

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2008 (“HY2009”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

1.(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediate preceding financial year

	The Group		
	HY2009 S\$'000	HY2008 S\$'000	% Change
Revenue	4,635	5,484	(15.5)
Cost of sales	(1,980)	(2,448)	(19.1)
Gross profit	2,655	3,036	(12.5)
Other operating income	286	65	340.0
Selling and distribution expenses	(106)	(418)	(74.6)
Administration expenses	(507)	(662)	(23.4)
Other operating expenses	(928)	(852)	8.9
Profit from operations	1,400	1,169	19.8
Finance expenses	(275)	(127)	116.5
Profit before tax	1,125	1,042	8.0
Taxation	(81)	-	N/m
Net profit attributable to the shareholders	1,044	1,042	N/M

“HY2008” denotes the half year financial period ended 30 September 2007

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/m” denotes not meaningful

“N/M” denotes not material, being less than 0.5%

1.(a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

	The Group		
	HY2009	HY2008	%
	S\$'000	S\$'000	Change
Profit before tax has been arrived at after charging/(crediting):-			
Allowance for/ doubtful debts	-	61	(100.0)
Depreciation and amortisation	403	328	24.1
Foreign exchange loss/(gain) (net)	117	(26)	N/m
Interest expense	275	127	116.5
Interest income	(9)	(39)	(76.9)

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

"N/m" denotes not meaningful

"N/M" denotes not material, being less than 0.5%

1.(b)(i) A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	30 September 2008 S\$'000	31 March 2008 S\$'000	30 September 2008 S\$'000	31 March 2008 S\$'000
Non-current assets				
Property, plant and equipment	1,229	1,430	-	-
Subsidiaries	-	-	4,610	4,610
Associates	-	-	-	-
Intangible assets	7,755	6,057	-	-
	8,984	7,487	4,610	4,610
Current assets				
Inventories	672	1,407	-	-
Construction contract work-in-progress	7,017	4,955	-	-
Trade receivables	1,298	1,391	-	-
Other receivables, deposits and prepayments	1,116	809	678	692
Due from subsidiaries (non-trade)	-	-	2,222	2,372
Cash and cash equivalents	2,412	2,428	1,400	1,400
	12,515	10,990	4,300	4,464
Total assets	21,499	18,477	8,910	9,074
Current liabilities				
Trade payables	1,740	823	-	-
Other payables and accruals	4,291	2,871	763	710
Loan from financial institutions	4,410	5,110	2,383	2,256
Advance receipts	318	31	-	-
Due to subsidiaries (non-trade)	-	-	206	207
Provision for tax	44	5	5	5
Bank overdrafts	1,765	1,748	1,765	1,748
	12,568	10,588	5,122	4,926
Net current (liabilities)/assets	(53)	402	(822)	(462)
Net assets	8,931	7,889	3,788	4,148
Equity attributable to the Company's equity holders				
Share capital	59,297	59,297	59,297	59,297
Capital reserve	65	65	65	65
Share issue expenses	(133)	(131)	(133)	(131)
Accumulated losses	(50,298)	(51,342)	(55,441)	(55,083)
	8,931	7,889	3,788	4,148
Minority interests	N/m	N/m	-	-
Total equity	8,931	7,889	3,788	4,148

"N/m" denotes not material, being less than S\$500

1.(b)(ii) Aggregate amount of borrowings and debts securities for the Group.

	As at 30 September 2008 S\$'000	As at 31 March 2008 S\$'000
Amount repayable in one year or less or on demand		
Secured*	3,792	4,736
Unsecured	-	-
	<u>3,792</u>	<u>4,736</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>

Details of any collateral

*These are secured against fixed deposits and corporate guarantee provided by the Company.

