

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011 (“1Q2012”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2012 (“FY2012”)**

**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 function currency and reporting currency of the Company and its subsidiaries have been changed from Singapore dollars (“S\$”) to United States dollars (“US\$”) based on the rationale explained in paragraph 5 of this announcement (the “Change in Functional and Reporting Currency”). The effect of the Change in Functional and Reporting Currency has been accounted for prospectively in the interim financial information of the Company and of the Group for 1Q2012 and shall continue to be accounted for in respect of the remaining period of FY2012 and all financial years subsequent to FY2012.*

*Accordingly, the comparatives of the financial statements of the Company and of the Group for Q12012 are restated and presented in US\$. Specifically, the assets and liabilities of the Company and of the Group as at 31 March 2011 are translated from S\$ to US\$ at exchange rate ruling at that date while the income and expense item of the Company and of the Group for the three-month period ended 30 June 2011 are translated at the average rate for the 1Q2011 period with the resultant exchange difference recognized directly in equity as at 30 June 2011.*

	The Group		% Change
	1Q2012 US\$'000	1Q2011 (Restated) US\$'000	
<b>Revenue</b>	<b>2,770</b>	4,400	(37.0%)
Cost of sales	<b>(1,279)</b>	(2,504)	(48.9%)
<b>Gross profit</b>	<b>1,491</b>	1,896	(21.4%)
Other operating income	<b>14</b>	21	(33.3%)
Selling & Distribution expenses	<b>(287)</b>	(104)	176.0%
Administrative expenses	<b>(256)</b>	(232)	10.3%
Other operating expenses	<b>(593)</b>	(470)	26.2%
<b>Profit from operations</b>	<b>369</b>	1,111	(66.8%)
Finance expenses	<b>(99)</b>	(90)	10.0%
<b>Profit before tax</b>	<b>270</b>	1,021	(73.6%)
Taxation	<b>(61)</b>	-	N/m
<b>Net profit for the period</b>	<b>209</b>	1,021	(79.5%)
Other comprehensive income	-	-	
<b>Total comprehensive income for the year</b>	<b>209</b>	1,021	
<b>Attributable to:</b>			
Equity holders of the Company	<b>209</b>	1,021	
Non-controlling interests	-	-	
<b>Total comprehensive income for the period</b>	<b>209</b>	1,021	(79.5%)

“1Q2012” denotes the first financial quarter period ended 30 June 2011 in respect of FY2012

“1Q2011” denotes the first financial quarter period ended 30 June 2010 in respect of FY2011

“% 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**

	<b>The Group</b>		
	<b>1Q2012</b>	1Q2011	%
	<b>US\$'000</b>	(Restated) US\$'000	Change
Profit before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	<b>311</b>	329	(5.5%)
Foreign exchange loss	<b>103</b>	2	5050%
Interest expense	<b>99</b>	90	10.0%

*"% 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**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 Jun 2011 US\$'000</b>	<b>As at 31 Mar 2011 (Restated) US\$'000</b>	<b>As at 30 Jun 2011 US\$'000</b>	<b>As at 31 Mar 2011 (Restated) US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	639	681	-	-
Subsidiaries	-	-	7,050	7,032
Intangible assets	11,017	10,530	-	-
Staff loan receivable	64	67	-	-
Deferred tax assets	1,882	1,944	-	-
	<b>13,602</b>	<b>13,222</b>	<b>7,050</b>	<b>7,032</b>
<b>Current assets</b>				
Inventories	1,877	1,627	-	-
Amount due from customers for contract work	963	668	-	-
Trade receivables	3,817	3,285	-	-
Other receivables, deposits and prepayments	902	875	-	-
Available-for-sales financial asset	3	3	3	3
Due from subsidiaries (non-trade)	-	-	6,798	4,253
Cash and cash equivalents	1,257	609	205	13
	<b>8,819</b>	<b>7,067</b>	<b>7,006</b>	<b>4,269</b>
<b>Total assets</b>	<b>22,421</b>	<b>20,289</b>	<b>14,056</b>	<b>11,301</b>
<b>Current liabilities</b>				
Trade payables	885	1,338	-	-
Other payables and accruals	1,134	1,698	405	699
Borrowings	1,317	1,473	-	-
Advance receipts	16	36	-	-
Due to subsidiaries (non-trade)	-	-	123	123
	<b>3,352</b>	<b>4,545</b>	<b>528</b>	<b>822</b>
<b>Net current assets</b>	<b>5,467</b>	<b>2,522</b>	<b>6,478</b>	<b>3,447</b>
<b>Non-current liabilities</b>				
Non-current borrowings	(2,343)	(2,329)	-	-
<b>Net assets</b>	<b>16,726</b>	<b>13,415</b>	<b>13,528</b>	<b>10,479</b>
<b>Equity attributable to the Company's equity holders</b>				
Share capital	43,570	40,488	42,823	39,741
Capital reserve	119	99	119	99
Fair value adjustment reserve	(90)	(90)	(90)	(90)
Currency translation reserve	1,578	1,578	624	624
Accumulated losses	(28,451)	(28,660)	(29,948)	(29,895)
<b>Total equity</b>	<b>16,726</b>	<b>13,415</b>	<b>13,528</b>	<b>10,479</b>

