ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2011 ("3Q2012") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2012 ("FY2012")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF THE THIRD 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 since the first financial quarter of FY2012, being the three-month period ended 30 June 2011 ("1Q2012"), 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 3Q2012 and for the nine-month ended 31 December 2011 ("9M2012") 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 nine-month periods ended 31 December 2010 are translated at the average rate during the period with the resultant exchange difference recognized directly in equity as at 31 December 2010.

	The Group					
	3Q2012	3Q2011	%	**9M2012**	9M2011	%
		(Restated)	Change		(Restated)	Change
	US$'000	US$'000		**US$'000**	US$'000	
Revenue	**2,519**	3,052	(17.5%)	**8,135**	12,007	(32.2%)
Cost of sales	**(1,381)**	(1,615)	(14.5%)	**(4,124)**	(6,201)	(33.5%)
Gross profit	**1,138**	1,437	(20.8%)	**4,011**	5,806	(30.9%)
Other operating income	**46**	13	253.8%	**108**	46	134.8%
Selling & Distribution expenses	**(168)**	(152)	10.5%	**(654)**	(342)	91.2%
Administrative expenses	**(258)**	(224)	15.2%	**(1,084)**	(735)	47.5%
Other operating expenses	**(497)**	(579)	(14.2%)	**(1,418)**	(1,621)	(12.5%)
Profit from operations	**261**	495	(47.3%)	**963**	3,154	(69.5%)
Finance expenses	**(71)**	(82)	(13.4%)	**(265)**	(257)	3.1%
Profit before tax	**190**	413	(54.1%)	**698**	2,897	(75.9%)
Taxation	**(16)**	-	N/m	**(107)**	-	N/m
Net profit for the period	**174**	413	(57.9%)	**591**	2,897	(79.6%)
Other comprehensive income	**-**	-	-	**-**	-	
Total comprehensive income for the period	**174**	413	(57.9%)	**591**	2,897	(79.6%)
Attributable to:						
Equity holders of the Company	**174**	413		**591**	2,897	
Non-controlling interests	**-**	-		**-**	-	
Total comprehensive income for the period	**174**	413	(57.9%)	**591**	2,897	(79.6%)

"3Q2011" denotes the third financial quarter ended 31 December 2010 in respect of the financial year ended 31 March 2011 ("FY2011")
"9M2011" denotes the nine months financial period ended 31 December 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					
	3rd Quarter		%	**Year-To-Date**		%
	3Q2012	3Q2011 (Restated)	Change	9M2012	9M2011 (Restated)	Change
	US$'000	US$'000		**US$'000**	US$'000	
Profit before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	355	304	16.8%	987	958	3.0%
Foreign exchange (gain)/loss (net)[1]	(18)	84	(121.4%)	(36)	162	(122.2%)
Interest expense	71	82	(13.4%)	265	257	3.1%

