ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017 ("1Q2018") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2018 ("FY2018")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR 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		
	1Q2018 US$'000	1Q2017 US$'000	% Change
Revenue	**848**	3,419	(75.2)
Cost of sales	**(512)**	(1,847)	(72.3)
Gross profit	**336**	1,572	(78.6)
Other operating income	**57**	31	83.9
Selling & Distribution expenses	**(240)**	(205)	17.1
Administrative expenses	**(733)**	(649)	12.9
Other operating expenses	**(469)**	(747)	(37.2)
(Loss)/Profit from operations	**(1,049)**	2	N/m
Finance expenses	**(21)**	(419)	(95.0)
Loss before tax	**(1,070)**	(417)	156.6
Taxation	**(4)**	-	N/m
Net loss for the period	**(1,074)**	(417)	157.6
Other comprehensive income			
Exchange differences arising from translation of foreign operations	**4**	(2)	N/m
Total comprehensive loss for the period	**(1,070)**	(419)	155.4
Attributable to:			
Equity holders of the Company	**(1,070)**	(419)	155.4
Total comprehensive loss for the period	**(1,070)**	(419)	155.4

"1Q2018" denotes the first financial quarter period ended 30 June 2017 in respect of FY2018
"1Q2017" denotes the first financial quarter period ended 30 June 2016 in respect of FY2017
"% 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		
	1Q2018 US$'000	**1Q2017 US$'000**	**% Change**
Loss before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	**385**	608	(36.7)
Foreign exchange (gain)/loss-net	**(34)**	31	N/m
Interest expense	**21**	247	(91.5)

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

	The Group		The Company	
	As at 30 Jun 2017 US$'000	As at 31 Mar 2017 US$'000	**As at 30 Jun 2017 US$'000**	As at 31 Mar 2017 US$'000
Non-current assets				
Plant and equipment	**728**	793	**-**	**-**
Subsidiaries	**-**	-	**16,338**	16,338
Intangible assets	**13,710**	13,246	**-**	-
Deferred tax assets	**263**	263	**-**	-
	14,701	14,302	**16,338**	16,338
Current assets				
Inventories	**3,111**	2,859	**-**	-
Amount due from customers for contract work	**172**	221	**-**	-
Trade receivables	**713**	1,600	**-**	-
Other receivables, deposits and prepayments	**691**	644	**70**	44
Available-for-sales financial assets	**2**	2	**2**	2
Due from subsidiaries (non-trade)	**-**	-	**3,054**	-
Fixed deposit	**40**	40	**-**	-
Cash and bank balances	**3,242**	215	**2,603**	2
	7,971	5,581	**5,729**	48
Total assets	**22,672**	19,883	**22,067**	16,386
Current liabilities				
Trade payables	**772**	1,847	**-**	-
Other payables and accruals	**639**	2,032	**154**	882
Provisions	**294**	270	**145**	116
Borrowings	**2,163**	1,555	**1,730**	1,038
Advances received from customers	**255**	300	**-**	-
Due to subsidiaries (non-trade)	**-**	-	**-**	81
Deferred income	**48**	49	**-**	-
	4,171	6,053	**2,029**	2,117
Non-current liabilities				
Borrowings	**159**	171	-	-
Deferred tax liabilities	**-**	-	-	-
	159	171	**-**	-
Total liabilities	**4,330**	6,224	**2,029**	2,117
Net assets	**18,342**	13,659	**20,038**	14,269
Equity attributable to the Company's equity holders				
Share capital	**72,506**	66,753	**72,506**	66,753
Capital reserve	**747**	747	**-**	-
Statutory reserve	**8**	8		
Foreign currency translation reserve	**(7)**	(11)	**-**	-
Accumulated losses	**(54,912)**	(53,838)	**(52,468)**	(52,484)
Total equity	**18,342**	13,659	**20,038**	14,269

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

	The Group	
	As at 30 Jun 2017 US$'000	As at 31 Mar 2017 US$'000
Amount repayable in one year or less or on demand		
Secured	**32$^{(1)}$**	41$^{(1)}$
Unsecured	**2,131$^{(2)}$**	1,514
	2,163	1,555
Amount repayable after one year		
Secured	**-**	-
Unsecured	**159**	171
	159	171

Details of any collateral

Notes:

(1) Attributed to hire purchase loans

(2) Inclusive of the outstanding Convertible Loan Notes (as defined herein after) issued by the Company on 31 May 2017

