u>	<u>1,488,295</u>
		<u>4,060,223</u>	<u>4,662,597</u>
Total assets		<u><u>10,131,519</u></u>	<u><u>6,731,753</u></u>
EQUITY			
Capital and reserves		<u>5,625,098</u>	5,469,484
Total equity		<u><u>5,625,098</u></u>	<u><u>5,469,484</u></u>
LIABILITIES			
Current liabilities			
Bank overdrafts		2,457	-
Trade and other payables	24	1,848,035	1,262,269
Interest-bearing borrowings	23	2,642,945	-
Obligation under finance lease	26	<u>3,055</u>	<u>-</u>
		4,496,492	1,262,269
Non-current liabilities			
Obligation under finance lease	26	<u>9,929</u>	<u>-</u>
Total liabilities		<u><u>4,506,421</u></u>	<u><u>1,262,269</u></u>
Total equity and liabilities		<u><u>10,131,519</u></u>	<u><u>6,731,753</u></u>

These financial statements were approved by the Board on Directors on 30 September 2008 and authorised for issue.

On behalf of the Board of Directors

Stephen Sin Mo KOO
Director

Chun Hung WONG
Director

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2008

Note	Share capital £	Share Premium £	Retained earnings £	Special capital reserve "A" £	Special capital reserve "B" £	Exchange Reserve £	Sub-total £	Minority interest £	Total Equity £
Balance at 31 March 2006	1,451,085	1,278,981	488,735	155,876	143,439	95,023	3,613,139	-	3,613,139
Issue of shares for acquisition of a subsidiary undertaking	18b, 27 22,991	217,039	-	-	-	-	240,030	165,066	405,096
Issue of shares upon placing	27 223,541	811,257	-	-	-	-	1,034,798	-	1,034,798
Share issue cost	27 -	(114,637)	-	-	-	-	(114,637)	-	(114,637)
Net profit for the year	-	-	1,281,189	-	-	-	1,281,189	120,575	1,401,764
Effect on translation	-	-	-	-	-	(464,703)	(464,703)	-	(464,703)
Balance at 31 March 2007	1,697,617	2,192,640	1,769,924	155,876	143,439	(369,680)	5,589,816	285,641	5,875,457
Net profit for the year	-	-	1,400,331	-	-	-	1,400,331	(138,013)	1,262,318
Effect on translation	-	-	-	-	-	146,073	146,073	7,124	153,197
Balance at 31 March 2008	<u>1,697,617</u>	<u>2,192,640</u>	<u>3,170,255</u>	<u>155,876</u>	<u>143,439</u>	<u>(223,607)</u>	<u>7,136,220</u>	<u>154,752</u>	<u>7,290,972</u>

The currency translation from Hong Kong dollars to the presentational currency of pound sterling used in these financial statements has no impact on the available distributable reserves of the Company which at 31 March 2008 were £1,876,996 (2007: £1,675,594).

Nature of purposes of the reserves

i) Share premium

The Company may by resolution reduce the share premium account in any manner authorised and subject to any conditions prescribed by law.

ii) Special capital reserve "A"

Pursuant to the Order of the High Court dated 20 November 2004, any future recoveries of the Company's accumulated provision for obsolete inventories and provision for bad debts amounting to HK\$1,935,002 and HK\$3,592,540 respectively will be credited to non-distributable special capital reserve "A" account.

iii) Special capital reserve "B"

By a special resolution passed on 30 July 2004 and Order of the High Court dated 20 November 2004, the authorised and issued capital of the company was reduced from HK\$159,245,000 divided into 31,849 ordinary shares of HK\$5,000 each to HK\$16,405,000 divided into 3,281 ordinary shares of HK\$5,000 each. The reduction of capital was effected by cancellation of 28,568 ordinary shares of HK\$5,000 each in the issued and paid up share capital of the company. The company established a non-distributable special capital reserve "B" account into which HK\$2,071,307 was credited as a result of the capital reduction.

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2008

	Note	Share capital £	Share premium £	Retained earnings £	Special capital reserve "A" £	Special capital reserve "B" £	Exchange reserve £	Total Equity £
Balance at 31 March 2006		1,451,085	1,278,981	488,735	155,876	143,439	95,023	3,613,139
Issue of shares for acquisition of a subsidiary undertaking	18b, 27	22,991	217,039	-	-	-	-	240,030
Issue of shares upon placing	27	223,541	811,257	-	-	-	-	1,034,798
Share issue cost	27	-	(114,637)	-	-	-	-	(114,637)
Net profit for the year		-	-	1,186,859	-	-	-	1,186,859
Effect on translation		-	-	-	-	-	(490,705)	(490,705)
Balance at 31 March 2007		1,697,617	2,192,640	1,675,594	155,876	143,439	(395,682)	5,469,484
Net profit for the year		-	-	201,402	-	-	-	201,402
Effect on translation		-	-	-	-	-	(45,788)	(45,788)
Balance at 31 March 2008		<u>1,697,617</u>	<u>2,192,640</u>	<u>1,876,996</u>	<u>155,876</u>	<u>143,439</u>	<u>(441,470)</u>	<u>5,625,098</u>

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP CASH FLOW STATEMENT

For the year ended 31 March 2008

	Note	<u>2008</u> £	<u>2007</u> £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,698,030	1,432,423
Adjustments for:			
Depreciation		172,193	115,412
Gain on disposal of investment securities		-	(30,105)
Write down of /(recovery of) obsolete inventories, net		11,978	(205,064)
Written back on trade and other payables		(30,848)	(51,730)
Unrealised loss on investment account carried at fair value		7,480	14,747
Impairment losses on trade and other receivables		523,163	46,700
(Gain)/ loss on disposal of plant and equipment		(681)	739
Interest income		(21,172)	(19,966)
Interest expenses		239,952	44,476
		<hr/>	<hr/>
Operating profit before working capital changes		2,600,095	1,347,632
(Increase)/decrease in inventories		22,056	(48,130)
Increase in trade and other receivables		(6,791,047)	(477,002)
Increase/(decrease) in trade and other payables		766,872	(439,630)
		<hr/>	<hr/>
Net cash (used in)/generated from operations		(3,402,024)	382,870
Income tax paid – PRC		(711)	-
Net cash (used in)/generated from operating activities		(3,402,735)	382,870
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(146,392)	(52,098)
Net cash outflow from acquisition of subsidiary undertakings	18	-	(793,122)
(Increase)/decrease in pledged bank deposits		(340,754)	37,402
Proceeds from disposal of plant and equipment		1,880	46
Proceeds from disposal of investment securities		-	876,784
Purchase of investment securities		-	(846,679)
Interest received		21,172	19,966
		<hr/>	<hr/>
Net cash used in investing activities		(464,094)	(757,701)
		<hr/>	<hr/>

UNIVISION ENGINEERING LIMITED
GROUP CASH FLOW STATEMENT (Continued)

For the year ended 31 March 2008

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(73,839)	(44,476)
Proceeds from issue of shares		-	1,034,798
Payment for issue of shares		-	(114,637)
Capital element of finance lease rentals paid		(764)	-
Interest element of finance lease rentals paid		(148)	-
Proceeds from new interest-bearing borrowings		<u>2,639,883</u>	<u>171,511</u>
Net cash generated from financing activities		<u>2,565,132</u>	<u>1,047,196</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,301,697)	672,365
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE		136,263	(482,746)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,603,932</u>	<u>1,414,313</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	<u><u>438,498</u></u>	<u><u>1,603,932</u></u>

Major non-cash transactions

There were no major non-cash transactions within 2008

On 10 October 2006, 5,363,990 new ordinary shares of HK\$0.0625 were issued as partial consideration for the acquisition of Leader Smart Engineering Limited (“Leader Smart”) and its subsidiary namely Leader Smart Engineering (Shanghai) Limited (together “Leader Smart Group”) and were valued at £240,030 of which £22,991 and £217,039 was credited to the Share Capital Account and Share Premium Account respectively, before expenses.

