UniVision Engineering Limited

Annual Report
Year ended 31 March 2010

UNIVISION ENGINEERING LIMITED
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Board of Directors
Stephen Sin Mo KOO, *Executive Chairman*
Chun Hung WONG, *Chief Executive Officer*
Chun Pan WONG, *Technical Director*
Danny Kwok Fai YIP, *Finance Director*
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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AIM Stock Code: UVEL

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UK

Joint Broker
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21 Wilson Street
London EC2M 2SN
UK

Auditor
ZYCPA Company Limited
Certified Public Accountants
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1-13 Hollywood Road,
Central, Hong Kong

Registrars
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(Jersey) Limited
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St Helier,
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Channel Islands

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

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report the Group's audited results for the financial year ended 31 March 2010.

The Group's full year results have been materially and adversely affected by the impact of a full impairment loss on the net assets of Leader Smart Engineering (Shanghai) Limited ("Leader Smart Shanghai" or the "Subsidiary"), the Group's wholly owned subsidiary in the People's Republic of China ("PRC"). This is as a result of the impact of litigation in which the Group is currently involved as announced by the Group on 16 July 2010, and therefore Leader Smart Shanghai is excluded from the Group's consolidated results for the year ended 31 March 2010. The litigation is being dealt with according to the laws and regulations in PRC. The Board of UniVision believe, having taken legal advice from their attorney in PRC, that the Group have a strong case to recover the right of control over Leader Smart Shanghai following a conclusion to the court judgement. The Shanghai High Court reviewed the case on 4 August 2010 and the Board of UniVision anticipate receiving a final verdict on the case shortly. Should the Group recover the right of control over Leader Smart Shanghai, the aforementioned provision would be written back after re-consolidating Leader Smart Shanghai into the Group's accounts in the next financial period.

The turnover of the Group's Security and Surveillance Systems business remained stable during the year, despite the fact that some of our investments and projects were affected and delayed due to the unfavourable market conditions. Our focus on maintenance services has successfully increased the maintenance revenue in Hong Kong, which has lead to steady cash flow for the operation of the Group. We are now working on several infrastructure projects to be implemented in the coming years in Hong Kong, and we also expect growing demand for our Security and Surveillance Systems business in the Greater China Region. The Board of UniVision anticipate an improved trading performance in this division in the coming years.

The expansion of our Electrical and Mechanical ("E&M") business is ongoing. We are making steady progress on the Zhongshan shopping mall and with a hotel project in Huangshan in the PRC. The Board of UniVision remain confident that the shopping mall project will be completed and operational by the end of 2010 and they continue to evaluate alternative ways to generate value from the project. We are also currently in negotiations on several potential new projects in PRC. With the expected appreciation of the RMB and the property market in PRC, we are cautiously optimistic about our property linked E&M business for the second half of 2010 and for 2011. We are in the process of establishing another WOFE (wholly-owned foreign enterprise) in PRC with an investment cost of HK$30m (£2.6m), which will allow us the opportunity for further expansion. We have also begun work on some new E&M projects in Hong Kong. The development of our E&M business will depend on additional funding being available, as each project is capital intensive.

FINANCIAL REVIEW

Due to the temporary loss of control over the financial and operating policies of the Subsidiary, pending a court decision on the litigation with a former employee and legal representative, the assets, liabilities and operating result of the Subsidiary have been deconsolidated from the Group's reporting statements in the year under review. The net asset value of £8.4m has been excluded from the Group's Statement of Financial Position. The loss from the deconsolidation is £8.3m while a £0.8m one-off impairment loss of goodwill for the holding company of the Subsidiary has been incurred in the period. Total adverse impact on the financial results from the deconsolidation is £9.1m in the Consolidated Statement of Comprehensive Income.

The Group incurred a substantial loss of £10.3m in the year under review mainly due to the full impairment loss on the Group's investment in the Subsidiary as detailed above. The above non-operating and one-off items led to the Group's total liabilities exceeding its total assets at the end of the year by £2m. Nevertheless, we consider that the loss is mainly caused by the non-cash and provisional items. The Board of UniVision believes that said provisions will be written back after re-consolidating the Subsidiary in the next financial period should the Group recover the right of control over the Subsidiary following the court judgement.

The Group generated net cash of £1.3m from its operating activities in the period (2009: -£0.1m) and also maintained the cash and cash equivalents at 31 March 2010 of £0.9m (31 March 2009: -£0.1m). This illustrates the cash generating capacity from the Group's continuing operations and a healthy cash position. In addition, we believe that the Group will be able to continue to meet its financial obligations with the continuing support from our major shareholder, Mayne Management Limited, for the extension of the US$6m loan facility.

During the year under review the relative strengthening in the HK$ against sterling has led to an 8.65% appreciation in the GBP reporting amount in the Consolidated Statement of Comprehensive Income, while a relative weak closing rate at the year-end in the HK$ against sterling led to a 6.05% depreciation in the GBP reporting amount in the Consolidated Statement of Financial Position. All figures in the Financial Statements therefore need to be adjusted for comparison purposes.

Turnover in the period decreased by 30% to £6.4m (2009: £9.2m). This reduction was mainly due to the exclusion of turnover in the deconsolidated Subsidiary and the reduction in construction contracts. On the other hand, our maintenance contracts maintained the same revenue levels as last year for the Group as a whole, including an increase in Hong Kong, which contributes a relatively higher profit margin and steady cash flow for the Group's operations. Our major customers in the Security and Surveillance Systems business are public organisations and government departments which provide regular orders, reliable payment schedules and close to zero default risk. With the expected rising demand for the Security and Surveillance Systems business from sizeable proposed government infrastructure projects, we believe that the Group's turnover from this division will be improved in the next financial year.

Gross profit margin slightly reduced to 33.0% (2009: 33.4%) and remains relatively constant due to effective cost control of our human resources, i.e. project and maintenance teams, sub-contractors, logistics teams, and inventory.

Administration expenses decreased by 18.5% from last year to £1.7m (2009: £2m) mainly as a result of the exclusion of the expenses of the Subsidiary from the Group. Finance costs decreased by 16.9% to £0.6m (2009: £0.7m) due to the reduction of the loan interest rate payable to our holding company to 15% p.a. and the cost saving measure of terminating loan and overdraft facilities to our Hong Kong company. No significant capital investment occurred in the current year.

Loss before Interest and Tax (LBIT) was (£9.7m) (2009 earnings: £0.4m). Net loss before income tax was £10.3m (2009 loss: £0.3m). Basic loss per share increased to 2.70p (2009 loss per share: 0.14p).

BUSINESS REVIEW

Markets

According to the newly published report "The China Market for CCTV and Video Surveillance Equipment – 2010 edition" by IMS Research, although 2009 was disappointing, the CCTV market is forecast to grow at a compound annual growth rate of 20.2 percent between 2010 and 2014 and could be worth an estimated $3.5 billion by 2014. The major drivers for market growth are increasing investment from the government in infrastructure and public security projects.

However, hybrid solutions are being adopted as an alternative when users are looking to update their existing security infrastructure within a restricted budget. In particular the demand for hybrid DVRs is increasing.

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

Though we continue to work towards a resolution towards the litigation surrounding our Subsidiary, the E&M business is still our target growth area. Our growth in the E&M business will be largely dependent on our access to funding as the nature of the contracts we are seeking to win are largely capital intensive.

Technologies, Solutions and Products

Our network video surveillance solutions are showing a strong level of demand. Due to the current trend of falling prices of network based devices and increased performance capabilities, we see an increased migration towards network video surveillance solutions in line with our product range in this area.

We are working to identify suitable products in this area of the market, such as video compression technology, digital encoders and decoders with built-in video analysis algorithms and video management platforms that will provide added value to our existing portfolio of products, in order to cope with the changing market.

Acquisitions and Investments

The Group continues to assess possible opportunities of new investments with a view to making a further strategic move.