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	
	1Q2018	1Q2017
	US$'000	US$'000
OPERATING ACTIVITIES		
Loss before tax	**(1,070)**	(417)
Adjustments for:		
Amortisation of intangible assets	**307**	517
Amortisation of deferred income	**(10)**	(6)
Depreciation of plant and equipment	**78**	91
Interest expense	**21**	247
Interest income	**(1)**	-
Unrealised foreign exchange loss	**4**	1
Provisions/(Provision utilisations)	**24**	104
Operating profit/(loss) before changes in working capital	**(647)**	537
Changes in working capital		
Inventories	**(252)**	323
Trade and other receivables	**840**	(749)
Amount due from customers for contract work	**49**	(149)
Trade and other payables	**(1,901)**	(3,661)
Advances received from customers	**(45)**	1,838
NET CASH USED IN OPERATING ACTIVITIES	***(1,956)***	*(1,861)*
Interest income received	**1**	-
Income tax paid	**(4)**	-
NET CASH USED IN OPERATING ACTIVITIES	***(1,959)***	*(1,861)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(13)**	(39)
Additions to intangible assets	**(979)**	(583)
Proceeds from government grants	**217**	-
NET CASH USED IN INVESTING ACTIVITIES	***(775)***	*(622)*
FINANCING ACTIVITIES		
Proceeds from borrowings	**5,066**	405
Repayment of borrowings - net	**(769)**	(4,821)
Net proceeds from issue of shares	**2,055**	8,873
Repayment to a shareholder	**(571)**	(96)
Interest paid	**(20)**	(164)
NET CASH GENERATED FROM FINANCING ACTIVITIES	***5,761***	*4,197*
NET INCREASE IN CASH AND CASH EQUIVALENT	**3,027**	1,714
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	**215**	426
CASH AND CASH EQUIVALENT AT END OF PERIOD	**3,242**	2,140

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	Capital reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2017	66,753	747	8	(11)	(53,838)	13,659
Issuance of new shares pursuant to the Placement Shares and Conversion Shares (as defined hereinafter) - net of share issue expenses	5,753	-	-	-	-	5,753
Comprehensive loss for the financial period	-		-	4	(1,074)	(1,070)
Balance as at 30 June 2017	72,506	747	8	(7)	(54,912)	18,342

	The Group					
	Share capital	Capital reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2016	57,881	747	8	(6)	(50,373)	8,257
Issuance of new shares pursuant to the rights issue completed on 16 June 2016 (the "Rights Issue") - net of share issue expenses	8,873	-	-	-	-	8,873
Comprehensive loss for the financial period	-		-	(2)	(417)	(419)
Balance as at 30 June 2016	66,754	747	8	(8)	(50,790)	16,711

	The Company			
	Share capital	Capital reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2017	66,753	-	(52,484)	14,269
Issuance of new shares pursuant to the Placement Shares and Conversion Shares (as defined herein after) - net of share issue expenses	5,753	-	-	5,753
Comprehensive income for the financial period	-	-	16	16
Balance as at 30 June 2017	72,506	-	(52,468)	20,038

	The Company			
	Share capital	Capital reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2016	57,881	-	(54,474)	3,407
Issuance of new shares pursuant to the Rights Issue – net of share issue expenses	8,873	-	-	8,873
Comprehensive loss for the financial period	-	-	(166)	(166)
Balance as at 30 June 2016	66,754	-	(54,640)	12,114

1.(d)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

A. Share Capital of the Company	No of shares	US$'000
Balance as at 1 April 2017	1,583,141,084	66,753
Issue of new shares pursuant to the Placement Shares (as defined below) (net of share issue expenses)	103,800,000	2,719
Issue of new shares pursuant to the Conversion Shares (as defined below) (net of share issue expenses)	83,500,000	3,034
Balance as at 30 June 2017	1,770,441,084	72,506

Share Placement Exercise
On 15 May 2017, pursuant to a placement exercise, the Company allotted and issued 103,800,000 new ordinary shares of the Company (the “Placement Shares”) in the capital of the Company at a placement price of S$0.039 per Placement Share for approximately S$4.0 million.

Convertible Loan Notes Exercise
Pursuant to the issuance of convertible loan notes (the “Convertible Loan Notes”) on 31 May 2017 in the aggregate principal amount of approximately S$7.1 million convertible into 128,500,000 new ordinary shares in the capital of the Company (the “Conversion Shares”) at a conversion price of S$0.055 per Conversion Share, the Company allotted and issued 83,500,000 Conversion Shares on 2 June 2017.

Save for the allotment and issuance of the Placement Shares and the Conversion Shares mentioned above, there was no movement in the share capital of the Company during 1Q2018.