On 14 March 2007, 52,500,000 new ordinary shares of HK\$0.0625 were placed at a price of 2 pence per share by HB Corporate. At the same time, 2,500,000 ordinary shares of HK\$0.0625 were allotted and issued at 2 pence per share to HB Corporate in satisfaction of their placing fee. £223,541 and £811,257 was credited to the Share Capital Account and the Share Premium Account in respect of this placing respectively, before expenses.

The notes numbered 1 to 31 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
PARENT COMPANY CASH FLOW STATEMENT

For the period ended 31 March 2008

	<u>2008</u>	<u>2007</u>
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	201,402	1,186,859
Adjustments for:		
Depreciation	7,640	5,623
Recovery of obsolete inventories	-	(220,970)
Written back on trade and other payables	(28,803)	(51,730)
Unrealised loss on investment account carried at fair value	7,480	14,747
Impairment losses on trade and other receivables	17,576	46,700
(Gain)/ loss on disposal of investment securities	-	(30,105)
(Gain)/ loss on disposal of plant and equipment	(543)	498
Interest income	(19,085)	(19,308)
Interest expenses	179,264	-
	<hr/>	<hr/>
Operating profit before working capital changes	364,931	932,314
Decrease/(increase) in inventories	87,109	(404,957)
(Increase)/decrease in trade and other receivables	(301,519)	696,536
Increase in amount due from subsidiaries	(3,971,484)	(1,020,929)
Increase in trade and other payables	327,151	170,147
	<hr/>	<hr/>
Net cash (used in)/generated from operations	(3,493,812)	373,111
Income tax paid – PRC	-	-
Net cash (used in)/generated from operating activities	<hr/> (3,493,812)	<hr/> 373,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(18,286)	(8,912)
(Increase)/decrease in pledged bank deposits	(338,500)	37,402
Proceeds from disposal of plant and equipment	1,723	-
Net cash outflow from acquisition of subsidiary undertakings	-	(793,122)
Proceeds from disposal of investment securities	-	876,784
Purchase of investment securities	-	(846,679)
Interest received	19,085	19,308
	<hr/>	<hr/>
Net cash used in investing activities	<hr/> (335,978)	<hr/> (715,219)

UNIVISION ENGINEERING LIMITED
PARENT COMPANY CASH FLOW STATEMENT (Continued)
For the period ended 31 March 2008

	<u>2008</u>	<u>2007</u>
	£	£
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(13,151)	-
Proceeds from issue of share	-	1,034,798
Share issuance expenses	-	(114,637)
Inception of finance lease	13,613	-
Capital element of finance lease rentals paid	(756)	-
Interest element of finance lease rentals paid	(148)	-
Proceeds from new interest-bearing borrowings	<u>2,617,133</u>	<u>-</u>
Net cash generated from financing activities	<u>2,616,691</u>	<u>920,161</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,213,099)	578,053
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	(32,518)	(504,071)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,488,295</u>	<u>1,414,313</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>22</u> <u>242,678</u>	<u>1,488,295</u>

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL INFORMATION

UniVision Engineering Limited (the “Company”) is incorporated in Hong Kong as a limited company. The address of its registered office is 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company has its primary public listing on the Alternative Investment Market of the London Stock Exchange (“AIM”).

The Company is engaged in the supply, design, installation and maintenance of closed circuit television and surveillance systems, the sale of security system related products and provision for electrical and mechanical services. The principal activities of the subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations and in accordance with the rules of the International Accounting Standards Board (IASB). The financial statements have also been prepared under the historical cost convention except that available-for-sale financial assets are stated at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company and its subsidiary undertakings (the “Group”). The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are disclosed in note 6.

Standards and Interpretations in issue but not yet effective or not relevant

IFRS 8 “Operating Segments” requires companies to adopt a management approach to reporting on their operating segments. This standard is effective for annual financial statements for periods beginning on or after 1 January 2009 but is not expected to have an impact on the Group’s reporting segments.

A revised version of IAS 1 “Presentation of Financial Statements” will require information in financial statements to be aggregated on the basis of shared characteristics, and introduce a statement of comprehensive income and is effective for annual periods beginning on or after 1 January 2009.

A revised version of IAS 23 “Borrowing Costs” removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. It is not expected that this standard will have any material impact on the Group’s reporting.

An amendment to IFRS 2 “Share-based Payment” clarifies that vesting conditions are service conditions and performance conditions only, and specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. It is effective for annual periods beginning on or after 1 January 2009 and is not expected to have an impact on the Group’s reporting.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

2. BASIS OF PREPARATION OF FINANCIAL STATEMENT (CONT'D)

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements” address concerns that retrospectively determining the cost of an investment in separate financial statements and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost or effort. It is effective for annual periods beginning on or after 1 January 2009 but it is not expected to have a material impact on the Group’s reporting.

Amendments to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation” improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities. Effective from annual periods beginning on or after 1 January 2009.

IFRIC 12 "Service Concession Arrangements" addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. IFRIC 12 is not applicable to the Group.

IFRIC 13 "Customer Loyalty Programmes" addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. IFRIC 13 is not applicable to the Group.

IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" provides guidance on how to assess the limit in IAS 19 "Employee Benefits" on the amount of the surplus that can be recognised as an asset but it is not expected to have a material impact on the Group’s reporting.

IFRIC 15 “Agreements for the Construction of Real Estate” provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised. It is effective for annual periods beginning on or after 1 January 2009 but it is not expected to have a material impact on the Group’s reporting.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” clarifies:

- whether risk arises from the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, or from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity’s consolidated financial statements;
- which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation, and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument;
- how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.

IFRIC 16 is not expected to have a material impact on the Group’s reporting.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

3. BASIS OF CONSOLIDATION

The Group Financial Statements consolidate the financial statements of UniVision Engineering Limited and all its subsidiary undertakings made up to 31 March 2008.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

The acquisition of subsidiary undertakings has been accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary undertakings have been adjusted where necessary to ensure consistency with the Accounting Policies adopted by the Group.

The Group treats transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets in the subsidiary undertakings.

Whilst none of the subsidiaries have a statutory year end of 31 March 2008, management accounts have been produced and audited for the purposed of preparing Group Financial Statements.

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

The financial statements have been prepared in accordance with International Financial Reporting Standards.

a) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 4(k) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 4(e)).

b) GOODWILL

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) GOODWILL (Continued)

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 4(e)(ii)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

c) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Motor vehicles	3 years
Research assets	5 years

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and are recognised in the income statement on the date of retirement or disposal.