MTR Corporation Limited ("MTR") & Maintenance

Our maintenance contracts are particularly important to the business as they provide regular and reliable revenue streams and cash flow. I am delighted that we have achieved substantial growth in this area of the business. In particular, our relationship with the MTR railway in Hong Kong has proved to be extremely positive. We are confident that we will be able to secure other contracts in future confirmed and planned railway line developments in the coming five years.

GOING CONCERN AND AUDITOR'S REPORT

The financial statements show a loss of £10.3m during the year ended 31 March, 2010 and, as of that date, the Group's total liabilities exceed its total assets by £2.0m. In light of the sufficiency of proceeds from the Group's continuing operations and, on the basis that the Group can continue to successfully refinance or obtain sufficient bank and other borrowings, the Board of UniVision are confident of meeting their financial obligations when they fall due in the foreseeable future.

The financial statements do not include any adjustments that would result should there be a shortfall of proceeds from the Group's continuing operations or if other funding required by the Group from refinancing or banks and other financial institutions is not forthcoming.

The report of the auditor on the financial statements for the year ended 31 March 2010 will not be qualified but will include an emphasis of matter in respect of this uncertainty over going concern.

PROSPECTS

Our Security and Surveillance Systems business remains stable, although it declined slightly in the reporting period as compared with 2009. Due to the infrastructure projects to be implemented in the coming years in Hong Kong, as well as the expected growing demand for Security and Surveillance Systems solutions in the Greater China Region, the Board of UniVision have a positive outlook for this area of our business in the coming years.

The E&M business in the PRC is still one of our growth targets. However, our growth will depend on access to funds. Additional funding will be required for certain current projects, as well as future potential projects.

Finally, on behalf of the Board of UniVision, 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
9 September 2010

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Andrew Ping Sum TANG – Non-executive Director (aged 53)

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. Mr. Tang was 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. He was the General Manager of Wing Fung Financial Group. At present, Mr. Tang is a Director for an asset management company.

Stephen Sin Mo KOO – Executive Chairman (aged 53)

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 51)

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 50)

Mr. Wong joined UniVision in 1991 and was appointed as a Director on 25 March 1992. He holds a Master Degree in Religious Studies in Chinese University of Hong Kong and a Bachelor Degree in Computer Science from the University of Edinburgh, Scotland, and over 17 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 46)

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 Master of Corporate Finance degree from The Hong Kong Polytechnic University and 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 Corporation.

SENIOR MANAGEMENT'S BRIEF BIOGRAPHIES

Mike Chiu Wah CHAN – Director of Operations (aged 36)

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 46)

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.

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 2010.

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 2010 and the state of affairs of the Group at that date are set out in the consolidated statement of comprehensive income on page 19 and in the consolidated statement of financial position on page 20 respectively.

The Group's and the Company's changes in shareholders' equity for the year ended 31 March 2010 are set out in the consolidated and the Company's statement of changes in equity on page 22 and 23, respectively.

The Group's and the Company's cash flow for the year ended 31 March 2010 is set out in the consolidated and the Company's statement of cash flows on pages 24 to 26.

Key Performance Indicators (KPI)

			2010	2009
Current Ratio:	Current Assets / Current Liabilities	:	0.7	1.7
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Sales per Day	:	39 days	74 days
Inventory Turnover :	Cost of sales / Inventories	:	4.5	5.9
Gross profit Margin :	Gross profit / Sales	:	33%	33%
Net Loss Margin :	Loss attributable to equity holders of the Company / Sales	:	-160%	-6%
Loss /Equity :	Loss attributable to equity holders of the Company / Equity	:	-504%	-6%

Share Capital and Reserves

Details of the movements in share capital are set out in note 27 on page 66.

The movements in reserves during the year are set out in the consolidated statement of changes in equity on page 22.

Dividends

The Directors do not propose the payment of a dividend for the year ended 31 March 2010.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on pages 57 to 58.

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
Danny Kwok Fai YIP

Mr. Stephen Sin Mo KOO and Mr. Danny Kwok Fai YIP 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, its holding company, or its subsidiaries 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 2010
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, its holding company, or its subsidiaries 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 31 August 2010 the Directors had been informed of the following companies that held 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	15,506,680	4.0
W B Nominees Limited	15,481,800	4.0

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

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

Payments to Creditors

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

Political and Charitable Donations

During the year the Company made no political or charitable contributions (2009: 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 make 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 5 October 2010 at 5:00p.m. The Notice of Meeting appears on page 70.

Annual Report

The annual report for the year ended 31 March 2010 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 Claridge House, 32 Davies Street, Mayfair, London W1K 4ND, UK and the Company's registrar, Computershare Investor Services (Jersey) Limited at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, Channel Islands from 14 September 2010.

Auditor

ZYCPA Company Limited, Certified Public Accountants, remain as our auditor for the year. 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
9 September 2010

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 is set out in the table below:

	Salary and fees £	Pension scheme contribution £	Bonus £	**2010 Total £**	2009 Total £
Executive Directors					
Stephen Sin Mo KOO	66,444	-	5,537	**71,981**	65,754
Chun Pan WONG	38,303	977	2,394	**41,674**	37,348
Chun Hung WONG	47,244	977	3,908	**52,129**	42,845
Danny Kwok Fai YIP	31,903	977	2,638	**35,518**	30,965
Non-executive Directors					
Andrew Ping Sum TANG	9,771	-	-	**9,771**	8,926
Richard FERNIE	-	-	-	**-**	8,182

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 Committees 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 realises that effective communication can increase 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 have 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 recognises 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 for preparing 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 available 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**
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of UniVision Engineering Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 69, which comprise the consolidated and the Company's statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's shareholders, as a body, in compliance with the Alternative Investment Market Rules ("AIM Rules") for companies as published by the London Stock Exchange plc. 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.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 true 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

9 FLOOR, CHINACHEM HOLLYWOOD CENTRE, 1-13 HOLLYWOOD ROAD, CENTRAL, HONG KONG
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
UNIVISION ENGINEERING LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we would like to draw your attention that the financial statements show a loss of £10,348,258 during the year ended 31 March 2010 and, as of that date, the Group's total liabilities exceed its total assets by £2,053,425. The directors of the Company consider that the sufficiency of proceeds from the Group's continuing operations and provided that the Group can continue to successfully refinance or to obtain sufficient bank and other borrowings to meet in full their financial obligations when they fall due in the foreseeable future. For these reasons, therefore, the financial statements have been prepared using the going concern basis of accounting, the validity of which depends upon (i) sufficient proceeds from the Group's continuing operations and (ii) successful refinancing or grants of bank and other borrowings. The financial statements do not include any adjustments that would result should there be shortfall of proceeds from the Group's continuing operations or if other funding required by the Company from refinancing or banks and other financial institutions is not forthcoming.

