ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2010 ("3Q2011") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2011 ("FY2011")

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 Group					
	3rd Quarter		%	**Year-To-Date**		%
	3Q2011 S$'000	3Q2010 S$'000	Change	**9MFY2011 S$'000**	9MFY2010 S$'000	Change
Revenue	4,087	2,810	45.4%	16,076	4,011	300.8%
Cost of sales	(2,162)	(1,930)	12.0%	(8,301)	(2,645)	213.8%
Gross profit	1,925	880	118.8%	7,775	1,366	469.2%
Other operating income	17	73	(76.7%)	61	310	(80.3%)
Selling & Distribution expenses	(203)	(62)	227.4%	(457)	(141)	224.1%
Administrative expenses	(401)	(208)	92.8%	(984)	(792)	24.2%
Other operating expenses	(674)	(761)	(11.4%)	(2,171)	(4,000)	(45.7%)
Profit/(Loss) from operations	664	(78)	N/m	4,224	(3,257)	N/m
Finance expenses	(110)	(112)	1.8%	(345)	(353)	(2.3%)
Profit/(Loss) before tax	554	(190)	N/m	3,879	(3,610)	N/m
Taxation	-	-	N/m	-	-	N/m
Net profit/(loss) attributable to shareholders	554	(190)	N/m	3,879	(3,610)	N/m
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	N/m	-	-	N/m
Total comprehensive profit/(loss) for the period	554	(190)	N/m	3,879	(3,610)	N/m

"3Q2011" denotes the third financial quarter period ended 31 December 2010 in respect of FY2011
"3Q2010" denotes the third financial quarter period ended 31 December 2009 in respect of FY2010
"9MFY2011" denotes the 9 months financial period ended 31 December 2010 in respect of FY2011
"9MFY2010" denotes the 9 months financial period ended 31December 2009 in respect of FY2010
"% 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**		%
	3Q2011	3Q2010	Change	**9MFY2011**	9MFY2010	Change
	S$'000	S$'000		**S$'000**	S$'000	
Profit/(loss) before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	407	456	(10.7%)	1,282	1,173	9.3%
Foreign exchange loss/(gain) (net)	112	(73)	N/m	217	(325)	N/m
Interest expense	110	112	(1.8%)	345	353	(2.3%)

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

1.(b)(i) A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	As at 31 Dec 2010 S$'000	As at 31 Mar 2010 S$'000	**As at 31 Dec 2010 S$'000**	As at 31 Mar 2010 S$'000
Non-current assets				
Plant and equipment	**799**	1,057	**-**	-
Subsidiaries	**-**	-	**2,770**	2,725
Intangible assets	**12,829**	11,091	**-**	-
Current assets				
Inventories	**2,190**	1,946	**-**	-
Trade receivables	**3,361**	2,157	**-**	-
Other receivables, deposits and prepayment	**1,079**	1,682	**-**	-
Available-for-sale financial asset	**51**	56	**51**	56
Due from subsidiaries (non-trade)	**-**	-	**5,377**	2,623
Cash and bank balances	**171**	246	**20**	1
	6,852	6,087	**5,448**	2,680
Total assets	**20,480**	18,235	**8,218**	5,405
Current liabilities				
Trade payables	**1,246**	1,880	**-**	-
Other payables and accruals	**2,328**	3,403	**844**	781
Borrowings	**1,321**	1,107	**-**	-
Advances received from customers	**77**	2,481	**-**	-
Due to subsidiaries (non-trade)	**-**	-	**155**	167
	4,972	8,871	**999**	948
Net current assets/(liabilities)	**1,880**	(2,784)	**4,449**	1,732
Non-current liabilities				
Borrowings	**(3,243)**	(4,000)	-	-
Net assets	**12,265**	5,364	**7,219**	4,457
Equity attributable to the Company's equity holders				
Share capital	**65,824**	62,852	**65,824**	62,852
Capital reserve	**115**	65	**115**	65
Fair value adjustment reserve	**(74)**	(74)	**(74)**	(74)
Accumulated losses	**(53,600)**	(57,479)	**(58,646)**	(58,386)
	12,265	5,364	**7,219**	4,457
Minority interests	**N/m**	N/m	**-**	-
Total equity	**12,265**	5,364	**7,219**	4,457

