UniVision Engineering Limited

Annual Report
Year ended 31 March 2009

UNIVISION ENGINEERING LIMITED
Annual Report
Year ended 31 March 2009

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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 Office*
Chun Pan WONG, *Technical Director*
Danny Kwok Fai YIP, *Finance Director*
Andrew Ping Sum TANG, *Non-Executive Director*

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

Audit Committee
Andrew Ping Sum TANG, *Chairman*
Stephen Sin Mo KOO

Remuneration Committee
Andrew Ping Sum TANG, *Chairman*
Stephen Sin Mo KOO

Company Secretary
Danny Kwok Fai YIP

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Website: www.uvel.com

AIM Stock Code: UVEL

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Allenby Capital Limited
40 Marsh Wall,
Docklands,
London E14 9TP,
UK

Auditors
ZYCPA Company Limited
Certified Public Accountants
9/F Chinachem Hollywood Centre,
1-13 Hollywood Road,
Central, Hong Kong

Registrars
Computershare Investor Services
(Jersey) Limited
PO Box 83 Ordnance House,
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Channel Island

UK Depositary
Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol BS13 8AE,
UK

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report Group results for the financial year ended 31 March 2009.

Last year was a challenging year. Investment and projects are pending or have been delayed due to unfavourable market conditions. The turnover of the Security and Surveillance Systems business declined during the year. Efforts have been focussed on maintenance services, which have enabled constant cash flow for the operation of the Group. Given that infrastructure projects are to be implemented in the coming years in Hong Kong, as well as the expected growing demand for Security and Surveillance in the Greater China Region, we expect an improved trading performance in the short to medium term.

Our Electrical and Mechanical ("E&M") business, which is operated through Leader Smart; a wholly owned subsidiary, based in Shanghai, is improving. We now have a successful operation in the Zhongshan shopping mall in the People's Republic of China (the "PRC"). We have also secured a hotel project in Huangshan, a famous tourist destination in the PRC. Investment has slowed due to the financial crisis, and subsequently the progress of our E&M business has been delayed. We see market conditions improving and once additional funding is available, the above mentioned project will be implemented immediately.

FINANCIAL REVIEW

During the period under review the relative strengthening in the HK$ against sterling has led to a 14.2% appreciation in the GBP reporting amount in the Income Statement and a 28.8% in the Balance Sheet. All figures in the Financial Statement need to be adjusted for comparative purposes.

Turnover decreased by 37% to £9.2m (2008: £14.5m). This reduction was mainly due to the delayed progress of our E&M projects in the PRC. As a result of this and adjustments relating to the reversal of prior recognition of deferred tax assets on the Group's balance sheet and goodwill impairment in the Group's Taiwan subsidiary, the Company recorded an after tax loss £0.5m for the year. Nevertheless, our Security and Surveillance business remained stable for which the major customers are public organisations and government departments. With the expected contribution from the E&M projects in the PRC in the coming year, I believe that the turnover decline and the reported loss in this year to improve in the current financial year.

Gross profit margin improved to 33.4% (2008: 30%) due to the effective cost control on the resources of enterprise. The "resources of enterprise" represent our human resources , i.e Project and Maintenance teams, sub-contractors, logistics, and inventory.

Administration expenses increased by 6.2% from last year to £2m (2008: £1.9m). Finance costs increased 207% to £0.7m (2008: £0.2m) due to the provision for interest payable to our Holding Company for the US$6m loan. No significant capital investment occurred in the current year.

Earnings before Interest and Tax (EBIT) are £0.4m (2008: £1.9m). Net (loss)/profit before income tax is (£-0.3m) (2008: £1.7m).

Basic earnings per share decreased from 0.36p to (0.14p) as the Company recorded a loss after income tax in this year.

BUSINESS REVIEW

Markets

Although the financial crisis of the last year has slowed down the investment in technology and the growth of the economy, IMS Research's latest report, "The world Market for CCTV and Video Surveillance Equipment – 2009 Edition" forecasts that the world market for video surveillance equipment will still have growth of 3% in 2009.

There is continuing strong demand for IP Video, such as Digital Video Servers (DVS), Network Video Recorders (NVRs) and Internet Protocol (IP) cameras.

There is growing demand of applying these network based solutions to protect valuable assets and provide a safe environment in transportation, city surveillance, schools and universities.

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 centred on intruder detection, loitering detection, left behind objects and trip wire.

The Board expects the network video market to show strong growth in the coming years and considers that the Company is well placed to reap the benefits of this growth.

The E&M business in the PRC has made a good start, where we have a successful shopping mall project in Zhongshan, the PRC and the coming project in Huangshan. However, progress will depend on the economic environment and the funding available.

Technologies, Solutions and Products

As technologies become more sophisticated and intelligent, and converge with IT industries, the capacity to provide total solutions, as well as integrated systems, becomes vital.

On the products side, 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 are also currently working on some video analysis algorithms and a new application which we expect to launch in the coming year.

Acquisitions and Investments

The Group is not currently anticipating any imminent new acquisitions or investments. However, we are always assessing possible opportunities with a view to making further strategic investments.

Contract Wins

During the reporting period, we have entered into a contract with MTR Corporation Limited ("MTR"), the sole owner and operator of the mass transit railway in Hong Kong, to provide maintenance services to MTR's network of CCTV systems, public address systems and passenger information display systems on six railway lines as well as their related depots and ancillary buildings. The contract has a fixed value of approximately £2.15m over a three year period, commencing on 1 January 2009. Apart from that, we have entered into a contract for £4.8m with Huang Shan Shi Yi Xian Tian Chen Property Development Company Limited and Huang Shan Shi Xiangxigu Holiday Village Limited ("the Developers"), the property developer and hotel operator in the PRC for the hotel project - Huang Shan (Xidi) Xiangxigu Holiday Village in Huangshan, a famous travel city in the PRC.

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 substantial growth of the business. We have extended our maintenance services with MTR for another three years. In particular, our relationship with the MTR has proved to be positive. We will have good potential in other confirmed and planned railway line developments in the coming five years.

PROSPECTS

Our Security and Surveillance business remains stable, although it declined in the reporting period . As a result of the infrastructure projects to be implemented in the coming years here in Hong Kong, as well as the expected growing demand on Security and Surveillance in the Greater China Region, we are expecting good prospects in the coming years.