ZYCPA Company Limited
Certified Public Accountants

Hong Kong, China
9 September 2010

9 FLOOR, CHINACHEM HOLLYWOOD CENTRE, 1-13 HOLLYWOOD ROAD, CENTRAL, HONG KONG
Phone: (852) 2573 2296 Fax: (852) 2384 2022 http://www.zycpa.us

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Note	**2010** **£**	2009 £
Revenue		**6,473,743**	9,228,523
Cost of sales		**(4,339,985)**	(6,143,040)
Gross profit		**2,133,758**	3,085,483
Other income	*8*	**143,360**	127,920
Selling and distribution expenses		**(96,001)**	(86,875)
Administrative expenses		**(1,695,991)**	(2,081,104)
Other operating expenses		**-**	(11,428)
Impairment loss recognised on goodwill	*17*	**(791,945)**	(309,325)
Impairment loss recognised on trade receivables	*21*	**(766,906)**	(262,997)
Impairment loss recognised on other receivables		**(321,317)**	(23,632)
Loss on deconsolidation of a subsidiary	*28*	**(8,324,208)**	-
Finance costs	*9*	**(611,657)**	(735,955)
Loss before tax	*10*	**(10,330,907)**	(297,913)
Income tax expense	*13*	**(17,351)**	(226,951)
Loss for the year		**(10,348,258)**	(524,864)
Other comprehensive (loss)/income:			
Exchange differences arising on translation of foreign operations		**(828,698)**	2,444,208
Release of translation reserve upon deconsolidation of a subsidiary		**(86,785)**	-
Other comprehensive (loss)/income for the year		**(915,483)**	2,444,208
Total comprehensive (loss)/income for the year		**(11,263,741)**	1,919,344
(Loss)/profit for the year attributable to :			
Owners of the Company		**(10,340,804)**	(554,580)
Non-controlling interests		**(7,454)**	29,716
		(10,348,258)	(524,864)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(11,255,214)**	1,841,759
Non-controlling interests		**(8,527)**	77,585
		(11,263,741)	1,919,344
Loss per share			
Basic	*14*	**2.70p**	0.14p
Diluted	*14*	**N/A**	N/A

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	Note	2010 £	2009 £
ASSETS			
Non-current assets			
Plant and equipment	*16*	**197,093**	285,513
Goodwill	*17*	**25,830**	692,830
Total non-current assets		**222,923**	978,343
Current assets			
Inventories	*19*	**966,333**	1,050,046
Trade and other receivables	*21*	**4,400,341**	18,923,799
Tax recoverable	*24*	**4,384**	8,933
Cash and bank balances	*22*	**884,174**	117,762
Total current assets		**6,255,232**	20,100,540
Total assets		**6,478,155**	21,078,883
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	*23*	**3,342,153**	5,160,493
Tax payable	*24*	**15,116**	921,984
Interest-bearing borrowings	*25*	**5,165,203**	5,552,204
Obligation under finance lease	*26*	**4,048**	4,293
Bank overdrafts	*22*	**-**	219,934
Total current liabilities		**8,526,520**	11,858,908
Non-current liability			
Obligation under finance lease	*26*	**5,060**	9,659
Total liabilities		**8,531,580**	11,868,567
Capital and reserves			
Share capital	*27*	**1,697,617**	1,697,617
Reserves		**(3,974,852)**	7,280,362
(Capital deficiency)/equity attributable to owners of the Company		**(2,277,235)**	8,977,979
Non-controlling interests		**223,810**	232,337
Total (capital deficiency)/equity		**(2,053,425)**	9,210,316
Total liabilities and equity		**6,478,155**	21,078,883

The financial statements on pages 19 to 69 were approved and authorised for issue by the Board of Directors on 9 September 2010 and are signed on its behalf by:

Stephen Sin Mo KOO
Director

Chun Hung WONG
Director

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	Note	**2010**	2009
		£	£
ASSETS			
Non-current assets			
Plant and equipment	*16*	**8,976**	20,441
Investment in subsidiary undertakings	*18*	**244,105**	3,235,438
Total non-current assets		**253,081**	3,255,879
Current assets			
Inventories	*19*	**764,957**	825,743
Trade and other receivables	*21*	**2,168,892**	3,854,121
Cash and bank balances	*22*	**713,066**	23,467
Total current assets		**3,646,915**	4,703,331
Total assets		**3,899,996**	7,959,210
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	*23*	**2,461,725**	2,195,127
Interest-bearing borrowings	*25*	**3,997,267**	4,510,870
Obligation under finance lease	*26*	**4,048**	4,293
Bank overdrafts	*22*	**-**	219,934
Total current liabilities		**6,463,040**	6,930,224
Non-current liability			
Obligation under finance lease	*26*	**5,060**	9,659
Total liabilities		**6,468,100**	6,939,883
Capital and reserves			
Share capital	*27*	**1,697,617**	1,697,617
Reserves		**(4,265,721)**	(678,290)
Total (capital deficiency)/equity		**(2,568,104)**	1,019,327
Total liabilities and equity		**3,899,996**	7,959,210

The financial statements on pages 19 to 69 were approved and authorised for issue by the Board of Directors on 9 September 2010 and are signed on its behalf by:

Stephen Sin Mo KOO
Director

Chun Hung WONG
Director

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2010

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Special capital reserve "A"	Special capital reserve "B"	Translation reserve	Sub-total	Non-controlling interest	Total equity/ (capital deficiency)
	£	£ *(Note 1)*	£	£ *(Note 2)*	£ *(Note 3)*	£	£	£	£
At 1 April 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)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	2,396,339	2,396,339	47,869	2,444,208
Total comprehensive income for the year	-	-	(554,580)	-	-	2,396,339	1,841,759	77,585	1,919,344
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
Loss for the year	-	-	(10,340,804)	-	-	-	(10,340,804)	(7,454)	(10,348,258)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(827,625)	(827,625)	(1,073)	(828,698)
Release of translation reserve upon deconsolidation of a subsidiary	-	-	-	-	-	(86,785)	(86,785)	-	(86,785)
Total comprehensive loss for the year	-	-	(10,340,804)	-	-	(914,410)	(11,255,214)	(8,527)	(11,263,741)
At 31 March 2010	1,697,617	2,192,640	(7,725,129)	155,876	143,439	1,258,322	(2,277,235)	223,810	(2,053,425)

The currency translation from Hong Kong Dollars ("HK$") to the presentational currency of Sterling Pound ("£") used in the financial statements has no impact on the available distributable reserves of the Company at 31 March 2010.

Notes:

1. Share premium

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

2. 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.

3. 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.

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2010

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Special capital reserve "A"	Special capital reserve "B"	Translation reserve	Total equity/ (capital deficiency)
	£	£	£	£	£	£	£
At 1 April 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)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	891,694	891,694
Total comprehensive loss for the year	-	-	(5,497,465)	-	-	891,694	(4,605,771)
At 31 March 2009	1,697,617	2,192,640	(3,620,469)	155,876	143,439	450,224	1,019,327
Loss for the year	-	-	(3,535,672)	-	-	-	(3,535,672)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(51,759)	(51,759)
Total comprehensive loss for the year	-	-	(3,535,672)	-	-	(51,759)	(3,587,431)
At 31 March 2010	1,697,617	2,192,640	(7,156,141)	155,876	143,439	398,465	(2,568,104)

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2010

	Note	**2010** **£**	2009 £
Operating activities			
Loss before tax		**(10,330,907)**	(297,913)
Adjustments for:			
Interest income	*8*	**(521)**	(8,521)
Finance costs	*9*	**611,657**	735,955
Depreciation	*16*	**55,043**	191,933
(Recovery of)/write down of obsolete inventories	*19*	**(26,467)**	89,435
Write back on trade and other payables	*8*	**(3,275)**	(85,660)
Impairment loss recognised on trade receivables	*10*	**766,906**	290,801
Impairment loss recognised on other receivables	*10*	**321,317**	23,632
Impairment loss recognised on goodwill	*17*	**791,945**	309,325
Loss on disposal of plant and equipment	*10*	**21,454**	398
Loss on deconsolidation of a subsidiary	*28*	**8,324,208**	-
Operating cash flows before movements in working capital		**531,360**	1,249,385
(Increase)/decrease in inventories		**(3,836)**	215,513
Increase in trade and other receivables		**(75,333)**	(2,642,094)
Decrease/(increase) in tax recoverable		**4,039**	(53,416)
Increase in trade and other payables		**843,186**	1,099,440
Increase in tax payable		**-**	1,505
Cash generated from/(used in) operations		**1,299,416**	(129,667)
Income tax refund/(paid) – Taiwan		**38**	(18,669)
Net cash generated from/(used in) operating activities		**1,299,454**	(148,336)
Investing activities			
Interest received	*8*	**521**	8,521
Purchase of plant and equipment		**(30,861)**	(46,865)
Increase in pledged bank deposits		**369,056**	(7,168)
Proceeds on disposal of plant and equipment		**773**	735
Net cash outflow from deconsolidation of a subsidiary	*28*	**(4,388)**	-
Net cash generated from/(used in) investing activities		**335,101**	(44,777)