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

	<b>The Group</b>	
	<b>As at 30 Jun 2011</b>	<b>As at 31 Mar 2011 (Restated)</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Amount repayable in one year or less or on demand		
Secured <sup>(1)</sup>	<b>1,079</b>	1,254
Unsecured	<b>238</b>	219
	<b>1,317</b>	<b>1,473</b>
Amount repayable after one year		
Secured <sup>(1)</sup>	<b>2,209</b>	2,160
Unsecured	<b>134</b>	169
	<b>2,343</b>	<b>2,329</b>

### 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.**

	<b>The Group</b>	
	<b>1Q2012</b>	1Q2011 (Restated)
	<b>US\$'000</b>	US\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	270	1,021
Adjustments for:		
Amortisation of intangible assets	224	243
Depreciation of plant and equipment	87	86
Share options expense	20	-
Interest expense	99	90
Effect of Change in Functional and Reporting Currency	-	8
Operating profit before changes in working capital	700	1,448
<i>Changes in working capital</i>		
Inventories	(250)	(240)
Trade and other receivables	(558)	(346)
Construction contract work-in-progress	(295)	-
Trade and other payables	(1,017)	68
Development expenditure	(710)	(580)
Advance receipts	(20)	(96)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(2,150)</b>	<b>254</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(44)	(7)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(44)</b>	<b>(7)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of loans – net	(141)	(329)
Proceeds from the Placement (net of issue expenses)	3,082	-
Interest paid	(99)	(90)
<b>NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES</b>	<b>2,842</b>	<b>(419)</b>
NET INCREASE)/(DECREASE) IN CASH AND CASH EQUIVALENTS	648	(172)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	609	176
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (NOTE 1)	1,257	4

**Note 1:**

	<b>The Group</b>	
	<b>1Q2011</b>	1Q2010
	<b>US\$'000</b>	US\$'000
Cash and cash equivalents	1,257	55
Less: Bank overdrafts	-	(51)
	1,257	4

**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	Currency translation reserve	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2011 (Restated)	40,488	(28,660)	99	(90)	1,578	-	13,415
Issuance of new shares:							
- Pursuant to the Placement (as defined hereafter) – net of share issue expenses	2,778	-	-	-	-	-	2,778
- Pursuant to exercise of share options under the Scheme (as defined hereafter)	304	-	-	-	-	-	304
Share options expenses	-	-	20	-	-	-	20
Comprehensive profit for the financial period	-	209	-	-	-	-	209
Balance as at 30 June 2011	43,570	(28,451)	119	(90)	1,578	-	16,726

	The Group						
	Share capital (Restated)	Accumulated losses (Restated)	Capital reserves (Restated)	Fair value adjustment reserves (Restated)	Currency translation reserve (Restated)	Non-controlling interests (Restated)	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2010	37,521	(34,203)	44	(52)	493	N/m	3,803
Effect of Change in Functional and Reporting Currency	-	-	-	-	10	-	10
Comprehensive profit for the financial period	-	1,021	-	-	-	-	1,021
Balance as at 30 June 2010	37,521	(33,182)	44	(52)	503	N/M	4,834