The E&M business in the PRC is still one of our growth targets. We are secured as we take property right as collateral to minimize the credit risk. We have a shopping mall project in Zhongshan, the PRC which is now in the final stage. Also, another hotel project in Huangshan, the PRC is underway. Additional funding is required for this project, as well as other potential projects. Our growth will depend on access to funds.

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 SIN MO KOO
EXECUTIVE CHAIRMAN
29 September 2009

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Andrew Ping Sum TANG – Non-executive Director (aged 52)

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. 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 52)

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 50)

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 was 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 49)

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.

Danny Kwok Fai YIP –Finance Director (aged 45)

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 35)

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.

Peter, Yip Tak CHAN – Director of Sales and Marketing (aged 45)

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 Group and the Company for the year ended 31 March 2009.

Principal Activities

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, and the 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 Group and its future development is included in the Chairman's Statement.

Financial Position

The Group's loss for the year ended 31 March 2009 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 and the Company's changes in shareholders' equity for the year ended 31 March 2009 are set out in the statement of changes in shareholders' equity on pages 21 and 22.

The Group's and the Company's cash flow for the year ended 31 March 2009 is set out in the cash flow statement on pages 23 to 25.

Key Performance Indicators (KPI)

			2009	2008
Current Ratio:	Current Asset / Current Liabilities	:	1.7	1.8
Average Collection Period :	Account receivable / Sales per Day	:	74 days	43 days
Inventory Turnover :	Cost of goods sold / Inventory	:	5.9	10.4
Gross profit Margin :	Gross profit / Sales	:	33%	30%
Net Profit Margin :	Profit attributable to equity holders of the Company / Sales	:	-6%	9%
Profit /Equity :	Profit attributable to equity holders of the Company / Equity	:	-6%	20%

Share Capital and Reserves

Details of the movements in share capital are set out in note 2 6 on page 64.

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

Dividends

The Directors do not propose the payment of a dividend for the year ended 31 March 2009.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on pages 56 to 57.

Directors

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

Stephen Sin Mo KOO	
Chun Hung WONG	
Andrew Ping Sum TANG	
Chun Pan WONG	
Richard FERNIE	(resigned on 28 February 2009)
Danny Kwok Fai YIP	

Mr. Andrew Ping Sum TANG and Mr. Chun Pan WONG retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, the current directors offer 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 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 2009
Stephen Sin Mo KOO	88,367,700*
Chun Hung WONG	-
Andrew Ping Sum TANG	-
Chun Pan WONG	-
Danny Kwok Fai YIP	-

* 78,744,000 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 Mo 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.

Substantial Shareholdings

As at 23 September 2009 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	21,176,180	5.5
Pershing Nominees Limited	16,350,439	4.3
W B Nominees Limited	15,481,800	4.0
LR Nominees Limited	12,411,573	3.2

[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 (2008: 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 28 October 2009 at 5:00p.m. The Notice of Meeting appears on page 66.

Annual Report

The annual report for the year ended 31 March 2009 will be sent to shareholders and will be available, free of charge, from the offices of the Company's nominated adviser, Allenby Capital Limited at 40 Marsh Wall, Docklands, London E14 9TP, UK 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 7 October 2009.

Auditors

During the year, Littlejohn, Chartered Accountants and Registered Auditors resigned as auditors of the Company and ZYCPA Company Limited, Certified Public Accountants, was appointed by the directors to fill the casual vacancy so arising. A resolution to re-appoint ZYCPA Company Limited, Certified Public Accountants as auditor of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
29 September 2009

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) and Mr. Stephen Sin Mo KOO (our Executive Chairman) and is chaired by Mr. Andrew Ping Sum TANG.

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 £	**2009 Total £**	2008 Total £
Executive Directors					
Stephen Pui Ming CHAN	-	-	-	-	40,222
Stephen Sin Mo KOO	60,696	-	5,058	**65,754**	56,427
Chun Pan WONG	34,320	893	2,135	**37,348**	31,762
Chun Hung WONG	38,828	893	3,124	**42,845**	8,234
Danny Kwok Fai YIP	28,317	893	1,755	**30,965**	13,720
Ronald Kwok Wai SIN	-	-	-	-	8,105
Non-executive Directors					
Andrew Ping Sum TANG	8,926	-	-	**8,926**	7,660
Johnny Ka Siu TANG	-	-	-	-	4,468
Richard FERNIE	8,182	-	-	**8,182**	7,660

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interests 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 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 bonuses. The Chairman of the Audit and Remuneration Committee is a non-executive director.

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. 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.

Remuneration Committee

Our Remuneration Committee comprises 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 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; and
- seek professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate.

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expense of such advice 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 is 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 periodic 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 Group and the Company 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 Group and the Company 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 Group and the Company 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 (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009 which comprise the Group Income Statement, the Group and the Company Balance Sheet, the Group and the Company Statement of Changes in Shareholders' Equity, the Group and the Company Cash Flow Statement, a summary of significant accounting policies and other explanatory notes, as set out therein.

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 that 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

As described in the Statement of Directors' Responsibilities, the directors of the Company are responsible for the preparation of financial statements in accordance with applicable law and International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true 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.

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

Auditor's responsibility (continued)

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 Chairman's Statement, Directors' Report, Remuneration Report, Report on Corporate Governance and Statement of Directors' Responsibilities. 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 state of affairs of the Group and the Company as at 31 March 2009 and of its loss 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.

ZYCPA Company Limited
Certified Public Accountants

Hong Kong, China
29 September 2009

UNIVISION ENGINEERING LIMITED
GROUP INCOME STATEMENT
For the year ended 31 March 2009

	Note	**2009**	2008
		£	£
Revenue		**9,228,523**	14,523,529
Cost of sales		**(6,143,040)**	(10,160,841)
Gross profit		**3,085,483**	4,362,688
Other income	*7*	**127,920**	323,806
Selling and distribution expenses		**(86,875)**	(71,826)
Administrative expenses		**(2,081,104)**	(1,959,772)
Other operating expenses		**(607,382)**	(716,914)
Profit from operations		**438,042**	1,937,982
Finance costs	*8*	**(735,955)**	(239,952)
(Loss)/profit before income tax	*9*	**(297,913)**	1,698,030
Income tax expense	*12*	**(226,951)**	(435,712)
(Loss)/profit for the year		**(524,864)**	1,262,318
Attributable to equity holders of the parent		**(554,580)**	1,400,331
Attributable to minority interest		**29,716**	(138,013)
		(524,864)	1,262,318
Earnings per ordinary share			
Basic	*13*	**(0.14p)**	0.36p
Diluted	*13*	**N/A**	N/A

All operations are continuing.

