



# UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE FIRST HALF FINANCIAL PERIOD ENDED 30 SEPTEMBER  
2021 IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH  
2022

## A. Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income

	The Group		
	1H2022 US\$'000	1H2021 US\$'000	% Change
<b>Revenue</b>	<b>1,617</b>	720	124.6
Cost of sales	<b>(563)</b>	(296)	90.2
<b>Gross profit</b>	<b>1,054</b>	424	148.6
Other operating income	<b>66</b>	124	(46.8)
Selling & distribution expenses	<b>(162)</b>	(240)	(32.5)
Administrative expenses	<b>(1,149)</b>	(878)	30.8
Other operating expenses	<b>(563)</b>	(586)	(3.9)
<b>Loss from operations</b>	<b>(754)</b>	(1,156)	(34.8)
Finance expenses	<b>(339)</b>	(338)	(0.3)
<b>Loss before tax</b>	<b>(1,093)</b>	(1,494)	(26.8)
Taxation	-	-	-
<b>Net loss for the period</b>	<b>(1,093)</b>	(1,494)	(26.8)
Other comprehensive income/(loss):			
- Exchange differences arising from translation of foreign operations	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,093)</b>	(1,494)	(26.8)
<b>Attributable to:</b>			
Equity holders of the Company	<b>(1,093)</b>	(1,494)	(26.8)
<b>Total comprehensive loss for the period</b>	<b>(1,093)</b>	(1,494)	(26.8)

**Notes:**

"Company" denotes 'Addvalue Technologies Ltd'

"Group" denotes the Company and its subsidiaries

"1H2022" denotes the first half financial period ended 30 September 2021 in respect of the financial year ended 31 March 2022 ("FY2022")

"1H2021" denotes the first half financial period ended 30 September 2020 in respect of the financial year ending 31 March 2021 ("FY2021")

"% Change" denotes increase/(decrease) in the profit or loss item as compared with the comparative figure

"N/m" denotes 'not meaningful'

	The Group		
	1H2022 US\$'000	1H2021 US\$'000	% Change

Loss before tax was arrived at after charging/(crediting):

Depreciation and amortization	<b>477</b>	410	16.3
Inventory written off/(back)	-	(3)	N/m
Foreign exchange loss/(gain) (net)	<b>3</b>	19	(84.2)
Interest expense	<b>319</b>	300	6.3

## B. Condensed Interim Statements of Financial Position

	The Group		The Company	
	As at 30 Sep 2021 (Unaudited) US\$'000	As at 31 Mar 2021 (Audited) US\$'000	As at 30 Sep 2021 (Unaudited) US\$'000	As at 31 Mar 2021 (Audited) US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	687	808	-	-
Subsidiaries	-	-	19,549	19,549
Intangible assets	9,901	9,641	-	-
	<b>10,588</b>	<b>10,449</b>	<b>19,549</b>	<b>19,549</b>
<b>Current assets</b>				
Inventories	2,699	2,559	-	-
Trade receivables	6,774	6,736	-	-
Other receivables, deposits and prepayments	307	157	-	-
Other investment	15	15	15	15
Contract assets	502	-	-	-
Due from subsidiaries (non-trade)	-	-	8,728	8,673
Cash and bank balances	247	274	1	13
	<b>10,544</b>	<b>9,741</b>	<b>8,744</b>	<b>8,701</b>
<b>Total assets</b>	<b>21,132</b>	<b>20,190</b>	<b>28,293</b>	<b>28,250</b>
<b>Current liabilities</b>				
Trade payables	1,030	842	-	-
Other payables and accruals	3,637	2,205	822	662
Provisions	57	101	43	72
Borrowings	6,556	6,706	4,335	4,196
Lease liabilities	216	216	-	-
Contract liabilities	1,201	495	-	-
Due to subsidiaries (non-trade)	-	-	489	535
	<b>12,697</b>	<b>10,565</b>	<b>5,689</b>	<b>5,465</b>
<b>Non-current liabilities</b>				
Borrowings	11	21	-	-
Lease liabilities	20	107	-	-
Deferred tax liabilities	1,634	1,634	-	-
	<b>1,665</b>	<b>1,762</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,362</b>	<b>12,327</b>	<b>5,689</b>	<b>5,465</b>
<b>Net assets</b>	<b>6,770</b>	<b>7,863</b>	<b>22,604</b>	<b>22,785</b>
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	80,578	80,578	80,578	80,578
Capital reserve	2,354	2,354	1,607	1,607
Statutory reserve	8	8	-	-
Foreign currency translation reserve	(4)	(4)	-	-
Accumulated losses	(76,166)	(75,073)	(59,581)	(59,400)
<b>Total equity</b>	<b>6,770</b>	<b>7,863</b>	<b>22,604</b>	<b>22,785</b>