"% 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 31 Dec 2011	As at 31 Mar 2011 (Restated)	**As at 31 Dec 2011**	As at 31 Mar 2011 (Restated)
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets				
Property, plant and equipment	**615**	681	**-**	-
Subsidiaries	**-**	-	**10,902**	7,032
Intangible assets	**12,074**	10,530	**-**	-
Staff loan receivable	**55**	67	**-**	-
Deferred tax assets	**1,837**	1,944	**-**	-
	14,581	13,222	**10,902**	7,032
Current assets				
Inventories	**2,131**	1,627	**-**	-
Amount due from customers for contract work	**771**	668	**-**	-
Trade receivables	**2,987**	3,285	**-**	-
Other receivables, deposits and prepayments	**860**	875	**-**	-
Available-for-sales financial asset	**3**	3	**3**	3
Due from subsidiaries (non-trade)	**-**	-	**3,730**	4,253
Cash and cash equivalents	**319**	609	**3**	13
	7,071	7,067	**3,736**	4,269
Total assets	**21,652**	20,289	**14,638**	11,301
Current liabilities				
Trade payables	**1,073**	1,338	**-**	-
Other payables and accruals	**1,091**	1,698	**435**	699
Borrowings	**2,308**	1,473	**-**	-
Advance receipts	**6**	36	**-**	-
Due to subsidiaries (non-trade)	**-**	-	**114**	123
	4,478	4,545	**549**	822
Net current assets	**2,593**	2,522	**3,187**	3,447
Non-current liabilities				
Non-current borrowings	**(38)**	(2,329)	-	-
Net assets	**17,136**	13,415	**14,089**	10,479
Equity attributable to the Company's equity holders				
Share capital	**43,622**	40,488	**43,622**	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	**(28,093)**	(28,660)	**(30,186)**	(29,895)
Total equity	**17,136**	13,415	**14,089**	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)	**2,137**	1,254
Unsecured	**171**	219
	2,308	1,473
Amount repayable after one year		
Secured(1)	**38**	2,160
Unsecured	**-**	169
	38	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 statement of cash flows (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3Q2012	3Q2011 (Restated)
	US$'000	US$'000
OPERATING ACTIVITIES		
Profit before tax	**190**	413
Adjustments for:		
Amortisation of intangible assets	**270**	226
Depreciation of plant and equipment	**85**	78
Share options expense	**-**	18
Interest expense	**71**	82
Effect of Change in Functional and Reporting Currency and currency realignment	**(72)**	16
Operating profit before changes in working capital	**544**	833
Changes in working capital		
Inventories	**(49)**	(182)
Trade and other receivables	**643**	(326)
Construction contract work-in-progress	**(66)**	-
Trade and other payables	**(228)**	(50)
Development expenditure	**(837)**	(738)
Advance receipts	**2**	(60)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	***9***	*(523)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(113)**	(12)
Purchase of computer software	**-**	(2)
NET CASH USED IN INVESTING ACTIVITIES	***(113)***	*(14)*
FINANCING ACTIVITIES		
Repayments of loans – net	**(826)**	109
Proceeds from issue of new shares (net of share issue expenses)	**525**	-
Redemption of Preference shares issued by a subsidiary	**(771)**	-
Interest paid	**(71)**	(82)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	***(1,143)***	*27*
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,247)**	(510)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	**1,566**	645
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (NOTE 1)	**319**	135

Note 1:

	The Group	
	3Q2012	3Q2011
	US$'000	US$'000
Cash and cash equivalents	**319**	135
Less: Bank overdrafts	**-**	-
	319	135

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 immediately 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[1] (net of share issue expenses)	2,778	-	-	-	-	-	2,778
- Pursuant to exercise of share options under the ESOS Scheme (as defined hereafter)	1,103	-	-	-	-	-	1,103
Redemption of Preference shares issued by a subsidiary	(747)	(24)	-	-	-	-	(771)
Share options expenses	-	-	20	-	-	-	20
Comprehensive profit for the financial period	-	591	-	-	-	-	591
Balance as at 31 December 2011	43,622	(28,093)	119	(90)	1,578	-	17,136

	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[2]	3,803
Effect of Change in Functional and Reporting Currency	-	-	-	-	540	-	540
Issuance of new shares - net of share issue expenses	2,220	-	-	-	-	-	2,220
Share options expenses	-	-	37	-	-	-	37
Comprehensive profit for the financial period	-	2,897	-	-	-	-	2,897
Balance as at 31 December 2010	39,741	(31,306)	81	(52)	1,033	N/M[2]	9,497

Notes:

(1) "Placement" refers to the placement carried out by the Company in 1Q2012 which raised a net proceeds of about US$2.8 million

(2) *"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(1) (net of share issue expenses)	2,778	-	-	-	-	2,778
- Pursuant to exercise of share options under the ESOS Scheme (as defined hereafter)	1,103	-	-	-	-	1,103
Share options expenses	-	-	20	-	-	20
Comprehensive loss for the financial period	-	(291)	-	-	-	(291)
Balance as at 31 December 2011	43,622	(30,186)	119	(90)	624	14,089

	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	-	-	-	-	188	188
Issuance of new shares – net of share issue expenses	2,220	-	-	-	-	2,220
Share options expenses	-	-	37	-	-	37
Comprehensive loss for the financial period	-	(194)	-	-	-	(194)
Balance as at 31 December 2010	39,741	(35,386)	81	(52)	549	4,933

Note:
(1) "Placement" refers to the placement carried out by the Company in 1Q2012 which raised a net proceeds of about US$2.8 million

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 immediately preceding financial year.

