ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2011 (“2Q2012” AND “1H2012” RESPECTIVELY) 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 functional 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 in the interim financial information of the Company and of the Group for the first financial quarter of FY2012, being the three-month period ended 30 June 2011 (“1Q2012”), and 2Q2012 and shall continue to be accounted for prospectively in respect of the remaining periods of FY2012 and all financial years subsequent to FY2012.

Accordingly, the comparatives of the financial statements of the Company and of the Group for 2Q2012 and 1H2012 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 and six-month periods ended 30 September 2010 are translated at the average rate during the period with the resultant exchange difference recognized directly in equity as at 30 September 2010.

	The Group					
	2Q2012	2Q2011	%	**1H2012**	1H2011	%
		(Restated)	Change		(Restated)	Change
	US$’000	US$’000		**US$'000**	US$'000	
Revenue	**2,846**	4,555	(37.5%)	**5,616**	8,955	(37.3%)
Cost of sales	**(1,464)**	(2,081)	(29.6%)	**(2,743)**	(4,586)	(40.2%)
Gross profit	**1,382**	2,474	(44.1%)	**2,873**	4,369	(34.2%)
Other operating income	**152**	12	1166.7%	**62**	33	87.9%
Selling & Distribution expenses	**(199)**	(86)	131.4%	**(486)**	(190)	155.8%
Administrative expenses	**(570)**	(280)	103.6%	**(826)**	(511)	61.6%
Other operating expenses	**(431)**	(572)	(24.7)	**(921)**	(1,042)	(11.6%)
Profit from operations	**334**	1,548	(78.4%)	**702**	2,659	(73.6%)
Finance expenses	**(94)**	(85)	10.6%	**(194)**	(175)	10.9%
Profit before tax	**240**	1,463	(83.6%)	**508**	2,484	(79.5%)
Taxation	**(30)**	-	N/m	**(91)**	-	N/m
Net profit for the period	**210**	1,463	(85.6%)	**417**	2,484	(83.2%)
Other comprehensive income	**-**	-	-	**-**	-	
Total comprehensive income for the period	**210**	1,463	(85.6%)	**417**	2,484	(83.2%)
Attributable to:						
Equity holders of the Company	**210**	1,463		**417**	2,484	
Non-controlling interests	**-**	-		**-**	-	
Total comprehensive income for the period	**210**	1,463	(85.6%)	**417**	2,484	(83.2%)

“2Q2011” denotes the second financial quarter ended 30 September 2010 in respect of the financial year ended 31 March 2011 (“FY2011”)
“1H2011” denotes the first half financial period ended 30 September 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

	The Group					
	2nd Quarter		%	**Year-To-Date**		%
	2Q2012	2Q2011 (Restated)	Change	1H2012	1H2011 (Restated)	Change
	US$'000	US$'000		**US$'000**	US$'000	
Profit before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	322	324	(0.6%)	632	654	(3.4%)
Foreign exchange (gain)/loss (net)[(1)]	(121)	76	(259.2%)	(18)	78	(123.1%)
Interest expense	94	85	10.6%	194	175	10.9%

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

Note:
(1) The Group's revenues and purchases are denominated principally in US$ and to a much lesser extent in Euro while its overhead expenses, comprising mainly staff costs and administration expenses, as well as its prevailing loans from banks and financial institutions are denominated in S$. In respect of the revenues denominated in US$ or Euro, a price adjustment mechanism is always built into the relevant supply contract to make up for any material undue foreign exchange movements.