The accompanying notes to the balance sheet:

	<b>The Group</b>	
	<b>As at 30 Sep 2021 US\$'000</b>	<b>As at 31 Mar 2021 US\$'000</b>
Amount repayable in one year or less or on demand		
Secured	-	-
Unsecured	<u>6,556<sup>(1)</sup></u>	<u>6,706<sup>(1)</sup></u>
	<u><b>6,556</b></u>	<u><b>6,706</b></u>
Amount repayable after one year		
Unsecured	<u><b>11</b></u>	<u><b>21</b></u>

**Note:**

(1) *Inclusive of the outstanding 2020 Convertible Loan Note (as defined hereinafter) and the outstanding 2019 Convertible Loan Notes (as defined hereinafter)*

## C. Condensed Interim Consolidated Statement of Cash Flows

	The Group	
	1H2022 US\$'000	1H2021 US\$'000
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	(1,093)	(1,494)
Adjustments for:		
Amortisation of intangible assets	281	274
Depreciation of property, plant and equipment	196	136
Interest expense	319	300
Inventories written (back)/off	-	(3)
Unrealised foreign exchange loss	(11)	(2)
Provision	(44)	101
Operating profit/(loss) before changes in working capital	(352)	(688)
<i>Changes in working capital</i>		
Inventories	(140)	(172)
Trade and other receivables	(188)	208
Contract assets	(502)	(188)
Trade and other payables	1,620	(255)
Advances received from customers	706	-
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>1,144</b>	<b>(1,095)</b>
Interest income received	-	-
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,144</b>	<b>(1,095)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(75)	(15)
Additions in intangible assets	(1,032)	(597)
Proceeds from government grants	491	288
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(616)</b>	<b>(324)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from placement shares	-	1,052
Net proceeds from/(repayment of) convertible loan notes	-	(348)
Proceeds from borrowings	347	1,914
Repayment of borrowings	(647)	(916)
Repayment of lease liabilities	(108)	(112)
Interest paid	(147)	(152)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(555)</b>	<b>1,438</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(27)	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	274	60
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	247	79

D. Condensed Interim Statement of Changes in Equity

	The Group					
	Share capital US\$'000	Capital reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 Apr 2021	80,578	2,354	8	(4)	(75,073)	7,863
Comprehensive income/(loss) for the financial period	-	-	-	-	(1,093)	(1,093)
Balance as at 30 Sep 2021	74,407	1,567	8	(4)	(76,166)	6,770

	The Group					
	Share capital US\$'000	Capital reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 Apr 2020	74,407	2,354	8	21	(68,898)	7,892
Issuance of new shares pursuant to the Placement (as defined below) – net of share issue expenses	1,796	-	-	-	-	1,796
Comprehensive income/(loss) for the financial period	-	-	-	-	(1,494)	(1,494)
Balance as at 30 Sep 2020	76,203	2,354	8	21	(70,392)	8,194

	The Company			
	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Apr 2021	80,578	1,607	(59,400)	22,785
Comprehensive loss for the financial period	-	-	(181)	(181)
Balance as at 30 Sep 2021	80,578	1,607	(59,581)	22,604

	The Company			
	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 Apr 2020	74,407	1,607	(58,026)	17,988
Issuance of new shares pursuant to the Placement (as defined below) – net of share issue expenses	1,796	-	-	1,796
Comprehensive loss for the financial period	-	-	(152)	(152)
Balance as at 30 Sep 2020	76,203	1,607	(58,178)	19,632

## E. Notes to the Condensed Interim Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) (the “**Condensed Interim Financial Statements**”).