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

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 2011 (Restated)	39,741	(29,895)	99	(90)	624	10,479
Issuance of new shares :						
- Pursuant to the Placement (as defined hereafter)	2,778	-	-	-	-	2,778
- Pursuant to exercise of share options under the Scheme (as defined hereafter)	304	-	-	-	-	304
Share options expenses	-	-	20	-	-	20
Comprehensive loss for the financial period	-	(53)	-	-	-	(53)
Balance as at 30 June 2011	42,823	(29,948)	119	(90)	624	13,528

The Company						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Currency translation reserve	Total
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2010	37,521	(35,192)	44	(52)	313	2,634
Effect of Change in Functional and Reporting Currency	-	-	-	-	19	19
Comprehensive loss for the financial period	-	(35)	-	-	-	(35)
Balance as at 30 June 2010	37,521	(35,227)	44	(52)	332	2,618

**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**

	US\$'000
Balance as at 1 April 2011	39,741
Add:	
Issuance of new ordinary shares pursuant to the Placement (as defined hereafter) (net of share issue expenses)	2,778
Issuance of new ordinary shares pursuant to the exercise of share options granted under the Scheme (as defined hereafter)	304
Balance as at 30 June 2011	<u>42,823</u>

Pursuant to a placement carried out in 1Q2012, the Company issued 86,000,000 new ordinary shares for cash at an issue price of S\$0.04 each (the "Placement"). These shares rank *pari passu* in all respect with the existing ordinary shares of the Company. Save for the Placement and the exercise of share options under the Scheme (as defined hereafter), there was no movement in the share capital of the Company during 1Q2012.

**Use of the proceeds from the Placement**

As at the date of this announcement, about US\$1.6 million of the net proceeds of about US\$2.8 million raised from the Placement had been utilized for working capital purposes.

## **(B) Share options**

As at 30 June 2011, there were 93,370,000 outstanding share options issued pursuant to the Addvalue Technologies Employees' Share Option Scheme (the "Scheme"), which are capable of being exercised into the same equivalent number of shares of the Company (30 June 2011: 12,495,000).

Save as disclosed, the Company has no other outstanding convertibles and treasury shares as at 30 June 2011 and 30 June 2010.

### **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 Jun 2011</u>	<u>As at 31 Mar 2011</u>
Total number of issued ordinary shares (excluding treasury shares)	1,094,605,813	997,905,813

### **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 June 2011.

### **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.**

Save as disclosed in paragraph 5 below, 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 2011.

### **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.**

Save for accounting for the Change in Functional and Reporting Currency and the adoption of the New and Revised FRS (as defined hereafter), the Group and the Company have applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those disclosed in the audited financial statements for the financial year ended 31 March 2011.

The Change in Functional and Reporting Currency has been adopted as the Company is of the opinion that US\$ best reflects the current and prospective economic substance of the underlying transactions and circumstances of the Group, given that:

- a. the sale of products of the Group (as contrasted against design income) has since FY2010 dominated and is expected to continue to dominate the revenue stream of the Group; and
- b. most of the revenue and purchases of the Group had been and are expected to continue to be transacted in US\$ (although most of the Group's administrative expenses are expected to continue to be denominated in S\$).

The Group also adopted the following new and revised FRS relevant to its operations, which took effect from the financial year beginning on or after 1 April 2011 (the "New and Revised FRS"):

- a. INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments
- b. Revised FRS 24 Related Party Disclosures
- c. Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement
- d. INT FRS 115 Agreements for the Construction of Real Estate



The financial effects attributed to the Change in Functional and Reporting Currency are highlighted in the opening remarks appearing at the onset of this announcement while 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 1Q2011.

## 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.

	<b>The Group</b>	
	<b>As at 30 Jun 2011 US\$'000</b>	<b>As at 30 Jun 2010 US\$'000</b>
<b>Net profit attributable to shareholders</b>	<b>209</b>	<b>1,021</b>
<b>Earning per share</b>		
Basic (US cents)	<b>0.02 cents<sup>(1)</sup></b>	<b>0.11 cents<sup>(2)</sup></b>
Diluted (US cents)	<b>0.02 cents<sup>(3)</sup></b>	<b>0.11 cents<sup>(4)</sup></b>

### Notes:

- (1) Based on the adjusted weighted average number of 1,011,606,912 ordinary shares.  
(2) Based on the adjusted weighted average number of 903,905,813 ordinary shares.  
(3) Based on the adjusted weighted average number of 1,104,976,912 ordinary shares being the sum of the weighted average number of 1,011,606,912 and the number of outstanding share options granted under the Scheme as at 30 June 2011.  
(4) Based on the adjusted weighted average number of 916,400,813 ordinary shares, being the sum of the weighted average number of 903,905,813 and the number of outstanding share options granted under the Scheme as at 30 June 2010.