Use of the proceeds from the issuance of Placement Shares pursuant to Rule 704 (30)

As at the date of this announcement, about US$2.3 million of the net proceeds of about US$2.8 million (S$3.8 million) raised from the Share Placement exercise had been utilized in accordance with the intended use of proceeds as follows:

Used of Share Placement proceeds	**US$ million**	**Percentage utilized over allocated (%)**
Capability development program for space	1.2	73.0
General working capital purposes:		
Payments to suppliers for materials and services	0.7	100
Payment of administrative expenses, including payroll and other services	0.4	100
Total amount utilized	2.3	83.6

Use of the proceeds from the issuance of Convertible Loan Notes pursuant to Rule 704 (30)

As at the date of this announcement, about US$1.5 million of the net proceeds of about US$4.8 million (S$6.7 million) raised from the issuance of Convertible Loan Notes had been utilized in accordance with the intended use of proceeds as follows:

Use of Convertible Loan Notes proceeds	**US$ million**	**Percentage utilized over allocated (%)**
Capability development program for space	0.2	6.9
General working capital purposes:		
Payments to suppliers for materials and services	0.7	56.8
Payment of administrative expenses, including payroll and other services	0.6	56.8
Total amount utilized	1.5	29.3

B. Share Options

The Addvalue Technologies Employees’ Share Option Scheme approved and adopted by the Company on 24 October 2001 (the “ESOS Scheme”) in providing an opportunity for eligible participants of the Group who have contributed to the growth and prosperity of the Group to participate in the equity of the Company had expired on 21 June 2014, with all outstanding options granted under the ESOS Scheme, if not exercised by then, lapsed.

As at 30 June 2017 and 30 June 2016, the Company has neither treasury shares nor outstanding dilutive securities (including share options) which are capable of being converted into the shares of the Company.

C. Performance Share Plan

On 28 July 2017, against the approval of the Shareholders at an Extraordinary General Meeting, the Company adopted the “Addvalue Technologies Performance Share Plan” that will enable employees of the Group (including the Executive Directors) as well as the Non-Executive Directors of the Company to participate in the equity of the Company pursuant to the grant of contingent awards of fully paid Shares of the Company under the said Plan.

1.(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 Jun 2017	**As at 31 Mar 2017**
Total number of issued ordinary shares (excluding treasury shares)	**1,770,441,084**	1,583,141,084

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company has had no treasury shares as at 30 June 2017. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 1Q2018.

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 March 2017.

The adoption of new and revised Financial Reporting Standards ("FRS") and the interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on or after 1 April 2017 is not expected to have any significant impact to the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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

	The Group	
	As at 30 Jun 2017 US$'000	As at 30 Jun 2016 US$'000
Net loss attributable to shareholders	**(1,074)**	(417)
Earning per share		
Basic (US cents)	**(0.06)**	(0.03)
Diluted (US cents)(1)	**(0.06)**	(0.03)
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of computing the basic earnings per share	**1,663,361,963**	1,252,595,143
Effect of potentially dilutive ordinary shares(1)	**-**	-
Weighted average number of ordinary shares for the purpose of computing the diluted earnings per share	**1,663,361,963**	1,252,595,143

Note:

(1) As at 30 June 2017 and 30 June 2016, the Company has neither treasury shares nor outstanding dilutive securities (including share options) which are capable of being converted into the Shares of the Company. While the outstanding Convertible Loan Notes constitute a dilutive security, with its conversion price being greater than the average market price of the Shares of the Company for the year, the outstanding Convertible Loan Notes are considered to be anti-dilutive and not to be included in the calculation of diluted earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 30 Jun 2017 US$'000	As at 31 Mar 2017 US$'000	**As at 30 Jun 2017 US$'000**	As at 31 Mar 2017 US$'000
Net asset value as at end of financial period/year	**18,342**	13,659	**20,038**	14,269
Net asset value per ordinary share as at the end of financial period/year (US cents)	**1.04(1)**	0.86(2)	**1.13(1)**	0.90(2)

Notes:

(1) Based on 1,770,441,084 issued shares.

(2) Based on 1,583,141,084 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

The Company (and together with its subsidiaries, the “Group” or “Addvalue”) is a world renowned one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a variety of voice and IP-based data applications. The Group has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally renowned leaders such as Inmarsat, Thuraya, Singtel, Marlink, Satlink, Intellian, Applied Satellite Technology Ltd and Satcom Global.

Addvalue is presently a leading global developer and supplier of mobile satellite terminals supporting coverage provided by premier mobile satellite communication operators such as Inmarsat and Thuraya. These terminals are ideal choices for communications in areas around the world where terrestrial networks are non-existent or ineffective. This is particularly so for maritime communications, which rely almost entirely on satellite communications, and Addvalue’s products are well suited to address these needs.