### 1. Corporate Information)

The Company (Registration Number: 199603037H) is a limited liability company incorporated and domiciled in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The registered office and principal place of business of the Company is at 202 Bedok South Avenue 1 #01-11 Singapore 469332.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding, design and development of telecommunication systems and hardware and the distribution of telecommunication equipment and related products.

The Condensed Interim Financial Statements have not been audited or reviewed by auditors.

### 2. Basis of Preparation

The Condensed Interim Financial Statements for 1H2022 are presented in United States dollar, which is the Company’s functional currency, and all values, unless otherwise stated, are rounded to the nearest thousand (US\$’000). The Condensed Interim Financial Statements, which have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, do not include all the information required for a complete set of financial statements.



However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited annual financial statements for FY2021.

The accounting policies adopted by the Condensed Interim Financial Statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s (the "**Standards**"), except for the adoption of new and amended standards as set out in Note 2.1 below.

#### Going concern assumption

For 1H2022, the Group incurred a net loss of US\$1.1 million (1H2021: US\$1.5 million), recorded a net operating cash inflows(outflows) of US\$1.1 million (1H2021: (US\$1.1 million)) and reported a net current liabilities of US\$2.2 million as at 30 September 2021 (31 March 2021: US\$0.8 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Notwithstanding the above, the Condensed Interim Financial Statements have been prepared on the assumption that the Company will continue to operate as a going concern as the directors of the Company (the "**Directors**") believe that the use of the going concern assumption in the preparation and presentation of the Condensed Interim Financial Statements for 1H2022 remains appropriate after taking into account the following factors which enable the Group to fulfil its obligations towards its creditors as and when such obligations fall due:

1. The internal funds generated or to be generated from the Group's ongoing business; and
2. The additional external fundings which the Company is near finalizing with certain third-party investors.

The Company will continue to prudently monitor its cashflows. It will make further announcements to update the shareholders of the Company (the "**Shareholders**") on material developments concerning the aforesaid fund-raising activities as they arise.

This validity of the going concern basis on which the Condensed Interim Financial Statements are prepared depends on the Directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

### **2.1 New and amended Standards adopted by the Group**

A number of amendments to the Standards have become applicable for 1H2022. The Group however did not have to change its accounting policies or make retrospective adjustments as a result of the adoption of those Standards.

### **2.2 Use of judgements and estimates**

In preparing the Condensed Interim Financial Statements, the management of the Company (the "**Management**") has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The significant judgements made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements of the Group as at 31 March 2021 and for FY2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods

affected. The nature and the carrying forward of such significant assets and liabilities are disclosed with further details in the relevant notes to the Condensed Interim Financial Statements.

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during 1H2022.

### 4. Segment and revenue information

#### 4.1 By geographical segments

For management purposes, the Group's business is organized into geographical segments based on the origin of the customers of the Group and not the destinations for the delivery of its products or the provision of its services.

30 September 2021	EMEA <sup>(1)</sup> US\$'000	North America US\$'000	Asia Pacific US\$'000	Total US\$'000
<b>Revenue</b>				
Total revenue from external	9	858	750	1,617
<i>% Contribution</i>	1%	53%	46%	100%
Segment result				1,054
<b>Unallocated expenses</b>				(1,874)
Other income				66
Finance expenses				(339)
Loss before tax				(1,093)
Income tax reversal				-
<b>Loss for the year</b>				(1,093)
<b>Segment assets</b>				
- Segment assets	5	6,046	15,081	21,132
<b>Segment liabilities</b>				
- Segment liabilities	386	137	12,205	12,728
- Deferred tax liabilities	-	-	1,634	1,634
<b>Total liabilities</b>				14,362
<b>Other information</b>				
Capital expenditure				
- Plant and equipment	-	-	75	75
- Intangible assets	-	-	1,032	1,032
Depreciation and amortisation	-	-	477	477

**Note:**

(1) Denotes Europe, Middle East, and Africa.