## 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.

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 Jun 2011 US\$'000</b>	<b>As at 31 Mar 2011 US\$'000</b>	<b>As at 30 Jun 2011 US\$'000</b>	<b>As at 31 Mar 2011 US\$'000</b>
Net asset value as at end of financial period/year	<b>16,726</b>	<b>13,415</b>	<b>13,528</b>	<b>10,479</b>
Net asset value per ordinary share as at the end of financial period/year (US cents)	<b>1.53 cents<sup>(1)</sup></b>	<b>1.34 cents<sup>(2)</sup></b>	<b>1.24 cents<sup>(1)</sup></b>	<b>1.05 cents<sup>(2)</sup></b>

### Notes:

- (1) Based on 1,094,605,813 issued shares.  
(2) Based on 997,905,813 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.**

**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, Stratos, Vizada, Satlink and Globe Wireless.

Through the recent years of progressive 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, 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.

**(a) Review of financial performance of the Group for 1Q2012 (relative to 1Q2011)**

**Turnover**

The Group recorded a turnover of about US\$2.8 million in 1Q2012 *vis-à-vis* that of about US\$4.4 million achieved in 1Q2011, which included the sale of about US\$2.1 million worth of SABRE™ 1 BGAN Terminals for partially meeting the needs of the 10 May 2010 Philippines' National Elections (the "Election SABRE™ 1 Sale"). Excluding the Election SABRE™ 1 Sale, the 1Q2012's turnover of about US\$2.8 million would have represented an increase of about US\$0.5 million or 21.7% over that of 1Q2011's adjusted turnover of about US\$2.3 million, brought about mainly as a result of sales generated from a wider range of products and increased design income in 1Q2012.

The sale of SABRE™ 1 BGAN Terminals, such as in respect of the Election SABRE™ 1 Sale, tends to be *ad hoc* and lumpy in nature, the occurrence of which is to a large extent dependent on demands prompted by an impromptu event, such as a natural disaster, or a massive project, such as an election. While the recurrence of such a revenue stream on an annual basis is anticipated (with the size of the sales of each recurrence varies according to the scale of the event or the size of the project), the recurrence may not occur on a quarterly basis.

**Profitability**

Consequence to the lower turnover, the Group registered a lower gross profit of about US\$1.5 million in 1Q2012 compared to that of about US\$1.9 million in 1Q2011. Notwithstanding which, the Group achieved a significantly higher gross profit margin of about 53.8% for 1Q2012 relative to that of about 43.1% for 1Q2011 chiefly as a result of sale of a better mix of higher yielding products and higher design income attained in 1Q2012.

With our continued participation in more exhibitions and increased sales activities to garner more product awareness of our wider range of products in the US as well as in East Asia, our selling and distribution expenses increased by about US\$183,000 or 176.0%, from about US\$104,000 in 1Q2011 to about S\$287,000 in 1Q2012.

Our administrative expenses increased by about US\$24,000 or 10.3%, from about US\$232,000 in 1Q2011 to about US\$256,000 in 1Q2012. This increase was due mainly to shares options expenses incurred in respect of share options granted under the Scheme and the increase in the provision for directors fees in 1Q2012 substantially in connection with the additional independent director appointed by the Company in September 2010.

Our other operating expenses increased by about US\$123,000 or 26.2%, from about US\$470,000 in 1Q2011 to about US\$593,000 in 1Q2012. This increase was due mainly to a higher unrealised translation exchange loss attributed to our borrowings which are denominated in S\$ as well as increased laboratory expenses incurred for quality testing, support and maintenance in preparation for the commercialisation of a wider range of our products, partially offset by savings in travelling and office maintenance costs as well as lower amortised cost following the completion of amortisation for certain commercialized products of the Group.