Where parts of an item of plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

d) RESEARCH AND DEVELOPMENT COSTS

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised when the Group can demonstrate all of the following:

- i) the technical feasibility of completing the product or process so that it will be available for use or sale;
- ii) its intention to complete the product or process and use or sell it;
- iii) its ability to use or sell the product or process;
- iv) the Group can demonstrate the existence of a market for the output of the product or process; if it is to be used internally, the usefulness of the product or process;
- v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the product or process; and
- vi) its ability to measure reliably the expenditure attributable to the product or process during its development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the capitalised development costs.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e) IMPAIRMENT OF ASSETS

i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e) IMPAIRMENT OF ASSETS (Continued)

i) Impairment of receivables (Continued)

- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

ii) Impairment other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- plant and equipment;
- investments in subsidiaries; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

e) **IMPAIRMENT OF ASSETS** (Continued)

ii) **Impairment other assets** (Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

f) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

g) LEASED ASSETS

An arrangement comprising a transaction or a series of transactions is or contains, a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset or, if lower, the present value of the minimum lease payments of such assets, are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(c). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(e). Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

g) LEASES ASSETS (Continued)

ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

h) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts.

i) CONSTRUCTION CONTRACTS

The accounting policy for contract revenue is set out in note 4(n). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Amounts due from construction contract customers" (as an asset) or the "Amounts due to construction contract customers" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet. Amounts received before the related work is performed are included in the balance sheet, as a liability, as "Advances received".

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the group cash flow statement, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

k) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

m) BORROWING COSTS

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

n) REVENUE RECOGNITION

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

- (i) Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the delivery of goods to customers and the passing of title to customers.
- (ii) Revenue from service contracts is recognised on a straight line basis over the service periods thereof.
- (iii) Revenue from solution sales is recognised when the services are rendered.
- (iv) Revenue from construction contracts is recognised when the outcome of a construction contract can be estimated reliably:
 - revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and
 - revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

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

Interest income is recognised as it accrues using the effective interest method.

o) FOREIGN CURRENCY TRANSLATION

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

o) FOREIGN CURRENCY TRANSLATION (Continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relates to that foreign operation is included in the calculation of the profit or loss on disposal.

p) EMPLOYEE BENEFITS

These comprise short term employee benefits and contributions to defined contribution retirement plan.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

q) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

UNIVISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

r) RELATED PARTIES

For the purpose of these financial statements, a party is considered to be related to the Group if:

- i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- ii) the Group and the party are subject to common control;
- iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- iv) the party is a member of key management personnel of the Group or the Group's parent or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- v) the party is a close family member of a party referred to in (i) or is an equity under the control, joint control or significant influence of such individuals; or
- vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

s) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

s) **INCOME TAX** (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

s) **INCOME TAX** (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, they intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include, borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in the respective notes. The risk associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

a) Credit risk

- i) As at 31 March 2008, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance.
- ii) In respect of trade and other receivables, in order to minimise risk, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 30 days from the date of billing.
- iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the Group had no significant concentrations of credit risk where individual trade and other receivables balance exceeds 10% of the total trade and other receivables at the balance sheet date.
- iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

b) Liquidity risk

In managing the liquidity risk, the Group's policy is to regularly monitor and maintain an adequate level of cash and cash equivalents determined by management to finance the Group's operations. Management also needs to ensure the continuity of funding for both the short and long terms, and to mitigate the effects of cash flow fluctuation.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities which are based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

Group	2008				Carrying amount £
	Within 1 year or on demand £	More than 1 year but less than 2 years £	More than 2 years but less than 5 years £	Total contractual undiscounted cash flow £	
Interest-bearing borrowings	4,415,308	-	-	4,415,308	3,881,788
Trade and other payables	2,905,668	-	-	2,905,668	2,905,668
Obligations under finance leases	3,654	3,654	8,222	15,530	12,984
	<u>7,324,630</u>	<u>3,654</u>	<u>8,222</u>	<u>7,336,506</u>	<u>6,800,440</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D))**

b) Liquidity risk (Continued)

Group (Continued)

		2007			
	<u>Within 1 year or on demand</u>	<u>More than 1 year but less than 2 years</u>	<u>More than 2 years but less than 5 years</u>	<u>Total contractual undiscounted cash flow</u>	<u>Carrying amount</u>
	£	£	£	£	£
Interest-bearing borrowings	1,274,317	-	-	1,274,317	1,241,905
Trade and other payables	1,875,779	-	-	1,875,779	1,875,779
	<u>3,150,096</u>	<u>-</u>	<u>-</u>	<u>3,150,096</u>	<u>3,117,684</u>

Company

		2008			
	<u>Within 1 year or on demand</u>	<u>More than 1 year but less than 2 years</u>	<u>More than 2 years but less than 5 years</u>	<u>Total contractual undiscounted cash flow</u>	<u>Carrying amount</u>
	£	£	£	£	£
Interest-bearing borrowings	3,146,371	-	-	3,146,371	2,642,945
Trade and other payables	1,848,035	-	-	1,848,035	1,848,035
Obligations under finance leases	3,654	3,654	8,222	15,530	12,984
	<u>4,998,060</u>	<u>3,654</u>	<u>8,222</u>	<u>5,009,936</u>	<u>4,503,964</u>

		2007			
	<u>Within 1 year or on demand</u>	<u>More than 1 year but less than 2 years</u>	<u>More than 2 years but less than 5 years</u>	<u>Total contractual undiscounted cash flow</u>	<u>Carrying amount</u>
	£	£	£	£	£
Trade and other payables	1,262,269	-	-	1,262,269	1,262,269

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

c) Foreign currency risk

The Group operates mostly in Hong Kong, Taiwan and PRC and revenue and expenditure are mainly denominated in Hong Kong Dollars (“HKD”), New Taiwan Dollars (“NTD”) and Renminbi (“RMB”). The Group is also exposed to foreign currency risks as it engages in projects that were billed in United States dollars (“USD”).

The Group currently does not have any policy on hedges of foreign currency risk. However, management monitors the foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

The following table details the Group’s and the Company’s exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they related.

Group	2008			
	NTD	RMB	USD	HKD
Trade and other receivables	135,172,017	101,599,900	15,216	40,705,543
Cash and cash equivalents	6,535,647	534,160	141,771	2,140,648
Interest-bearing borrowings	(74,950,869)	-	(5,000,000)	(2,000,000)
Trade and other payables	<u>(61,372,707)</u>	<u>(6,533,774)</u>	<u>(553,973)</u>	<u>(19,659,463)</u>
Overall net exposure	<u>5,384,088</u>	<u>95,600,286</u>	<u>(5,396,986)</u>	<u>21,186,728</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

c) Foreign currency risk (Continued)

Group (Continued)

	2007			
	NTD	RMB	USD	HKD
Trade and other receivables	138,962,229	20,257,994	13,824	24,142,719
Cash and cash equivalents	3,490,940	395,608	208,624	6,914,394
Interest-bearing borrowings	(80,758,263)	-	-	-
Trade and other payables	<u>(32,114,742)</u>	<u>(2,027,823)</u>	<u>(73,183)</u>	<u>(17,493,523)</u>
Overall net exposure	<u>29,580,164</u>	<u>18,625,779</u>	<u>149,265</u>	<u>13,563,590</u>

Company

	2008			
	NTD	RMB	USD	HKD
Trade and other receivables	-	9,168,706	15,216	36,261,019
Cash and cash equivalents	-	-	141,417	2,118,739
Interest-bearing borrowings	-	-	(5,000,000)	(2,000,000)
Trade and other payables	<u>-</u>	<u>(2,787,741)</u>	<u>(553,973)</u>	<u>(19,615,667)</u>
Overall net exposure	<u>-</u>	<u>6,380,965</u>	<u>(5,397,340)</u>	<u>16,764,091</u>

	2007			
	NTD	RMB	USD	HKD
Trade and other receivables	-	10,653,435	13,824	24,141,719
Cash and cash equivalents	-	-	137,211	6,907,687
Trade and other payables	<u>-</u>	<u>(167,505)</u>	<u>(73,183)</u>	<u>(17,483,128)</u>
Overall net exposure	<u>-</u>	<u>10,485,930</u>	<u>77,852</u>	<u>13,566,278</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

c) *Foreign currency risk* (Continued)

Sensitivity analysis

An analysis of the estimated change in the Group's profit after tax (and the retained earnings) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date is presented in the following table.