## 4.2 By revenue streams

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the CTO of the Group, who is the chief operating decision maker, in order to allocate resources to the segments and to assess their respective performances. Information reported to the Group's Chairman for the purpose of resource allocation and assessment of performance is focused principally on four operating segments as follows:

- **Inter-Satellite Data Relay System ("IDRS")-Related Business:** The trending launches of Low Earth Orbit ("LEO") satellites for new and innovative space-based mission services in the new space industry is set to fuel our IDRS-Related Business. The Group's IDRS offers the world-only real time and on demand data communications between commercial LEO satellites and their ground controls.
- **Reconfigurable Embedded System ("RES")-Related Business:** Tapping into the evolving aviation industry including unmanned aircraft system ("UAS") for resilient communications, the Group, via FPGA/System-on-Chip ("SoC") in catering for Edge Computing applications, is contracted to develop such communication terminals, which will subsequently lead to supply and technical support service for such aviation-graded products. In the similar vein, via Software Defined Radio ("SDR") in catering to increasing need for agile communications, the Group's embedded system capabilities have also found business traction with the defense and enterprise's requirement for high performance agile communications and data analytics applications.
- **Integrated Products & Services ("IPS")-Related Business:** The pervasive adoption of Internet-of-Things ("IoT")/Machine-to-Machine ("M2M") technologies across all economic activities is yet another business driver for the Group. The Group's recent successes in providing integrated solutions for vessel monitoring system in response to the rising and urgent need for regulatory control for fishery sustainability is one such example. The Group is extending its competitive advantages in such technologies and knowhow to rural ATM banking services, remote sensing, monitoring and tracking for asset and environmental surveillance, and other bridging-the-digital-gap activities that are permeating across the emerging economies, especially in the ASEAN region.
- **Design-cum-Supply Business;** With diverse skillsets and deep capabilities, the Group takes a 'total solution' approach to develop new products for its valued partners/customers, be it from any of the abovementioned businesses or otherwise.

Turnover	The Group			
	1H2022		1H2021	
	US\$'000	% Contribution	US\$'000	% Contribution
IPS-Related Business	614	38	306	42
RES-Related Business	285	18	48	7
IDRS-Related Business	718	44	366	51
Design Services	-	-	-	-
Licensing Fee income	-	-	-	-
	<b>1,617</b>	<b>100</b>	720	100

## 5. Employee benefits expense

	The Group	
	1H2022 US\$'000	1H2021 US\$'000
Employee benefits expense (including Directors):		
- Salaries, bonuses and others	1,744	1,659
- Contribution to defined contribution plans	179	169
	<b>1,923</b>	1,828
Directors' fees	42	37
	<b>1,965</b>	1,865
Charged to consolidated statement of profit or loss and other comprehensive income	1,048	895
Capitalised in development expenditure	917	970
	<b>1,965</b>	1,865

## 6. Intangible assets

The Group	Development expenditure US\$'000	Patents US\$'000	Computer software US\$'000	Total US\$'000
<b>Cost</b>				
At 1 Apr 2021	32,569	72	1,357	33,998
Additions	1,032	-	-	1,032
Government grant	(491)	-	-	(491)
At 31 Sep 2021	33,110	72	1,357	34,539
<b>Accumulated amortisation</b>				
At 1 Apr 2021	12,204	44	1,357	13,605
Amortisation charge for the financial period	281	-	-	281
At 31 Sep 2021	12,485	44	1,357	13,886
<b>Accumulated impairment</b>				
At 1 Apr 2021	10,752	-	-	10,752
Impairment losses	-	-	-	-
At 31 Sep 2021	10,752	-	-	10,752
<b>Carrying amount</b>				
At 31 Sep 2021	9,873	28	-	9,901
At 31 Mar 2021	9,612	28	-	9,641

The Group determines whether there is any indication that development expenditure may be impaired at least on an annual basis. Irrespective of whether there is any indication of impairment, the Group also performed impairment assessment annually for development expenditure not yet available for use by comparing its carrying value with its recoverable amount. This requires an estimation of the probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group. The key assumptions used to determine the recoverable amount of each Cash-Generating Unit were disclosed in the annual financial report for FY2021.