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 Sept 2011	As at 31 Mar 2011 (Restated)	**As at 30 Sept 2011**	As at 31 Mar 2011 (Restated)
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets				
Property, plant and equipment	**587**	681	**-**	-
Subsidiaries	**-**	-	**7,050**	7,032
Intangible assets	**11,507**	10,530	**-**	-
Staff loan receivable	**59**	67	**-**	-
Deferred tax assets	**1,853**	1,944	**-**	-
	14,006	13,222	**7,050**	7,032
Current assets				
Inventories	**2,082**	1,627	**-**	-
Amount due from customers for contract work	**705**	668	**-**	-
Trade receivables	**3,558**	3,285	**-**	-
Other receivables, deposits and prepayments	**928**	875	**-**	-
Available-for-sales financial asset	**3**	3	**3**	3
Due from subsidiaries (non-trade)	**-**	-	**7,239**	4,253
Cash and cash equivalents	**1,566**	609	**76**	13
	8,842	7,067	**7,318**	4,269
Total assets	**22, 848**	20,289	**14,368**	11,301
Current liabilities				
Trade payables	**934**	1,338	**-**	-
Other payables and accruals	**1,458**	1,698	**436**	699
Borrowings	**1,068**	1,473	**-**	-
Advance receipts	**4**	36	**-**	-
Due to subsidiaries (non-trade)	**-**	-	**122**	123
	3,464	4,545	**558**	822
Net current assets	**5,378**	2,522	**6,760**	3,447
Non-current liabilities				
Non-current borrowings	**(2,176)**	(2,329)	-	-
Net assets	**17,208**	13,415	**13,810**	10,479
Equity attributable to the Company's equity holders				
Share capital	**43,844**	40,488	**43,097**	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	**(28,243)**	(28,660)	**(29,940)**	(29,895)
Total equity	**17,208**	13,415	**13,810**	10,479

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

	The Group	
	As at 30 Sept 2011	As at 31 Mar 2011 (Restated)
	US$'000	US$'000
Amount repayable in one year or less or on demand		
Secured[1]	**837**	1,254
Unsecured	**231**	219
	1,068	1,473
Amount repayable after one year		
Secured[1]	**2,108**	2,160
Unsecured	**68**	169
	2,176	2,329

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	
	2Q2012	2Q2011 (Restated)
	US$'000	US$'000
OPERATING ACTIVITIES		
Profit before tax	**240**	1,463
Adjustments for:		
Amortisation of intangible assets	**238**	243
Depreciation of plant and equipment	**84**	81
Share options expense	**-**	18
Interest expense	**94**	85
Effect of Change in Functional and Reporting Currency and currency realignment	**(153)**	(9)
Operating profit before changes in working capital	**503**	1,881
Changes in working capital		
Inventories	**(205)**	240
Trade and other receivables	**238**	228
Construction contract work-in-progress	**258**	-
Trade and other payables	**373**	(1,294)
Development expenditure	**(728)**	(686)
Advance receipts	**(12)**	(1,640)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	***427***	*(1,271)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(32)**	(33)
Purchase of computer software	**-**	(4)
NET CASH USED IN INVESTING ACTIVITIES	***(32)***	*(37)*
FINANCING ACTIVITIES		
Repayments of loans – net	**(266)**	(186)
Proceeds from issue of new shares (net of share issue expenses)	**274**	2,220
Interest paid	**(94)**	(85)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	***(86)***	*1,949*
NET INCREASE IN CASH AND CASH EQUIVALENTS	**309**	641
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	**1,257**	4
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (NOTE 1)	**1,566**	645

Note 1:

	The Group	
	2Q2011	2Q2010
	US$'000	US$'000
Cash and cash equivalents	**1,566**	645
Less: Bank overdrafts	**-**	-
	1,566	645

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 ESOS Scheme (as defined hereafter)	578	-	-	-	-	-	578
Share options expenses	-	-	20	-	-	-	20
Comprehensive profit for the financial period	-	417	-	-	-	-	417
Balance as at 30 September 2011	43,844	(28,243)	119	(90)	1,578	-	17,208

	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	-	-	-	-	93	-	93
Issuance of new shares - net of share issue expenses	2,220	-	-	-	-	-	2,220
Share options expenses	-	-	18	-	-	-	18
Comprehensive profit for the financial period	-	2,483	-	-	-	-	2,483
Balance as at 30 September 2010	39,741	(31,720)	62	(52)	586	N/M	8,617

"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 ESOS Scheme (as defined hereafter)	578	-	-	-	-	578
Share options expenses	-	-	20	-	-	20
Comprehensive loss for the financial period	-	(45)	-	-	-	(45)
Balance as at 30 June 2011	43,097	(29,940)	119	(90)	624	13,810

