

**ADDVALUE TECHNOLOGIES LTD**  
**Half Year Financial Statement Announcement**

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS**

**1(a) An income statement (for the group) together with comparative statement for the corresponding period of the immediately preceding financial year**

Group Consolidated Profit and Loss Accounts		
For the half year period ended 30/09/07 and 30/09/06		
	30/09/07	30/09/06
	S\$'000	S\$'000
Revenue	5,484	3,522
Cost of sales	(2,448)	(1,169)
Gross profit	3,036	2,353
Other income	65	146
Distribution costs	(418)	(155)
Administrative expenses	(662)	(1,152)
Other operating expenses	(852)	(1,031)
	(1,932)	(2,338)
	1,169	161
Interest expenses	(127)	(115)
Profit before taxation	1,042	46
Taxation	-	-
Profit for the year	1,042	46
Attributable to:		
Equity holders of the company	1,042	46
Minority interest	-	-
	1,042	46

**Additional Information to Group Consolidated Profit and Loss Accounts**  
**Under the provision of Rule 705 of SGX-ST Listing Manual**

	Half year ended on	
	30/09/07	30/09/06
	S\$'000	S\$'000
Investment income	-	-
Interest on borrowings	127	115
Depreciation and amortisation	328	617
Allowance for doubtful debts and bad debts written off	61	-
Write back for stock obsolescence	-	(5)
Impairment in value of investments	-	71
Foreign exchange gain	(26)	(64)
Loss/(Profit) on sale of investments, properties and/or plant and equipment	-	-

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

<b>Balance Sheets as at 30/09/07</b>				
	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30/09/07</b>	<b>31/03/07</b>	<b>30/09/07</b>	<b>31/03/07</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	1,076	1,181	-	-
Intangible assets	5,722 ^	4,572	-	-
Subsidiary companies	-	-	5,542	5,729
Associated companies	-	- *	-	-
	<u>6,798</u>	<u>5,753</u>	<u>5,542</u>	<u>5,729</u>
<b>Current Assets</b>				
Inventories	756	305	-	-
Work-in-progress	1,829	2,398	-	-
Trade receivables	1,244	3,063	-	-
Other receivables	1,165	2,861	913	2,746
Cash at bank and in hand	4,496	3,047	1,401	2,885
	<u>9,490</u>	<u>11,674</u>	<u>2,314</u>	<u>5,631</u>
Less:				
<b>Current Liabilities</b>				
Trade payables	2,001	1,734	-	-
Other payables	4,398	4,496	622	1,616
Trust Receipt	1,165 ^^	178	971	178
Advance Receipt	58 ^^^	3,458	20	3,250
Unsecured convertible loan	-	1,432	-	1,432
Provision for taxation	5	5	5	5
Bank overdraft	1,746	1,746	1,746	1,746
	<u>9,373</u>	<u>13,049</u>	<u>3,364</u>	<u>8,227</u>
<b>Net Current Assets/(Liabilities)</b>	<b>117</b>	<b>(1,375)</b>	<b>(1,050)</b>	<b>(2,596)</b>
<b>Net Assets</b>	<u><b>6,915</b></u>	<u><b>4,378</b></u>	<u><b>4,492</b></u>	<u><b>3,133</b></u>
<b>Equity</b>				
Share capital	59,297	57,827	59,297	57,827
Capital reserves	65	-	65	-
Share issue expenses	(129)	(127)	(129)	(127)
Unsecured convertible loan - equity component	-	38	-	38
Accumulated Loss	(52,318)	(53,360)	(54,741)	(54,605)
<b>Equity attributable to equity holders of the company</b>	<u><b>6,915</b></u>	<u><b>4,378</b></u>	<u><b>4,492</b></u>	<u><b>3,133</b></u>
<b>Minority interest</b>	- *	- *	-	-
<b>Total Equity</b>	<u><u><b>6,915</b></u></u>	<u><u><b>4,378</b></u></u>	<u><u><b>4,492</b></u></u>	<u><u><b>3,133</b></u></u>

\* Amount less than S\$1,000.

^ The increase in intangible assets was attributed mainly to development expenditure incurred in developing an Application Specific Integrated Circuit (ASIC) to enhance the competitive edge of our current Addvalue BGAN satellite terminal and other potential BGAN applications.

^^ The increase in trust receipts was in line with the production of Addvalue BGAN satellite terminal commercialized in March 2007.