## 7. Other receivables, deposits and prepayments

	The Group	
	As at 30 Sep 21 US\$'000	As at 31 Mar 21 US\$'000
Deposits	89	85
Other receivables	426	352
Prepayments	132	60
Less: loss allowance	(340)	(340)
	<u>307</u>	<u>157</u>

## 8. Other payables and accruals

	The Group		The Company	
	As at 30 Sep 21 US\$'000	As at 31 Mar 21 US\$'000	As at 30 Sep 21 US\$'000	As at 31 Mar 21 US\$'000
Accrued operating expenses:				
- Employee benefits	1,974	1,206	-	-
- Directors' fees	119	46	119	46
- Others	526	165	48	73
Due to Directors	270	109	230	69
Other payables	748	679	425	474
	<u>3,637</u>	<u>2,205</u>	<u>822</u>	<u>662</u>

**9. Borrowings**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 Sep 21 US\$'000</b>	<b>As at 31 Mar 21 US\$'000</b>	<b>As at 30 Sep 21 US\$'000</b>	<b>As at 31 Mar 21 US\$'000</b>
<u>Due within one year</u>				
Loans	<b>2,621</b>	2,910	<b>400</b>	400
Convertible loan notes	<b>3,935</b>	3,796	<b>3,935</b>	3,796
	<b>6,556</b>	6,706	<b>4,335</b>	4,196
<u>Due after one year or more</u>				
Loans	<b>11</b>	21	-	-
	<b>6,567</b>	6,727	<b>4,335</b>	4,196
<u>Total borrowings</u>				
Loans	<b>2,632</b>	2,931	<b>400</b>	400
Convertible loan notes	<b>3,935</b>	3,796	<b>3,935</b>	3,796
	<b>6,567</b>	6,727	<b>4,335</b>	4,196

**10. Loan secured subsequent to 31 March 2021**

On 13 September 2021, Addvalue Innovation Pte Ltd (“**AVI**”), a wholly-owned subsidiary of the Company, entered into a loan agreement with a third-party investor for a principal amount of up to S\$8,500,000 which is unsecured, bears a fixed interest of 8% per annum and guaranteed by the Company.

The said loan is repayable at the earliest of:

- the Early Repayment Date which is defined as the earlier of: (i) the receipt of funds arising from the Economic Development Board Grant shall be used by AVI for the partial repayment of the loan unless mutually agreed upon otherwise; (ii) the conclusion of any fund-raising exercises; or (iii) in which the total proceeds received of (i) and (ii) is equal to or is in excess of the outstanding loan;
- retirement of the loan at any time after six months from the date of disbursement of the loan at the discretion of AVI; and
- 30 September 2022, the maturity date.

As at the date of this announcement, the said loan has yet been disbursed by the third-party investor as it has yet to conclude its due diligence on the Group.

## F. Other Information Required by Listing Rules Appendix 7.2

**1. 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.**

Share Capital of the Company	No of shares	US\$'000
Balance as at 1 April 2021	2,248,811,975	80,578
Issue of new shares pursuant to the Placement (as defined below) – net of	-	-
Balance as at 30 September 2021	2,248,811,975	80,578

There was no movement in the share capital of the Company during 1H2022.

### Convertible Loan Notes

On 6 August 2019, the Company completed the issuance of convertible loan notes in the aggregate principal amount of approximately S\$3.45 million (the “**2019 Convertible Loan Notes**”) which are convertible, in whole or in part, into not more than 150,000,000 new ordinary shares in the capital of the Company by 6 August 2021 at the latest (the “**2019 Conversion Shares**”) at a conversion price of S\$0.023 per 2019 Conversion Share. As at the date of this announcement, the entire 2019 Convertible Loan Notes remained unconverted.

On 23 September 2020, the Company completed the issuance of convertible loan notes in the aggregate principal amount of approximately S\$2.0 million (the “**2020 Convertible Loan Notes**”) which are convertible, in whole or in part, into not more than 83,542,188 new ordinary shares in the capital of the Company by 30 September 2021 at the latest (the “**2020 Conversion Shares**”) at a conversion price of S\$0.02394 per 2020 Conversion Share. As at the date of this announcement, the entire 2020 Convertible Loan Notes remained unconverted.

