

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013 (“1Q2014”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2014 (“FY2014”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF THE FIRST QUARTER 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		%
	1Q2014 US\$'000	1Q2013 US\$'000	
Revenue	3,459	2,570	34.6%
Cost of sales	(1,905)	(1,284)	48.4%
Gross profit	1,554	1,286	20.8%
Other operating income	85	30	183.3%
Selling & Distribution expenses	(272)	(226)	20.4%
Administrative expenses	(427)	(315)	35.6%
Other operating expenses	(685)	(519)	32.0%
Profit from operations	255	256	(0.4%)
Finance expenses	(64)	(69)	(7.2%)
Finance income	227	-	N/m
Profit before tax	418	187	123.5%
Taxation	(54)	(30)	80.0%
Net profit for the period	364	157	131.8%
Other comprehensive income	-	-	
Total comprehensive income for the period	364	157	131.8%
Attributable to:			
Equity holders of the Company	364	157	131.8%
Total comprehensive income for the period	364	157	131.8%

“1Q2014” denotes the first financial quarter period ended 30 June 2013 in respect of FY2014

“1Q2013” denotes the first financial quarter period ended 30 June 2012 in respect of FY2013

“% 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		%
	1Q2014 US\$'000	1Q2013 US\$'000	
Profit before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	481	347	38.6%
Foreign exchange (gain)/ loss	(78)	(30)	160.0%
Interest income	(227)	-	N/m
Interest expense	64	69	(7.2%)

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 Jun 2013 US\$'000	As at 31 Mar 2013 US\$'000	As at 30 Jun 2013 US\$'000	As at 31 Mar 2013 US\$'000
Non-current assets				
Plant and equipment	538	536	-	-
Subsidiaries	-	-	14,345	14,345
Intangible assets	14,389	14,190	-	-
Deferred tax assets	2,098	2,152	-	-
	17,025	16,878	14,345	14,345
Current assets				
Inventories	3,370	3,320	-	-
Amount due from customers for contract work	194	94	-	-
Trade receivables	3,276	3,980	-	-
Other receivables, deposits and prepayments	926	814	5	5
Available-for-sales financial assets	2	2	2	2
Due from subsidiaries (non-trade)	-	-	5,398	5,371
Fixed deposit	47	47	-	-
Cash and bank balances	184	198	1	5
	7,999	8,455	5,406	5,383
Total assets	25,024	25,333	19,751	19,728
Current liabilities				
Trade payables	2,115	2,108	-	-
Other payables and accruals	1,154	1,342	402	404
Provisions	388	330	160	128
Borrowings	45	2,739	-	-
Advances received from customers	5	9	-	-
Due to subsidiaries (non-trade)	-	-	63	75
	3,707	6,528	625	607
Net current assets	4,292	1,927	4,781	4,776
Non-current liabilities				
Borrowings	(2,151)	(20)	-	-
Net assets	19,166	18,785	19,126	19,121
Equity attributable to the Company's equity holders				
Share capital	57,632	57,615	57,632	57,615
Capital reserve	754	754	7	7
Fair value adjustment reserve	(101)	(101)	(101)	(101)
Accumulated losses	(39,119)	(39,483)	(38,412)	(38,400)
Total equity	19,166	18,785	19,126	19,121

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

	The Group	
	As at	As at
	30 Jun 2013	31 Mar 2013
	US\$'000	US\$'000
Amount repayable in one year or less or on demand		
Secured ⁽¹⁾	45	2,739
Unsecured	-	-
	45	2,739
Amount repayable after one year		
Secured ⁽¹⁾	2,151	20
Unsecured	-	-
	2,151	20

Details of any collateral

(1) These are secured against:

- A floating charge on the inventories of a subsidiary of the Company
- An escrow account with a bank of a subsidiary of the Company
- A corporate guarantee from 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	
	1Q2014 US\$'000	1Q2013 US\$'000
OPERATING ACTIVITIES		
Profit before tax	418	187
Adjustments for:		
Amortisation of intangible assets	422	274
Depreciation of plant and equipment	59	73
Interest expense	64	69
Provisions	244	166
Operating profit before changes in working capital	1,207	769
<i>Changes in working capital</i>		
Inventories	(50)	(149)
Trade and other receivables	592	(1,556)
Amount due from customers for contract work	(100)	250
Trade and other payables	(374)	(149)
Development expenditure	(621)	(687)
Advances received from customers	(4)	(50)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	650	(1,572)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(61)	(68)
Purchase of computer software	-	(12)
Repayment from staff	-	4
NET CASH USED IN INVESTING ACTIVITIES	(61)	(76)
FINANCING ACTIVITIES		
Proceeds from borrowings	-	601
Repayment of borrowings- net	(556)	(172)
Net proceeds from issue of shares	17	1,141
Interest paid	(64)	(69)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(607)	1,501
NET DECREASE IN CASH AND CASH EQUIVALENT	(14)	(147)
CASH AND CASH EQUIVALENT AT BEGINNING OF FINANCIAL PERIOD	198	374
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	184	227