The notes numbered 1 to 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP BALANCE SHEET
As at 31 March 2009

	Note	**2009**	2008
		£	£
ASSETS			
Non-current assets			
Goodwill	*15*	**692,830**	961,845
Plant and equipment	*16*	**285,513**	352,175
Total non-current assets		**978,343**	1,314,020
Current assets			
Inventories	*18*	**1,050,046**	973,400
Trade and other receivables	*20*	**18,923,799**	11,861,304
Tax recoverable	*24*	**8,933**	-
Cash and bank balances	*21*	**117,762**	440,955
Total current assets		**20,100,540**	13,275,659
Total assets		**21,078,883**	14,589,679
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts	*21*	**219,934**	2,457
Interest-bearing borrowings	*22*	**5,552,204**	3,881,788
Trade and other payables	*23*	**5,160,493**	2,905,668
Tax payable	*24*	**921,984**	495,810
Obligation under finance lease	*25*	**4,293**	3,055
Total current liabilities		**11,858,908**	7,288,778
Non-current liabilities			
Obligation under finance lease	*25*	**9,659**	9,929
Total liabilities		**11,868,567**	7,298,707
Capital and reserves			
Capital and reserves	*26*	**8,977,979**	7,136,220
Minority interest		**232,337**	154,752
Total shareholders' equity		**9,210,316**	7,290,972
Total liabilities and equity		**21,078,883**	14,589,679

These financial statements were approved by the Board on Directors on 29 September 2009 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 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
COMPANY BALANCE SHEET
As at 31 March 2009

	Note	**2009** £	2008 £
ASSETS			
Non-current assets			
Plant and equipment	*16*	**20,441**	24,503
Investment in subsidiary undertakings	*17*	**3,235,438**	6,046,793
Total non-current assets		**3,255,879**	6,071,296
Current assets			
Inventories	*18*	**825,743**	723,026
Trade and other receivables	*20*	**3,854,121**	3,092,062
Cash and bank balances	*21*	**23,467**	245,135
Total current assets		**4,703,331**	4,060,223
Total assets		**7,959,210**	10,131,519
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		**219,934**	2,457
Interest-bearing borrowings	*22*	**4,510,870**	2,642,945
Trade and other payables	*23*	**2,195,127**	1,848,035
Obligation under finance lease	*25*	**4,293**	3,055
Total current liabilities		**6,930,224**	4,496,492
Non-current liabilities			
Obligation under finance lease	*25*	**9,659**	9,929
Total liabilities		**6,939,883**	4,506,421
Capital and reserves			
Capital and reserves	*26*	**1,019,327**	5,625,098
Total shareholders' equity		**1,019,327**	5,625,098
Total liabilities and equity		**7,959,210**	10,131,519

These financial statements were approved by the Board on Directors on 29 September 2009 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 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 March 2009

	Share capital	Share premium	Retained earnings	Special capital reserve "A"	Special capital reserve "B"	Exchange reserve	Sub-total	Minority interest	Total equity
	£ *(Note 26)*	£	£	£	£	£	£	£	£
Balance at 1 April 2007	1,697,617	2,192,640	1,769,924	155,876	143,439	(369,680)	5,589,816	285,641	5,875,457
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	1,697,617	2,192,640	3,170,255	155,876	143,439	(223,607)	7,136,220	154,752	7,290,972
Loss for the year	-	-	(554,580)	-	-	-	(554,580)	29,716	(524,864)
Effect on translation	-	-	-	-	-	2,396,339	2,396,339	47,869	2,444,208
Balance at 31 March 2009	1,697,617	2,192,640	2,615,675	155,876	143,439	2,172,732	8,977,979	232,337	9,210,316

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 at 31 March 2009.

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 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 March 2009

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Special capital reserve "A"	Special capital reserve "B"	Exchange reserve	Total equity
	£ *(Note 26)*	£	£	£	£	£	£
Balance at 1 April 2007	1,697,617	2,192,640	1,675,594	155,876	143,439	(395,682)	5,469,484
Profit for the year	-	-	201,402	-	-	-	201,402
Effect on translation	-	-	-	-	-	(45,788)	(45,788)
Balance at 31 March 2008	1,697,617	2,192,640	1,876,996	155,876	143,439	(441,470)	5,625,098
Loss for the year	-	-	(5,497,465)	-	-	-	(5,497,465)
Effect on translation	-	-	-	-	-	891,694	891,694
Balance at 31 March 2009	1,697,617	2,192,640	(3,620,469)	155,876	143,439	450,224	1,019,327

The notes numbered 1 to 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP CASH FLOW STATEMENT
For the year ended 31 March 2009

	Note	**2009**	2008
		£	£
Cash flows from operating activities			
(Loss)/profit before income tax from continuing operations		**(297,913)**	1,698,030
Adjustments for:			
Interest income	*7*	**(8,521)**	(21,172)
Interest expense	*8*	**735,955**	239,952
Depreciation	*16*	**191,933**	172,193
Write down of obsolete inventories	*18*	**89,435**	11,978
Written back on trade and other payables	*7*	**(85,660)**	(30,848)
Unrealised loss on investment account carried at fair value	*9*	**-**	7,480
Impairment losses on trade receivables	*9*	**290,801**	165,228
Impairment losses on other receivables	*9*	**23,632**	357,935
Impairment loss on goodwill	*15*	**309,325**	-
Loss/(gain) on disposal of plant and equipment	*9*	**398**	(681)
Operating cash generated before working capital changes		**1,249,385**	2,600,095
Decrease in inventories		**215,513**	22,056
Increase in trade and other receivables		**(2,642,094)**	(6,791,047)
Increase in tax recoverable		**(53,416)**	-
Increase in trade and other payables		**1,099,440**	766,872
Increase in tax payable		**1,505**	-
Net cash used in operations		**(129,667)**	(3,402,024)
Income tax paid – The PRC		**-**	(711)
Income tax paid – Taiwan		**(18,669)**	-
Net cash used in operating activities		**(148,336)**	(3,402,735)
Cash flows from investing activities			
Interest received	*7*	**8,521**	21,172
Purchase of plant and equipment		**(46,865)**	(146,392)
Increase in pledged bank deposits		**(7,168)**	(340,754)
Proceeds from disposal of plant and equipment		**735**	1,880
Net cash used in investing activities		**(44,777)**	(464,094)