1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	HY2009	HY2008
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit before tax	1,125	1,042
Adjustments for:-		
Allowance for doubtful debts	-	61
Amortisation of intangible assets	112	135
Depreciation of property, plant and equipment	291	193
Interest expense	275	127
Interest income	(9)	(39)
Share option expenses	-	65
Operating profit before changes in working capital	1,794	1,584
<i>Changes in working capital</i>		
Inventories	735	(451)
Trade and other receivables	(214)	3,454
Construction contract work-in-progress	(2,062)	569
Trade and other payables	2,337	168
Advance receipts	287	(3,400)
Cash generated from operations	2,877	1,924
Interest received	9	39
Income tax paid	(42)	-
Development expenditure (net of amortisation and depreciation)	(1,733)	(904)
NET CASH USED IN OPERATING ACTIVITIES	1,111	1,059
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(90)	(89)
Purchase of intangible asset	(77)	(380)
NET CASH USED IN INVESTING ACTIVITIES	(167)	(469)
FINANCING ACTIVITIES		
Proceeds from trust receipts	-	988
Conversion of unsecured convertible loan	-	(1,470)
(Share registrar expenses)/Proceeds from issue of new shares (net of issue expenses)	(2)	1,468
Repayment of trust receipts	(700)	-
Interest paid	(275)	(127)
NET CASH FROM FINANCING ACTIVITIES	(977)	859
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(33)	1,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	680	1,301
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	647	2,750
Note 1:-		
Cash and cash equivalents consist of:-		
	The Group	
	HY2009	HY2008
	S\$'000	S\$'000
Total cash and bank balances	12	2,098
Fixed deposits	2,400	2,400
Less: Bank overdrafts – secured	(1,765)	(1,748)
	647	2,750

1.(d)(i) statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	The Group					Total
	Share Capital	Accumulated Losses	Share Issue Expenses	Capital Reserve	Minority Interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 April 2008	59,297	(51,342)	(131)	65	N/m	7,889
Share registrar expenses	-	-	(2)	-	-	(2)
Net profit for the period	-	1,044	-	-	-	1,044
Balance at 30 September 2008	59,297	(50,298)	(133)	65	N/m	8,931

	The Group					Total
	Share Capital	Accumulated Losses	Share Issue Expenses	Capital Reserve	Minority Interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 April 2007	57,827	(53,360)	-	-	N/m	4,467
Issue of shares	1,470	-	-	-	-	1,470
Share issue expenses	-	-	(129)	-	-	(129)
Share option expense	-	-	-	65	-	65
Net profit for the period	-	1,042	-	-	-	1,042
Balance at 30 September 2007	59,297	(52,318)	(129)	65	N/m	6,915

"N/m" denotes not material, being less than S\$500

	The Company				
	Share Capital	Accumulated Losses	Share Issue Expenses	Capital Reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2008	59,297	(55,083)	(131)	65	4,148
Share registrar expenses	-	-	(2)	-	(2)
Loss for the period	-	(358)	-	-	(358)
Balance at 30 September 2008	59,297	(55,441)	(133)	65	3,788

	The Company				
	Share Capital	Accumulated Losses	Share Issue Expenses	Capital Reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2007	57,827	(54,605)	-	-	3,222
Issue of shares	1,470	-	-	-	1,470
Share issue expenses	-	-	(129)	-	(129)
Share option expense	-	-	-	65	65
Loss for the period	-	(136)	-	-	(136)
Balance at 30 September 2007	59,297	(54,741)	(129)	65	4,492

On 29 September 2008, the Company entered into an investment agreement (the "Investment Agreement") with Pytheas (Cyprus) Ltd ("Pytheas"), part of the Pytheas conglomerate, a premier international investment management organization, whereby Pytheas will, subject to certain pre-completion conditions, invest up to S\$94.60 million in cash in the Company through the subscription for up to 860 million new ordinary shares at a subscription price of S\$0.11 per share. This represents up to 51.56% equity stake of Addvalue's enlarged issued share capital.