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

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

	As at 31 Dec 2010 S$'000	As at 31 Mar 2010 S$'000
Amount repayable in one year or less or on demand		
Secured[1]	**1,084**	-
Unsecured	**237**	1,107
	1,321	1,107
Amount repayable after one year		
Secured[1]	**3,000**	4,000
Unsecured	**243**	-
	3,243	4,000

Details of any collateral

(1) These are secured by:

- A floating charge on the inventories of a subsidiary of the Company.
- An escrow account with a bank of a subsidiary of the Company.
- 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	
	3Q2011	3Q2010
	S$'000	S$'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	**554**	(190)
Adjustments for:		
Amortization of intangible assets	**303**	297
Depreciation of plant and equipment	**104**	159
Interest expense	**110**	112
Share options expenses	**25**	-
Operating profit/(loss) before changes in working capital	**1,096**	378
Changes in working capital		
Inventories	**(243)**	(22)
Trade and other receivables	**(438)**	(2,839)
Construction contract work-in-progress	**-**	938
Trade and other payables	**(68)**	(1,738)
Advances received from customers	**(79)**	3,008
Development expenditure	**(989)**	(772)
Cash used in operations	**(721)**	(1,047)
Income tax paid	**-**	-
NET CASH USED IN OPERATING ACTIVITIES	***(721)***	*(1,047)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(16)**	(58)
Purchase of intangible asset	**(3)**	-
NET CASH USED IN INVESTING ACTIVITIES	***(19)***	*(58)*
FINANCING ACTIVITIES		
Shares issue expenses	**-**	(212)
Proceeds from loans – net of repayments	**146)**	2,560
Interest paid	**(110)**	(112)
NET CASH FROM FINANCING ACTIVITIES	***36***	*2,236*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(704)**	1,131
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**875**	(164)
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 1)	**171**	967

Note 1:

Cash and cash equivalents consist of:

	The Group	
	3Q2011	3Q2010
	S$'000	S$'000
Total cash and bank balances	**171**	967
Less: Bank overdrafts	**-**	-
	171	967

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 reserve	Fair value adjustment reserve	Minority interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2010	62,852	(57,479)	65	(74)	N/m	5,364
Issuance of new shares	3,290	-	-	-	-	3,290
Share issue expenses	(318)	-	-	-	-	(318)
Share options expenses	-	-	50	-	-	50
Comprehensive profit for the period	-	3,879	-	-	-	3,879
Balance at 31 December 2010	65,824	(53,600)	115	(74)	-	12,265

	The Group					
	Share capital	Accumulated losses	Capital reserve	Fair value adjustment reserve	Minority interests	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2009	59,166	(54,265)	65	-	N/m	4,966
Issuance of new shares	4,197	-	-	-	-	4,197
Share issue expenses	(513)	-	-	-	-	(513)
Comprehensive loss for the period	-	(3,610)	-	-	-	(3,610)
Balance as at 31 December 2009	62,850	(57,875)	65	-	-	5,040

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

	The Company				
	Share capital	Accumulated losses	Capital reserve	Fair value adjustment reserve	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 April 2010	62,852	(58,386)	65	(74)	4,457
Issuance of new shares	3,290	-	-	-	3,290
Share issue expense	(318)	-	-	-	(318)
Shares options expenses	-	-	50	-	50
Comprehensive loss for the period	-	(260)	-	-	(260)
Balance as at 31December 2010	65,824	(58,646)	115	(74)	7,219

	The Company				
	Share capital	Accumulated losses	Capital reserve	Fair value adjustment reserve	Total
	S$'000	S$'000	S$ '000	S$'000	S$'000
Balance at 1 April 2009	59,166	(56,232)	65	-	2,999
Issuance of new shares	4,197	-	-	-	4,197
Share issue expenses	(513)	-	-	-	(513)
Comprehensive loss for the period	-	(300)	-	-	(300)
Balance as at 31 December 2009	62,850	(56,532)	65	-	6,383

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

Pursuant to a placement carried out in 2Q2011, the Company issued 94,000,000 new ordinary shares for cash at an issue price of S$0.035 each (the "Placement"). These shares rank *pari passu* in all respect with the existing ordinary shares of the Company.

There was no movement in the share capital of the Company during 3Q2011.