	The Company					
	Share capital (Restated)	Accumulated losses (Restated)	Capital reserves (Restated)	Fair value adjustment reserves (Restated)	Currency translation reserve (Restated)	Total
	US$'000	US$'000	US$ '000	US$'000	US$'000	US$'000
Balance as at 1 April 2010	37,521	(35,192)	44	(52)	361	2,682
Effect of Change in Functional and Reporting Currency	-	-	-	-	23	23
Issuance of new shares – net of share issue expenses	2,220	-	-	-	-	2,220
Share options expenses	-	-	18	-	-	18
Comprehensive loss for the financial period	-	(126)	-	-	-	(126)
Balance as at 30 September 2010	39,741	(35,318)	62	(52)	384	4,817

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 July 2011	42,823
Issuance of new ordinary shares pursuant to the exercise of share options granted under the ESOS Scheme (as defined hereafter)	274
Balance as at 30 September 2011	43,097

(B) Use of proceeds from the placement carried out in 1Q2012

As at the date of this announcement, the net proceeds of about US$2.8 million raised from the placement carried out in 1Q2012 (the "Placement") had been fully utilized as follows:

Use of Placement proceeds

	US$ million
Retirement of existing loan	0.8
Production of products to be launched	0.4
Working capital	1.6
Total amount utilized	2.8

(C) Share options

As at 30 September 2011, there were 83,810,000 outstanding share 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 (30 September 2010: 122,495,000).

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

Save for the Placement and the exercise of share options under the ESOS Scheme, there was no movement in the share capital of the Company during 2Q2012.

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 Sept 2011	**As at 31 Mar 2011**
Total number of issued ordinary shares (excluding treasury shares)	**1,104,065,813**	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 September 2011. Neither was there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 2Q2012.

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:

(1) 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
(2) 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"):

(1) INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments
(2) Revised FRS 24 Related Party Disclosures
(3) Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement
(4) 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 2Q2011.

6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	As at 30 Sep 2011 US$'000	As at 30 Sep 2010 US$'000
Net profit attributable to shareholders	**417**	2,484
Earning per share		
Basic (US cents)	**0.04 cents (1)**	0.27 cents (2)
Diluted (US cents)	**0.04 cents (3)**	0.24 cents (4)

Notes:
(1) Based on the adjusted weighted average number of 1,056,593,191 ordinary shares.
(2) Based on the adjusted weighted average number of 933,184,502 ordinary shares.
(3) Based on the adjusted weighted average number of 1,140,403,191 ordinary shares being the sum of the weighted average number of 1,056,593,191 and the number of outstanding share options granted under the ESOS Scheme as at 30 September 2011.
(4) Based on the adjusted weighted average number of 1,055,679,502 ordinary shares, being the sum of the weighted average number of 933,184,502 and the number of outstanding share options granted under the ESOS Scheme as at 30 September 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.

	The Group		The Company	
	As at 30 Sep 2011 US$'000	As at 31 Mar 2011 US$'000	**As at 30 Sep 2011 US$'000**	As at 31 Mar 2011 US$'000
Net asset value as at end of financial period/year	**17,208**	13,415	**13,810**	10,479
Net asset value per ordinary share as at the end of financial period/year (US cents)	**1.56 cents(1)**	1.34 cents(2)	**1.25 cents(1)**	1.05 cents(2)

Notes:
(1) Based on 1,104,065,813 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, SingTel, Globe Wireless and Satlink.

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 or ineffective. This is particularly so for maritime communications which rely almost entirely on satellite communications, and Addvalue's products are well poised to address these needs.

(a) <u>Review of financial performance of the Group for 2Q2012 (relative to 2Q2011)</u>

Turnover

The Group recorded a turnover of about US$2.8 million in 2Q2012 *vis-à-vis* that of about US$4.6 million achieved in 2Q2011, representing a decrease of about US$1.7 million or 37.5%. The lower turnover was mainly attributed to lower sales generated from our maritime products, despite improved sales from our land products and increased design income. On a half-yearly basis, excluding the *ad hoc* and lumpy Election SABRE™ 1 Sale (as defined below) of about US$2.1 million recorded in 1Q2011, the reduction in turnover in 1H2012 relative to 1H2011 would have narrowed to about US$1.2 million or 18.1%.