The notes numbered 1 to 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
GROUP CASH FLOW STATEMENT (Continued)
For the year ended 31 March 2009

	Note	**2009**	2008
		£	£
Cash flows from financing activities			
Interest paid		**(87,391)**	(73,839)
Capital element of finance lease rentals paid		**(4,293)**	(764)
Interest element of finance lease rentals paid		**(691)**	(148)
(Repayment of)/proceeds from interest-bearing borrowings		**(608,862)**	2,639,883
Net cash (used in)/generated from financing activities		**(701,237)**	2,565,132
Net decrease in cash and cash equivalents		**(894,350)**	(1,301,697)
Effect of change in foreign exchange rates		**353,680**	136,263
Cash and cash equivalents at beginning of year		**438,498**	1,603,932
Cash and cash equivalents at end of year	*21*	**(102,172)**	438,498

Major non-cash transactions:

There was no major non-cash transaction during the year ended 31 March 2009.

The notes numbered 1 to 29 form an integral part of these financial statements.

UNIVISION ENGINEERING LIMITED
COMPANY CASH FLOW STATEMENT
For the year ended 31 March 2009

	Note	**2009** £	2008 £
Cash flows from operating activities			
(Loss)/profit before income tax from continuing operations		**(5,497,465)**	201,402
Adjustments for:			
Interest income		**(7,567)**	(19,085)
Interest expense		**673,069**	179,264
Depreciation	*16*	**10,891**	7,640
Written back on trade and other payables		**(85,660)**	(28,803)
Unrealised loss on investment account carried at fair value		**-**	7,480
Impairment losses on investment in subsidiary undertakings	*17*	**4,717,031**	-
Impairment losses on trade receivables		**419,625**	9,808
Impairment losses on other receivables		**14,295**	7,768
Loss/(gain) on disposal of plant and equipment		**915**	(543)
Operating cash generated before working capital changes		**245,134**	364,931
Decrease in inventories		**190,225**	87,109
Increase in trade and other receivables		**(41,876)**	(301,519)
Increase in amounts due from subsidiaries		**(673,183)**	(3,971,484)
(Decrease)/increase in trade and other payables		**(379,780)**	327,151
Net cash used in operating activities		**(659,480)**	(3,493,812)
Cash flows from investing activities			
Interest received		**7,567**	19,085
Purchase of plant and equipment		**(393)**	(18,286)
Increase in pledged bank deposits		**(7,168)**	(338,500)
Proceeds from disposal of plant and equipment		**74**	1,723
Net cash generated from/(used in) investing activities		**80**	(335,978)
Cash flows from financing activities			
Interest paid		**(24,504)**	(13,151)
Inception of finance lease		**-**	13,613
Capital element of finance lease rentals paid		**(4,293)**	(756)
Interest element of finance lease rentals paid		**(691)**	(148)
Proceeds from interest-bearing borrowings		**90,579**	2,617,133
Net cash generated from financing activities		**61,091**	2,616,691
Net decrease in cash and cash equivalents		**(598,309)**	(1,213,099)
Effect of change in foreign exchange rates		**159,164**	(32,518)
Cash and cash equivalents at beginning of year		**242,678**	1,488,295
Cash and cash equivalents at end of year		**(196,467)**	242,678

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 electronic and mechanical services. The principal activities of the subsidiaries are set out in note 17 to the financial statements.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention as modified for certain financial assets and liabilities (including derivative instruments) are measured at fair value through profit and loss.

The Company's operations are principally conducted in Hong Kong. The financial statements of the Company and the Group have been presented in Sterling Pound ("£") which is the Company's presentation currency as the directors consider this presentation to be more useful for its current and potential investors.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to access its judgment in the access of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new and revised International Financial Reporting Standards

In the current year, the Group adopted the new and revised International Financial Reporting Standards ("IFRSs") which includes all applicable International Reporting Standard, International Accounting Standards and Interpretation issued by the International Accounting Standards Board that are relevant to it operation an defective for accounting periods beginning on or after 1 January 2009.

The adoptions of the new and revised IFRSs are not relevant to the Group and did not result in any substantial changes to the Group's accounting policies.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous period presented in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Adoption of new and revised International Financial Reporting Standards (cont'd)

The Group has not applied the following new IFRSs that have been issued and effective from accounting periods beginning on or after 1 January 2009:

IAS 1	(Revised)	Presentation of Financial Statements
IAS 23	(Revised)	Borrowing costs
IAS 27	(Revised)	Consolidated and Separate Financial Statements
IAS 36	(Amendment)	Impairment of Assets
IAS 39	(Amendment)	Financial Instruments: Recognition and Measurement
IFRS 2		Share-based Payment – Vesting conditions and cancellations
IFRS 8		Operating Segments

The Group's assessment of the impact of adopting those standards, revised or amendments that are relevant to the Group is set out below:

(i) IAS 1 (Revised) Presentation of Financial Statements

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;

- Components of comprehensive income not to be included in statement of changes in equity;

- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);

- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

(ii) IFRS 8 Operating Segments

IFRS 8 supersedes IAS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Adoption of new and revised International Financial Reporting Standards (cont'd)

(ii) IFRS 8 Operating Segments (cont'd)

The Group will apply IFRS 8 from 1 January 2009 and provide comparative information that conforms to the requirements of IFRS 8. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under IFRS 8.

(iii) Revised IAS 23 Borrowing Costs

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised IAS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

(b) Group accounting

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment in subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Research and development cost

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (cont'd)

(ii) Research and development cost (cont'd)

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.

(e) Plant and equipment

(i) Measurement

1) Other plant and equipment

All other items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2) Components of cost

The cost of an item of plant and equipment are initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs capitalised in accordance with the Group's accounting policy.

(ii) Depreciation

Depreciation on other items of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Plant and equipment (cont'd)

(iii) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

(f) Impairment of non-financial assets

Plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets

The principal financial assets are cash, trade receivables, other receivables and other investments.

(i) 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.

(ii) 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.

(iii) Construction contracts

The accounting policy for contract revenue is set out in note 3(n)(i). 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".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that the financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(i) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include interest-bearing borrowings, trade and other payables.

(i) 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(ii) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial liabilities and equity (cont'd)

(iii) Equity instrument

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised costs.

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction cost that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

(k) 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.