Group	2008		2007	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings £	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings £
NTD	5%	4,201	5%	24,187
	(5%)	(4,201)	(5%)	(24,187)
RMB	5%	325,189	5%	65,338
	(5%)	(325,189)	(5%)	(65,338)
USD	5%	(136,323)	5%	4,025
	(5%)	136,323	(5%)	(4,025)
HKD	5%	4,429	5%	2,859
	(5%)	(4,429)	(5%)	(2,859)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date while all other variables remain constant. The stated changes also represent management's assessment of reasonably possible change in foreign exchange rates until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Pound at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

d) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

The following table details the interest rate profile of the Group's and the Company's interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes) (i.e. net borrowings) at the balance sheet date.

Group	2008		2007	
	<u>Effective interest rate</u>	£	<u>Effective interest rate</u>	£
Net fixed rate borrowings:				
Interest-bearing borrowings	26.67%	2,514,021	-	-
Variable rate borrowings:				
Bank loans	5%	<u>1,367,767</u>	4.20% - 4.27%	<u>1,241,905</u>
Total net borrowings		<u><u>3,881,788</u></u>		<u><u>1,241,095</u></u>
Net fixed rate borrowings as a percentage of total net borrowings		<u><u>64.8%</u></u>		<u><u>-</u></u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

d) Interest rate risk (Continued)

Company	2008		2007	
	<u>Effective interest rate</u>	£	<u>Effective interest rate</u>	£
Net fixed rate borrowings:				
Interest-bearing borrowings	26.67%	2,514,021	-	-
Variable rate borrowings:				
Bank loans	5%	<u>128,924</u>	-	<u>-</u>
Total net borrowings		<u><u>2,642,945</u></u>		<u><u>-</u></u>
Net fixed rate borrowings as a percentage of total net borrowings		<u><u>95.1%</u></u>		<u><u>-</u></u>

Sensitivity analysis

At 31 March 2008, it is estimated that a general increase/decrease of 25 basis points in interest rate, with all other variables held constant, would decrease/increase the Group's profit before tax by approximately £3,419 (2007: £3,105).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the non-derivative financial liabilities in existence at that date. The 25 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

e) *Fair value estimation*

The fair values of cash and cash equivalents, bank deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank loans and loans from a shareholder approximate their fair values.

f) *Capital risk management*

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with a higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank borrowings and other financial liabilities) less bank deposits and cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Neither the Company nor any of its subsidiary undertakings are subject to externally imposed capital requirements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

5. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (CONT'D)**

f) Capital risk management (Continued)

The net debt-to-adjusted capital ratio at 31 March 2008 and 2007 was as follows:

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Current liabilities				
Trade and other payables	2,905,668	1,875,779	1,848,035	1,262,269
Bank overdrafts	2,457	-	2,457	-
Interest-bearing borrowings	3,881,788	1,241,905	2,642,945	-
Tax payable	495,810	29,485	-	-
Obligations under finance lease	3,055	-	3,055	-
Non-current liabilities	7,288,778	3,147,169	4,496,492	1,262,269
Obligation under finance lease	9,929	-	9,929	-
Total debt	7,298,707	3,147,169	4,506,421	1,262,269
Less: Cash and cash equivalents	440,955	1,603,932	245,135	1,488,295
Net debt	6,857,752	1,543,237	4,261,286	(226,026)
Total equity	7,290,972	5,875,457	5,625,098	5,469,484
Net debt-to-adjusted capital ratio	94%	26%	76%	N/A

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors. These include expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, the actual results will, by definition, seldom equal those estimates. The estimates and assumptions that involve a high degree of judgements are discussed below:

a) Estimation of contract costs

Estimated costs to complete contracts are judged by management through the application of their experience and knowledge of the industry in which the Group operates. However, contract performance can be difficult to predict accurately. Management believes that contract budgets do not deviate materially from actual costs incurred due to a strong cost control system with regular review of budgets which highlight any incidences that could affect estimated costs to completion.

b) Estimation of write down of inventories

The identification of any write down of inventories of the Group requires the use of judgement and estimates by management. Management estimates the net realisable value of inventories with reference to the latest invoice prices and the value in use. Operational procedures are in place to monitor the condition and usefulness of inventories. Management regularly reviews the age of inventories to identify slow moving items and a physical inventory count is carried out on a regular basis to identify obsolete or defective items. Write down will be established for inventories where a drop in net realisable value has been identified. At 31 March 2008, there was no write down of obsolete inventories recognised as expense in the income statement.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

c) Estimation of impairment for trade and other receivables

The estimation of impairment for trade and other receivables includes an assessment of recoverability of individual account balances and a review of ageing analysis of trade and other receivables by management. Management will also review the credit history of customers in assessing the recoverability of trade and other receivables. When any indication comes to their attention that a trade and other receivables might not be recovered in full, impairment will be made and recognised as an expense in the income statement.

d) Estimation of fair value of goodwill

The fair value is calculated as based on projections of the future profitability and cash flows for each cash generating unit. Future cash flows are then discounted at an appropriate rate. Management exercises its judgement in a number of forward looking areas. Since these judgements relate to the future, actual results are likely to be different because events and circumstances frequently do not occur as expected both due to error in estimation and external events, and the differences may be material.

e) Deferred Taxation

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxation profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxation profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

7. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (a) by business segment as a primary segment reporting basis; and (b) by geographical segment as a secondary segment reporting basis.

(a) Business segments

The Group is organised into the following business segments:

- Construction contracts
- Maintenance contracts
- Product sales
- Solution sales

Results by business segment for the year ended 31 March 2008 are as follows:

	<u>Construction contracts</u>	<u>Maintenance contracts</u>	<u>Product sales</u>	<u>Solution sales</u>	<u>Total</u>
	£	£	£	£	£
<i>Income statement information:</i>					
Revenue	11,208,860	997,459	1,611,025	706,185	14,523,529
Profit from operations	1,441,595	114,570	146,712	235,105	1,937,982
<i>Balance sheet information:</i>					
Assets	11,206,297	1,018,136	1,644,422	720,824	14,589,679
Liabilities	5,662,132	492,483	795,422	348,670	7,298,707
<i>Other segment information:</i>					
Depreciation	132,894	11,826	19,100	8,373	172,193
Capital expenditure	109,843	10,998	17,764	7,787	146,392

Results by business segment for the year ended 31 March 2007 are as follows:

	<u>Construction contracts</u>	<u>Maintenance contracts</u>	<u>Product sales</u>	<u>Solution sales</u>	<u>Total</u>
	£	£	£	£	£
<i>Income statement information:</i>					
Revenue	5,425,499	994,508	1,817,599	698,172	8,935,778
Profit from operation	686,513	188,836	332,120	269,430	1,476,899
<i>Balance sheet information:</i>					
Assets	5,477,934	1,004,119	1,835,165	704,919	9,022,137
Unallocated	-	-	-	-	489
					9,022,626
Liabilities	1,910,853	350,265	640,156	245,895	3,147,169
<i>Other segment information:</i>					
Depreciation	70,070	12,844	23,474	9,024	115,412
Capital expenditure	31,630	5,798	10,597	4,073	52,098

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

7. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

No further geographical segment information is presented as the Group's revenue is materially derived from customers based in one geographic segment comprising Hong Kong, Macau, Taiwan and the People's Republic of China ("PRC"), and all of the Group's assets are located in the same geographic segment.