The investment pursuant to the Investment Agreement will be carried out in two phases. In Phase One (the "Initial Investment"), Pytheas will offer a cash consideration of S\$37.95 million in exchange for Addvalue's 345 million new shares (the "Initial Investment Shares") at a subscription price of S\$0.11 per share (the "Initial Investment Price"). The Initial Investment Shares, upon allotment and issuance, will represent approximately 29.92% of Addvalue's total issued share capital on an enlarged and fully diluted basis on completion of the Initial Investment.

Subsequently, in Phase Two (the "Subsequent Investment"), the remaining 515 million new shares (the "Subsequent Investment Shares") will be subscribed by Pytheas through either a call option (the "Call Option") or a put option (the "Put Option"). If either option is exercised in full, Addvalue will be paid an additional cash consideration of S\$56.65 million.

Under the Call Option granted by Addvalue to Pytheas, Pytheas will have the right to subscribe for the Subsequent Investment Shares in cash at S\$0.11 for each Subsequent Investment Share (the "Call Option Exercise Price") at any time within 12 months from the date of completion of the Initial Investment. Under the Put Option granted by Pytheas to Addvalue, Addvalue will have the right to require Pytheas to subscribe for the Subsequent Investment Shares in cash at S\$0.11 for each Subsequent Investment Share (the "Put Option Exercise Price") at any time within 12 months from the date of completion of the Initial Investment.

The Investment Agreement is conditional upon, among others:-

- (a) the receipt of a whitewash waiver from the Securities Industry Council in exempting Pytheas from the obligation to make a mandatory general offer for all shares in the capital of the Company not held by Pytheas, in accordance with the rules of The Singapore Code on Take-overs and Mergers as a result of Pytheas' subscription of the Initial Investment Shares and Subsequent Investment Shares;
- (b) the approval in-principle from the SGX-ST for the listing and quotation of the Initial Investment Shares and Subsequent Investment Shares on the Official List of the SGX-ST; and
- (c) satisfactory due diligence by Pytheas and Addvalue on each other.

1.(d)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

There were no changes in the Company's share capital during HY2009.

1.(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at 30 September 2008</u>	<u>As at 31 March 2008</u>
Total number of issued ordinary shares (excluding treasury shares)	807,905,813	807,905,813

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company had no treasury shares as at 30 September 2008.

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for FY2008 as those in the audited annual financial statements for HY2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	As at 30 September 2008 S\$'000	As at 30 September 2007 S\$'000
Net profit attributable to shareholders	1,044	1,042
Earnings per share		
Basic (Singapore cents)	0.13 cents⁽¹⁾	0.13 cents⁽²⁾
Diluted (Singapore cents)	0.13 cents⁽³⁾	0.13 cents⁽⁴⁾

Notes:-

- (1) Based on the adjusted weighted average number of 807,905,813 ordinary shares.
(2) Based on the adjusted weighted average number of 788,856,633 ordinary shares.
(3) Based on 822,600,813 ordinary shares, being the sum of the issued shares as at 30 September 2008 and the number of outstanding employee share options granted under the Addvalue Employee Share Option Scheme as at 30 September 2008.
(4) Based on 788,856,633 ordinary shares, being the sum of the issued shares as at 30 September 2007 and the number of outstanding employee share options granted under the Addvalue Employee Share Option Scheme as at 30 September 2007.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 30 September 2008 S\$'000	As at 31 March 2008 S\$'000	As at 30 September 2008 S\$'000	As at 31 March 2008 S\$'000
Net asset value as at end of financial period/year	8,931	7,889	3,788	4,148
Net asset value per ordinary share as at the end of financial period/year (Singapore cents)	1.11 cents⁽¹⁾	0.98 cents⁽²⁾	0.47 cents⁽¹⁾	0.51 cents⁽²⁾

Notes:-

- (1) Based on 807,905,813 issued shares.
(2) Based on 807,905,813 issued shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Addvalue is a leading one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a wide variety of voice and IP-based data applications. It has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally-renowned leaders such as Inmarsat, Thuraya, Stratos, Vizada, SingTel and Satlink.

