

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2010 (“2Q2011”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2011 (“FY2011”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF THE SECOND QUARTER AND HALF YEAR RESULTS

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

	The Group					
	2nd Quarter		% Change	Year-To-Date		% Change
	2Q2011 S\$'000	2Q2010 S\$'000		1H2011 S\$'000	1H2010 S\$'000	
Revenue	6,099	468	1,203.2%	11,990	1,201	898.3%
Cost of sales	(2,787)	(218)	1,178.4%	(6,140)	(715)	758.7%
Gross profit	3,312	250	1,224.8%	5,850	486	1,103.7%
Other operating income	16	23	(30.4%)	44	237	(81.4%)
Selling & Distribution expenses	(115)	(10)	1,050.0%	(254)	(79)	221.5%
Administrative expenses	(273)	(276)	(1.1%)	(583)	(584)	(0.2%)
Other operating expenses	(868)	(2,724)	(68.1%)	(1,497)	(3,239)	(53.8%)
Profit/(Loss) from operations	2,072	(2,737)	N/m	3,560	(3,179)	N/m
Finance expenses	(114)	(101)	12.9%	(235)	(241)	(2.5%)
Profit/(Loss) before tax	1,958	(2,838)	N/m	3,325	(3,420)	N/m
Taxation	-	-	N/m	-	-	N/m
Net profit/(loss) attributable to shareholders	1,958	(2,838)	N/m	3,325	(3,420)	N/m
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	N/m	-	-	N/m
Total comprehensive profit/(loss) for the period	1,958	(2,838)	N/m	3,325	(3,420)	N/m

“2Q2011” denotes the second financial quarter period ended 30 September 2010 in respect of FY2011

“2Q2010” denotes the second financial quarter period ended 30 September 2009 in respect of FY2010

“1H2011” denotes the first half financial period ended 30 September 2010 in respect of FY2011

“1H2010” denotes the first half financial period ended 30 September 2009 in respect of FY2010

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

“N/m” denotes not meaningful

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

The Group						
	2nd Quarter		% Change	Year-To-Date		% Change
	2Q2011	2Q2010		1H2011	1H2010	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit/(loss) before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	434	382	13.6%	875	717	22.0%
Foreign exchange loss/(gain) (net)	102	(40)	N/m	105	(252)	N/m
Interest expense	114	101	12.9%	235	241	2.5%

*"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure
"N/m" denotes not meaningful*

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

	The Group		The Company	
	As at 30 Sep 2010 S\$'000	As at 31 Mar 2010 S\$'000	As at 30 Sep 2010 S\$'000	As at 31 Mar 2010 S\$'000
Non-current assets				
Property, plant and equipment	887	1,057	-	-
Subsidiaries	-	-	2,725	2,725
Intangible assets	12,140	11,091	-	-
Current assets				
Inventories	1,947	1,946	-	-
Trade receivables	3,248	2,157	-	-
Other receivables, deposits and prepayments	753	1,682	-	-
Available-for-sales financial asset	52	56	52	56
Due from subsidiaries (non-trade)	-	-	5,360	2,623
Cash and cash equivalents	874	246	46	1
	6,874	6,087	5,458	2,680
Total assets	19,901	18,235	8,183	5,405
Current liabilities				
Trade payables	1,318	1,880	-	-
Other payables and accruals	2,324	3,403	742	781
Loan from financial institutions	417	1,107	-	-
Advance receipts	156	2,481	-	-
Due to subsidiaries (non-trade)	-	-	156	167
Provision for tax	-	-	-	-
Bank overdrafts	-	-	-	-
	4,215	8,871	898	948
Net current assets/(liabilities)	2,659	(2,784)	4,560	1,732
Long term liabilities				
Long term loan from financial institutions	(4,000)	(4,000)	-	-
Net assets	11,686	5,364	7,285	4,457
Equity attributable to the Company's equity holders				
Share capital	65,824	62,852	65,824	62,852
Capital reserve	90	65	90	65
Fair value adjustment reserve	(74)	(74)	(74)	(74)
Accumulated losses	(54,154)	(57,479)	(58,555)	(58,386)
	11,686	5,364	7,285	4,457
Non-controlling interests	N/m	N/m	-	-
Total equity	11,686	5,364	7,285	4,457