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 US\$'000
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Currency translation reserve	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance as at 1 April 2013	57,615	(39,483)	754	(101)	-	-	18,785
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) - net of share issue expenses	17	-	-	-	-	-	17
Comprehensive income for the financial period	-	364	-	-	-	-	364
Balance as at 30 June 2012	57,632	(39,119)	754	(101)	-	-	19,166

	The Group						Total US\$'000
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Currency translation reserve	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance as at 1 April 2012	56,065	(39,452)	877	(97)	-	-	17,393
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) - net of share issue expenses	1,141	-	-	-	-	-	1,141
Comprehensive income for the financial period	-	157	-	-	-	-	157
Balance as at 30 June 2012	57,206	(39,295)	877	(97)	-	-	18,691

The Company						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2013	57,615	(38,400)	7	(101)	-	19,121
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) – net of share issue expenses	17	-	-	-	-	17
Comprehensive loss for the financial period	-	(12)	-	-	-	(12)
Balance as at 30 June 2013	57,632	(38,412)	7	(101)	-	19,126

The Company						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2012	56,065	(38,435)	130	(97)	-	17,663
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) – net of share issue expenses	1,141	-	-	-	-	1,141
Comprehensive loss for the financial period	-	(18)	-	-	-	(18)
Balance as at 30 June 2012	57,206	(38,453)	130	(97)	-	18,786

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	No of shares	US\$'000
Balance as at 1 April 2013	1,178,085,813	57,615
Issuance of new ordinary shares pursuant to the exercise of share options granted under the ESOS Scheme (as defined hereafter)	600,000	17
Balance as at 30 June 2013	1,178,685,813	57,632

B. Share options

As at 30 June 2013, there were 8,670,000 outstanding shares options, issued pursuant to the Addvalue Technologies Employees' Share Option Scheme (the "ESOS Scheme"), which are capable of being exercised into the same equivalent number of shares of the Company (31 March 2013: 9,270,000).

Save as disclosed, the Company has no other outstanding convertibles and treasury shares as at 30 June 2013 and 30 June 2012.

Save for the exercise of share options under the ESOS Scheme, there was no movement in the share capital of the Company during 1Q2014.

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.

	As at 30 Jun 2013	As at 31 Mar 2013
Total number of issued ordinary shares (excluding treasury shares)	1,178,685,813	1,178,085,813

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 has had no treasury shares as at 30 June 2013. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 1Q2014.

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 of the audited financial statements for the financial year ended 31 March 2013.

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.

The Group has adopted the following new and revised FRS relevant to its operations, which took effect from the financial year beginning on or after 1 April 2013 (the "New and Revised FRS"):

- a. Amendments to FRS 1 Presentation of Items of Other Comprehensive Income
- b. Revised FRS 19 Employee Benefits
- c. FRS 113 Fair Value Measurement
- d. Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs 2012
- e. Amendments to FRS 1 – Presentation of Financial Statements
- f. Amendments to FRS 16 – Property, Plant and Equipment
- g. Amendments to FRS 54 – Financial Instruments: Presentation

The initial adoption of the New and Revised FRS (and their consequential amendments) is not expected to have any material impact on the Group's financial performance and position for 1Q2013.

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 Jun 2013 US\$'000	As at 30 Jun 2012 US\$'000
Net profit attributable to shareholders	364	157
Earning per share		
Basic (US cents)	0.03	0.01
Diluted (US cents)	0.03	0.01

Number of ordinary shares in issue (excluding treasury shares)

Weighted average number of ordinary shares for the purpose of basic earnings per share	1,178,639,659	1,143,589,384
Effect of potentially dilutive ordinary shares – Share options (Note 1)	4,883,348	14,873,784
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,183,523,007	1,158,463,168

Notes:

(1) Effect of potentially dilutive ordinary shares is calculated for the outstanding share options granted in 2010 under the ESOS Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

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.

	<u>The Group</u>		<u>The Company</u>	
	As at 30 Jun 2013 US\$'000	As at 31 Mar 2013 US\$'000	As at 30 Jun 2013 US\$'000	As at 31 Mar 2013 US\$'000
Net asset value as at end of financial period/year	19,166	18,785	19,126	19,121
Net asset value per ordinary share as at the end of financial period/year (US cents)	1.63⁽¹⁾	1.59 ⁽²⁾	1.62⁽¹⁾	1.62 ⁽²⁾

Notes:

(1) Based on 1,178,685,813 issued shares.

(2) Based on 1,178,085,813 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.

Overview

Addvalue is a world renowned 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, SingTel, Astrium, Satlink, Globe Wireless and Intellian.

Through the recent years of business transformation, Addvalue has emerged to be a leading global developer and supplier 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, ineffective or of poor value for money. 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.

Addvalue also offers customised design services, tailored to the unique needs of each of its existing and potential customers, with its total satellite communication solutions derived from its proven technologies, established capabilities as well as strong and tested working relationships with the world leading premier mobile satellite operators.

(a) Review of financial performance of the Group for 1Q2014 (relative to 1Q2013)

Turnover

Our Group achieved an increase of 34.6% in turnover to US\$3.5 million in 1Q2014 *vis-à-vis* that of US\$2.6 million in 1Q2013, mainly as a result of increased design income and sales of products, especially of our maritime products.