### Performance Share Plan

On 28 July 2017, against the approval of the Shareholders procured at an Extraordinary General Meeting, the Company adopted the ‘Addvalue Technologies Performance Share Plan’ (the “**AVTPSP2017**”) 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 based on performance through the possible grant of awards of fully paid shares of the Company.

On 12 February 2021, the Company announced the grant of awards pursuant to the AVTPSP2017 (the “**Share Awards**”) to eligible Directors and employees of the Group. On 19 February 2021, the Company issued and allotted 97,300,000 new shares pursuant to the granted Share Awards (the “**Share Award Shares**”).

Save for the outstanding 2020 Convertible Loan Notes and 2019 Convertible Loan Notes, as at 30 September 2021 and 30 September 2020, 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. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during the period from 1 April 2021 to 30 September 2021.

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 are tabulated as follows:

The Company	As at 30 Sep 2021	As at 31 Mar 2021
Total number of issued ordinary shares (excluding treasury shares)	2,248,811,975	2,248,811,975

**2. 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	
	1H2022 US\$'000	1H2021 US\$'000
<b>Net loss attributable to Shareholders</b>	(1,093)	(1,494)
<b>Number of ordinary shares in issue (excluding treasury shares)</b>		
Weighted average number of ordinary shares for the purpose of computing the basic loss per share	2,248,811,975	1,875,135,003
<b>Loss per share</b>		
Basic and diluted (US cents)	(0.05)	(0.08)

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

	The Group		The Company	
	As at 30 Sep 2021 US\$'000	As at 31 Mar 2021 US\$'000	As at 30 Sep 2021 US\$'000	As at 31 Mar 2021 US\$'000
Net asset value as at end of financial period/year	6,770	7,863	22,604	22,785
Net asset value per ordinary share as at the end of financial period/year (US cents)	0.30 <sup>(1)</sup>	0.35 <sup>(1)</sup>	1.01 <sup>(1)</sup>	1.01 <sup>(1)</sup>

**Note:**

(1) Based on 2,248,811,975 issued shares of the Company.

**4. 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 Group is a world recognised 'one-stop shop' communications technology products developer that provides state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and even in space. The



Group's technical competencies include Radio and Antenna Design, Embedded System Design, Software Defined Radio platform. Its customers include leading organizations in commercial, defence and space industries.

The Group's products and solutions revolve around 'Connectivity'. In particular, the Group knows best to leverage satellite communications technologies for reliable, resilient and smart connection, be it between people, between machines or between people and machines. These products and solutions, including the IoT, are ideal choices for communications in areas around the world where terrestrial networks are non-existent or ineffective.

The Group also offer customised design services, tailored to the unique needs of our customers, thereby enabling our customers to unleash their real business potential. Its comprehensive and proven capabilities in high quality product development and its depth of technical knowhow in sophisticated engineering projects have been highly regarded in the industry. This not only gives the Group tremendous competitive advantages to attract high value projects but also expand its opportunities into new and evolving markets that require the profile of its core competence.

In this regard, the Group has extended its advanced connectivity capabilities into the evolving aviation industry and the emerging and exciting industries of new space. Its embedded system design capabilities on software defined radio ("**SDR**") platforms, which are ideal for edge processing, are deployed to exploit the increasingly industrial demands for Artificial Intelligent ("**AI**")-centric applications of every description.

The Group organizes its business into the following segments as it grows its various revenue streams (comprising hardware sales, solution and airtime income as well as design fee) along market opportunities driven by the new age of digital economies:

- IDRS-Related Business
- RES-Related Business
- IPS-Related Business
- Design-cum-Supply Business

## **Review of financial performance for 1H2022 (relative to 1H2021)**

### ***Turnover***

Against improved market sentiments since mid-2021, the Group registered a turnover of US\$1.6 million in 1H2022 *vis-à-vis* that of US\$0.7 million in 1H2021 at the growth rate of about 125% over 1H2021.