Addvalue also offers customised design services, tailored to the unique needs of each of its existing and potential customers, with its total satellite communication solutions derived from its proven technologies, established capabilities as well as strong and tested working relationships with the world leading premier mobile satellite operators.

(a) <u>Review of financial performance of the Group for 1Q2018 (relative to 1Q2017)</u>

Turnover

Our Group registered a lower turnover of US$0.9 million in 1Q2018 compared to that of US$3.4 million in 1Q2017 due chiefly to:

(1) the continued depressed economic conditions in the merchant shipping and energy sectors which our products primarily target;
(2) the phasing out of certain ranges of our products which are reaching their end of lives. While new and improved version of such products with enhanced features were gradually being introduced by the Group into the markets, certain adjustment time is needed to cultivate these products in gaining market acceptance; and
(3) the gradual shifting in market demand for narrowband satellite communications (“satcom”) products to broadband satcom products with more data centric features; our Group is in the midst of developing more data centric features demanded by the end users to incorporate them into our nascent range of broadband satcom products.

Profitability

Our Group recorded a gross profit of US$0.3 million against a gross profit margin of 39.6% for 1Q2018 relative to a gross profit of US$1.6 million against a gross profit margin of 46.0% for 1Q2017. The decreased gross profit margin for 1Q2018 relative to 1Q2017 was attributable mainly to increased sales of comparatively lower yielding products.

Our selling and distribution expenses increased by US$35,000 or 17.1% from US$205,000 in 1Q2017 to US$240,000 in 1Q2018 due mainly to increased travelling and marketing expenses incurred in promoting our new and improved range of products.

Attributed mainly to manpower costs, our administrative expenses increased by US$84,000 or 12.9% from US$649,000 in 1Q2017 to US$733,000 in 1Q2018.

Our other operating expenses decreased by US$278,000 or 37.2% from US$747,000 in 1Q2017 to US$469,000 in 1Q2018 chiefly as a result of revised amortisation of intangible assets at a reduced rate brought about as a result of the impairment provision made in prior years.

Our other operating income for 1Q2018 comprised mainly government grants received and foreign exchange gained from our Singapore dollar denominated loans.

Following the retirement of loans aggregating about US$4.8 million in 1Q2017 with part of the proceeds raised form the Rights Issue, our finance expenses reduced significantly from US$419,000 in 1Q2017 to US$21,000 in 1Q2018.

Consequence to the above, our Group incurred a net loss of US$1.1 million in 1Q2018 compared to a net loss of US$0.4 million in 1Q2017.

(b) Review of financial position of the Group as at 30 June 2017 (relative to that as at 31 March 2017)

The decrease in plant and equipment was attributed mainly to depreciation.

The increase in our intangible assets was attributed mainly to the development expenditures as we continue to develop our proprietary technologies and products, including our space resilient technologies and new spin-off products.

The increase in inventories was attributed mainly to new products being delivered towards the end of 31 March 2017.

The decrease in trade receivables was in line with reduced business activities.

The lower amount due from customers for contract work as at 30 June 2017 relative to that as at 31 March 2017 was due mainly to billings made for certain contracts in 1Q2018.

The decrease in our trade payables and other payables and accruals were mainly attributed to payments made in 1Q2018.

The decrease in our advance receipts was due mainly to fulfilment of orders from a customer.

The net increase in borrowings was mainly due to the outstanding Convertible Loan Notes.

The increase in share capital was attributed to the issuance of the Placement Shares and Conversion Shares while the increase in cash and bank balances were attributed mainly to the proceeds raised from the issuance of the Placement Shares and the Convertible Loan Notes.

Consequence to the above:

(1) the gearing of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) as at 31 March 2017 and 30 June 2017 maintained at approximately 12.6%;

(2) the working capital position of the Group reversed to a positive USS$3.8 million as at 30 June 2017 from a negative US$0.5 million as at 31 March 2017;

(3) the net cash flow of the Group used in operations increased marginally from US$1.9 million in 1Q2017 to US$2.0 million in 1Q2018; and

(4) the net asset value of the Group improved by US$4.7 million or 34.3% from US$13.7 million as at 31 March 2017 to US$18.3 million as at 30 June 2017, with the net asset value per ordinary share improved from 0.86 US cents per Share as at 31 March 2017 to 1.04 US cents per Share as at 30 June 2017.