"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 Sep 2010 S\$'000	As at 31 Mar 2010 S\$'000
Amount repayable in one year or less or on demand		
Secured	-	-
Unsecured	<u>417</u>	<u>1,107</u>
	<u>417</u>	<u>1,107</u>
Amount repayable after one year		
Secured	4,000	4,000
Unsecured	<u>-</u>	<u>-</u>
	<u>4,000</u>	<u>4,000</u>

Details of any collateral

The Group's long-term borrowings are secured against a floating charge on the inventories of a subsidiary of 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	
	2Q2011	2Q2010
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	1,958	(2,838)
Adjustments for:		
Amortization of intangible assets	326	222
Depreciation of plant and equipment	108	160
Interest expense	114	101
Share options expenses	25	-
Impairment of construction contract work-in-progress	-	1,900
Operating profit/(loss) before changes in working capital	2,531	(455)
<i>Changes in working capital</i>		
Inventories	321	(204)
Trade and other receivables	304	(191)
Construction contract work-in-progress	-	742
Trade and other payables	(1,731)	(358)
Advance receipts	(2,197)	485
Development expenditure (net of amortization and depreciation)	(918)	(1,114)
Cash used in operations	(1,690)	(1,095)
Income tax paid	-	-
NET CASH USED IN OPERATING ACTIVITIES	(1,690)	(1,095)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(44)	(425)
Purchase of intangible asset	(6)	-
NET CASH USED IN INVESTING ACTIVITIES	(50)	(425)
FINANCING ACTIVITIES		
Proceeds from issue of new shares (net of issue expenses)	2,972	2,015
Repayment of loans	(249)	(191)
Interest paid	(114)	(101)
NET CASH FROM FINANCING ACTIVITIES	2,609	1,723
NET INCREASE IN CASH AND CASH EQUIVALENTS	869	203
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5	(367)
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	874	(164)

Note 1:

Cash and cash equivalents consist of:

	The Group	
	2Q2011	2Q2010
	S\$'000	S\$'000
Total cash and bank balances	874	19
Less: Bank overdrafts	-	(183)
	874	(164)

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					
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2010	62,852	(57,479)	65	(74)	N/m	5,364
Issuance of new shares	3,290	-	-	-	-	3,290
Share issue expenses	(318)	-	-	-	-	(318)
Share options expenses	-	-	25	-	-	25
Comprehensive profit for the period	-	3,325	-	-	-	3,325
Balance at 30 September 2010	65,824	(54,154)	90	(74)	-	11,686

	The Group					
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2009	59,166	(54,265)	65	-	N/m	4,966
Issuance of new shares	4,197	-	-	-	-	4,197
Share issue expenses	(299)	-	-	-	-	(299)
Comprehensive loss for the period	-	(3,420)	-	-	-	(3,420)
Balance as at 30 September 2009	63,064	(57,685)	65	-	-	5,444

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

	The Company				
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2010	62,852	(58,386)	65	(74)	4,457
Issuance of new shares	3,290	-	-	-	3,290
Share issue expense	(318)	-	-	-	(318)
Shares options expenses	-	-	25	-	25
Comprehensive loss for the period	-	(169)	-	-	(169)
Balance as at 30 September 2010	65,824	(58,555)	90	(74)	7,285

	The Company				
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2009	59,166	(56,232)	65	-	2,999
Issuance of new shares	4,197	-	-	-	4,197
Share issue expenses	(299)	-	-	-	(299)
Comprehensive loss for the period	-	(246)	-	-	(246)
Balance as at 30 September 2009	63,064	(56,478)	65	-	6,651

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.

(A) Share capital of the Company

	S\$'000
Balance as at 1 Apr 2010	62,852
- Issue of new shares pursuant to the Placement (as defined below) (net of share issue expenses)	<u>2,972</u>
Balance as at 30 Sep 2010	<u><u>65,824</u></u>

Pursuant to a placement carried out in 2Q2011, the Company issued 94,000,000 new ordinary shares for cash at an issue price of S\$0.035 each (the "Placement"). These shares rank *pari passu* in all respect with the existing ordinary shares of the Company. Save for the Placement, there was no movement in the share capital of the Company during 2Q2011.