8. OTHER INCOME

	<u>2008</u>	<u>2007</u>
	£	£
Exchange gains	270,746	82,714
Gain on disposal of plant and equipment	681	-
Gain on disposal of investment securities	-	30,105
Interest income *	21,172	19,966
Written back on trade and other payables	30,848	-
Sundry income	359	6,499
	<u>323,806</u>	<u>139,284</u>

* The amount represents interest income on financial assets not at fair value through profit or loss.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

9. PROFIT FROM TAXATION

Profit before taxation is stated after charging/(crediting):

	<u>2008</u>	<u>2007</u>
	£	£
Cost of inventories recognised as expenses *	3,561,470	3,947,819
Unrealised loss on investment account carried at fair value	7,480	14,747
Impairment losses on trade and other receivables	523,163	46,700
Write down of/(recovery of) obsolete inventories, net	11,978	(205,064)
Auditors' remuneration		
- audit services (parent company)	87,192	102,511
- other services	597	-
Depreciation – leased plant and equipment	1,557	-
Depreciation – owned plant and equipment	170,636	115,412
Exchange gains	(270,746)	(82,714)
Research and development costs	41,292	65,666
Operating lease charges – minimum lease payments	99,548	47,079
Written back on trade and other payables	(30,848)	(51,730)
(Gain)/loss on disposal of plant and equipment	<u>(681)</u>	<u>739</u>

* Cost of inventories recognised as expenses included a net reversal of a provision for obsolete inventories of £11,978 (2007: provision for obsolete inventories of £205,064) and a write back of trade and other payables of £30,848 (2007: £51,730).

10. FINANCE COSTS

	<u>2008</u>	<u>2007</u>
	£	£
Interest on bank loans and other borrowings wholly repayable within five years	239,804	44,476
Finance charge on obligation under finance lease	<u>148</u>	<u>-</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u><u>239,952</u></u>	<u><u>44,476</u></u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is disclosed as follows:

	<u>2008</u>	<u>2007</u>
	£	£
Directors' fees	76,215	92,535
Other emoluments:		
Salaries, bonuses and allowances	99,810	95,146
Pension scheme contributions	<u>2,233</u>	<u>2,105</u>
	<u>178,258</u>	<u>189,786</u>

12. STAFF COSTS (including directors' remuneration)

	<u>2008</u>	<u>2007</u>
	£	£
Wages and salaries	1,209,323	990,520
Pension scheme contributions	<u>60,569</u>	<u>69,340</u>
	<u>1,269,892</u>	<u>1,059,860</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

13. **INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT**

a) Income tax in the consolidated income statement represents:

	<u>2008</u>	<u>2007</u>
	£	£
Current tax		
Hong Kong profit tax	-	-
PRC enterprise income tax	426,815	-
Other jurisdictions	8,897	30,659
	<u>435,712</u>	<u>30,659</u>

No Hong Kong profits tax has been provided for in the financial statements as the Company has accumulated tax losses brought forward which exceed the estimated assessable profits for both financial years.

Taxes for subsidiary undertakings are calculated by the rates prevailing in the local jurisdictions.

On 16th March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law ("New Tax Law") of the PRC which took effect on 1st January 2008. The PRC income tax rate is unified to 25% for all enterprises.

The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the consolidated balance sheet in respect of current tax payable.

(b) Reconciliation between tax expense and accounting profit at the applicable tax rates :

	<u>2008</u>	<u>2007</u>
	£	£
Profit before taxation	<u>1,698,030</u>	<u>1,432,423</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	314,591	267,254
Tax effect of non-taxable income	(3,442)	(11,336)
Tax effect of non-deductible expenses	98,044	7,842
Tax effect of temporary differences not recognised	67,898	10,305
Tax effect of utilisation of tax losses not recognised in prior years	<u>(41,379)</u>	<u>(243,406)</u>
Tax expense	<u>435,712</u>	<u>30,659</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14. **EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the year of £1,400,331 (2007: £1,281,189), and the weighted average of 383,677,323 (2007: 327,814,621) ordinary shares in issue during the year.

There were no potential dilutive instruments at either financial year end.

15. **DIVIDEND**

No dividend has been declared or paid in the year ended 31 March 2008 (2007: £Nil).

16. **GOODWILL**

Group

£

Cost

At 1 April 2006	-
Arising from acquisition of subsidiary undertakings (note 18)	<u>961,845</u>

At 31 March 2007, 1 April 2007 and 31 March 2008	<u>961,845</u>
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Impairment loss

At 1 April 2006, 1 April 2007 and 31 March 2008	<u>-</u>
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Carrying amount

At 31 March 2008	<u>961,845</u>
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At 31 March 2007	<u>961,845</u>
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UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

16. **GOODWILL (CONT'D)**

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	<u>2008</u> £	<u>2007</u> £
Construction contracts	<u>961,845</u>	<u>961,845</u>

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a twelve month period. A discount rate of 15% has been used for the value-in-use calculations.

Key assumptions used for value-in-use calculations:

	<u>2008</u> £	<u>2007</u> £
Gross margin	15% - 30%	23% - 30%
Growth rate	<u>15%</u>	<u>20%</u>

Management determined the budgets based on their experience and knowledge in the construction contracts operations. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Based on the impairment test performed, no impairment loss is recognised for the year (2007: £Nil).

