

## **ADDVALUE TECHNOLOGIES LTD**

Company Registration Number: 199603037H

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### **NEWS RELEASE -**

## **ADDVALUE ACHIEVES TURNAROUND PROFIT IN FY07 - Strategic Realignment of Business Starting to Yield Good Results**

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### **FY07 Performance Highlights:**

- Milestone turnaround in net profit to \$0.3m, from loss of \$22.8m
- Recorded operating profit of S\$0.7m compared to operating loss of S\$1.0m in previous financial year.
- Net assets per share doubled to 0.56 cents in FY07, from 0.28 cents in FY06
- Group's cash position turned positive; standing at S\$1.3m at close of FY07
- Outstanding book order of S\$5.4m for BGAN satellite terminals supplied by Addvalue; provide basis for optimism of Group's future growth prospects through FY08

**Singapore, 24 May 2007** – Following efforts to realign its business to focus on high-end wireless communication solutions, **Addvalue Technologies Ltd** (“Addvalue” or “the Group”), one of three authorized suppliers worldwide for BGAN satellite communication terminals, is beginning to see the fruits of its labour. Addvalue achieves a turnaround net profit of S\$0.3m, for the financial year ended 31 March 2007, from a net loss of \$22.8m for the financial year 2006. For the current financial reporting year, Group revenue was S\$6.2m, compared to S\$12.8m a year ago.

Dr Colin Chan, Chairman and CEO of Addvalue Technologies said, “The turnaround in our performance is a sound indication that we are stepping in the right direction

with us focusing on the high-end wireless communication solutions. The successful realignment of our business has also given Addvalue a strong foot hold in the satellite communications industry.”

### **Performance Review**

The Group’s efforts in focusing on the satellite communication, navigation and tracking system and digital wireless solution business, resulted in a surge in revenue from these segments, rising from S\$0.4m, or 3.1% of total revenue in FY06, to a significant S\$5.9m, or 93.6% of total revenue in FY07.

Following the Group’s strategic decision to streamline its business operations, it exited the marketing and distribution of consumer products, and thus resulted in a decrease in revenue from this segment to S\$0.2m, or 2.6% of total revenue in FY07.

Revenue from licensing activities declined from S\$11.1m or 86.9% of total revenue in FY06, to S\$0.2m or 3.8% of total revenue in FY07. This was due to the fact that licensing revenue for FY06 included a one-off, non-recurring technology licensing agreement secured with Asia Network Technology Limited. This decline had also contributed to a decrease in gross profit from S\$8.9m in FY06, to S\$3.1m in FY07.

Having successfully implemented tight cost containment measures in the current financial year, the Group managed to achieve a 56.3% reduction in operating expenses from S\$10.0m in FY06, to S\$4.4m in FY07. Consequently, the Group recorded an operating profit of S\$0.7m in FY07, compared to operating loss of S\$1.0m in the previous corresponding financial year.

### **Balance Sheet**

The Group ended the year with total shareholder’s equity standing at S\$4.4m. Net assets per share doubled to 0.56 cents, from 0.28 cents in FY06. Cash and cash equivalents turned positive, from a negative balance of S\$0.1m at the close of FY06 to S\$1.3m, at the close of FY07.

## **Outlook**

Addvalue is one of three suppliers in the world and the only Asia-based authorized supplier of BGAN satellite terminals. As at the date of this announcement, we had delivered S\$1.1 million worth of Addvalue BGAN satellite terminals to our customers. We are currently ramping up production, and we expect to ship another S\$1.6 million worth of Addvalue BGAN satellite terminals by June 2007 to fulfill part of the balance secured order of S\$5.4 million.

The BGAN market is characterized by high barriers to entry and low price sensitivity, and the Group is confident of securing more book orders for the Addvalue BGAN satellite terminals in the ensuing 6 to 12 months.

The Group will also continue to develop other BGAN related products to enhance the current product offerings and revenue stream. This includes exploring the development of handheld products for satellite based voice communications, as well as BGAN terminals for the maritime and land mobile applications.

Addvalue's profile in the satellite industry has increased considerably with the Group's development of the terrestrial satellite terminal contract with Inmarsat Global Ltd, and the fast-growing BGAN industry will continue to provide opportunities for Addvalue.

The Group had, in May 2007, entered into a strategic tie-up with Singtel, to jointly promote a cost effective, satellite-based Business Continuity Plan communication package, using Addvalue's BGAN satellite terminals.

Dr Colin Chan said, "This is just the start of a new chapter for the Group. With the growing need for satellite voice and data communication services by journalists, the maritime industry, military aid and the resource exploration industries, we believe that Addvalue is well poised to ride on the next BGAN wave of growth opportunities. We are highly optimistic about our Group's prospects going forward and expect to turn in a more robust performance for the financial year ending 31 March 2008".

## **About Addvalue Technologies**

*Addvalue Technologies Ltd is a leading one-stop digital, wireless and broadband communications technology product innovator, which provides integrated and comprehensive satellite communication solutions, tracking and telemetry communication solutions, and digital wireless design services. Established in Singapore in 1994 and listed on the Singapore Exchange, Addvalue Technologies is today, one of three global suppliers of the Broadband Global Area Network (“BGAN”) satellite terminal. Its customers include internationally renowned communications leaders such as Microsoft, Panasonic, GE Thomson, Sirius Satellite Radio and Immarsat. More information on Addvalue Technologies can be found at <http://www.addvaluetech.com>*

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