The decrease in revenue from the sales of our maritime products in 2Q2012 compared to 2Q2011 was attributed mainly to:

(1) one of our maritime customers spreading its committed orders over a longer period of time to coincide with its scheduled plan in installing the new satellite equipment on board of all its vessels;
(2) certain of our distributors holding back their stock-up of the terminals due to the many uncertainties prompted by the current Euro zone debt crisis, with its profound implications on the global scene; and
(3) the fishery industry, the niche market targeted by our new maritime products, requiring some time to be cultivated and its fishermen to be educated on the switch from the to–be-gradually-phased-out older generation of satellite and radio communication equipment presently in pervasive use to the new generation of satellite equipment promoted by us (the "Migration").

The improved performance of our land terminals in 2Q2012 relative to 2Q2011 was attributed mainly to the receptive demand for our new land product, the SAFARI™ Vehicular Terminal, a land vehicular mobile terminal launched in June 2011.

Profitability

Consequence to the lower turnover, our Group registered a lower gross profit of about US$1.4 million in 2Q2012 compared to that of about US$2.5 million in 2Q2011, at a reduced gross profit margin of about 48.6% compared to that of about 54.3% achieved in 2Q2011. The reduced margin was attributed mainly to a proportionately higher volume of high yielding products sold in 2Q2011 compared to 2Q2012. Notwithstanding which, on a half-yearly basis, our Group attained a higher gross profit margin of about 51.2% in 1H2012 compared to that of about 48.8% in 1H2011, chiefly as a result of higher design income.

In tandem with our continued participation in more exhibitions and partners' conferences and increased printing of product brochures as well as sales and marketing activities to garner greater product awareness for our wider range of products, our selling and distribution expenses increased by about US$113,000 or 131.4%, from about US$86,000 in 2Q2011 to about US$199,000 in 2Q2012.

Our administrative expenses increased by about US$290,000 or 103.6%, from about US$280,000 in 2Q2011 to about US$570,000 in 2Q2012. The increase was due mainly to (1) an one-off long service award given out in August 2011 to a sizable pool of loyal staff; (2) the increase in the provision for directors' fees following the addition of a new Independent Director in September 2010; and (3) the increase in manpower costs as more staff were being recruited in preparation for the production of the increased range of products which our Group undertakes to deliver over the next 12 months and beyond.

Our higher other operating income for 2Q2012 relative to 2Q2011 was attributed mainly to: (1) a government grant received in connection with our collaboration with Agency for Science, Technology and Research (A*Star) Institute for Infocomm

Research (I^2R) and SP PowerGrid (a member of Singapore Power Group) for the project, entitled "Cyber Security and Secure Intelligent Electronics Devices for EV Ecosystem in Smart Grid", which looks at securing the grid network with the development of a universal application-independent security blueprint to enable grid integrated applications such as electric vehicle charging infrastructure (as announced by the Group on 17 October 2010); and (2) an unrealised foreign exchange translation gain due to the strengthened US$ *vis-à-vis* S$ as at 30 September 2011 compared to that as at 30 June 2011.

Our other operating expenses decreased by about US$141,000 or 24.7%, from about US$572,000 in 2Q2011 to about US$431,000 in 2Q2012, due mainly to 2Q2011's unrealised foreign exchange translation loss and one-off renovation cost incurred in enlarging the premises of the Group to accommodate the expanded staff strength.

With regard to the Group's exposure to Euro, this has always been and is expected to continue to be minimal and mitigated as explained in Note (1) to paragraph 1.(a)(ii).

Our finance expenses increased by about US$9,000 or 10.6%, from about US$85,000 in 2Q2011 to about US$94,000 in 2Q2012, due to increased borrowings over the periods under consideration.