UNIVISION ENGINEERING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
For the year ended 31 March 2010

	Note	**2010**	2009
		£	£
Financing activities			
Interest paid		**(36,579)**	(87,391)
Repayment of obligation under finance lease		**(4,048)**	(4,984)
Repayment of interest-bearing borrowings		**(70,220)**	(608,862)
Net cash used in financing activities		**(110,847)**	(701,237)
Net increase/(decrease) in cash and cash equivalents		**1,523,708**	(894,350)
Cash and cash equivalents at beginning of the year		**(102,172)**	438,498
Effect of foreign exchange rate changes		**(537,362)**	353,680
Cash and cash equivalents at end of the year	*22*	**884,174**	(102,172)
Analysis of the balance of cash and cash equivalents:			
Cash and bank balances		**884,174**	117,762
Bank overdrafts		**-**	(219,934)
		884,174	(102,172)

UNIVISION ENGINEERING LIMITED
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 March 2010

	Note	**2010**	2009
		£	£
Operating activities			
Loss before tax		**(3,535,672)**	(5,497,465)
Adjustments for:			
Interest income		**(308)**	(7,567)
Finance costs		**577,719**	673,069
Depreciation	*16*	**9,876**	10,891
Write back on trade and other payables		**(3,275)**	(85,660)
Impairment loss recognised on investment in subsidiary undertakings	*18*	**2,788,557**	4,717,031
Impairment loss recognised on trade receivables		**766,906**	419,625
Impairment loss recognised on other receivables		**7,865**	14,295
Loss on disposal of plant and equipment		**21**	915
Operating cash flows before movements in working capital		**611,689**	245,134
Decrease in inventories		**13,674**	190,225
Decrease/(increase) in trade and other receivables		**286,863**	(41,876)
Decrease/(increase) in amounts due from subsidiaries		**61,140**	(673,183)
Decrease in trade and other payables		**(207,749)**	(379,780)
Net cash generated from/(used in) operating activities		**765,617**	(659,480)
Investing activities			
Interest received		**308**	7,567
Purchase of plant and equipment		**(83)**	(393)
Increase in pledged bank deposits		**369,056**	(7,168)
Proceeds on disposal of plant and equipment		**-**	74
Net cash generated from investing activities		**369,281**	80
Financing activities			
Interest paid		**(6,104)**	(24,504)
Repayment of obligation under finance lease		**(4,048)**	(4,984)
Proceeds from interest-bearing borrowings		**-**	90,579
Repayment of interest-bearing borrowings		**(256,235)**	-
Net cash (used in)/generated from financing activities		**(266,387)**	61,091
Net increase/(decrease) in cash and cash equivalents		**868,511**	(598,309)
Cash and cash equivalents at beginning of the year		**(196,467)**	242,678
Effect of foreign exchange rate changes		**41,022**	159,164
Cash and cash equivalents at end of the year	*22*	**713,066**	(196,467)
Analysis of the balance of cash and cash equivalents:			
Cash and bank balances		**713,066**	23,467
Bank overdrafts		**-**	(219,934)
		713,066	(196,467)

1. GENERAL

UniVision Engineering Limited ("the Company") is incorporated in Hong Kong with limited liability and its shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM"). The address of the registered office is 8/F Lever Tech Centre, 69-71 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The financial statements are presented in Sterling Pound ("£") and the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") is Hong Kong Dollars ("HK$"). As the Company is listed on AIM, the directors consider that this presentation is more useful for its current and potential investors.

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 its subsidiaries are set out in note 18 to the financial statements.

2. BASIS OF PREPARATION

(a) Going concern basis

In preparing the financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in the light of the fact that the Group incurred a loss of £10,348,258 during the year ended 31 March 2010 and, as of that date, the Group's total liabilities exceed its total assets by £2,053,425.

Taking into account the sufficiency of proceeds from its continuing operations and provided that the Group can continue to successfully refinance or obtain sufficient bank and other borrowings, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis.

(b) Subsidiary deconsolidated

Notwithstanding that the Group holds 100% equity interest in Leader Smart Engineering (Shanghai) Limited ("LSSH") for the year ended 31 March 2010, this company was no longer regarded as a subsidiary of the Group as the directors of the Company are of the opinion that the Group did not control this company during the year.

Pursuant to the shareholders' meetings of LSSH held on 10 September 2009 and 12 October 2009 respectively, it was approved that the designation of Mr. Ip Kam Ming ("Ip") as the chairman, director and legal representative of LSSH was revoked with immediate effect, due to his suspected misconduct and non-disclosure of conflict of interest. On 5 January 2010, the holding company, Leader Smart Engineering Limited ("LSHK") took legal action against Ip to demand the return of LSSH's corporate, financial and contract chops, business license, certificate of approval and books and records (the "Properties") and the case was lodged with the Shanghai No.1 Intermediate People's Court (the "Court").

2. BASIS OF PREPARATION (CONT'D)

(b) Subsidiary deconsolidated (Cont'd)

In accordance with a civil ruling issued on 6 January 2010, the Properties of LSSH were sealed and withheld by the Court and the directors of the Company were unable to access its Properties. On 20 May 2010, the Court issued a civil judgement that Ip no longer legally acted as the director, chairman and legal representative of LSSH and demanded Ip to return the Properties to LSHK.

However Ip refused to follow the court decision and the Group commenced appeal proceedings to the Shanghai High Court (the "High Court") on 18 June 2010 and the trial was held at the High Court on 4 August 2010.

The directors of the Company are of the opinion that the Group no longer has the power to govern the financial and operating policies of LSSH and accordingly the Group no longer has control of LSSH, notwithstanding that the Group holds a 100% equity interest in LSSH. It is no longer regarded as a subsidiary of the Group from 1 April 2009, whereby certain transactions were not approved by the Board of Directors of the Company, and are considered invalid and unauthorised in LSSH during the year from 1 April 2009 to 31 March 2010. Hence, the directors resolved to deconsolidate LSSH effective from 1 April 2009.

Accordingly, the results of LSSH were excluded from the consolidated financial statements since 1 April 2009. The consolidated statement of comprehensive income presented a loss on deconsolidation of £8,324,208. Details of the deconsolidation of LSSH are stated in note 28.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTINGS STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board which are or have become effective.

IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial instruments
IFRS 8	Operating Segments
IFRIC* - Int 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC - Int 13	Customer Loyalty Programmes
IFRIC - Int 15	Agreements for the Construction of Real Estate
IFRIC - Int 16	Hedges of a Net Investment in a Foreign Operation
IFRIC - Int 18	Transfers of Assets from Customers
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTINGS STANDARDS ("IFRSs") (CONT'D)

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of the new and revised IFRSs has had no material effect on the financial statements for the current or prior accounting periods.

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes, including revised titles for the financial statements and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard and has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments (see note 7).

IAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of IAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset.

The adoption of IAS 23 (Revised 2007) has had no effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no adjustment is required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendments to IFRS 5 as part of improvements to IFRSs 2008[1]
IFRSs (Amendments)	Improvements to IFRSs 2009[2]
IFRSs (Amendments)	Improvements to IFRSs 2010[6]
IAS 24 (Revised)	Related party disclosures[7]
IAS 27 (Revised)	Consolidated and separate financial statements[1]
IAS 32 (Amendment)	Classification of rights issues[4]
IAS 39 (Amendment)	Eligible hedged items[1]
IFRS 1 (Revised)	First-time adoption of International Financial Reporting Standards[1]
IFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
IFRS 1 (Amendment)	Limited exemption from comparative IFRS 7 disclosures for first-time adopters[5]
IFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
IFRS 3 (Revised)	Business combinations[1]
IFRS 9	Financial instruments[8]
IFRIC - Int 14 (Amendment)	Prepayments of a minimum funding requirement[7]
IFRIC - Int 17	Distributions of non-cash assets to owners[1]
IFRIC - Int 18	Transfer of assets from customers[1]
IFRIC - Int 19	Extinguishing financial liabilities with equity instrument[5]

1 Effective for annual periods beginning on or after 1 July 2009.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTINGS STANDARDS ("IFRSs") (CONT'D)

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRSs on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired, disposed of or deconsolidated due to loss of control during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal or deconsolidation, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) 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 profit or loss.