^^^ Pursuant to the Strategic Partnership Agreement entered into among the Company, Telenor Satellite Services AS ("TSS") and GMPCS Personal Communications Inc ("GMPCS") (a wholly-owned subsidiary of TSS) on 30 January 2006, GMPCS had accordingly fully utilized the initial prepayment of US\$2 million (S\$3.2 million) for the purchase of Addvalue BGAN Satellite Terminals as at 30 September 2007.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

<u>As at 30/09/07</u>		<u>As at 31/03/07</u>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,911	-	1,924	-

**Amount repayable after one year**

<u>As at 30/09/07</u>		<u>As at 31/03/07</u>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

Bank overdraft of S\$1.7 million and trust receipts of \$1.2 million are procured against fixed deposits of S\$2.92 million and 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**

<b>Consolidated Statement of Cashflows</b>		
<b>For the half year period ended 30/09/07 and 30/09/06</b>		
	<b>30/09/07</b>	<b>30/09/06</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,042	46
Adjustments for:		
Impairment in value of investment	-	71
Amortisation of intangible assets	135	536
Depreciation of property, plant and equipment	193	81
Allowance for doubtful debts	61	-
Allowance for stock obsolescence	-	282
Interest expenses	127	115
Interest income	(39)	(21)
Share option expenses	65	-
<b>Operating profit before investment in working capital</b>	<b>1,584</b>	<b>1,110</b>
Decrease/(increase) in receivables	3,454	(79)
Decrease in prepayment	-	18
Decrease in inventories	(451)	(577)
(Decrease)/increase in payables and advance receipt	(2,493)	1,184
Decrease/(increase) in work in progress	569	(2,054)
<b>Cash generated/(used in) operations</b>	<b>2,663</b>	<b>(398)</b>
Interest received	39	21
Interest paid	(127)	(115)
Development expenditure (net of amortisation and depreciation)	(904)	(1,147)
<b>Net cash generated/(used in) operating activities</b>	<b>1,671</b>	<b>(1,639)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(89)	(659)
Purchase of computer software	(380)	(211)
Acquisition of share in associated company	-	(71)
<b>Net cash used in investing activities</b>	<b>(469)</b>	<b>(941)</b>
<b>Cash flows from financing activities</b>		
Proceeds from trust receipt	249	709
(Exercising of)/Proceeds from unsecured convertible loan	(1,470)	1,470
Proceeds from issue of shares, net of issue expenses	1,468	1,578
<b>Net cash provided by financing activities</b>	<b>247</b>	<b>3,757</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,449</b>	<b>1,177</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,301</b>	<b>(103)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,750</b>	<b>1,074</b>

**or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statements of Changes in Equity**

For the half year period ended 30/09/07

	Attributable to equity holders of the company						TOTAL S\$'000	Minority interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserves S\$'001	Share premium account S\$'000	Share issue expenses S\$'000	Unsecured convertible loan-equity component S\$'000	Accumulated losses S\$'000			
<b>The Group</b>									
Balance at 31 March 2006	57,827	-	-	-	-	(53,360)	4,467	- *	4,467
Issue of shares	1,470	-	-	-	-	-	1,470	-	1,470
Share issue expenses	-	-	-	(129)	-	-	(129)	-	(129)
Share option expenses	-	65	-	-	-	-	65	-	65
Profit for the period	-	-	-	-	-	1,042	1,042	-	1,042
<b>At 30 September 2007</b>	<b>59,297</b>	<b>65</b>	<b>-</b>	<b>(129)</b>	<b>-</b>	<b>(52,318)</b>	<b>6,915</b>	<b>- *</b>	<b>6,915</b>
Balance at 31 March 2006	55,750	-	-	-	-	(53,662)	2,088	-	2,088
Share issue expenses	-	-	-	(99)	-	-	(99)	-	(99)
Unsecured convertible loan	-	-	-	-	38	-	38	-	38
Profit for the period	-	-	-	-	-	46	46	-	46
<b>At 30 September 2006</b>	<b>55,750</b>	<b>-</b>	<b>-</b>	<b>(99)</b>	<b>38</b>	<b>(53,616)</b>	<b>2,073</b>	<b>-</b>	<b>2,073</b>
<b>The Company</b>									
Balance at 31 March 2006	57,827	-	-	-	-	(54,605)	3,222	-	3,222
Issue of shares	1,470	-	-	-	-	-	1,470	-	1,470
Share issue expenses	-	-	-	(129)	-	-	(129)	-	(129)
Share option expenses	-	65	-	-	-	-	65	-	65
Loss for the period	-	-	-	-	-	(136)	(136)	-	(136)
<b>At 30 September 2007</b>	<b>59,297</b>	<b>65</b>	<b>-</b>	<b>(129)</b>	<b>-</b>	<b>(54,741)</b>	<b>4,492</b>	<b>-</b>	<b>4,492</b>
Balance at 31 March 2006	57,827	-	-	-	-	(53,443)	4,384	-	4,384
Share issue expenses	-	-	-	(99)	-	-	(99)	-	(99)
Unsecured convertible loan	-	-	-	-	38	-	38	-	38
Loss for the period	-	-	-	-	-	(574)	(574)	-	(574)
<b>At 30 September 2006</b>	<b>57,827</b>	<b>-</b>	<b>-</b>	<b>(99)</b>	<b>38</b>	<b>(54,017)</b>	<b>3,749</b>	<b>-</b>	<b>3,749</b>