UNIVISION ENGINEERING LIMITED
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17. PLANT AND EQUIPMENT

Group

	<u>Furniture and fixtures</u> £	<u>Computer equipment</u> £	<u>Motor vehicles</u> £	<u>Leasehold improvements</u> £	<u>Research assets</u> £	<u>Total</u> £
Cost						
At 1 April 2006	82,782	124,451	14,666	6,353	-	228,252
Acquisition of subsidiary undertakings	48,031	93,268	48,101	47,296	601,786	838,482
Additions	15,544	5,574	11,705	-	19,275	52,098
Disposals	-	-	(6,078)	-	-	(6,078)
Exchange realignment	(11,221)	(15,073)	(1,465)	(3,201)	3,413	(27,547)
At 31 March 2007	<u>135,136</u>	<u>208,220</u>	<u>66,929</u>	<u>50,448</u>	<u>624,474</u>	<u>1,085,207</u>
At 1 April 2007	135,136	208,220	66,929	50,448	624,474	1,085,207
Additions	19,811	3,165	42,950	-	94,214	160,140
Disposals	-	-	(11,461)	-	(1,488)	(12,949)
Exchange realignment	5,416	7,098	3,835	5,172	46,727	68,248
At 31 March 2008	<u>160,363</u>	<u>218,483</u>	<u>102,253</u>	<u>55,620</u>	<u>763,927</u>	<u>1,300,646</u>
Accumulated depreciation						
At 1 April 2006	75,450	118,682	14,102	6,353	-	214,587
Acquisition of subsidiary undertakings	21,835	66,302	27,870	9,197	324,406	449,610
Charge for the year	12,493	12,497	9,081	7,807	73,534	115,412
Written back on disposals	-	-	(5,293)	-	-	(5,293)
Exchange realignment	(10,243)	(15,030)	(1,864)	(1,558)	(974)	(29,669)
At 31 March 2007	<u>99,535</u>	<u>182,451</u>	<u>43,896</u>	<u>21,799</u>	<u>396,966</u>	<u>744,647</u>
At 1 April 2007	99,535	182,451	43,896	21,799	396,966	744,647
Charge for the year	21,413	12,865	12,933	16,690	108,292	172,193
Written back on disposals	-	-	(10,269)	-	(446)	(10,715)
Exchange realignment	2,772	5,601	2,438	1,832	29,703	42,346
At 31 March 2008	<u>123,720</u>	<u>200,917</u>	<u>48,998</u>	<u>40,321</u>	<u>534,515</u>	<u>948,471</u>
Net book value						
At 31 March 2008	<u>36,643</u>	<u>17,566</u>	<u>53,255</u>	<u>15,299</u>	<u>229,412</u>	<u>352,175</u>
At 31 March 2007	<u>35,601</u>	<u>25,769</u>	<u>23,033</u>	<u>28,649</u>	<u>227,508</u>	<u>340,560</u>

During the year, additions to motor vehicles of the Group financed by new finance leases were £13,748 (2007: £Nil). At the balance sheet date, the net book value of motor vehicles held under finance leases of the Group and the Company was £14,017 (2007: £Nil).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

17. PLANT AND EQUIPMENT (CONT'D)

Company

	Furniture and <u>fixtures</u> HK\$	Computer <u>equipment</u> HK\$	Motor <u>vehicles</u> HK\$	Leasehold <u>improvements</u> HK\$	<u>Total</u> HK\$
Cost					
At 1 April 2006	82,782	124,451	14,666	6,353	228,252
Additions	1,280	2,755	4,877	-	8,912
Disposals	-	-	(3,772)	-	(3,772)
Exchange realignment	(10,700)	(15,601)	(1,738)	(753)	(28,792)
At 31 March 2007	<u>73,362</u>	<u>111,605</u>	<u>14,033</u>	<u>5,600</u>	<u>204,600</u>
At 1 April 2007	73,362	111,605	14,033	5,600	204,600
Additions	120	-	18,347	-	18,467
Disposals	-	-	(11,461)	-	(11,461)
Exchange realignment	240	(131)	(122)	(49)	(62)
At 31 March 2008	<u>73,722</u>	<u>111,474</u>	<u>20,797</u>	<u>5,551</u>	<u>211,544</u>
Accumulated depreciation					
At 1 April 2006	75,450	118,682	14,102	6,353	214,587
Charge for the year	1,795	2,816	1,012	-	5,623
Written back on disposals	-	-	(3,274)	-	(3,274)
Exchange realignment	(9,907)	(15,036)	(1,715)	(753)	(27,411)
At 31 March 2007	<u>67,338</u>	<u>106,462</u>	<u>10,125</u>	<u>5,600</u>	<u>189,525</u>
At 1 April 2007	67,338	106,462	10,125	5,600	189,525
Charge for the year	1,792	3,015	2,908	-	7,715
Written back on disposals	-	-	(10,269)	-	(10,269)
Exchange realignment	292	(85)	(88)	(49)	70
At 31 March 2008	<u>69,422</u>	<u>109,392</u>	<u>2,676</u>	<u>5,551</u>	<u>187,041</u>
Net book value					
At 31 March 2008	<u>4,300</u>	<u>2,082</u>	<u>18,121</u>	<u>-</u>	<u>24,503</u>
At 31 March 2007	<u>6,024</u>	<u>5,143</u>	<u>3,908</u>	<u>-</u>	<u>15,075</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>2008</u>	<u>2007</u>
	£	£
Shares in subsidiary undertakings	1,053,475	1,053,475
Amounts due from subsidiary undertakings	4,993,318	1,000,606
Total	<u>6,046,793</u>	<u>2,054,081</u>

The amounts due from subsidiary undertakings are unsecured, interest-free and not expected to be recovered within one year.

Particulars of the Group's subsidiary undertakings at 31 March 2008 are set out below:

Name	Place of incorporation and operations	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Group		Principal activities
			Directly	Indirectly	
T-Com Technology Co Limited	Taiwan	NT\$80,000,000 Ordinary share	52.25%	-	Supply, design, installation and maintenance of closed circuit television and surveillance systems and the sale of security system related products
Leader Smart Engineering Limited	Hong Kong	HK\$10,000 Ordinary shares	100%	-	Investment holding and engineering contractor
Leader Smart Engineering (Shanghai) Limited (note)	PRC	USD1,000,000 Registered capitals	-	100%	Supply, design, installation and maintenance of closed circuit television and surveillance systems and provision of engineering consultancy services

Note

Leader Smart Engineering (Shanghai) Limited is a wholly-foreign owned enterprise established in mainland China to operate for 20 years up to 2025.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)

No acquisition of business has been made during the year ended 31 March 2008. The details of the acquisition of business during the year ended 31 March 2007 are set out below.

(a) T-Com Technology Co Limited

On 17 May 2006, the Company acquired a 52.25% equity interest in T-Com Technology Co Limited ("T-Com") for a total consideration of £475,467.

The fair value of the subsidiary undertaking's net assets on the date of acquisition is as disclosed below:

	Acquiree's carrying amount before combination	Fair value adjustment	Fair value
	£	£	£
<i>Net assets acquired:</i>			
Plant and equipment	337,736		337,736
Inventories	562,027		562,027
Due from construction contract customers	696,250		696,250
Trade and other receivables	503,346		503,346
Cash and cash equivalents	45,159		45,159
Bank loan, secured	(1,070,394)		(1,070,394)
Bills payable	(271,298)		(271,298)
Due to construction contract customers	(38,253)		(38,253)
Trade payables and accruals	(418,885)		(418,885)
			345,688
Minority interest			(165,066)
			180,622
Represented by:			
Cash consideration			475,467
Goodwill (see note 16)			(294,845)
			180,622
Analysis of the net outflow of cash and cash equivalents in respect of the acquisition is as follows:			
Cash consideration paid			(475,467)
Cash and cash equivalents acquired			45,159
			(430,308)

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)

(a) T-Com Technology Co Limited (Continued)

From the date of acquisition to 31 March 2007, T-Com has contributed £128,430 to the net profit to the Group. It is not possible to estimate the amount T-Com would have contributed to the net profit of the Group had the acquisition taken place at the beginning of the year as T-Com has both a different year end and accounting policies. The cost of preparing such information would be excessive.

Goodwill is attributable to the benefit of expected synergies, revenue growth and future market development of T-Com. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

18. **INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)**

(b) Leader Smart Engineering Limited

On 2 October 2006, the Company acquired 100% equity interest in Leader Smart for an aggregate consideration of £606,920.