After accounting for income tax of about US$30,000 in 2Q2012 (nil in 2Q2011), our Group recorded a net profit after tax of about US$210,000 relative to that of about US$1.5 million in 2Q2011.

On a half-yearly basis, we registered a net profit after tax of about US$417,000 in 1H2012 compared to that of about US$2.5 million achieved in 1H2011. The decrease of about US$2.1 million was in part due to the aforesaid and in part due to the Election SABRE™ 1 Sale, being the sale of about US$2.1 million worth of SABRE™ 1 BGAN Terminals in 1Q2011 for partially meeting the needs of the10 May 2010 Philippines' National Elections as highlighted in our results announcement for 1Q2012 released on 12 August 2011. The Election SABRE™ 1 Sale was *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.

(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, including new spin-off products.

The increase in our inventories was mainly attributed to increased finished goods built up for buffer stock for a wider range of our products.

The increase in our trade receivables was attributed mainly to credit sales 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$1.1 million amounting to about 31.1% of the trade receivables of about US$3.6 million outstanding as at 30 September 2011.

The increase in amount due from customers for contract work was attributed principally to work done but yet to be billed in respect of the design contract procured in 4Q2011.

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, the Placement carried out in 1Q2012 as well as the employees' share options exercised prior to 1 October 2011 in respect of the ESOS Scheme:

(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) reduced from about 28.3% as at 31 March 2011 to about 18.9% as at 30 September 2011;
(2) the working capital position of the Group more than doubled from about US$2.5 million as at 31 March 2011 to about US$5.4 million as at 30 September 2011;
(3) the net cash of the Group generated from operating activities reversed from a negative cash flow used in operations of about US$1.3 million in 2Q2011 to a positive cash generated of about US$0.4 million in 2Q2012;
(4) 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 September 2011; and
(5) the net asset value of the Group improved by about US$3.8 million or 28.3% from about US$13.4 million as at 31 March 2011 to about US$17.2 million as at 30 September 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 1.56 US cents per share as at 30 September 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

Akin to the Election SABRE™1 Sale, subsequent to 30 September 2011, we secured a purchase commitment for about US$1.0 million worth of our SABRE™ 1 Terminals in support of a political election to be held in an African country by end of the calendar year. Coupled with the expected continued receptive demand for our newly launched SAFARI™ Vehicular Terminals, barring any unforeseen circumstances, the Group expects its Inmarsat-centric land based BGAN products to continue to generate significant sales for the second half of FY2012 and for the next 12 months.

As regards the sales of our current range of maritime terminals, be it the Inmarsat-centric FleetBroadband Terminals or the Thuraya-centric Seagull Terminals, the Group believes that, with the anticipated imminent implementation of vast improved air-time packages by the satellite infrastructure operators, the Migration, which has been retarded by the present relatively more expensive air-time charges, is expected to be accelerated. With regard to the sales for our newly launched Seagull 5000i Terminals, which operate on Thuraya's satellite network, these terminals continue to gain traction in East Asia and South East Asia, and, barring any unforeseen circumstances, are expected to generate pick-up sales in the second half of FY2012. As to our customized low cost Thuraya-centric Seagull Terminal, targeting the very cost conscious users in South East Asia for a new customer mentioned in our previous results announcement for 1Q2012, the development is on target and we expect the prototype units, which are currently being tested, to be completed with the first batch of the terminals to be made available for sale by the last financial quarter of FY2012. Additionally (as announced in a separate press release of even date), the Group has successfully added another new OEM customer, namely SeaTel, to its clientele for the design and supply of a range of customized Inmarsat-centric FleetBroadband terminals (the "New OEM Terminals") (kindly refer to the press release of even date for details). Baring any unforeseen circumstance, we expect to commence shipment of the first model of the New OEM Terminal by the first quarter of the next financial year.

Barring any unforeseen circumstances, we are optimistic about our performance for the remaining period of FY2012 and expect the Group's performance for the second half of FY2012 to outperform that of the first half.

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; 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. 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 2Q2012.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman & CEO

10 November 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 September 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, CTO & COO

10 November 2011