(l) Fair value estimation of financial assets and liabilities

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Fair value estimation of financial assets and liabilities (cont'd)

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

(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.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of business tax, value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic will flow to the entity and when specific criteria have been made met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Construction contracts

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition (cont'd)

(i) Construction contracts (cont'd)

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.

(ii) Maintenance contracts

Revenue from maintenance contracts is recognised on a straight line basis over the maintenance periods thereof.

(iii) Product sales

Revenue from product sales 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.

(iv) Solution sales

Revenue from solution sales is recognised when the solution services are rendered.

(v) Management fee

Revenue from management service is recognised when the management services are rendered.

(vi) Interest income

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

(o) Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be availab le to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists t o set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(p) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee benefit – pension obligations

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.

(r) Finance expense

Finance expense comprises interest expense on borrowings which is recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, 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 be prepared for its intended use or sale.

(s) 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 3(e)(ii). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(f). 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) 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.

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.

(u) Related party transactions

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment and those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one ye ar.

Unallocated items mainly comprise financial and corporate assets, borrowings, corporate and financial expenses.

(w) Share capital

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLIC IES

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 risks 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 2009, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Group and the Company balance sheet after deducting any impairment allowance.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

a) *Credit risk (cont'd)*

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 are 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 90 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 exceed 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 and the Company's exposure to credit risk arising from trade and other receivables are set out in note 20.

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:

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLIC IES (CONT'D)

b) Liquidity risk (cont'd)

Group

	2009				
	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 £	Carrying amount £
Bank overdrafts	219,934	-	-	219,934	219,934
Interest-bearing borrowings	5,902,246	-	-	5,902,246	5,552,204
Trade and other payables	5,160,493	-	-	5,160,493	5,160,493
Tax payable	921,984	-	-	921,984	921,984
Obligation under finance lease	5,135	5,135	6,418	16,688	13,952
	12,209,792	5,135	6,418	12,221,345	11,868,567

	2008				
	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 £	Carrying amount £
Bank overdrafts	2,457	-	-	2,457	2,457
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
Tax payable	495,810	-	-	495,810	495,810
Obligation under finance lease	3,654	3,654	8,222	15,530	12,984
	7,822,897	3,654	8,222	7,834,773	7,298,707

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLIC IES (CONT'D)

b) Liquidity risk (cont'd)

Company

	2009				
	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	Carrying amount
	£	£	£	£	£
Bank overdrafts	219,934	-	-	219,934	219,934
Interest-bearing borrowings	4,831,527	-	-	4,831,527	4,510,870
Trade and other payables	2,195,127	-	-	2,195,127	2,195,127
Obligation under finance lease	5,135	5,135	6,418	16,688	13,952
	7,251,723	5,135	6,418	7,263,276	6,939,883

	2008				
	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	Carrying amount
	£	£	£	£	£
Bank overdrafts	2,457	-	-	2,457	2,457
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
Obligation under finance lease	3,654	3,654	8,222	15,530	12,984
	5,000,517	3,654	8,222	5,012,393	4,506,421

c) Foreign currency risk

The Group operates mostly in Hong Kong, Taiwan and the People's Republic of China (the "PRC") and revenue and expenditure are mainly denominated in Hong Kong Dollars ("HKD"), New Taiwan Dollars ("NTD") and Renminbi Yuan ("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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

c) *Foreign currency risk (cont'd)*

Group

	2009			
	NTD	RMB	USD	HKD
Trade and other receivables	95,854,981	131,407,851	13,086	38,088,132
Cash and bank balances	3,648,137	44,799	25,367	199,370
Interest-bearing borrowings	(46,500,000)	-	(6,116,716)	(3,000,000)
Trade and other payables	(32,734,535)	(24,686,512)	(309,820)	(21,175,432)
Overall net exposure	20,268,583	106,766,138	(6,388,083)	14,112,070

	2008			
	NTD	RMB	USD	HKD
Trade and other receivables	135,172,017	101,599,900	15,216	40,705,543
Cash and bank balances	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	(61,372,707)	(6,533,774)	(553,973)	(19,659,463)
Overall net exposure	5,384,088	95,600,286	(5,396,986)	21,186,728

Company

	2009			
	NTD	RMB	USD	HKD
Trade and other receivables	-	7,272,227	13,086	34,138,645
Cash and bank balances	-	-	8,023	173,801
Interest-bearing borrowings	-	-	(6,000,000)	(3,000,000)
Trade and other payables	-	(172,076)	(264,365)	(21,131,636)
Overall net exposure	-	7,100,151	(6,243,256)	10,180,810

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

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

c) *Foreign currency risk (cont'd)*

Group

	2009		2008	
	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%	**21,961**	5%	4,201
	(5%)	**(21,961)**	(5%)	(4,201)
RMB	5%	**576,942**	5%	325,189
	(5%)	**(576,942)**	(5%)	(325,189)
USD	5%	**237,543**	5%	(136,323)
	(5%)	**(237,543)**	(5%)	136,323
HKD	5%	**67,277**	5%	4,429
	(5%)	**(67,277)**	(5%)	(4,429)

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 HKD and USD would be materially unaffected by any changes in movement in value of 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 2008.

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

d) Interest rate risk (cont'd)

Group

	2009		2008	
	Effective interest rate	**£**	Effective interest rate	£
Net fixed rate borrowings:				
Interest-bearing borrowings	**20.30%**	**4,239,130**	26.67%	2,514,021
Variable rate borrowings:				
Bank loans	**4.83%**	**1,313,074**	5%	1,367,767
Total net borrowings		**5,552,204**		3,881,788
Net fixed rate borrowings as a percentage of total net borrowings		**76%**		65%

Company

	2009		2008	
	Effective interest rate	**£**	Effective interest rate	£
Net fixed rate borrowings:				
Interest-bearing borrowings	**20.30%**	**4,239,130**	26.67%	2,514,021
Variable rate borrowings:				
Bank loans	**4.92%**	**271,740**	5%	128,924
Total net borrowings		**4,510,870**		2,642,945
Net fixed rate borrowings as a percentage of total net borrowings		**94%**		95%

Sensitivity analysis

At 31 March 2009, it is estimated that a general increase/decrease of 25 (2008: 25) basis points in interest rate, with all other variables held constant, would decrease/increase the Group's profit before tax by approximately £3,283 (2008: £3,419).