\* Amount less than S\$1,000.

**1(d)(ii) Details of any changes in the 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 the 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 immediately preceding financial year**

As at 30 September 2007, the Company has share options which, if exercised, may result in the issue of the following new ordinary shares of the Company:-

- 128,000,000 new ordinary shares at an exercise price equivalent to the weighted average trading price per share computed based on the preceding ten days' trading price from the date on which if the options were to be exercised pursuant to the Strategic Partnership Agreement;
- 18,700,000 new ordinary shares at exercise prices ranged between S\$0.12 and S\$0.125 per share (31 March 2007: 2,420,000 new ordinary shares at an exercise price of S\$0.12) granted under the Addvalue Technologies Share Option Schemes approved in 24 October 2001.

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

The figures have not been audited nor reviewed by the auditors.

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

N.A.

**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 the current financial period compared to the audited financial statements as at 31 March 2007.

**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 share 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**

	30/09/07	30/09/06
Earnings per ordinary share for the period based on profit attributable to shareholder after deducting any provision for preference dividends		
(i) Based on weighted average number of ordinary shares in issue (cents)	0.13	0.01
(ii) Based on a fully diluted basis (cents)	0.13	0.01

- i) The earnings per share for the financial year ended 30 September 2007 is computed based on weighted average of 788,856,633 ordinary shares (30 September 2006: 752,848,929 ordinary shares).
- ii) The diluted earnings per share for the financial year ended 30 September 2007 is computed based on adjusted weighted average of 788,856,633 ordinary shares (30 September 2006: 752,848,929 ordinary shares). The effects of dilutive potential ordinary shares are taken into consideration in calculating the diluted earnings per share.

**7. Net asset value (for the Company 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**

	30/09/07	31/03/07
Group net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.86	0.56
Company net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.56	0.40

Net asset backing per share for the financial period ended 30 September 2007 is computed based on 807,905,813 shares (As at 31 March 07: 786,905,813 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 earnings 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 reported on**

For 1H FY08, we staged a commendable performance with our profit attributable to shareholders increased by more than 22-fold relative to 1H FY07 at S\$1.04 million, which far exceeded our full year performance in FY07 of S\$0.30 million.

**Turnover**

	1H 2008		1H 2007		Increase/ (Decrease)
	S\$m	%	S\$m	%	S\$m
Revenue relating to satellite communications	5.37	98.0%	2.55	72.5%	2.74
Revenue relating to navigation and tracking system and digital wireless solution	0.11	2.0%	0.73	20.7%	(0.62)
Licensing income relating to consumer products	-	-	0.17	4.8%	-
Sales of consumer products	-	-	0.07	2.0%	-
	<u>5.48</u>	<u>100.0%</u>	<u>3.52</u>	<u>100.0%</u>	

With the revenue from satellite communication accounting for 98.0% of the total turnover in 1H 2008, the Group has effectively transformed itself into a one-stop digital, wireless and broadband communications technology products innovator, with business focus on satellite communications, tracking and telemetry and digital wireless solution.

In line with the Group's continued efforts to stay focus in growing the satellite communication, tracking and telemetry and digital wireless solution businesses, the Group's revenue increased by 55.7% or S\$1.96 million from S\$3.52 million in 1H FY2007 to S\$5.48 million in 1H FY2008. This growth in revenue was attained despite the markets for portable BGAN terminals undergoing a period of adjustments in acclimatizing to the new enhanced satellite communication service.