(c) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses.

(f) 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:

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Plant and equipment (Cont'd)

(ii) Depreciation (Cont'd)

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 plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(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 profit or loss 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 profit or loss.

(g) Impairment of assets (other than goodwill and financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group's financial assets are classified into loans and receivables.

(1) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

(3) Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

(3) Impairment of loans and receivables (Cont'd)

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

(ii) Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities.

(1) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

(ii) Financial liabilities and equity (Cont'd)

(2) Financial liabilities

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

(3) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

(i) Construction contracts

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".

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 is initially measured at its fair value, less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequently, the Group measures the financial guarantee contract at the higher of: (i) the amount of the present legal or constructive obligation under the contract at the reporting date, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation.

(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.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (Cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(o) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions and contingent liabilities (Cont'd)

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.

(p) 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.

(q) Leases

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

The Group as lessee –

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

(r) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Foreign currencies (Cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss upon disposal of the foreign operation.

For the purposes of presenting the financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentational currency of the Group (i.e. £) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Goodwill and fair value adjustments arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (the translation reserve).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Estimation of contract costs

Estimated costs to complete contracts are judged by the directors 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. The directors believe 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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) Critical judgements in applying the entity's accounting policies (Cont'd)

(i) Estimation of contract costs (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Write down of inventories

The identification of any write down of inventories of the Group requires the use of judgement and estimates by the directors. The directors estimate 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. The directors regularly review 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 2010, there was £(26,467) (2009: £89,435) (recovery of)/write down of obsolete inventories recognised as (income)/expense in the consolidated statement of comprehensive income.

(ii) 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 the directors. The directors 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 consolidated statement of comprehensive income. As at 31 March 2010, the total carrying amount of trade and other receivables are £4,400,341 (2009: £18,923,799) (see note 21 for detail of the allowance for doubtful debts).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 March 2010 was £25,830 (2009: £692,830) and an impairment loss of £791,945 (2009: £309,325) recognised as an expense in the consolidated statement of comprehensive income. Details of the calculation is set out in note 17.

(iv) Deferred taxation

As at 31 March 2010, the Group has unused tax losses of £5,368,856 (2009: £5,509,897) available for offset against future profits. No deferred tax asset in relation to these unused tax losses approximately to £885,861 (2009: £909,133) has been recognised in the consolidated statement of financial position. In cases where there are future profits generated to utilise the tax losses, a material deferred tax assets may arise, which would be recognised in the consolidated statement of comprehensive income for the period in which such future profits are recorded.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010	2009
	£	£
Financial assets at amortised cost:		
Loans and receivables (including cash and bank balances)		
- Trade and other receivables	**4,400,341**	18,923,799
- Tax recoverable	**4,384**	8,933
- Cash and bank balances	**884,174**	117,762
Financial liabilities at amortised cost:		
- Trade and other payables	**3,342,153**	5,160,493
- Tax payable	**15,116**	921,984
- Interest-bearing borrowings	**5,165,203**	5,552,204
- Obligation under finance lease	**9,108**	13,952
- Bank overdrafts	**-**	219,934

6. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's major financial instruments include borrowings, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity 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.

(i) Market risk

(1) Currency risk

Certain entities in the Group have foreign currency transactions and have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk.

The Company has foreign currency transactions, which expose the Company to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities, mainly represented by trade and other receivables, cash and bank balances, trade and other payables and borrowings, at the end of the reporting period are as follows:

	The Group				The Company			
	Assets		Liabilities		Assets		Liabilities	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
New Taiwan Dollars ("NTD")	**112,770,825**	99,503,118	**93,930,365**	79,234,535	**-**	-	**-**	-
Renminbi ("RMB")	**-**	131,452,650	**15,216**	24,686,512	**-**	7,272,227	**15,216**	172,076
United State Dollars ("USD")	**347,897**	38,453	**7,448,385**	6,426,536	**346,274**	21,109	**7,413,019**	6,264,365
Hong Kong Dollars ("HKD")	**29,769,288**	38,287,502	**17,739,283**	24,175,432	**29,243,150**	34,312,446	` **17,694,033**	24,131,636

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.

6. FINANCIAL INSTRUMENTS (CONT'D)

(i) Market risk (Cont'd)

(1) Currency risk (Cont'd)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in £ against the relevant foreign currencies and all other variables were held constant. 5% (2009: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end for a 5% (2009: 5%) change in foreign currency rates. A positive/(negative) number indicates a decrease/(increase) in post-tax loss for the year when £ strengthens 5% (2009: 5%) against the relevant foreign currencies. For a 5% (2009: 5%) weakening of £ against the relevant currency, there would be an equal but opposite impact on the post-tax loss for the year.

	2010	2009
	£	£
NTD		
Post-tax loss for the year	**20,758**	21,961
RMB		
Post-tax loss for the year	**(78)**	576,942
USD		
Post-tax loss for the year	**(248,970)**	(237,543)
HKD		
Post-tax loss for the year	**54,079**	67,277

(2) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits and borrowings at fixed rates. The Group and the Company is exposed to cash flow interest rate risk due to fluctuation of the prevailing market interest rate on certain bank borrowings which carry at prevailing market interest rates as shown in notes 25 and 26. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

6. FINANCIAL INSTRUMENTS (CONT'D)

(i) Market risk (Cont'd)

(2) Interest rate risk (Cont'd)

Sensitivity analysis

The sensitivity analysis below has been determined based on the change in interest rates and the exposure to interest rates for the non-derivative financial liabilities at the balance sheet date and on the assumption that the amount outstanding at the balance sheet date was outstanding for the whole year and held constant throughout the financial year. 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 2009.

For the year ended 31 March 2010, if interest rates has been 25 basis points higher/lower, with all other variables held constant, the Group's post-tax loss for the year would increase/decrease by approximately £2,213 (2009: £3,283).

(ii) Credit risk

At 31 March 2010, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the management of the Group 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.

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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Also, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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 21.

6. FINANCIAL INSTRUMENTS (CONT'D)

(iii) 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. At 31 March 2010, the Group has the aggregate banking facilities £2,346,849 (2009: £4,056,417), of which £1,178,913 were unused (2009: £2,523,409).

