

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014 (“1Q2015”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2015 (“FY2015”)

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		
	1Q2015 US\$'000	1Q2014 US\$'000	% Change
Revenue	2,770	3,459	(19.9%)
Cost of sales	(1,430)	(1,905)	(24.9%)
Gross profit	1,340	1,554	(13.8%)
Other operating income	6	85	(92.9%)
Selling & Distribution expenses	(245)	(272)	(9.9%)
Administrative expenses	(603)	(427)	41.2%
Other operating expenses	(729)	(685)	6.4%
(Loss)/Profit from operations	(231)	255	N/m
Finance expenses	(97)	(64)	51.6%
Finance income	-	227	N/m
(Loss)/Profit before tax	(328)	418	N/m
Taxation	-	(54)	N/m
Net (loss)/profit for the period	(328)	364	N/m
Other comprehensive income	-	-	
Total comprehensive (loss)/income for the period	(328)	364	N/m
Attributable to:			
Equity holders of the Company	(328)	364	N/m
Total comprehensive (loss)/income for the period	(328)	364	N/m

“1Q2015” denotes the first financial quarter period ended 30 June 2014 in respect of FY2015

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

“% 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		
	1Q2015 US\$'000	1Q2014 US\$'000	% Change
(Loss)/Profit before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	517	481	7.5%
Foreign exchange loss/ (gain)	52	(78)	N/m
Interest income	-	(227)	N/m
Interest expense	97	64	51.6%

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 2014 US\$'000	As at 31 Mar 2014 US\$'000	As at 30 Jun 2014 US\$'000	As at 31 Mar 2014 US\$'000
Non-current assets				
Plant and equipment	1,030	1,025	-	-
Subsidiaries	-	-	14,345	14,345
Intangible assets	14,883	14,660	-	-
Deferred tax assets	2,152	2,152	-	-
	18,065	17,837	14,345	14,345
Current assets				
Inventories	3,870	3,878	-	-
Amount due from customers for contract work	677	870	-	-
Trade receivables	1,615	2,689	-	-
Other receivables, deposits and prepayments	1,532	1,243	110	58
Available-for-sales financial assets	4	4	4	4
Due from subsidiaries (non-trade)	-	-	5,862	5,835
Fixed deposit	48	47	-	-
Cash and bank balances	1,555	257	7	10
	9,301	8,988	5,983	5,907
Total assets	27,366	26,825	20,328	20,252
Current liabilities				
Trade payables	2,188	2,209	-	-
Other payables and accruals	1,522	1,872	900	963
Provisions	416	279	160	128
Borrowings	50	55	-	-
Advances received from customers	394	524	-	-
Due to subsidiaries (non-trade)	-	-	17	-
	4,570	4,939	1,077	1,091
Net current assets	4,731	4,049	4,906	4,816
Non-current liabilities				
Borrowings	(4,033)	(2,901)	-	-
Net assets	18,763	18,985	19,251	19,161
Equity attributable to the Company's equity holders				
Share capital	57,881	57,772	57,881	57,772
Capital reserve	747	750	-	3
Fair value adjustment reserve	(99)	(99)	(99)	(99)
Foreign currency translation reserve	(1)	(1)	-	-
Accumulated losses	(39,765)	(39,437)	(38,531)	(38,515)
Total equity	18,763	18,985	19,251	19,161

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

	The Group	
	As at 30 Jun 2014 US\$'000	As at 31 Mar 2014 US\$'000
Amount repayable in one year or less or on demand		
Secured ⁽¹⁾	12	17
Unsecured	38	38
	50	55
Amount repayable after one year		
Secured ⁽¹⁾	4,003	2,862
Unsecured	30	39
	4,033	2,901

Details of any collateral

(1) These are secured against:

- A floating charge on the inventories and trade receivables of a subsidiary of the Company
- A escrow accounts 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	
	1Q2015 US\$'000	1Q2014 US\$'000
OPERATING ACTIVITIES		
(Loss)/Profit before tax	(328)	418
Adjustments for:		
Amortisation of intangible assets	434	422
Depreciation of plant and equipment	83	59
Interest expense	97	64
Unrealised foreign exchange loss	21	-
Provisions	228	244
Operating profit before changes in working capital	535	1,207
<i>Changes in working capital</i>		
Inventories	8	(50)
Trade and other receivables	785	592
Amount due from customers for contract work	193	(100)
Trade and other payables	(462)	(374)
Development expenditure	(657)	(621)
Advances received from customers	(130)	(4)
NET CASH GENERATED FROM OPERATING ACTIVITIES	272	650
INVESTING ACTIVITIES		
Purchase of plant and equipment	(88)	(61)
NET CASH USED IN INVESTING ACTIVITIES	(88)	(61)
FINANCING ACTIVITIES		
Proceeds from borrowings	1,121	-
Repayment of borrowings- net	(16)	(556)
Net proceeds from issue of shares	106	17
Interest paid	(97)	(64)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,114	(603)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT	1,298	(14)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	257	198
CASH AND CASH EQUIVALENT AT END OF PERIOD	1,555	184

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	Foreign 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 2014	57,772	(39,437)	750	(99)	(1)	-	18,985
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) - net of share issue expenses	109	-	(3)	-	-	-	106
Comprehensive loss for the financial period	-	(328)	-	-	-	-	(328)
Balance as at 30 June 2014	57,881	(39,765)	747	(99)	(1)	-	18,763

	The Group						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Foreign 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 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 2013	57,632	(39,119)	754	(101)	-	-	19,166

The Company						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2014	57,772	(38,515)	3	(99)	-	19,161
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) – net of share issue expenses	109	-	(3)	-	-	106
Comprehensive loss for the financial period	-	(16)	-	-	-	(16)
Balance as at 30 June 2014	57,881	(38,531)	-	(99)	-	19,251

The Company						
	Share capital	Accumulated losses	Capital reserves	Fair value adjustment reserves	Foreign 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

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 2014	1,183,555,813	57,772
Issuance of new ordinary shares pursuant to the exercise of share options granted under the ESOS Scheme (as defined hereafter)	3,800,000	109
Balance as at 30 June 2014	1,187,355,813	57,881

B. Share options

As at 30 June 2014, there were no 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 2014: 3,800,000).

Save as disclosed, the Company has no other outstanding convertibles and treasury shares as at 30 June 2014 and 30 June 2013.

Save for the exercise of share options under the ESOS Scheme, there was no movement in the share capital of the Company during 1Q2015.

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 2014	As at 31 Mar 2014
Total number of issued ordinary shares (excluding treasury shares)	1,187,355,813	1,183,555,813

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 2014. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 1Q2015.

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 2014.

The adoption of new and revised Financial Reporting Standards ("FRS") and the interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on or after 1 April 2014 is not expected to have any significant impact to the Group.

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 Jun 2014 US\$'000	As at 30 Jun 2013 US\$'000
Net (loss)/profit attributable to shareholders	(328)	364
Earning per share		
Basic (US cents)	(0.03)	0.03
Diluted (US cents)	(0.03)	0.03
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,184,177,791	1,178,639,659
Effect of potentially dilutive ordinary shares – Share options (Note 1)	-	4,883,348
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,184,177,791	1,183,523,007

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.

	The Group		The Company	
	As at 30 Jun 2014 US\$'000	As at 31 Mar 2014 US\$'000	As at 30 Jun 2014 US\$'000	As at 31 Mar 2014 US\$'000
Net asset value as at end of financial period/year	<u>18,763</u>	<u>18,985</u>	<u>19,251</u>	<u>19,161</u>
Net asset value per ordinary share as at the end of financial period/year (US cents)	<u>1.58⁽¹⁾</u>	<u>1.60⁽²⁾</u>	<u>1.62⁽¹⁾</u>	<u>1.62⁽²⁾</u>

Notes:

(1) Based on 1,187,355,813 issued shares.

(2) Based on 1,183,555,813 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.

Addvalue is presently 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 1Q2015 (relative to 1Q2014)

Turnover

The turnover of our Group decreased by US\$0.7 million or 19.9% to US\$2.8 million in 1Q2015 from US\$3.5 million in 1Q2014. The decrease, despite healthy demand hailing from coastal plying fishing vessels, was mainly attributable to the reduced sales of maritime products underpinned by current perceived weakened demand from ocean plying vessels.

Profitability

Our Group registered a gross profit of US\$1.3 million against a gross profit margin of 48.4% for 1Q2015 relative to a gross profit of US\$1.6 million against a gross profit margin of 44.9% for 1Q2014. The increased gross profit margin attained in 1Q2015 was attributable mainly to the proportionate increase in sales of higher yielding products.