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 2008.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 2009, the Group's strategy, which was unchanged from 2008, 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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

f) Capital risk management (cont'd)

The net debt-to-adjusted capital ratio at 31 March 2009 and 2008 was as follows:

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Current liabilities				
Trade and other payables	**5,160,493**	2,905,668	**2,195,127**	1,848,035
Bank overdrafts	**219,934**	2,457	**219,934**	2,457
Interest-bearing borrowings	**5,552,204**	3,881,788	**4,510,870**	2,642,945
Tax payable	**921,984**	495,810	**-**	-
Obligations under finance lease	**4,293**	3,055	**4,293**	3,055
Non-current liabilities	**11,858,908**	7,288,778	**6,930,224**	4,496,492
Obligation under finance lease	**9,659**	9,929	**9,659**	9,929
Total debt	**11,868,567**	7,298,707	**6,939,883**	4,506,421
Less: Cash and bank balances	**117,762**	440,955	**23,467**	245,135
Net debt	**11,750,805**	6,857,752	**6,916,416**	4,261,286
Total equity	**9,210,316**	7,290,972	**1,019,327**	5,625,098
Net debt-to-adjusted capital ratio	**128%**	94%	**679%**	76%

5. 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.

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

(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 2009, there was £89,435 (2008: £11,978) write down of obsolete inventories recognised as expense in the income statement.

(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.

6. 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
- Management fee

Results by business segment for the year ended 31 March 2009 are as follows:

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
Income statement information:						
External sales	6,417,135	2,073,129	382,837	351,259	4,163	9,228,523
Inter-segment sales	-	-	139,507	-	-	139,507
Less: elimination	-	-	(139,507)	-	-	(139,507)
Revenue	6,417,135	2,073,129	382,837	351,259	4,163	9,228,523
Profit/(loss) from operations	279,563	109,464	(1,444)	49,868	591	438,042
Balance sheet information:						
Assets	14,657,389	4,735,237	874,438	802,311	9,508	21,078,883
Liabilities	8,252,914	2,666,199	492,356	451,745	5,353	11,868,567
Other segment information:						
Depreciation	133,463	43,117	7,962	7,305	86	191,933
Capital expenditure	39,684	12,821	2,367	2,172	26	57,070

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

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Total
	£	£	£	£	£
Income statement information:					
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
Balance sheet information:					
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
Other segment information:					
Depreciation	132,894	11,826	19,100	8,373	172,193
Capital expenditure	109,843	10,998	17,764	7,787	146,392

6. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments (cont'd)

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 PRC, and all of the Group's assets are located in the same geographic seg ment.

7. OTHER INCOME

	2009	2008
	£	£
Exchange gain	**31,152**	270,746
Gain on disposal of plant and equipment	**-**	681
Realised gain on investment securities	**1,105**	-
Interest income *	**8,521**	21,172
Written back on trade and other payab les	**85,660**	30,848
Sundry income	**1,482**	359
	127,920	323,806

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

8. FINANCE COSTS

	2009	2008
	£	£
Interest on bank loans and other borrowings wholly repayable within five years	**735,264**	239,804
Finance charge on obligation under finance lease	**691**	148
Total interest expenses on financial liabilities not at fair value through profit or loss	**735,955**	239,952

9. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after charging/(crediting):

	2009	2008
	£	£
Cost of inventories recognised as expenses *	**2,871,041**	3,561,470
Unrealised loss on investment account carried at fair value	**-**	7,480
Impairment losses on trade receivables	**290,801**	165,228
Impairment losses on other receivables	**23,632**	357,935
Impairment loss on goodwill	**309,325**	-
Write down of obsolete inventories	**89,435**	11,978
Auditors' remuneration		
- audit services (parent company)	**66,477**	87,192
- other services	**-**	597
Depreciation – leased plant and equipment	**5,391**	1,557
Depreciation – owned plant and equipment	**186,542**	170,636
Research and development costs	**41,783**	41,292
Operating lease charges – minimum lease payments	**125,375**	99,548
Loss/(gain) on disposal of plant and equipment	**398**	(681)

* Cost of inventories recognised as expenses included a write down of obsolete inventories of £89,435 (2008: £11,978) and written back on trade and other payables of £85,660 (2008: £30,848).

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year is disclosed as follows:

	2009	2008
	£	£
Directors' fees	**82,862**	76,215
Other emoluments:		
Salaries, bonuses and allowances	**108,480**	99,810
Pension scheme contributions	**2,678**	2,233
	194,020	178,258

11. STAFF COSTS (including directors' remuneration)

	2009 £	2008 £
Wages and salaries	**1,493,222**	1,209,323
Pension scheme contributions	**72,963**	60,569
	1,566,185	1,269,892

12. INCOME TAX IN THE GROUP INCOME STATEMENT

a) Income tax in the group income statement represents:

	2009 £	2008 £
Current tax		
Hong Kong profits tax	**4,609**	-
The PRC enterprise income tax	**215,462**	426,815
Other jurisdictions	**6,880**	8,897
	226,951	435,712

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 16 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 1 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 group balance sheet in respect of current tax payable.

12. INCOME TAX IN THE GROUP INCOME STATEMENT (CONT'D)

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

	2009	2008
	£	£
(Loss)/profit before income tax	**(297,913)**	1,698,030
Notional tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdictions concerned	**(704,590)**	314,591
Tax effect of non-taxable income	**(44)**	(3,442)
Tax effect of non-deductible expenses	**898,349**	98,044
Tax effect of temporary differences not recognised	**31,667**	67,898
Tax effect of utilisation of tax losses not recognised in prior years	**(1,214)**	(41,379)
Tax effect of tax losses not recognised	**8,870**	-
Over provision in prior year	**(6,087)**	-
Income tax expense	**226,951**	435,712

13. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on the (loss)/profit attributable to equity holders of the parent for the year of (£554,580) (2008: £1,400,331), and the weighted average of 383,677,323 (2008: 383,677,323) ordinary shares in issue during the year.

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

14. DIVIDEND

No dividend has been declared or paid for the year ended 31 March 2009 (2008: £Nil).

15. GOODWILL

Group

	£
Cost	
At 1 April 2007, 31 March 2008 and 31 March 2009	961,845
Accumulated impairment loss	
At 1 April 2007 and 31 March 2008	-
Impairment losses recognised in the year	309,325
Exchange realignment	(40,310)
At 31 March 2009	269,015
Carrying amount	
At 31 March 2009	692,830
At 31 March 2008	961,845

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:

	2009	2008
	£	£
Construction contracts	**692,830**	961,845

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:

	2009	2008
Gross margin	**15%-38%**	15%-30%
Growth rate	**15%**	15%

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, impairment loss of £309,325 is recognised for the year (2008: £Nil).