The decrease in licensing income and sales relating consumer products was in line with the Group's streamlined revenue model, following its decision to exit in end FY2006 from low margin consumer products.

**Profitability**

For 1H FY2008, the Group's gross profit was S\$3.04 million (1H FY2007: S\$2.35 million) against a gross profit margin of 55.4% (1H FY2007: 66.8%). The decline in margin (as compared to the previous corresponding period) was mainly due to a lower design income being registered in 1H FY2008, following the completion of the terrestrial satellite terminal design contract with Inmarsat Global Ltd. Relative to supply, design income traditionally commands a higher margin.

The tight cost containment measures continued to be maintained by the Group had further reduced its operating costs by S\$0.41 million or 17.5% from S\$2.34 million in 1H FY2007 to S\$1.93 million in 1H FY2008.

With higher revenue and lower operating costs, the Group achieved a higher net profit margin of 19.0% (S\$1.04 million) as compared to 1.4% (S\$0.05 million) in 1H FY2007.

### **Cash flow and net asset**

The Group's financial position was also strengthened considerably in 1H FY2008. It improved its cash position from S\$1.07 million in 1H FY2007 to S\$2.75 million in 1H FY2008. In addition, the Group also improved its working capital position substantially by reversing its net current liabilities position of S\$1.38 million in FY2007 to a net current assets position of 0.12 million in 1H FY2008. Accordingly, the Group's net asset position improved by 58.0% from S\$4.38 million as at 31 March 2007 to S\$6.92 million as at 30 September 2007.

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

This results reported herein are in line with the announcement made previously.

**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**

With our streamlined business model continued bearing fruits, we remain focus and seek growth opportunities in satellite communication, tracking and telemetry as well as digital wireless solution businesses.

#### **Supply of Addvalue BGAN Satellite Terminal**

Since the launch of Inmarsat Global Ltd's Broadband Global Area Network ("BGAN") services in December 2005, we are now beginning to see momentum from distributions and airtime usages being built up. We expect faster take up rates for Addvalue BGAN satellite terminals in the coming months, and are confident that this trend will continue. Accordingly, we will continue with our concerted efforts to secure more supply contracts for Addvalue BGAN Satellite terminals from our existing and other telecommunication customers.

While distributors for Addvalue BGAN satellite terminals had been appointed to cover USA, Europe, South East Asia, India, Middle East and Africa, we are now in discussion with potential distributors to cover China and North Asia.

#### **BGAN Core Module & Customised Satellite Solution**

We will also continue with our efforts to secure high value design and development contracts as well as grow new revenue stream through the supply of spin-off products from our Addvalue BGAN satellite terminals to existing and potential customers who have subscribed or would like to subscribe to Inmarsat Global Ltd's BGAN services.

As our BGAN core modules were developed with the flexibility in customizing to the users' specific needs, our Group successfully unlocked the value of our BGAN technology and capitalized on our expertise in securing 2 spin-off contracts to develop the Maritime and Land Mobile BGAN satellite terminals for these customers. The successful completion of these projects will not only expand our range of satellite products but will also boost the revenue on the supply of our satellite terminals.

In addition, we will also pursue other BGAN related projects as well as other satellite communications projects to enhance our existing product line offering and revenue stream. We are currently pursuing these potential satellite communications projects with a few interested global satellite communication players. We are encouraged by our progress made to date.

### **Tracking and location-based application solutions and digital wireless design service**

We expect to see increased revenue in the second half of the financial year ending 2008 from sales generated in the field of tracking and location-based applications as we have good business traction to offer such products and services. Some of these include bundling with our BGAN solutions to tap into satellite-based surveillance and telemetry market.

Leveraging our digital wireless expertise, we developed a Bluetooth handset specifically for our BGAN terminal and we expect to generate sales revenue from selling this unique accessory that will further enhance the user experience of our BGAN terminal. This is another good example of the synergistic effect we can harness across our technologic portfolio. The coming of age of Ultra Wide Band (UWB) also presents us with opportunities to tie up with industrial players to offer application solutions.

### **Outlook**

Barring any unforeseen circumstances, we expect a better performance in the second half of the financial year ending 31 March 2008.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

None.

### ***(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/recommended since the end of the previous financial year.

## **13. Negative assurance confirmation on interim financial results under Rule 705(4) of the SGX-ST**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the period ended 30 September 2007, to be false or misleading in any material respect.

### **BY ORDER OF THE BOARD**

Colin Chan  
Chairman & CEO  
14 November 2007