Use of the proceeds from the Placement

As at the date of this announcement, about S\$2.6 million of the net proceeds of about S\$3.0 million raised from the Placement had been utilized as follows:

Use of Placement proceeds

	S\$ million
Production of products to be launched	1.0
Development of new products	0.6
Working capital	<u>1.0</u>
Total amount utilised	<u><u>2.6</u></u>

(B) Share options

As at 30 September 2010, there were 122,495,000 outstanding share options issued pursuant to the Company's Employee Share Option Scheme (the "Scheme"), which are capable of being exercised into the same equivalent number of shares of the Company (30 September 2009: 12,495,000).

Saved for the above, the Company has no other outstanding convertibles and treasury shares as at 30 September 2010 and 30 September 2009.

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 Sep 2010</u>	<u>As at 31 Mar 2010</u>
Total number of issued ordinary shares (excluding treasury shares)	997,905,813	903,905,813

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 2010.

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 preparation of the financial statements for the current financial period as those in the audited annual financial statements for the financial year ended 31 March 2010.

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 Sep 2010 S\$'000	As at 30 Sep 2009 S\$'000
Net profit/(loss) attributable to shareholders	<u>3,325</u>	<u>(3,420)</u>
Earning/(loss) per share		
Basic (Singapore cents)	<u>0.36 cents⁽¹⁾</u>	<u>(0.41) cents⁽²⁾</u>
Diluted (Singapore cents)	<u>0.31 cents⁽³⁾</u>	<u>(0.41) cents⁽⁴⁾</u>

Notes:

(1) Based on the adjusted weighted average number of 933,184,502 ordinary shares.

(2) Based on the adjusted weighted average number of 842,310,185 ordinary shares.

(3) Based on the adjusted weighted average number of 1,055,679,502 ordinary shares, being the sum of the weighted average number of 933,184,502 and the number of outstanding ESOS options granted under the Addvalue Employee Share Option Scheme as at 30 September 2010.

(4) Based on the adjusted weighted average number of 842,310,185 ordinary shares. The outstanding ESOS Options granted under the Addvalue Employee Share Option Scheme as at 30 September 2009 were not included for this calculation as they are anti-dilutive.

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 Sep 2010 S\$'000	As at 31 Mar 2010 S\$'000	As at 30 Sep 2010 S\$'000	As at 31 Mar 2010 S\$'000
Net asset value as at end of financial period/year	<u>11,686</u>	<u>5,364</u>	<u>7,285</u>	<u>4,457</u>
Net asset value per ordinary share as at the end of financial period/year (Singapore cents)	<u>1.17 cents⁽¹⁾</u>	<u>0.59 cents⁽²⁾</u>	<u>0.73 cents⁽¹⁾</u>	<u>0.49 cents⁽²⁾</u>

Notes:

(1) Based on 997,905,813 issued shares.

(2) Based on 903,905,813 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.

(a) Review of financial performance of the Group for 2Q2011 (relative to that of 2Q2010)

Overview

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 variety of voice and IP-based data applications. The Group 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, Satlink and Globe Wireless.

Through the recent years of consistent business transformation, Addvalue has emerged to be a leading global developer and manufacturer of mobile satellite terminals supporting coverage provided by premier mobile satellite communication operators such as Inmarsat and Thuraya. These terminals are ideal choices for communications in areas around the world where terrestrial networks are non-existent, inept or ineffective. This is particularly so for maritime communications which rely almost entirely on satellite communications, and Addvalue's products are well poised to address these needs.

Turnover

The turnover of our Group for the second financial quarter of FY2011 increased by more than 13-fold from about S\$0.5 million in 2Q2010 to about S\$6.1 million in 2Q2011 and for the first financial half-year of FY2011 by nearly 10-fold from about S\$1.2 million in 1H2010 to about S\$12.0 million in 1H2011, with momentum significantly picked up since the second half of FY2010. The sterling increase in turnover was attributed mainly to the continued robust sales for a wider range of our Inmarsat-centric land and maritime products. At the mid-year point of 1H2011, our Group already matched the turnover it attained for the entire financial year of FY2010.

Profitability

With the increased turnover, our gross profit for the second financial quarter of FY2011 surged by more than 13-fold from about S\$0.3 million in 2Q2010 to about S\$3.3 million in 2Q2011 and for the first financial half-year of FY2011 by more than 12-fold from about S\$0.5 million in 1H2010 to about S\$5.9 million in 1H2011, which more than surpassed the gross profit attained by the Group by about 59.5% or about S\$2.2 million for the entire financial year of FY2010 of about S\$3.7 million.