16. PLANT AND EQUIPMENT

Group

	Furniture and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Research assets	Total
	£	£	£	£	£	£
Cost						
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	160,363	218,483	102,253	55,620	763,927	1,300,646
At 1 April 2008	160,363	218,483	102,253	55,620	763,927	1,300,646
Additions	3,089	47,702	6,279	-	-	57,070
Disposals	(91,887)	(124,323)	(16,988)	(79,670)	-	(312,868)
Exchange realignment	88,930	20,971	29,131	24,050	203,244	366,326
At 31 March 2009	160,495	162,833	120,675	-	967,171	1,411,174
Accumulated depreciation						
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	123,720	200,917	48,998	40,321	534,515	948,471
At 1 April 2008	123,720	200,917	48,998	40,321	534,515	948,471
Charge for the year	12,576	20,381	20,213	17,999	120,764	191,933
Written back on disposals	(91,887)	(124,108)	(15,783)	(79,670)	-	(311,448)
Exchange realignment	92,419	16,522	13,030	21,350	153,384	296,705
At 31 March 2009	136,828	113,712	66,458	-	808,663	1,125,661
Net book value						
At 31 March 2009	23,667	49,121	54,217	-	158,508	285,513
At 31 March 2008	36,643	17,566	53,255	15,299	229,412	352,175

During the year, additions to motor vehicles of the Group financed by new finance leases were £ Nil (2008: £13,748). At the balance sheet date, the net book value of motor vehicles held under finance leases of the Group and the Company was £13,132 (2008: £14,017).

16. PLANT AND EQUIPMENT (CONT'D)

Company

	Furniture and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Total
	£	£	£	£	£
Cost					
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	73,722	111,474	20,797	5,551	211,544
At 1 April 2008	73,722	111,474	20,797	5,551	211,544
Additions	80	399	-	-	479
Disposals	(90,931)	(124,033)	(3,442)	(7,800)	(226,206)
Exchange realignment	29,868	45,166	8,425	2,249	85,708
At 31 March 2009	12,739	33,006	25,780	-	71,525
Accumulated depreciation					
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	69,422	109,392	2,676	5,551	187,041
At 1 April 2008	69,422	109,392	2,676	5,551	187,041
Charge for the year	2,081	1,753	7,057	-	10,891
Written back on disposals	(74,671)	(101,854)	(1,837)	(6,405)	(184,767)
Exchange realignment	12,319	22,525	2,221	854	37,919
At 31 March 2009	9,151	31,816	10,117	-	51,084
Net book value					
At 31 March 2009	3,588	1,190	15,663	-	20,441
At 31 March 2008	4,300	2,082	18,121	-	24,503

17. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2009	2008
	£	£
Shares in subsidiary undertakings	**1,053,475**	1,053,475
Less: impairment loss	**(658,272)**	-
Exchange realignment	**51,352**	-
	446,555	1,053,475
Amounts due from subsidiary undertakings	**7,731,452**	4,993,318
Less: impairment loss	**(4,058,759)**	-
Exchange realignment	**(883,810)**	-
	2,788,883	4,993,318
Total	**3,235,438**	6,046,793

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 2009 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	The PRC	US$1,000,000 Registered capital	-	100%	Supply, design, installation and maintenance of electrical and mechanical systems, construction decorations and provision of engineering consultancy services

Note:

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

18. INVENTORIES

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Raw materials	**418,555**	**418,555**	317,136	317,136
Work in progress	**30,143**	**23**	634	634
Finished goods	**601,348**	**407,165**	655,630	405,256
	1,050,046	**825,743**	973,400	723,026

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

	2009 £	2008 £
Carrying amount of inventories sold	**2,781,606**	3,549,492
Write down of obsolete inventories	**89,435**	11,978
	2,871,041	3,561,470

19. CONSTRUCTION CONTRACTS IN PROGRESS

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Contract costs incurred plus attributable profits less foreseeable losses	**24,320,035**	**7,844,911**	16,039,782	5,730,929
Progress billings to date	**(12,012,943)**	**(7,962,964)**	(8,535,623)	(5,493,196)
	12,307,092	**(118,053)**	7,504,159	237,733
Represented by:				
Amounts due from construction contract customers (note 20)	**13,695,491**	**1,085,082**	8,333,620	1,021,233
Amounts due to construction contract customers (note 23)	**(1,388,399)**	**(1,203,135)**	(829,461)	(783,500)
	12,307,092	**(118,053)**	7,504,159	237,733

At 31 March 2009, the amount of retention receivables from customers recorded within “trade and other receivables” is £66,344 (2008: £10,164).

Within amounts due from construction contracts customers is the amount of £11,353,545 for which the original land use rights certificate and the developing property are pledged as security.

20. TRADE AND OTHER RECEIVABLES

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Trade receivables	**2,430,301**	**1,986,310**	1,912,168	1,291,039
Less: allowance for doubtful debts	**(569,057)**	**(508,293)**	(189,183)	(22,170)
	1,861,244	**1,478,017**	1,722,985	1,268,869
Bills receivable	**331,593**	**-**	362,615	-
Other receivables	**2,186,029**	**534,181**	324,484	283,131
Retention receivables	**-**	**-**	10,164	10,164
Loan and receivables	**4,378,866**	**2,012,198**	2,420,248	1,562,164
Deposits and prepayments	**189,009**	**96,408**	642,533	43,762
Amounts due from construction contract customers (note 19)	**13,695,491**	**1,085,082**	8,333,620	1,021,233
Pledged bank balances	**660,433**	**660,433**	464,903	464,903
	18,923,799	**3,854,121**	11,861,304	3,092,062

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

At 31 March 2009, the Group has pledged bank deposits of £191,076 (2008: £464,903) 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 receivables 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 receivables directly.