(A) Share capital of the Company

	US$'000
Balance as at 1 October 2011	43,097
Issuance of new ordinary shares pursuant to the exercise of share options granted under the ESOS Scheme (as defined hereafter)	525
Balance as at 31 December 2011	43,622

(B) Share options

As at 31 December 2011, there were 64,310,000 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 (31 December 2010: 122,495,000).

Save as disclosed, the Company has no other outstanding convertibles and treasury shares as at 31 December 2011 and 31 December 2010.

Save for the exercise of share options under the ESOS Scheme, there was no movement in the share capital of the Company during 3Q2012.

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)	**1,123,565,813**	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 has had no treasury shares as at 31 December 2011. Neither was there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 3Q2012.

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 3Q2012.

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 31 Dec 2011 US$'000	As at 31 Dec 2010 US$'000
Net profit attributable to shareholders	**591**	2,897
Earning per share		
Basic (US cents)	**0.05 cents (1)**	0.30 cents (2)
Diluted (US cents)	**0.05 cents (3)**	0.27 cents (4)

Notes:
(1) Based on the adjusted weighted average number of 1,078,714,939 ordinary shares.
(2) Based on the adjusted weighted average number of 954,836,722 ordinary shares.
(3) Based on the adjusted weighted average number of 1,143,024,939, ordinary shares being the sum of the weighted average number of 1,078,714,939 and the number of outstanding share options granted under the ESOS Scheme as at 31 December 2011.
(4) Based on the adjusted weighted average number of 1,077,331,722 ordinary shares, being the sum of the weighted average number of 954,836,722 and the number of outstanding share options granted under the ESOS Scheme as at 31 December 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 31 Dec 2011 US$'000	As at 31 Mar 2011 US$'000	**As at 31 Dec 2011 US$'000**	As at 31 Mar 2011 US$'000
Net asset value as at end of financial period/year	**17,136**	13,415	**14,089**	10,479
Net asset value per ordinary share as at the end of financial period/year (US cents)	**1.53 cents(1)**	1.34 cents(2)	**1.25 cents(1)**	1.05 cents(2)

Notes:
(1) Based on 1,123,565,813 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 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 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's turnover reduced by about US$0.5 million or 17.5% from about US$3.1 million in 3Q2011 to about US$2.5 million in 3Q2012 and by about US$3.9 million or 32.2% from about US$12.0 million in 9M2011 to about US$8.1 million in 9M2012. The lower turnovers were mainly attributed to lower product sales despite improvement in design incomes.

The decreases in revenue from product sales were in turn attributed mainly to:

(1) The less positive global economic outlook, prompted especially by uncertainties due to the euro zone debt crisis, has slowed down the commitment of new instalments and replacement of equipment with dealers delaying the replenishment of stock (the "Uncertain Outlook").

(2) A number of re-structuring of certain key players (concerning both the Very-Small-Aperture-Terminal (VSAT) and mobile satellite communications operators and their major distributors) in the satellite communications industry has caused a new paradigm to be settled down, which in turn has resulted in many of the existing and prospective buyers to hold back commitments while they await the shift to percolate through (the "Industry Reorganization")..

(3) More time is required to cultivate the fishery market demand while the satellite communications operators formulate new air time pricing packages to incentivize the use of the new generation satellite communications equipment (the "New Air Time Pricing Formulation Delay").

Profitability

Consequence to the lower turnovers, our Group registered lower gross profits of about US$1.1 million in 3Q2012 compared to that of about US$1.4 million in 3Q2011 and of about US$4.0 million in 9M2012 compared to that of about US$5.8 million in 9M2011. While the Group's gross profit margin was reduced from about 47.1% in 3Q2011 to about 45.2% in 3Q2012, on a nine-month basis, the margin improved from about 48.4% in 9M2011 to about 49.3% in 9M2012. The changes in gross profit margins were attributed mainly to the proportionate mix of products of differing yields over the relevant periods of comparison~~.~~

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, which commenced from 3Q2011, our selling and distribution expenses increased by about US$16,000 or 10.5% from about US$152,000 in 3Q2011 to about US$168,000 in 3Q2012 and by about US$312,000 or 91.2% from about US$342,000 in 9M2011 to about US$654,000 in 9M2012.