In line with business activities, our selling and distribution expenses decreased by US\$27,000 or 9.9%, from US\$272,000 in 1Q2014 to US\$245,000 in 1Q2015.

Our administrative expenses increased by US\$176,000 or 41.2%, from US\$427,000 in 1Q2014 to US\$603,000 in 1Q2015, attributed mainly to higher manpower and rental costs.

Our other operating expenses increased by US\$44,000 or 6.4% from US\$685,000 in 1Q2014 to US\$729,000 in 1Q2015, due mainly to increased depreciation costs as well as a foreign exchange loss incurred in 1Q2015 (following the strengthening of Singapore dollars against US dollar) as contrasted against a foreign exchange gain registered in 1Q2014.

The decrease in other operating income in 1Q2015 relative to 1Q2014 was attributed mainly to a foreign exchange gain recorded in 1Q2014.

Our finance income in 1Q2014 relates to the fair valuation of non-current borrowings to their present values while the increase in finance expenses was attributed mainly to increased borrowings.

As a result of the above, our Group incurred a net loss of US\$328,000 in 1Q2015 from a net profit after tax of US\$364,000 in 1Q2014.

(b) Review of financial position of the Group as at 30 June 2014 (relative to that as at 31 March 2014)

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 decrease in our trade receivables was due largely to collections received towards the end of 1Q2015 as reflected by the increase in cash and bank balance to about US\$1.6 million as at 30 June 2014.

The lower amount due from customers for contract work as at 30 June 2014 relative to that of 31 March 2014 was due to billings made in respect of certain design services in 1Q2015.

The increases in our other receivables, deposits and prepayments in 1Q2015 were due mainly to prepayments made to suppliers for goods as well as services to be provided.

The decreases in our trade and other payables and accruals were mainly attributed to payments made in 1Q2015 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.

The increase in non-current borrowing was attributed mainly to an additional loan procured in 1Q2015.

The increase in share capital was attributed to the exercise of the outstanding 3,800,000 employees' share options by the employees of the Group pursuant to the ESOS Scheme.

Consequence to the above:

1. the gearing of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) increased from 15.6% as at 31 March 2014 to 21.8% as at 30 June 2014;
2. the working capital position of the Group improved from US\$4.0 million as at 31 March 2014 to US\$4.7 million as at 30 June 2014;
3. the net cash flow generated from operations by the Group reduced to US\$0.3 million in 1Q2015 compared to US\$0.7 million in 1Q2014; and
4. the net asset value of the Group decreased slightly by US\$0.2 million or 1.2% from US\$19.0 million as at 31 March 2014 to US\$18.8 million as at 30 June 2014, with the net asset value per ordinary share decreased from 1.60 US cents per share as at 31 March 2014 to 1.58 US cents per share as at 30 June 2014.

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

Notwithstanding the relatively lackluster performance for 1Q2015 and barring any unforeseen circumstances, the Group is optimistic about its performance for the next 12 months in view of the following considerations:

1. The new revenue stream to be generated from the Group's new iSavi terminals, with maiden commercial shipment expected by 2Q2015.

2. The continued promising sales of narrowband maritime terminals, which target the coastal plying fishing vessels in the relatively buoyant Asian regions.
3. The anticipated recovery of sales of the maritime terminals for ocean-plying vessels, in particular, the iFusion series of terminals which are likely to gain more traction as Inmarsat widens its distribution channels after its acquisition of Globe Wireless at the end of 2013
4. The in progress development of a significant new innovative satellite applications project, which is part of the Group's strategy to continue to build its intellectual properties in satellite technology and applications for its long term growth.

With regard to the proposed disposal by the Company of 100% of the ordinary share capital of its wholly-owned subsidiary, Addvalue Communications Pte Ltd, for a cash consideration of S\$330,000,000 (the "Disposal")(the "Disposal Consideration") as announced by the Company on 25 March 2014, we understand that the requisite approval from the Chinese Foreign Exchange Control Bureau for the repatriation of the Disposal Consideration by the buyer (the "FECB Approval") is still pending.

As the completion of the Disposal is subject to the fulfillment of many precedent conditions, Shareholders are advised to exercise caution when dealing in the securities of the Company and refrain from taking any action in relation to their securities which may be prejudicial to their interests.

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 1Q2015.

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 2014 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 2014