The fair value of the subsidiary undertaking's net assets on the date of acquisition is as disclosed below:

	Acquiree's carrying amount before combination £	Fair value adjustment £	Fair value £
<i>Net liabilities acquired:</i>			
Plant and equipment	51,136	·	51,136
Other receivables	498,637	·	498,637
Cash and cash equivalents	4,076	·	4,076
Trade payables and accruals	(613,929)	·	(613,929)
			<u>(60,080)</u>

Represented by:

Cash consideration	366,890
Share consideration	240,030
Goodwill (see note 16)	(667,000)
	<u>(60,080)</u>

**Analysis of the net outflow of cash and cash equivalents
in respect of the acquisition is as follows:**

Cash consideration paid	(366,890)
Cash and cash equivalents acquired	4,076
	<u>(362,814)</u>

From the date of acquisition to 31 March 2007, Leader Smart has contributed loss of £34,100 to the net profit of the Group. It is not possible to estimate the amount Leader Smart would have contributed to the net profit of the Group had the acquisition taken place at the beginning of the year as Leader Smart has both a different year end and accounting policies. The cost of preparing such information would be excessive.

Goodwill is attributable to the benefit of expected synergies, revenue growth and future market development of Leader Smart. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

19. INVENTORIES

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Raw materials	317,136	317,136	330,413	330,413
Work in progress	634	634	6,211	6,211
Finished goods	<u>655,630</u>	<u>405,256</u>	<u>670,810</u>	<u>481,516</u>
	<u><u>973,400</u></u>	<u><u>723,026</u></u>	<u><u>1,007,434</u></u>	<u><u>818,140</u></u>

The analysis of the amount of inventories recognised as an expense is as follows:

	Group	
	<u>2008</u> £	<u>2007</u> £
Carrying amount of inventories sold	3,549,492	4,152,883
Write down of inventories	11,978	-
Reversal of write down of inventories	-	(205,064)
	<u><u>3,561,470</u></u>	<u><u>3,947,819</u></u>

20. CONSTRUCTION CONTRACTS IN PROGRESS

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Contract costs incurred plus attributable profits less foreseeable losses	16,039,782	5,730,929	7,761,795	5,061,197
Progress billings to date	<u>(8,535,623)</u>	<u>(5,493,196)</u>	<u>(6,511,748)</u>	<u>(4,881,208)</u>
	<u><u>7,504,159</u></u>	<u><u>237,733</u></u>	<u><u>1,250,047</u></u>	<u><u>179,989</u></u>
Represented by:				
Amounts due from construction contract customers	8,333,620	1,021,233	1,849,509	763,951
Amounts due to construction contract customers	(829,461)	(783,500)	(599,462)	(583,962)
	<u><u>7,504,159</u></u>	<u><u>237,733</u></u>	<u><u>1,250,047</u></u>	<u><u>179,989</u></u>

At 31 March 2008, the amount of retention receivables from customers recorded within “trade and other receivables” is £10,164 (2007: £10,254).

Within amounts due from construction contracts customers is the amount of £5,661,646 for which the original land use rights certificate is held as security.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

21. TRADE AND OTHER RECEIVABLES

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade receivables	1,912,168	1,291,039	2,170,602	1,188,209
Less: allowance for doubtful debt	<u>(189,183)</u>	<u>(22,170)</u>	<u>(12,373)</u>	<u>(12,373)</u>
	1,722,985	1,268,869	2,158,229	1,175,836
Bills receivable	362,615	-	10,052	-
Other receivables	324,484	283,131	641,051	213,025
Retention receivables	<u>10,164</u>	<u>10,164</u>	<u>10,254</u>	<u>10,254</u>
Loan and receivables	2,420,248	1,562,164	2,819,586	1,399,115
Deposits and prepayments	642,533	43,762	315,611	68,947
Amounts due from construction contract customers (note 20)	8,333,620	1,021,233	1,849,509	763,951
Pledged bank balances	<u>464,903</u>	<u>464,903</u>	<u>124,149</u>	<u>124,149</u>
	<u><u>11,861,304</u></u>	<u><u>3,092,062</u></u>	<u><u>5,108,855</u></u>	<u><u>2,356,162</u></u>

All of the trade and other receivables are expected to be recovered within one year.

At 31 March 2008, the Group has pledged bank deposits of £464,903 (2007: £124,149) to banks for performance bonds in respect of construction contracts undertaken by the Group and the Company.

a) Impairment of trade receivables

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairments

Movements in the allowance for doubtful debts

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
At 1 January	12,373	12,373	12,373	12,373
Impairment loss recognised (note)	165,228	9,808	-	-
Effect of translation	11,582	(11)	-	-
At 31 December	189,183	22,170	12,373	12,373

Note:

As at 31 March 2008, trade receivables of the Group and the Company amounting to £165,228 (2007: £Nil) and £9,808 (2007: £Nil) respectively were individually determined to be impaired and full impairment had been made. These individually impaired receivables were outstanding for over 180 days as at the balance sheet date or were due from companies with financial difficulties.

b) Trade receivables that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Up to 3 months past due	1,375,786	1,017,121	1,317,301	1,058,492
Over 3 months but less than 1 year past due	287,151	216,681	772,310	48,996
Over 1 year past due	60,048	35,067	68,618	68,348
	1,722,985	1,268,869	2,158,229	1,175,836

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, 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 Company does not hold any collateral over these balances.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

22. CASH AND CASH EQUIVALENTS

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Cash and bank balances	440,955	245,135	671,873	558,235
Short term bank deposits	-	-	932,059	930,060
Cash and cash equivalents in the balance sheet	440,955	<u>245,135</u>	1,603,932	<u>1,488,295</u>
Bank overdrafts	<u>(2,457)</u>		-	
Cash and cash equivalents in the consolidated cash flow statement	<u>438,498</u>		<u>1,603,932</u>	

23. INTEREST-BEARING BORROWINGS

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Within 1 year or on demand				
Bank loans				
- Secured (note a)	1,238,843	-	1,241,905	-
- Unsecured (note b)	128,924	128,924	-	-
Loan from related company (note c)	<u>2,514,021</u>	<u>2,514,021</u>	-	-
	<u>3,881,788</u>	<u>2,642,945</u>	<u>1,241,905</u>	-

Notes:

- a) The secured bank loan carried interest at rates ranging from 4.20% to 5.00% per annum (2007: 4.20% to 4.27%) and were secured by the sales contracts from Formosa Plastics Group.
- b) The unsecured bank loans carried interest at prime rate minus 0.5% per annum (2007: Nil). The prime rate as at 31 March 2008 is 5.25% per annum.
- c) A loan of US\$5 million was provided on 31 December 2007 by Mayne Management Limited, the holding company of UniVision Holdings Limited which has a 47.9% equity interest of the Company. The loan facility is used exclusively to finance a major construction project in PRC. The loan carries interest at the rate of 26.67% pa. The loan includes interest amounting to US\$1 million which is payable on the maturity date of the loan on 30 September 2008. Security over 41% of the Group's interest in a shopping mall contract within the PRC has been provided.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

24. TRADE AND OTHER PAYABLES

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Trade payables	296,553	131,923	473,303	312,121
Bills payable	600,904	-	220,858	-
Accrual for sales tax	-	-	18,964	18,964
Due to a director	27,169	-	-	-
Accruals and other payables	<u>1,151,581</u>	<u>932,612</u>	<u>563,192</u>	<u>347,222</u>
Financial liabilities				
measured at amortised cost	2,076,207	1,064,535	1,276,317	678,307
Amounts due to construction contract customers (note 20)	<u>829,461</u>	<u>783,500</u>	<u>599,462</u>	<u>583,962</u>
	<u><u>2,905,668</u></u>	<u><u>1,848,035</u></u>	<u><u>1,875,779</u></u>	<u><u>1,262,269</u></u>

25. INCOME TAX IN THE BALANCE SHEET

a) Current taxation in the consolidated balance sheet represents:

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Provision for the year				
Hong Kong profits tax	-	-	-	-
Overseas income tax	495,810	-	29,485	-
	<u>495,810</u>	<u>-</u>	<u>29,485</u>	<u>-</u>

b) At the balance sheet date, the Company has unused tax losses of £4,213,736 (2007: £4,461,050) that are available for offset against future taxable profits of the Company. No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Tax losses may be carried forward indefinitely.