The increase in our administrative expenses for 3Q2012 vis-à-vis 3Q2011 was due principally to increased staff strength while that for 9M2012 *vis-à-vis* 9M2011 was attributed principally to the three reasons (specifically, an one-off long service award given out in August 2011 to a sizable pool of loyal staff; increase in the provision for directors' fees following the addition of a new Independent Director; and the increase in manpower costs) as explained in our results announcement for 1H2012.

The increase in our operating income for 3Q2012 vis-à-vis 3Q2011 was attributed principally to an unrealised foreign exchange translation gain due to the strengthened US$ *vis-à-vis* S$ as at 31 December 2011 compared to that as at 30 September 2011 (the "Exchange Gain") while that for 9M2012 *vis-à-vis* 9M2011 was attributed principally to the government grant received as explained in our results announcement for H12012 and the Exchange Gain.

The continued decrease in our other operating expenses for 3Q2012 vis-à-vis 3Q2011 was due mainly to 3Q2011's unrealised foreign exchange translation loss (the "Exchange Loss") netted off against an increase in the amortisation of the land mobile development expenses following the commercialization of the land mobile terminals in 3Q2012 while that for 9M2012 *vis-à-vis* 9M2011 was attributed principally to the one-off renovation cost incurred in 2Q2011 as explained in our results announcement for 1H2012 and the Exchange Loss.

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 decreased by about US$11,000 or 13.4%, from about US$82,000 in 3Q2011 to about US$71,000 in 3Q2012, due to loan repayment.

After accounting for income tax of about US$16,000 in 3Q2012 (nil in 3Q2011), our Group recorded a net profit after tax of about US$174,000 relative to that of about US$413,000 in 3Q2011.

(b) Review of financial position of the Group as at 30 December 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.

In tandem with its business activities, the Group registered decreases in trade receivables, trade payables, other payables and accruals.

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 contracts procured in 4Q2011 and in 3Q2012.

Our borrowings from banks and financial institution 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 as well as the employees' share options exercised prior to 1 January 2012 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 13.7% as at 31 December 2011;
(2) the working capital position of the Group improved from about US$2.5 million as at 31 March 2011 to about US$2.6 million as at 31 December 2011;
(3) the net cash of the Group generated from operating activities reversed from a negative cash flow used in operations of about US$0.5 million in 3Q2011 to a positive cash generated of about US$9,000 in 3Q2012;
(4) the net tangible assets of the Group improved from about US$2.9 million as at 31 March 2011 to about US$5.1 million as at 31 December 2011; and
(5) the net asset value of the Group improved by about US$3.7 million or 27.7% from about US$13.4 million as at 31 March 2011 to about US$17.1 million as at 31 December 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 31 December 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

We have received repeat orders of about US$1.3 million from one of our existing OEM customers for the delivery of Inmarsat-centric Fleetbroadband terminals in 1H2013.

Further, our contract with Sea Tel for the design and supply of a range of customised Inmarsat-centric Fleetbroadband terminals (the "New OEM Terminals") is progressing on schedule, and we expect to commence the supply of the New OEM Terminals by 1Q2013.

Notwithstanding the above, the Uncertain Outlook, the Industry Reorganization and the New Air Time Pricing Formulation Delay have affected the industry's sales of satellite communications terminals as many existing and potential distributors and end-users would adopt a wait and see attitude before making any commitment on new purchases. With the consequential quandary effects expected to last for about three to six months, coupled with a delay in the introduction of the low cost Thuraya-centric terminals till 1Q2013 from the initial planned 4Q2012, a slowdown in business activities is expected to continue for another one to two quarters..

Following from the above, the performance of the Group for the second half of FY2012 may tail 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. 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 3Q2012.

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 confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

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-month ended 31 December 2011 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, CTO & COO

13 February 2012