Movements in the allowance for doubtful debts:

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
At 1 April	**189,183**	**22,170**	12,373	12,373
Impairment loss recognised	**262,997**	**391,820**	165,228	9,808
Exchange realignment	**116,877**	**94,303**	11,582	(11)
At 31 March	**569,057**	**508,293**	189,183	22,170

20. TRADE AND OTHER RECEIVABLES (CONT'D)

a) Impairment of trade receivables (cont'd)

Note:

As at 31 March 2009, trade receivables of the Group and the Company amounting to £262,997 (2008: £165,228) and £391,820 (2008: £9,808) respectively were individually determined to be impaired and full impairment had been made. These individually impaired receivables were outstanding for over 1 year as at the balance sheet date or were due from companies with financial difficulties.

b) Trade receivables that are not impaired

The following is an ageing analysis of trade receivables at the balance sheet date that were past due but not impaired:

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
0 to 90 days	**822,042**	**501,380**	1,375,786	1,017,121
91 to 365 days	**498,961**	**496,934**	287,151	216,681
Over 365 days	**540,241**	**479,703**	60,048	35,067
	1,861,244	**1,478,017**	1,722,985	1,268,869

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.

21. CASH AND CASH EQUIVALENTS

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Cash and bank balances	**117,762**	**23,467**	440,955	245,135
Bank overdrafts	**(219,934)**		(2,457)	
Cash and cash equivalents in the group cash flow statement	**(102,172)**		438,498	

22. INTEREST-BEARING BORROWINGS

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Within 1 year or on demand				
Bank loans				
- Secured (note a)	**1,313,074**	**271,740**	1,238,843	-
- Unsecured (note b)	-	-	128,924	128,924
Loan from related company (note c)	**4,239,130**	**4,239,130**	2,514,021	2,514,021
	5,552,204	**4,510,870**	3,881,788	2,642,945

Notes:

a) The secured bank loan carried interest at rates ranging from 3.73% to 5.11% per annum (2008: 4.20% to 5.00%) and were secured by:-

(i) Sales contracts from Formosa Plastics Group.
(ii) Pledged bank deposits.
(iii) Personal guarantee by the Chairman, Mr. Stephen Sin Mo KOO.

b) The unsecured bank loans carried interest at prime rate minus 0% per annum (2008: 0.5%). The prime rate as at 31 March 2009 is 5.25% per annum (2008: 5.25%).

c) A loan of US$5,000,000 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 the PRC. The loan carries interest at the rate of 15% per annum (2008: 26.67%) and is payable on the maturity date of 31 March 2010. Security over 40% of the Group's interest in a shopping mall contract within the PRC has been provided.

23. TRADE AND OTHER PAYABLES

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Trade payables	**1,994,803**	**64,678**	296,553	131,923
Bills payable	**233,152**	-	600,904	-
Due to a related party	**41,265**	-	27,169	-
Accruals and other payables	**1,502,874**	**927,314**	1,151,581	932,612
Financial liabilities measured at amortised cost	**3,772,094**	**991,992**	2,076,207	1,064,535
Amounts due to construction contract customers (note 19)	**1,388,399**	**1,203,135**	829,461	783,500
	5,160,493	**2,195,127**	2,905,668	1,848,035

24. INCOME TAX IN THE BALANCE SHEET

a) Current taxation in the balance sheet represents:

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Provision for the year				
Hong Kong profits tax	**5,612**	**-**	-	-
PRC enterprise income tax	**916,372**	**-**	495,810	-
	921,984	**-**	495,810	-
Over payment for the year				
Overseas income tax	**8,933**	**-**	-	-

b) Unrecognised deferred tax assets

At the balance sheet date, the Company has unused tax losses of £ 5,509,897 (2008: £4,213,736) 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. Such unused tax losses are available to 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.

25. OBLIGATION UNDER FINANCE LEASE

At 31 March 2009 and 2008, the Group and the Company had obligations under finance leases repayable as follows:

	2009		2008	
	Present value of the minimum lease payment	**Total minimum payment**	Present value of the minimum lease payment	Total minimum payment
	£	**£**	£	£
Within 1 year	**4,293**	**5,135**	3,055	3,654
After 1 year but within 2 years	**4,293**	**5,135**	3,055	3,654
After 2 years but within 5 years	**5,366**	**6,418**	6,874	8,222
	9,659	**11,553**	9,929	11,876
	13,952	**16,688**	12,984	15,530
Less: total future interest expense		**2,736**		2,546
Present value of lease obligation		**13,952**		12,984

26. SHARE CAPITAL

	2009	2008
	£	£
Authorised :		
800,000,000 ordinary shares of HK$0.0625 each	**3,669,470**	3,669,470
Issued and fully paid:		
383,677,323 ordinary shares (2008: 383,677,323 ordinary shares) of HK$0.0625 each	**1,697,617**	1,697,617

The Company has one class of ordinary shares.

27. 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 :

	2009		2008	
	Group	**Company**	Group	Company
	£	**£**	£	£
Within one year	**91,342**	**15,913**	94,974	49,259
In the second to fifth years inclusive	**149,302**	**11,478**	18,592	2,816
	240,644	**27,391**	113,566	52,075

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2009	2008
	£	£
Salaries, bonus and allowances	**251,272**	247,181

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

Executive directors include the executive chairman, the chief executive officer and the technical director and the finance 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 on Corporate Governance to the Annual Report and note 10 to the financial statements.

28. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel (cont'd)

Key executives include the director of operations and director of sales and marketing 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 parties

(a) A loan of US$5,000,000 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. Effective from 1 October 2008, the principal amount was revised to US$6,000,000 (including the accrued interest of US$1,000,000) and renewed with maturity date due on 31 March 2010.

(b) At 31 March 2009, there is a receivable balance of £6,629 (2008: £6,095) in respect of legal fees which were paid by the Group on behalf of UT Vision PTE, a company of which Mr. Stephen Sin Mo KOO is a director.

(c) For the year ended 31 March 2009, the Chairman of the Company, Mr. Stephen Sin Mo KOO, purchased an additional 7,657,700 ordinary shares of 1p each in UniVision at a price of 0.55p per share.

29. COMPARATIVE FIGURES

The financial statements for last year were reported on by auditors other than ZYCPA Company Limited whose report dated 30 September 2008 expressed an unqualified opinion on those financial statements.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2009 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 28 October 2009 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 2009 together with the Directors' report and the Independent Auditor's report;

2. To re-elect Mr. Chun Pan WONG who retired by rotation, as a Director of the Company;

3. To re-elect Mr. Andrew Ping Sum TANG who retired by rotation, as a Non-executive Director of the Company;

4. To reappoint auditor ZYCPA Company Limited, Certified Public 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
29 September 2009

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 (Jersey) 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 29 September 2009 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.