The following table details the contractual maturities of the Group's financial liabilities at the balance sheet date, which is based on the undiscounted cash flows and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

2010

	Weighted average effective interest rate	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 undiscounted cash flow	Carrying amount at 31 March 2010
	%	£	£	£	£	£
Non-derivative financial liabilities:						
Bank overdrafts	-	-	-	-	-	-
Interest-bearing borrowings	3.1%-15%	5,782,080	-	-	5,782,080	5,165,203
Trade and other payables	-	3,342,153	-	-	3,342,153	3,342,153
Tax payable	-	15,116	-	-	15,116	15,116
Obligation under finance lease	9.5%	4,842	6,052	-	10,894	9,108
		9,144,191	6,052	-	9,150,243	8,531,580
Financial guarantee issued						
Maximum amount guaranteed (note 31)		2,700,856	-	-	2,700,856	-

6. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Liquidity risk (Cont'd)

2009

	Weighted average effective interest rate	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 undiscounted cash flow	Carrying amount at 31 March 2009
	%	£	£	£	£	£
Non-derivative financial liabilities:						
Bank overdrafts	4.7%	219,934	-	-	219,934	219,934
Interest-bearing borrowings	3.7%-15%	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	9.5%	5,135	5,135	6,418	16,688	13,952
		12,209,792	5,135	6,418	12,221,345	11,868,567

The Company

2010

	Weighted average effective interest rate	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 undiscounted cash flow	Carrying amount at 31 March 2010
	%	£	£	£	£	£
Non-derivative financial liabilities:						
Bank overdrafts	-	-	-	-	-	-
Interest-bearing borrowings	15%	4,596,857	-	-	4,596,857	3,997,267
Trade and other payables	-	2,461,725	-	-	2,461,725	2,461,725
Obligation under finance lease	9.5%	4,842	6,052	-	10,894	9,108
		7,063,424	6,052	-	7,069,476	6,468,100

6. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Liquidity risk

2009

	Weighted average effective interest rate	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 undiscounted cash flow	Carrying amount at 31 March 2009
	%	£	£	£	£	£
Non-derivative financial liabilities:						
Bank overdrafts	4.7%	219,934	-	-	219,934	219,934
Interest-bearing borrowings	4.7%-15%	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	9.5%	5,135	5,135	6,418	16,688	13,952
		7,251,723	5,135	6,418	7,263,276	6,939,883

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

(d) 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.

6. FINANCIAL INSTRUMENTS (CONT'D)

(d) Capital risk management (Cont'd)

During 2010, the Group's strategy, which was unchanged from 2009, 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.

The net debt-to-adjusted capital ratios of the Group and the Company at the end of the reporting period were as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Current liabilities				
Trade and other payables	**3,342,153**	5,160,493	**2,461,725**	2,195,127
Bank overdrafts	**-**	219,934	**-**	219,934
Borrowings	**5,165,203**	5,552,204	**3,997,267**	4,510,870
Tax payable	**15,116**	921,984	**-**	-
Obligation under finance lease	**4,048**	4,293	**4,048**	4,293
	8,526,520	11,858,908	**6,463,040**	6,930,224
Non-current liabilities				
Obligation under finance lease	**5,060**	9,659	**5,060**	9,659
Total debt	**8,531,580**	11,868,567	**6,468,100**	6,939,883
Less: Cash and bank balances	**884,174**	117,762	**713,066**	23,467
Net debt	**7,647,406**	11,750,805	**5,755,034**	6,916,416
Total (capital deficiency)/equity	**(2,053,425)**	9,210,316	**(2,568,104)**	1,019,327
Net debt-to-adjusted capital ratio	**-372%**	128%	**-224%**	679%

7. SEGMENT INFORMATION

(a) Business segments

The Group has adopted IFRS 8 with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker, chief executive officer, for the purpose of allocating resources to the segment and to assess its performance. In contrast, the predecessor standard (IAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14, nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss.

7. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

The Group is organised into the following business segments:

- Construction contracts
- Maintenance contracts
- Product sales
- Solution sales
- Management fee

(b) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 March 2010:

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
External sales	4,188,245	2,027,207	258,291	-	-	6,473,743
Inter-segment sales	-	-	40,364	-	-	40,364
Less: elimination	-	-	(40,364)	-	-	(40,364)
Revenue	4,188,245	2,027,207	258,291	-	-	6,473,743
Result						
Segment loss	(5,540,746)	(3,621,376)	(557,128)	-	-	(9,719,250)
Unallocated income						-
Unallocated expenses						-
Finance costs						(611,657)
Loss before tax						(10,330,907)

For the year ended 31 March 2009:

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
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
Result						
Segment profit/(loss)	279,563	109,464	(1,444)	49,868	591	438,042
Unallocated income						-
Unallocated expenses						-
Finance costs						(735,955)
Loss before tax						(297,913)

7. SEGMENT INFORMATION (CONT'D)

(c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

At 31 March 2010

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
Assets						
Segment assets	4,191,100	2,028,588	258,467	-	-	6,478,155
Unallocated assets						-
Consolidated total assets						6,478,155
Liabilities						
Segment liabilities	5,519,581	2,671,604	340,395	-	-	8,531,580
Unallocated liabilities						-
Consolidated total liabilities						8,531,580

At 31 March 2009

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
Assets						
Segment assets	14,657,389	4,735,237	874,438	802,311	9,508	21,078,883
Unallocated assets						-
Consolidated total assets						21,078,883
Liabilities						
Segment liabilities	8,252,914	2,666,199	492,356	451,745	5,353	11,868,567
Unallocated liabilities						-
Consolidated total liabilities						11,868,567

7. SEGMENT INFORMATION (CONT'D)

(d) Other segment information

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating segments:

For the year ended 31 March 2010

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
Capital expenditure *	19,034	9,213	1,174	-	-	29,421
Depreciation	35,611	17,236	2,196	-	-	55,043

For the year ended 31 March 2009

	Construction contracts	Maintenance contracts	Product sales	Solution sales	Management fee	Total
	£	£	£	£	£	£
Capital expenditure *	39,684	12,821	2,367	2,172	26	57,070
Depreciation	133,463	43,117	7,962	7,305	86	191,933

* Capital expenditure represented plant and equipment.

(e) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2010	2009
	£	£
Construction contracts	**4,188,245**	6,417,135
Maintenance contracts	**2,027,207**	2,073,129
Product sales	**258,291**	382,837
Solution sales	**-**	351,259
Management service	**-**	4,163
	6,473,743	9,228,523

(f) Geographical segments

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

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

8. OTHER INCOME

	2010 £	2009 £
Exchange gain	**17,771**	31,152
Realised gain on investment securities	**-**	1,105
Interest income	**521**	8,521
Write back on trade and other payables	**3,275**	85,660
Sundry income	**121,793**	1,482
	143,360	127,920

9. FINANCE COSTS

	2010 £	2009 £
Interest on bank loans and other borrowings wholly repayable within five years	**610,900**	735,264
Finance charge on obligation under finance lease	**757**	691
	611,657	735,955

10. LOSS BEFORE TAX

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

	2010 £	2009 £
Cost of inventories recognised as expenses *	**2,165,974**	2,871,041
Impairment loss recognised on trade receivables	**766,906**	290,801
Impairment loss recognised on other receivables	**321,317**	23,632
Impairment loss recognised on goodwill	**791,945**	309,325
(Recovery of)/write down of obsolete inventories	**(26,467)**	89,435
Auditor's remuneration		
- audit services (parent company)	**(13,928)**	66,477
Depreciation – leased plant and equipment	**5,902**	5,391
Depreciation – owned plant and equipment	**49,141**	186,542
Research and development costs	**25,756**	41,783
Operating lease charges – minimum lease payments	**114,019**	125,375
Loss on disposal of plant and equipment	**21,454**	398

* Cost of inventories recognised as expenses included a (recovery of)/write down of obsolete inventories of £(26,467) (2009: £89,435) and written back on trade and other payables of £3,275 (2009: £85,660).

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is disclosed as follows:

	2010	2009
	£	£
Directors' fees	**81,752**	82,862
Other emoluments:		
Salaries, bonuses and allowances	**126,390**	108,480
Pension scheme contributions	**2,931**	2,678
	211,073	194,020

12. STAFF COSTS (including directors' remuneration)

	2010	2009
	£	£
Wages and salaries	**1,747,441**	1,493,222
Pension scheme contributions	**74,810**	72,963
	1,822,251	1,566,185

13. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

a) Income tax in the consolidated statement of comprehensive income:

	2010	2009
	£	£
Current tax (credit)		
Hong Kong profits tax	**(5,045)**	4,609
The PRC enterprise income tax	**-**	215,462
Other jurisdictions	**22,396**	6,880
	17,351	226,951

No Hong Kong profits tax has been provided for in the financial statements as the Company has sustained a loss during the year.

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

The PRC income tax rate is unified to 25% for all enterprises.