Addvalue is currently one of the only three authorised global developers-cum-suppliers, and the only one in Asia, of the portable Broadband Global Area Network ("BGAN") satellite terminal. The terminal operates on a satellite infrastructure, run by London-listed Inmarsat plc, which facilitates connectivity anywhere in the world. BGAN is an ideal choice for communication in areas where terrestrial or cellular networks are damaged, congested or non-existent.

(a) Review of financial performance of the Group for HY2009 compared to HY2008

Turnover

Our Group recorded a lower turnover of about S\$4.6 million for HY2009 compared to that of about S\$5.5 million for HY2008. The decrease in turnover was attributed mainly to higher product sales in HY2008 relative to HY2009 as HY2008, being the maiden year in which our portable BGAN terminals were launched, had a significant backlog order due to GMPCS Personal Communications Inc to be fulfilled pursuant to the strategic partnership agreement we forged with the latter in January 2006. The lower turnover attained for HY2009 was also a result of our planned diversion of some of our resources in developing our own proprietary technologies with a view to enhance our competitive edge.

Profitability

Despite the lower turnover, which resulted in a lower gross profit of about S\$2.7 million being registered in HY2009 as compared to that of about S\$3.0 million in HY2008, we improved our gross profit margin from about 55% in HY2008 to about 57% in HY2009 due to better cost controls.

The increase in our other operating income from about S\$65,000 in HY2008 to about S\$286,000 in HY2009 was largely attributed to an one time income pursuant to the grant of a special licence to one of our key distributors.

As we began to rely more on our distributors and less on our own marketing staff to market our products, our distribution and promotion costs decreased by about 74.6% from about S\$418,000 in HY2008 to about S\$106,000 in HY2009.

The continued tight cost containment measures which we implemented 3 years ago continued to witness a decrease in our administration expenses by about 23.4% from about S\$662,000 in HY2008 to about S\$507,000 in HY2009.

Our other operating expenses increased by about 8.9% from about S\$852,000 in HY2008 to about S\$928,000 in HY2009 principally as a result of higher depreciation following the purchase of more software and computers.

Collectively as a result of the above, our profit from operation improved by about 19.8% from about S\$1.2 million in HY2008 to about S\$1.4 million in HY2009.

We incurred higher finance expenses in HY2009 relative to HY2008 due to interest rate hikes on our loans procured with financial institutions.

The tax expense of about S\$81,000 incurred in HY2009 was attributed to tax expenses imputed on certain income by the Inland Revenue Authority of Singapore, which we are disputing.

(b) Review of financial position of the Group as at 31 September 2008 compared to that as at 31 March 2008

Working capital

The decrease in inventories (net off against the increase in construction contract work-in-progress) coupled with the increase in trade payables as well as other payables and accruals (net off against a reduction in loan from financial institutions through loan repayment), resulted in a net current liabilities position being recorded in HY2009. The decrease in inventories was attributed mainly to stock depletion as it is our policy to maintain only minimum level of carrying stock. The increase in construction contract work-in-progress was attributed mainly to more work being done on our various design contracts, which we have yet to bill our customers. The increases in trade payables, other payables and accruals were brought about as a result of better working capital management.

The funds to be injected by Pytheas pursuant to the Investment Agreement are expected to substantially improve the Company's capitalization and fortify the Group's balance sheet.

Property, plant and equipment

The decrease in the net book value of property, plant and equipment from about S\$1.43 million as at 31 March 2008 to about S\$1.2 million as at 30 September 2008 was attributed principally to higher depreciation charge for HY2009, notwithstanding the additional software and computers purchases in HY2009.