Use of the proceeds from the Placement

As at the date of this announcement, the net proceeds of about S$3.0 million raised from the Placement had been fully utilized as follows:

Use of Placement proceeds

	S$ million
Production of products to be launched	1.0
Development of new products	1.0
Working capital	1.0
Total amount utilised	3.0

(B) Share options

As at 31 December 2010, there were 122,495,000 outstanding share options issued pursuant to the Company's Employee Share Option Scheme (the "Scheme"), which are capable of being exercised into the same equivalent number of shares of the Company (31 December 2009: 12,495,000).

Saved for the above, the Company has no other outstanding convertibles and treasury shares as at 31 December 2010 and 31 December 2009.

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 31 Dec 2010	**As at 31 Mar 2010**
Total number of issued ordinary shares (excluding treasury shares)	997,905,813	903,905,813

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 31 December 2010.

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 in the audited annual financial statements for the financial year ended 31 March 2010.

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 31 Dec 2010 S$'000	As at 31 Dec 2009 S$'000
Net profit/(loss) attributable to shareholders	**3,879**	(3,610)
Earning/(loss) per share		
Basic (Singapore cents)	**0.41 cents(1)**	(0.42) cents(2)
Diluted (Singapore cents)	**0.36 cents(3)**	(0.42) cents(4)

Notes:

(1) Based on the adjusted weighted average number of 954,836,722 ordinary shares.

(2) Based on the adjusted weighted average number of 857,651,268 ordinary shares.

(3) 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 ESOS options granted under the Addvalue Employee Share Option Scheme as at 31 December 2010.

(4) Based on the adjusted weighted average number of 857,651,268 ordinary shares. The outstanding ESOS Options granted under the Addvalue Employee Share Option Scheme as at 31 December 2009 were not included for this calculation as they are anti-dilutive.

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 2010 S$'000	As at 31 Mar 2010 S$'000	**As at 31 Dec 2010 S$'000**	As at 31 Mar 2010 S$'000
Net asset value as at end of financial period/year	**12,265**	5,364	**7,219**	4,457
Net asset value per ordinary share as at the end of financial period/year (Singapore cents)	**1.23 cents(1)**	0.59 cents(2)	**0.72 cents(1)**	0.49 cents(2)

Notes:

(1) Based on 997,905,813 issued shares.

(2) Based on 903,905,813 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.

(a) Review of financial performance of the Group for 3Q2011 (relative to that of 3Q2010)

Overview

Addvalue is a leading global one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a variety of voice and IP-based data applications. The Group has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally-renowned leaders such as Inmarsat, Thuraya, Stratos, Vizada, Satlink and Globe Wireless.

Through the recent years of consistent 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.

Turnover

The turnovers of our Group increased by about S$1.3 million or about 45.4% from about S$2.8 million in 3Q2010 to about S$4.1 million in 3Q2011 and by more than 4-fold from about S$4.0 million in 9MFY2010 to about S$16.1 million in 9MFY2011. The marked increases in turnover were attributed mainly to the continued robust sales for a wider range of our Inmarsat-centric land and maritime products. The Group would have attained even better turnovers had it not due to the delay in the product roll-out plans by some of its key customers.

Profitability

With increased turnovers, we increased our gross profits by more than double from about S$0.9 million for 3Q2010 to about S$1.9 million for 3Q2011 and by more than 5-fold from about S$1.4 million in 9MFY2010 to about S$7.8 million in 9MFY2011.

Due principally to sales with a better mix of higher yielding products, the gross profit margin of our Group also improved from about 31.3% in 3Q2010 to about 47.1% in 3Q2011 and from about 34.1% in 9MFY2010 to about 48.4% in 9MFY2011.

In tandem with the growth in turnover, our selling and distribution expenses, principally through participation in more exhibitions and more promotional activities, increased by about S$141,000 from about S$62,000 in 3Q2010 to about S$203,000 in 3Q2011.

Over the same periods under consideration, the increase in administrative expenses was attributed mainly to increased staff costs and office renovations (in accommodating the additional staff) as well as professional fees incurred.

Following from the above, we reversed from an operating loss of about S$0.1 million in 3Q2010 to an operating profit of about S$0.7 million in 3Q2011.

No tax expense was accrued for the periods under consideration as the Group has a significant amount of unutilised tax losses brought forward.

Consequently, our Group reversed from a net loss of about S$0.2 million in 3Q2010 to a net profit of about S$0.6 million in 3Q2011 and more startlingly from a net loss of about S$3.6 million in 9MFY2010 to a net profit of about S$3.9 million in 9MFY2011.