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

As we continue to transform ourselves through the embarkation on the following twin-strategy:

(1) Commercial Refocusing – through the scaling up our capabilities to offer better value to customers by taking a more holistic approach. Instead of just marketing hardware equipment, the Group is poised to offer bundled applications and hardware as a variety of solution packages, thereby strengthening the resilience of our revenue model; and

(2) Emerging Market Focus (targeting particularly the China and ASEAN markets) – through the pursuit of business

opportunities avail in three broad segments: (i) Machine-to-Machine (M2M) market driven by the confluence of satellite communications and internet-of-things ("IoT") technologies; (ii) the small vessels market where the market is presently underserved in satellite communications; and (iii) the Low Earth Orbit ("LEO") satellite market ensuing the Inter-Satellite Date Relay System ("IDRS") services and related applications,

we have made inroads as follows:

(1) In respect of the small vessels market

Through our aggressive promotion and marketing of our new iFleetONE terminals bundled with our solution packages, we are beginning to see these efforts gaining traction in South East Asia, especially Thailand where we have not only penetrated the fishing vessels market but now expected to infiltrate the merchant vessels market as well. Beyond South East Asia and through our marketing partners, we expect to see similar market penetration in China, USA and Russia in the coming months.

(2) In respect of the satcom based IoT ("Satcom IoT")

We have been working with the relevant partners to pioneer the introduction of Satcom IoT solution in the market place and have since been engaged by several potential customers to jointly conduct a proof-of-concept ("POC") of our innovative solutions. The successful outcome of the POC is expected to serve as a show case and pave the way for the future customers for Satcom IoT.

(3) In respect of the IDRS business

We are currently in discussion, at varied stages, with more than a handful of potential customers for the IDRS business, with many of whom being world renowned leading players and manufacturers in the LEO satellite industry. These potential customers have expressed keen interest to purchase and subscribe to our IDRS terminals and services, pending, among others, mutually agreed airtime charges. On 11 August 2017, the Company announced that it has formally entered into a Master Service Agreement with Inmarsat to co-offer the world's first commercial airtime services *vis-à-vis* the provision of Inter-Satellite Data Relay Service ("IDRS") in enhancing the Low Earth Orbit ("LEO") satellite operations globally (other than for the US government). To be based on Addvalue's space tested IDRS terminal and Inmarsat's established Geosynchronous Earth Orbit ("GEO") I-4 satellite-based Broadband Global Area Network (BGAN) network, the IDRS service, which the Master Service Agreement hinges on, will provide on-demand, 24/7 two-way IP-based data communications services in meeting and enhancing the communication needs of the LEO satellite market. With the Master Service Agreement in place, the Group now stands ready to escalate contract closure with several potential customers for its IDRS business that it has been in active discussion for the past few months. Barring any unforeseen circumstances, we are optimistic that we will be able to sign up customers/partners for the new IDRS business by the end of 2017.

A separate airtime distribution agreement involving the IDRS service and concerning the handling of US government projects is currently at an advanced stage of negotiation between Addvalue and Inmarsat.

Notwithstanding the promising prospects avail by the abovementioned twin-strategy, the Group, in its transformation pursue of such over the next 12 months, may encounter unforeseen teething issues along the way, though all out endeavor efforts shall be made by the Group to overcome them all.

Further, our design business has in recent months garnered several engineering design contracts, including the development of a bespoke communication module that will become a basic building block for a number of proprietary governmental applications. Expected to be completed within this financial year, the outcome of this design project if successfully implemented may lead to the supply of such modules for the coming financial year and beyond. .

With regard to the proposed disposal of Addvalue Communications Pte Ltd (the "Disposal"), the buyer to the Disposal (the "Buyer") is still seeking ways to have certain conditions to the supplemental agreement fulfilled. Accordingly, the expected completion date of the Disposal remains fluid and cannot be determined with certainty. While the Buyer still endeavors to see the transaction through in one way or another, the Company has decided to take a passive role on this matter and to re-visit the transaction only if the Buyer is able to demonstrate a break through to fulfill those conditions that brought about the impasse.

As there can be no assurance of the completion of the Disposal or, if it were to be eventually completed, as to the length of time required to do so, Shareholders are advised to exercise caution when dealing in the securities of the Company. Shareholders are further advised to refrain from taking any action in relation to their securities which may be prejudicial to their interests, and to seek appropriate advice from their brokers, bankers, lawyers and other professional advisers.

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 undue currency movements which will affect the 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 airtime package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share: Nil cents

(ii) Previous corresponding period: Nil cents

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended for 1Q2018.

13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate for IPT from the shareholders of the Company has had been sought.

14. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual.

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the three months ended 30 June 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok Chairman & CEO	Tan Khai Pang Director

14 August 2017