The gross profit margin of our Group also improved from 53.4% in 2Q2010 to about 54.3% in 2Q2011 and from about 40.5% in 1H2010 to about 48.8% in 1H2011 due principally to sales with better mix of higher yielding products.

In tandem with the growth in revenue, our selling and distribution expenses, principally through participation in more exhibitions and more promotional activities, increased by about 12-fold to S\$115,000 in 2Q2011 from about S\$10,000 in 2Q2010.

Notwithstanding the marked increase in business activities, our continued cost containment efforts ensued our administrative expenses being maintained at about S\$0.3 million in 2Q2011.

The decrease in other operating expenses of about 68.1% from about S\$2.7 million in 2Q2010 to about S\$0.9 million in 2Q2011 was mainly attributable to a one time impairment in the value of a construction contract work-in-progress of about S\$1.9 million in 2Q2010, following an arrangement we made with one of our customers to purchase certain major components of our products directly from some of our suppliers with a view to better manage our financial position then.

Following from the above, we turned a loss from operations of about S\$2.7 million in 2Q2010 to a profit from operations of about S\$2.1 million in 2Q2011.

Despite the significant increase in business activities, our finance expenses increased only marginally.

No tax expense was accrued for the periods under consideration as the Group has a significant amount of unutilised tax losses brought forward.

Consequently, our Group drastically reversed from a net loss of about S\$2.8 million in 2Q2010 to a profit of about S\$2.0 million in 2Q2011 and more startlingly from a net loss of about S\$3.4 million in 1H2010 to a profit of about S\$3.3 million in 1H2011.

(b) Review of financial position of the Group as at 30 September 2010 (relative to that as at 31 March 2010)

The decrease in property, plant and equipment was in line with the continued straight line depreciation policy of the Group.

The increase in intangible assets was attributed mainly to the development expenditure as we continue to develop our proprietary products.

The increase in trade receivables was due to finished goods delivered towards the end of 30 September 2010. Of the outstanding balance of about S\$3.2 million as at 30 September 2010, about S\$1.7 million had been collected as at the date of this announcement.

The decrease in other receivables, deposits and prepayments were attributed mainly to the reduction in prepayments required by certain of our key vendors as we gained better payment terms from them.

We recorded lower trade payables, other payables and accruals as well as bank borrowings, following payments made in 1H2011, and advance receipts, following the completion of shipment of products ordered by the customers concerned. As a consequence of which, we registered a negative cash flow used in operations of about S\$1.7 million in 2Q2011.

Following the notable results achieved in 1H2011 and the Placement carried out in 2Q2011, the Group greatly improved:

- its cash position from about S\$0.3 million as at 31 March 2010 to about \$0.9 million as at 30 September 2010;
- its working capital position which reversed from a negative of about S\$2.8 million as at 31 March 2010 to a positive of about S\$2.7 million as at 30 September 2010; and
- its gearing (defined as the total interest-bearing loans expressed as a percentage of total equity) from about 95.2% as at 31 March 2010 to about 37.8% as at September 2010.

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

Not applicable

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

The SABRE™ Ranger land terminal, an Inmarsat-centric BGAN terminal which Addvalue developed for superior supervisory control and data acquisition (SCADA) solutions in supporting upstream oil and gas, utility, mining, water-management and tower-monitoring markets, is gaining traction and momentum in the respective market places since its introduction in 2009. Recently, the Group also made available another Inmarsat-centric FB250 FleetBroadband maritime terminal, Globe i250, following the launch of the new terminal by Globe Wireless. The new terminal is specially customized to the needs of Globe Wireless to further enhance the Group's range of product offerings and competitiveness in the market places.

We are confident about our prospects and have in store scheduled plans to roll out new satellite-based products and applications as well as to expand into new markets over the next 12 months.

Barring any unforeseen circumstances and delay in the procurement of certain key production components amidst the present tight supply conditions globally, we remain optimistic about our performance for FY2011.

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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for 2Q2011.

BY ORDER OF THE BOARD

**Dr Colin Chan Kum Lok
Chairman & CEO**

1 November 2010

Negative Assurance Confirmation on Interim Financial Results pursuant to Rule 705(5) 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 2010 to be false or misleading in any material aspect.

Signed for on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

1 November 2010

Tan Khai Pang
Director