Our finance expenses increased by about US\$9,000 or 10.0%, from about US\$90,000 in 1Q2011 to about US\$99,000 in 1Q2012, due to increased borrowings over the periods under consideration.

After accounting for income tax of about US\$61,000 in 1Q2012 (nil in 1Q2011), the Group recorded a net profit after tax of about US\$209,000 (compared to that about US\$1.0 million attained in 1Q2011, of which a significant amount was contributed by the Election SABRE™ 1 Sale).

## **(b) Review of financial position of the Group as at 30 June 2012 (relative to that as at 31 March 2011)**

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

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

The increase in our inventories was mainly attributed to increased finished goods built up for buffer stock and raw materials purchased in June 2011 for a wider range of our products.

The increase in our trade receivables was attributed mainly to credit sales of products concluded in June 2011 and extended credit terms granted to some of our valued customers since March 2011. As at the date of this announcement, the Group had received payments aggregating US\$1.7 million, amounting to about 45.4% of the trade receivables of about US\$3.8 million outstanding as at 30 June 2011.

The increase in amount due from customers for contract work was attributed principally to more cost incurred in respect of the design contract procured in 4Q2011 without any billing being made to the customer concerned in 1Q2012.

Our trade payables, other payables, accruals and bank borrowings were reduced following the respective payments made while our advance receipts were decreased following the continued shipment of products ordered by the customers concerned.

Consequence to the above and the Placement:

- 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) reduced from about 28.3% as at 31 March 2011 to about 21.9% as at 30 June 2011;
- b. the working capital position of the Group more than doubled from about US\$2.5 million as at 31 March 2011 to about US\$5.5 million as at 30 June 2011, notwithstanding a negative cash flow used in operations of about US\$2.1 million in 1Q2012 due principally to purchases made on inventories, credit terms extended to key customers and payments made on trade and non-trade payables, the deficit was substantially financed by proceeds from the Placement;
- c. the net tangible assets of the Group nearly doubled from about US\$2.9 million as at 31 March 2011 to about US\$5.7 million as at 30 June 2011; and
- d. the net asset value of the Group improved by about US\$3.3 million or 24.6% from about US\$13.4 million as at 31 March 2011 to about US\$16.7 million as at 30 June 2011, with the net asset value per ordinary share enhanced from about 1.34 US cents per share as at 31 March 2011 to about 1.53 US cents per share as at 30 June 2011.

## **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**

Gauging by the sizable shipment of our SABRE™ BGAN Terminals (comprising mainly the SABRE™ Ranger and the SABRE™ Remote Terminals for SCADA applications) in the past three consecutive quarters ended 30 June 2011 and the strong interests generated when we launched our SAFARI™ Vehicular Terminals in June 2011, barring any unforeseen circumstances, the Group expects its Inmarsat-centric land based BGAN products to generate significant sales for the remaining financial quarters of FY2012 and to continue to grow for the next 12 months.

As regards the sales of our current range of Inmarsat-centric FleetBroadband Maritime Terminals, these are expected to reach steady-state sales in the next few quarters. With endeavour efforts made to expand our OEM FleetBroadband products to grow our sales in this market segment, barring any unforeseen circumstances, we also expect to launch a couple of new OEM FleetBroadband products over the next 12 months.

The sales for our Seagull 5000i Terminals, which operate on Thuraya's satellite network, are gaining traction as well since their initial launch in March 2011, particularly in East Asia and South East Asia, and we expect the sales to pick up speed in the second half of FY2012. We also have been contracted by a new customer to customize and supply a low cost Thuraya-centric satellite terminal, which targets the very cost conscious users in South East Asia, and we expect to commence the sale of this new low cost product by the last financial quarter of FY2012.

Barring any unforeseen circumstances, we are optimistic about our performance for the remaining period of FY2012.

*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 such as the uncertainties of the pace of recovery of the United States of America economy, continued concerns of sovereign debt sustainability in Europe, inflationary pressures and currency appreciation which will affect the continued strong growth in Asia, especially East Asia. 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. 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 1Q2012.

## **BY ORDER OF THE BOARD**

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

**12 August 2011**

**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 three months ended 30 June 2011 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

Tan Khai Pang  
Director

12 August 2011