Profitability

Our Group registered a gross profit of US\$1.6 million against a gross profit margin of 44.9% for 1Q2014 relative to a gross profit of US\$1.3 million against a gross profit margin of 50.0% for 1Q2013. The reduced gross profit margin attained in 1Q2014 were attributable mainly to the sales of lower yielding products.

Our selling and distribution expenses increased by US\$46,000 or 20.4%, from US\$226,000 in 1Q2013 to US\$272,000 in 1Q2014, due primarily to increased marketing activities and distribution costs.

Our administrative expenses increased by US\$112,000 or 35.6%, from US\$315,000 in 1Q2013 to US\$427,000 in 1Q2014, attributed mainly to higher manpower costs, resulting principally from salary increments, and increased rental costs.

Our other operating expenses increased by US\$166,000 or 32.0%, from US\$519,000 in 1Q2013 to US\$685,000 in 1Q2014, due mainly to increased amortisation on intangible assets (relating to development expenditures) following the completion of several projects in FY2013.

The increase in other operating income in 1Q2014 relative to that of 1Q2013 relates mainly to increased foreign currency gain.

Our finance income in 1Q2014 relates to the fair valuation of non-current borrowings to their present values.

After accounting for income tax expense of US\$54,000 for 1Q2014 relative to that of US\$30,000 in 1Q2013, the Group more than doubled its net profit after tax to US\$364,000 in 1Q2014 from US\$157,000 in 1Q2013.

(b) Review of financial position of the Group as at 30 June 2013 (relative to that as at 31 March 2013)

The increase in our intangible assets was attributed mainly to the development expenditures as we continue to develop our proprietary products, including new spin-off products.

The increase in our inventories was mainly attributed to increased finished goods produced for a wider range of products.

The decrease in our trade receivables was due largely to collections received in 1Q2014. As at the date of this announcement, the Group had received payments aggregating US\$1.6 million, thereby reducing our outstanding trade receivables from US\$3.3 million as at 30 June 2013 to US\$1.7 million as at the date of this announcement.

The higher amount due from customers for contract work as at 30 June 2013 relative to that of 31 March 2013 was due to work done but yet to be billed in respect of certain design services.

The increases in our other receivables, deposits and prepayments in 1Q2014 were due mainly to prepayments made to suppliers for goods as well as services to be provided.

The decreases in our other payables and accruals were mainly attributed to payments made in 1Q2014 while the decrease in our advance receipts was a consequence of the continued shipment of products ordered by the customers concerned.

The increase in provisions relate mainly to additional provisions made on warranties and royalties in respect of products sold as well as directors fees.

Following the extension of the repayment date of our borrowings in 1Q2014, a substantial amount of the borrowings was reclassified from 'current' to 'non-current'. The reduction in total borrowings was due largely to repayments made as well as the recognition of adjustment arising from the fair valuation of the non-current portion of the borrowings to the present value.

The increase in share capital was resulted from the exercise of 600,000 employees' share options by employees of the Group pursuant to the ESOS Scheme.

Consequence to the above:

- a. the gearing of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) improved from 14.7% as at 31 March 2013 to 11.5% as at 30 June 2013;
- b. the working capital position of the Group more than doubled from US\$1.9 million as at 31 March 2013 to US\$4.3 million as at 30 June 2013;
- c. the Group attained a net cash flow generated from operations of US\$0.7 million in 1Q2014 as contrasted against a net cash flow used in operations of US\$1.6 million in 1Q2013; and
- d. the net asset value of the Group increased by US\$0.4 million or 2.0% from US\$18.8 million as at 31 March 2013 to US\$19.2 million as at 30 June 2013, with the net asset value per ordinary share enriched from 1.59 US cents per share as at 31 March 2013 to 1.63 US cents per share as at 30 June 2013.

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

Barring any unforeseen circumstance, the Group maintains that its performance for FY2014 is expected to outperform that of FY2013 in view of the following considerations:

1. The robust sales of our maritime products built up in 1Q2014 are expected to continue into the next few quarters, as we see our intense marketing efforts expended in the previous quarters gaining significant market traction and sales momentum;
2. The introduction of our new innovative products in the second half of FY2014 in meeting expected demands for both land and maritime applications;
3. The near conclusion of a few design contracts which are currently at various stages of advanced negotiation; if successful, these design contracts are expected to yield revenue from the second half of FY2014 and beyond; and
4. The possible monetization of some of our intellectual properties as we have garnered a couple of offers and are currently evaluating them before making the final decision.

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 and factors such as general economic and business conditions, including the uncertainties of the pace of recovery of the United States of America economy, continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the current euro zone debt crisis, inflationary pressures and currency appreciation which will affect the continued strong growth in Asia, especially East Asia; change in technology; timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of the improved air-time package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share: Nil cents

(ii) Previous corresponding period: Nil cents

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for 1Q2014.

13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate for IPT from the shareholders of the Company has had been sought.

14. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual.

To the best of our knowledge and belief, 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 three months ended 30 June 2013 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

Tan Khai Pang
Director

14 August 2013