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

13. INCOME TAX IN CONSOLIDATED STATEMENT OF COMPREHENSVE INCOME (CONT'D)

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

	2010	2009
	£	£
Loss before tax	**(10,330,907)**	(297,913)
Notional tax on loss before tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(613,269)**	(704,590)
Tax effect of non-taxable income	**(6)**	(44)
Tax effect of non-deductible expenses	**621,058**	898,349
Tax effect of temporary differences not recognised	**(2)**	31,667
Tax effect of utilisation of tax losses not recognised in prior years	**-**	(1,214)
Tax effect of tax losses not recognised	**27,581**	8,870
Over provision in prior year	**(18,011)**	(6,087)
Income tax expense	**17,351**	226,951

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company for the year of £10,340,804 (2009: £554,580), and the weighted average of 383,677,323 (2009: 383,677,323) ordinary shares in issue during the year.

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

15. DIVIDEND

No dividend has been declared or paid for the year ended 31 March 2010 (2009: £Nil).

16. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Research assets	Total
	£	£	£	£	£	£
Cost						
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
At 1 April 2009	160,495	162,833	120,675	-	967,171	1,411,174
Additions	17,891	6,114	5,416	-	-	29,421
Disposals	-	(713)	(3,611)	-	(61,425)	(65,749)
Deconsolidation of a subsidiary	(11,180)	-	(29,326)	-	(14,139)	(54,645)
Exchange realignment	1,790	756	(3,532)	-	9,449	8,463
At 31 March 2010	168,996	168,990	89,622	-	901,056	1,328,664
Accumulated depreciation						
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
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
At 1 April 2009	136,828	113,712	66,458	-	808,663	1,125,661
Charge for the year	10,494	20,356	14,530	-	9,663	55,043
Disposals	-	(692)	(3,611)	-	(39,256)	(43,559)
Deconsolidation of a subsidiary	(4,265)	-	(7,918)	-	(6,788)	(18,971)
Exchange realignment	1,875	1,163	12	-	10,347	13,397
At 31 March 2010	144,932	134,539	69,471	-	782,629	1,131,571
Net book value						
At 31 March 2010	24,064	34,451	20,151	-	118,427	197,093
At 31 March 2009	23,667	49,121	54,217	-	158,508	285,513

At the balance sheet date, the net book value of motor vehicle held under finance lease of the Group and the Company was £6,193 (2009: £13,132).

16. PLANT AND EQUIPMENT (CONT'D)

The Company

	Furniture and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Total
	£	£	£	£	£
Cost					
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
At 1 April 2009	12,739	33,006	25,780	-	71,525
Additions	7	72	-	-	79
Disposals	-	(94)	-	-	(94)
Exchange realignment	(726)	(1,885)	(1,471)	-	(4,082)
At 31 March 2010	12,020	31,099	24,309	-	67,428
Accumulated depreciation					
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
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
At 1 April 2009	9,151	31,816	10,117	-	51,084
Charge for the year	2,104	820	6,952	-	9,876
Disposals	-	(73)	-	-	(73)
Exchange realignment	(418)	(1,780)	(237)	-	(2,435)
At 31 March 2010	10,837	30,783	16,832	-	58,452
Net book value					
At 31 March 2010	1,183	316	7,477	-	8,976
At 31 March 2009	3,588	1,190	15,663	-	20,441

17. GOODWILL

The Group

	£
Cost	
At 1 April 2008, 31 March 2009 and 31 March 2010	961,845
Accumulated impairment loss	
At 1 April 2008	-
Impairment loss recognised in the year	309,325
Exchange realignment	(40,310)
At 31 March 2009	269,015
At 1 April 2009	269,015
Impairment loss recognised in the year	791,945
Exchange realignment	(124,945)
At 31 March 2010	936,015
Carrying amount	
At 31 March 2010	25,830
At 31 March 2009	692,830

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:

	2010	2009
	£	£
Construction contracts	**25,830**	692,830

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.

17. GOODWILL (CONT'D)

Key assumptions used for value-in-use calculations:

	2010	2009
Gross margin	**30%-40%**	15%-38%
Growth rate	**11%**	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 £791,945 is recognised for the year (2009: £309,325).

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2010	2009
	£	£
Shares in subsidiary undertakings	**1,053,475**	1,053,475
Less: impairment loss recognised in the year	**(1,191,416)**	(658,272)
Exchange realignment	**152,616**	51,352
	14,675	446,555
Amounts due from subsidiary undertakings	**7,201,931**	7,731,452
Less: impairment loss recognised in the year	**(7,146,630)**	(4,058,759)
Exchange realignment	**174,129**	(883,810)
	229,430	2,788,883
Total	**244,105**	3,235,438

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

18. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONT'D)

Particulars of the Group's subsidiary undertakings at 31 March 2010 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 Directly	Indirectly	Principal activities
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 ("LSSH") is a wholly-foreign owned enterprise established in the PRC to operate for 20 years up to 2025. The results of LSSH were excluded from the consolidated financial statements since 1 April 2009. Details of the deconsolidation of LSSH are stated in notes 2(b) and 28.

19. INVENTORIES

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Raw materials	**388,497**	418,555	**388,497**	418,555
Work in progress	**5,262**	30,143	**5,262**	23
Finished goods	**572,574**	601,348	**371,198**	407,165
	966,333	1,050,046	**764,957**	825,743

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

	2010	2009
	£	£
Carrying amount of inventories sold	**2,192,441**	2,781,606
(Recovery of)/write down of obsolete inventories	**(26,467)**	89,435
	2,165,974	2,871,041

20. CONSTRUCTION CONTRACTS IN PROGRESS

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Contract costs incurred plus attributable profits less foreseeable losses	**11,384,702**	24,320,035	**8,210,875**	7,844,911
Progress billings to date	**(10,341,800)**	(12,012,943)	**(8,553,963)**	(7,962,964)
	1,042,902	12,307,092	**(343,088)**	(118,053)
Represented by:				
Amounts due from construction contract customers (note 21)	**2,247,009**	13,695,491	**830,524**	1,085,082
Amounts due to construction contract customers (note 23)	**(1,204,107)**	(1,388,399)	**(1,173,612)**	(1,203,135)
	1,042,902	12,307,092	**(343,088)**	(118,053)

At 31 March 2010, the amount of retention receivables from customers recorded within "trade and other receivables" is £85,883 (2009: £66,344).

Within amounts due from construction contracts customers is the amount of £Nil (2009: £11,353,545) for which the original land use rights certificate and the developing property are pledged as security in LSSH.

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade receivables	**2,042,502**	2,430,301	**1,756,031**	1,986,310
Less: allowance for doubtful debts	**(1,345,523)**	(569,057)	**(1,283,731)**	(508,293)
	696,979	1,861,244	**472,300**	1,478,017
Bills receivable	**267,521**	331,593	**-**	-
Other receivables	**851,195**	2,186,029	**537,173**	534,181
Loan and receivables	**1,815,695**	4,378,866	**1,009,473**	2,012,198
Deposits and prepayments	**83,941**	189,009	**75,199**	96,408
Amounts due from construction contract customers (note 20)	**2,247,009**	13,695,491	**830,524**	1,085,082
Pledged bank deposits	**253,696**	660,433	**253,696**	660,433
	4,400,341	18,923,799	**2,168,892**	3,854,121

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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

At 31 March 2010, the Group has pledged bank deposits of £253,696 (2009: £191,076) 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:

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
At 1 April	**569,057**	189,183	**508,293**	22,170
Impairment loss recognised	**766,906**	262,997	**766,906**	391,820
Exchange realignment	**9,560**	116,877	**8,532**	94,303
At 31 March	**1,345,523**	569,057	**1,283,731**	508,293

Note At 31 March 2010, trade receivables of the Group and the Company amounting to £766,906 (2009: £262,997) and £766,906 (2009: £391,820) 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:

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
0 to 90 days	**429,672**	822,042	**371,571**	501,380
91 to 365 days	**205,777**	498,961	**100,473**	496,934
Over 365 days	**61,530**	540,241	**256**	479,703
	696,979	1,861,244	**472,300**	1,478,017

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.