No provision for deferred tax liabilities has been made in the financial statements as the tax effect of temporary differences is immaterial to the Group and the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

26. OBLIGATION UNDER FINANCE LEASE

At 31 March 2008, the Group and the Company had obligations under finance leases repayable as follows:

	2008		2007	
	Present value of the minimum <u>lease payment</u> £	Total minimum <u>lease payment</u> £	Present value of the minimum <u>lease payment</u> £	Total minimum <u>lease payment</u> £
Within 1 year	3,055	3,654	-	-
After 1 year but within 2 years	3,055	3,654	-	-
After 2 years but within 5 years	6,874	8,222	-	-
	<u>9,929</u>	<u>11,876</u>	<u>-</u>	<u>-</u>
	<u>12,984</u>	<u>15,530</u>	<u>-</u>	<u>-</u>
Less: total future interest expense		<u>2,546</u>		<u>-</u>
Present value of lease obligation		<u>12,984</u>		<u>-</u>

27. SHARE CAPITAL

	<u>2008</u> £	<u>2007</u> £
Authorised :		
800,000,000 ordinary shares of HK\$0.0625 each	<u>3,669,470</u>	<u>3,669,470</u>
Issued and fully paid:		
383,677,323 shares (2007: 383,677,323 shares) of HK\$0.0625 each	<u>1,697,617</u>	<u>1,697,617</u>

The Company has one class of ordinary shares.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

28. OPERATING LEASE COMMITMENTS

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases for the office and warehouse premises are payable as follows:

	2008		2007	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Within one year	94,974	49,259	82,529	31,663
In the second to fifth years inclusive	<u>18,592</u>	<u>2,816</u>	<u>21,684</u>	<u>923</u>
	<u><u>113,566</u></u>	<u><u>52,075</u></u>	<u><u>104,213</u></u>	<u><u>32,586</u></u>

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the key management of the Group during the year was as follows:-

	<u>2008</u> £	<u>2007</u> £
Salaries, bonus and allowances	<u><u>247,181</u></u>	<u><u>256,525</u></u>

The remuneration of key management personnel comprise the remuneration of executive directors and key executives.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

29. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel (CONT'D)

Executive directors include the executive chairman, the chief executive officer and the technical director of the Company. The remuneration of the executive directors is determined by the Remuneration Committee having regard to the performance of individuals, the overall performance of the Group and market trends. Further information about the remuneration committee and the directors' remuneration is provided in the Remuneration Report and the Report of Corporate Governance to the Annual Report and note 11 to the financial statements.

Key executives include the sales manager, the operations manager and the financial controller of the Company. The remuneration of the key executives is determined by the executive directors annually having regard to the performance of individuals and market trends.

Biographical information on key management personnel is disclosed in the Directors' and Senior Management's Biographies section of the Annual Report.

Transactions with related companies

- (a) A loan of US\$5 million was provided on 31 December 2007 by Mayne Management Limited, the holding company of UniVision Holdings Limited which has a 47.9% equity interest in the Company. The loan includes interest amounting to US\$1 million which is payable on the maturity date of the loan on 30 September 2008. The loan is still outstanding at the date of the approval of the Financial Statements (refer to note 31)
- (b) At 31 March 2008, there is a receivable balance of £6,095 (2007: £5,423) in respect of legal fees which were paid by the Group on behalf of UT Vision PTE, a company of which Stephen Koo is a director.

30. LITIGATION

There was a dispute between Leader Smart Engineering Limited and a sub-contractor for an outstanding receivable of RMB 2.5m relating to a PRC project. A legal claim was raised. The Project was performed before the Group's acquisition of Leader Smart Engineering Limited on 2 October 2006. All risks and benefits before the acquisition date are borne by the former shareholders of Leader Smart Engineering Limited.

The dispute was fully settled and the Court Order has been released before the date of the approval of the Financial Statements.

The Company has included an amount within other receivables for the sum recoverable under the sales and purchase agreement with the former owners of Leader Smart Engineering Limited. Leader Smart Engineering Limited has recognised the liability arising from this claim within accruals and other payables.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

31. EVENTS AFTER THE BALANCE SHEET DATE

The loan of US\$5 million provided by Mayne Management Limited, the holding company of UniVison Holdings Limited which has a 47.9% equity interest in the Company, has been renewed, with the accrued interest payable of US\$1 million for a further twelve months to 30 September 2009. The accrued interest has been added to the initial loan amount and the new principal amount for repayment is US\$6 million. The loan carries interest at 15% pa which is repayable in full on or before 1 October 2009.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2008 Annual General Meeting of UniVision Engineering Limited will be held at UniVision Engineering Limited, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong, on 31 October 2008 at 5:00P.M.. The following businesses will be transacted then:

1. To receive and adopt the Company's audited financial statements for the financial year ended 31 March 2008 together with the Directors' report and the auditors' report;
2. To re-elect Mr. Andrew Ping Sum TANG who retired by rotation, as a Non-Executive Director of the Company;
3. To re-elect Mr. Richard FERNIE who retired by rotation, as a Non-Executive Director of the Company;
4. To reappoint auditor Littlejohn, Chartered Accountants as auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company and to authorize the Directors to adjust their remuneration packages;
5. To consider and, if considered appropriate, pass the following resolution as an ordinary resolution that the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to allot ordinary shares of HK\$0.0625 each in the capital of the Company (the 'Ordinary Shares'). Such authority (unless and to the extent previously revoked, varied or renewed by the Company during the general meeting) to expire 15 months after the date of the passing of such resolution or on the conclusion of the Company's next Annual General Meeting to be held, following the date of passing such resolution, whichever occurs first, save that the Company may before such expiry make any offer or agreement which would or might require Ordinary Shares to be allotted after such expiry, and that the Directors may allot Ordinary Shares in pursuance of such an offer or an agreement as if such authority had not expired. This authority substitutes all subsisting authorities to the extent unused.

By Order of the Board

Registered office:
8/F Lever Tech Centre,
69-71 King Yip Street,
Kwun Tong, Kowloon,
Hong Kong

Mr. Stephen Sin Mo KOO
Executive Chairman
30 September 2008

NOTES:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies (whether they are members or not) to attend and, on a poll, to vote in place of the member.
2. A form of proxy is enclosed with this notice. To be valid, the form of proxy and any power of attorney or other authority (if any) under which it is signed, or a notarized and certified copy of that power of authority, must be lodged with the Company's registrars, Computershare Investor Services (Channel Islands) Limited at PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Island, not less than 48 hours before the Annual General Meeting takes place.
3. Completion and return of a proxy does not preclude a member from attending and voting at the Annual General Meeting.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as of 30 September 2008 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the Annual General Meeting.