(b) Review of financial position of the Group as at 31 December 2010 (relative to that as at 31 March 2010)

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

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

The increase in trade receivables was due to finished goods delivered towards the end of 31 December 2010.

The decreases in other receivables, deposits and prepayments were attributed mainly to the reduction in prepayments required by certain of our key vendors as we gained better payment terms from them.

We recorded lower trade payables, other payables and accruals, following payments made, and advances received from customers, following the shipment of products ordered by the customers concerned. As a consequence of which, we registered a negative cash flow used in operations of about S$0.7 million in 3Q2011. Notwithstanding which, this represents a substantial improvement to the negative cash flow used in operations of about S$1.0 million in 3Q2010 .

Following the notable results achieved in 9MFY2011 and the Placement carried out in 2Q2011, the Group greatly improved:

- its working capital position which reversed from a negative of about S$2.8 million as at 31 March 2010 to a positive of about S$1.9 million as at 31 December 2010; and
- its gearing (defined as the total interest-bearing loans expressed as a percentage of total equity) from about 95.2% as at 31 March 2010 to about 37.2% as at 31 December 2010.

(c) Subsequent event

Subsequent to 31 December 2010 and with a view to strengthen the existing balance sheet of the Group, particularly in reversing our negative NTA position to a positive one, for the bidding of imminent design projects, which often come with such a requirement, and for procuring financings from financial institutions, which often deem it as a pre-requisite, the Company via its wholly-owned subsidiary, Addvalue Communications Pte Ltd ("AVC"), has entered into an agreement to issued 1,000,000 non-cumulative, non-convertible redeemable preference shares at S$1.00 each (the "RPSs") to The Enterprise Fund II Ltd, an existing creditor of AVC. These RPSs are redeemable in whole or in part at a premium of 3% at any time at the option of AVC.

Upon the issuance of the RPSs, the NTA position of the Group, based on the consolidated balance sheet of the Group as at 31 December 2010, would have reversed from a negative S$0.56 million to a positive S$0.44 million.

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

The demands for both our land and maritime based terminals continue to be strong and robust, despite the unsettling global economy. Notwithstanding that we only rolled out our first satellite mobile terminal, a BGAN land portable version, less than 4 years ago, the product has already gained industry-wide recognition. As regards our other land based and maritime based products rolled out subsequently, these are also making inroads into their respective market segments and each have established itself as a cost effective, high quality, reliable and good performance product in the market places. Our strategy to forge partnership and collaboration with certain of our key customers, such as Satlink and Globe Wireless, too has worked out well in cementing our niche in the mobile satellite communications industry.

A recent study conducted by Euroconsult EC[(1)] anticipates the Mobile Satellite Industry for the maritime segment in respect of the following 2 areas of communication to grow at the accompanying respective annual compound rates ("CAGR") from 2010 to 2015:

- ***For broadband communications demand:*** At a CAGR of about 30% due to changing and improving satellite services usage pattern believed to be prompted by the trending downwards of airtime charges towards affordable levels with technology being introduced to help users get the most out of their bandwidth and increase ease of use; and
- ***For the Machine to Machine or M2M communications demand:*** At a CAGR of about 12% as M2M, which is a means of establishing the flow of data between machines and ultimately people and is used extensively in markets such as transportation, heavy equipment, oil & gas, maritime, energy and utilities and also in public sector, offers via satellite connectivity the invaluable attractions of communication from anywhere at anytime and as an ideal way of reducing communication costs.

Over the same period from 2010 to 2015 and underpins in part by the above considerations, the study also expects demands for satellite communications from the merchant, fishing and leisure boats sectors to grow at a CAGR of about 30%.

We are excited about the opportunities avail by the aforesaid and stand ready to exploit them. Confident about our prospects and in riding the growth trends, we have in store scheduled plans to roll out new satellite based products and applications as well as to expand into new markets over the next 12 months.

Barring any unforeseen circumstances and delay in the procurement of certain key production components amidst the present tight supply conditions globally, we remain optimistic about our performance for the rest of FY2011.

Note:
(1) Source: A Research Report on Maritime Telecom Solutions by Satellite - Global Market Analysis & Forecasts published in September 2010 by Euroconsult EC

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. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, 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 2Q2011.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman & CEO

28 January 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 third quarter and nine months ended 31 December 2010 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

28 January 2011