Intangible assets

The increase in our intangible assets by about 28.0% from about S\$6.1 million as at 31 March 2008 to about S\$7.8 million as at 30 September 2008 relates mainly to development expenditure incurred to expand our family of satellite communication products with a view to grow our satellite communications business segment further.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the prospect commentary previously disclosed to shareholders when we

announced our full year results for the financial year ended 31 March 2008.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

We will continue to grow our revenue streams through the design and supply of spin-off products using our BGAN design platform as well as cultivate new airtime service revenue stream in the satellite communications arena. In addition, we will expand our product portfolio to support other satellite infrastructure, such as Thuraya Satellite Telecommunications Company ("Thuraya").

We will continue to harness the following activities:-

(a) BGAN-related Business

We are enriching our BGAN product portfolio by developing other classes of BGAN terminals and solutions as follows:-

Land BGAN - Our portable Class 3 BGAN terminal (Sabre™ 1) has continued to demonstrate success in the market place. On 5 October 2008, we demonstrated our capabilities by joining forces with leading South American remote communication providers, Tesacom and Stratos Global Corp ("Stratos"), to deploy a 1,200-site BGAN mobile satellite network to support Brazil's first round of municipal elections. The successful deployment of about 1,200 Addvalue BGAN terminals within a very short time frame and have had over 400 of them transmitting data simultaneously on a single spot beam during deployment not only reassuringly ensured the secure transmission of election results, it also made history as the world's largest BGAN deployment and clearly demonstrates the stable and reliable performance of our terminal and the BGAN network.

We are currently expanding our product family to include a higher speed terminal (Class 1 BGAN terminal) for the media and government markets. A land mobile version for in-vehicle applications is also under development.

Maritime BGAN – The contract which we entered into with Satlink S.L. in February 2008 to design and supply a FB250 maritime BGAN terminal, enriched with voice and broadband data access features, has progressed to the product testing phase. Barring any unforeseen delay, we expect the product to be ready for commercialization by 1Q2009.

In addition, we have recently secured another contract with Inmarsat plc ("Inmarsat") for the design and supply of a FB150 maritime BGAN terminal (a scaled down version of the FB250 maritime BGAN terminal). Barring any unforeseen delay, we expect the product to be ready for commercialization by 3Q2009.

(b) Other Satellite Communication-related Business

Riding on our expertise in the satellite communication technology, we will actively seek out any lucrative satellite design and supply related business, including but not limited to the following:-

Maritime Phone - We had in June 2008 announced our partnership with Thuraya to develop a low cost maritime phone and a satellite based tracking product to cater to cost-sensitive users in the fisheries and small leisure boats markets, who may find the maritime BGAN solutions too feature-rich and expensive for their needs. Barring any unforeseen delay, the product is expected to be ready for commercialization by 1Q2009.

Satellite Airtime Service - We expect to sell satellite airtime, through bundling with our satellite terminals, as part of our business model, and have put in place service programs for both the Inmarsat BGAN network and Thuraya satellite network. These services are expected to take us to a greater height as they will not only give us an additional revenue stream but, more importantly, a stable recurring revenue source.

(c) Tracking & Telemetry and Digital Design Service

SCADA Telemetry Systems - We have developed an innovative solution, termed Sabre™ Ranger, which rides on our BGAN terminals and proprietary interface device for SCADA (Supervisory, Control And Data Acquisition) applications in catering to the energy and utility markets for the monitoring of fields and pipelines. We have in this regard entered into an agreement with Stratos in September 2008 for the exclusive marketing by Stratos of our Sabre™ Ranger globally at a guaranteed minimum volume sales annually. This is expected to have a positive contribution to our revenue.

Outlook

With our proven modular and scalable technology platforms ever ready to roll out an enlarged range of products and solutions as mentioned above, barring any unforeseen circumstances, delay in the completion of the Investment Agreement, further deterioration of the prevailing conditions in the financial markets and the worsening of the risk of a prolonged global recession, we are cautiously optimistic about our performance for the financial year ending 31 March

2009.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended for HY2009.

Negative Assurance Confirmation on Interim Financial Results pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the half year ended 30 September 2008 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors
BY ORDER OF THE BOARD**

**Dr Colin Chan
Chairman & CEO**

14 November 2008