22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Cash and bank balances*	**884,174**	117,762	**713,066**	23,467
Bank overdrafts	**-**	(219,934)	**-**	(219,934)
Cash and cash equivalents in the consolidated and the Company's statement of cash flows	**884,174**	(102,172)	**713,066**	(196,467)

* At 31 March 2010 and 2009, the Group maintains £115,201 and £25,403 as restricted cash to secure the bank loans as collateral (note 25).

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade payables	**371,280**	1,994,803	**40,616**	64,678
Bills payable	**413,072**	233,152	**-**	-
Due to a related party	**2,642**	41,265	**-**	-
Accruals and other payables	**1,351,052**	1,502,874	**1,247,497**	927,314
Financial liabilities measured at amortised cost	**2,138,046**	3,772,094	**1,288,113**	991,992
Amounts due to construction contract customers (note 20)	**1,204,107**	1,388,399	**1,173,612**	1,203,135
	3,342,153	5,160,493	**2,461,725**	2,195,127

24. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Provision for the year				
Hong Kong profits tax	**(4,384)**	5,612	**-**	-
PRC enterprise income tax	**-**	916,372	**-**	-
Other jurisdictions	**15,116**	-	**-**	-
	10,732	921,984	**-**	-
Over payment for the year				
Overseas income tax	**-**	8,933	**-**	-

24. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONT'D)

b) Unrecognised deferred tax assets

At the balance sheet date, the Company has unused tax losses of £5,368,856 (2009: £5,509,897) 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. INTEREST-BEARING BORROWINGS

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Within 1 year or on demand				
Secured bank loans (note a)	**1,167,936**	1,313,074	**-**	271,740
Loan from shareholder (note b)	**3,997,267**	4,239,130	**3,997,267**	4,239,130
	5,165,203	5,552,204	**3,997,267**	4,510,870

Notes:

a) The secured bank loans carried interest at rates ranging from 3.100% to 3.764% per annum (2009: 3.73% to 5.11%) and were secured by:-

(i) Restricted cash (note 22);
(ii) Personal guarantee by the Chairman, Mr. Stephen Sin Mo KOO and
(iii) Guaranteed by the local government of Taiwan.

b) 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 (2009: 15%) and is payable on the maturity date of 31 March 2011. Security over the Group's interest in a shopping mall contract within the PRC has been provided.

26. OBLIGATION UNDER FINANCE LEASE

At 31 March 2010 and 2009, the Group and the Company had obligation under finance lease repayable as follows:

	Minimum lease payment		Present value of the minimum lease payment	
	2010	2009	**2010**	2009
	£	£	**£**	£
Within 1 year	**4,842**	5,135	**4,048**	4,293
After 1 year but within 2 years	**6,052**	5,135	**5,060**	4,293
After 2 years but within 5 years	**-**	6,418	**-**	5,366
	6,052	11,553	**5,060**	9,659
	10,894	16,688	**9,108**	13,952
Less: Future finance charges	**1,786**	2,736		
Present value of lease obligation	**9,108**	13,952		

27. SHARE CAPITAL

	2010	2009
	£	£
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 (2009: 383,677,323 ordinary shares) of HK$0.0625 each	**1,697,617**	1,697,617

The Company has one class of ordinary shares.

28. DECONSOLIDATION OF SUBSIDIARY

The Group lost control of a wholly-owned subsidiary, LSSH during 2010 as a result of a legal dispute (details provided in note 2(b)).

As a result of this dispute, the Group no longer has controlling power to govern the financial and operating policies of LSSH so as to obtain benefit from its activities. Therefore, management has decided to deconsolidate the assets and liabilities of LSSH at their carrying values at the date when control was lost. Accordingly, the results of LSSH were excluded from the consolidated financial statements of the Group since 1 April 2009. The consolidated statement of comprehensive income presented a loss on deconsolidation of £8,324,208

The carrying values of LSSH at 1 April 2009 were as follow:

	2010
	£
Assets:	
Plant and equipment	**35,636**
Trade and other receivables	**11,457,351**
Cash and bank balances	**4,388**
Liabilities:	
Trade and other payables	**(2,262,610)**
Tax payable	**(823,772)**
Net asset value	**8,410,993**
Loss on deconsolidation of a subsidiary	**(8,324,208)**
Translation reserve released upon deconsolidation	**(86,785)**
	-
Analysis of net cash outflow of cash and cash equivalents arising from deconsolidation of a subsidiary:	
Cash and bank balances of a deconsolidated subsidiary	**4,388**

29. 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:

	The Group		The Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Within one year	**106,470**	91,342	**52,967**	15,913
In the second to fifth years inclusive	**46,262**	149,302	**3,557**	11,478
	152,732	240,644	**56,524**	27,391

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2010	2009
	£	£
Salaries, bonus and allowances	**271,248**	251,272

The remuneration of key management personnel comprises the remuneration of Executive Directors and key executives.

Executive Directors include Executive Chairman, Chief Executive Officer, Technical Director and 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 11 to the financial statements.

Key executives include 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.

30. RELATED PARTY TRANSACTIONS (CONT'D)

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 2011 and charge at interest rate of 15% per annum on the revised principal amount.

(b) At 31 March 2010, there is a receivable balance of £Nil (2009: £6,629) 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.

31. FINANCIAL GUARANTEE

In accordance with the Circular of "Re-financing of Zhongshan shopping mall project" dated 10 December 2009, the Group's wholly-owned subsidiary, LSSH provided guarantee to secured short-term financing arrangement with the maximum amount up to £2.7 million at the date of report. Pursuant to the terms of the guarantee, at any time from the date of guarantee, in event of default in repayments, the Group is fully responsible to repay the outstanding loan principal, together with penalty charges, accrued interest and related late fees, after netting off the pledged assets. The Group's guarantee period starts from the date of grant of the financial arrangement and ends when it is fully repaid. At 31 March 2010, the secured short-term loan has become overdue and the financial arrangement is in negotiations for extension, but has not yet reached a final agreement as to repayment of the borrowings.

In connection with the Zhongshan shopping mall project (the "Zhongshan Project"), the Group received a security over certain share of interest in the Zhongshan Project. At 31 March 2010, the fair market value of the Zhongshan Project is amounted to £24,477,216, based on the appraisal report issued by an independent valuer. The Group has engaged an independent valuer to measure the fair value of such financial guarantee. Up to the date of the report, the Group determines that no provision for financial guarantee is required because the maximum amount of the issued financial guarantee contract in which the guarantee could be called is fully recovered by the fair value of certain interest held by the Group in the Zhongshan Project.

32. LEGAL PROCEEDINGS

On 12 August 2010, the Company received a claim from its former attorney, Guzov Ofsink, LLC ("Guzov"), for US$70,915 in purported unpaid legal fees. The case is currently pending in the New York State Supreme Court, New York County, and is entitled Guzov Ofsink, LLC .v. UniVision Engineering Limited, Index No. 105405/09. Guzov recently filed a motion for default judgement and the Company opposed that motion and the Company interposed an answer with affirmative defenses and counterclaims against Guzov for US$100,000. Guzov's motion should be decided by the New York State Supreme Court sometime in the next one to two months. At this point, the Group does not believe that the motion would have a material impact or significant contingencies to the Group.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2010 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 5 October 2010 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 2010 together with the Directors' report and the Independent Auditor's report;

2. To re-elect Mr. Stephen Sin Mo KOO who retired by rotation, as a Director of the Company;

3. To re-elect Mr. Danny Kwok Fai YIP who retired by rotation, as a 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 authorise 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 authorised 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
9 September 2010

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 notarised and certified copy of that power of authority, must be lodged with the Company's registrars, Computershare Investor Services (Jersey) Limited at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, Channel Islands, 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 8 September 2010 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.