### ***Profitability***

The Group recorded a gross profit of US\$1.1 million against a gross profit margin of 65.2% for 1H2022 compared to a gross profit of US\$0.4 million against a gross profit margin of 58.9% for 1H2021. The higher gross profit margin attained was attributed principally to the delivery of more high yielding products in 1H2022 relative to 1H2021.

The selling and distribution expenses of the Group decreased by US\$78,000 or 32.5% from US\$240,000 in 1H2021 to US\$162,000 in 1H2022 due mainly to reduced marketing staff.

The administrative expenses of the Group increased from US\$878,000 in 1H2021 to US\$1,149,000 in 1H2022 due primarily to higher manpower costs and related expenses as a result of increased headcount, in gearing up for new processes in the IDRS and RES-Related Businesses of the Group.

The other operating income of the Group decreased from US\$124,000 in 1H2021 to US\$66,000 in 1H2022 due mainly to reduced grants, in relation to job support credit scheme, received from the Singapore government.

The finance expenses incurred by the Group in 1H2021 and 1H2022 were attributed mainly to borrowings.

Consequence to the above, the Group incurred a net loss of US\$1.1 million in 1H2022 compared to a net loss of US\$1.5 million in 1H2021.

### **Review of financial position as at 30 September 2021 (relative to that as at 31 March 2021)**

#### ***Long-term assets***

The decrease in property, plant and equipment of the Group was attributed mainly to depreciation of the property, plant and equipment.

The increase in intangible assets was attributed mainly to the development expenses incurred (net of amortisation) as the Group continues to develop its proprietary technologies and products, including its space resilient technologies and new spin-off products and services.

#### ***Current assets***

The increase in inventories was attributed mainly to the purchase of materials for the fulfilment of production orders.

The increase in other receivables, deposits and prepayments were mainly due to prepayments made.

The contract assets relate to work done but yet to be billed in respect of contracted design services and the increase was due to more such design services contracted during 1H2022.

#### ***Current liabilities***

The increase in trade payables was due to increased purchases to cater for production needs.

The increase in other payables and accruals were attributed mainly to the increase in other non-trade payables/accruals and staff accruals.

The decrease in provisions was due mainly to the reclassification of the provision for Directors' fees to Directors' fees payable under other payables upon the approval by Shareholders at the last concluded AGM.

The decrease in borrowings was attributed principally to loan settlements, albeit new working capital loans being raised during 1H2022

The increase in contract liabilities, which relate to advances and deposits from customers, was attributed mainly to deposits from customers for new orders received, especially in connection with the IDRS-Related Business of the Group.

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) increased from 85.6% as at 31 March 2021 to 97.0% as at 30 September 2021;

2. the negative working capital position of the Group widened from US\$824,000 as at 31 March 2021 to US\$2,153,000 as at 30 September 2021;
3. the net cash flow of the Group reversed from cash used in operation of US\$1.1 million in 1H2021 to cash generated from operations of US\$1.1 million in 1H2022; and
4. the net asset value of the Group decreased by US\$1.1 million or 13.9% from US\$7.9 million as at 31 March 2021 to US\$6.8 million as at 30 September 2021 while the net asset value per ordinary share decreased marginally from 0.35 US cents per Share as at 31 March 2021 to 0.30 US cents per Share as at 30 September 2021.

**5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**6. 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**

Amidst the prevailing global Covid-19 pandemic, the Group is encouraged by the recent upticks in its business activities since mid-2021. It is particularly heartened by:

1. The increase in its IDRS-Related and RES-Related Businesses. As at the date of this announcement, the Group registered a sales order book in excess of US\$4.2 million in connection with these businesses; and
2. The growth in its recurring subscription and airtime revenues, which grew by more than six-fold from US\$27,000 in 1H2021 to US\$209,000 in 1H2022.

As the Group's IDRS-Related Business continues to gain traction and momentum, it signed its seventh IDRS customer in October 2021. Its other existing six IDRS customers include:

1. Capella Space Inc ("**Capella Space**") (<https://www.capellaspace.com>), an information services company based in the United States which provides frequent, flexible, and on-demand 0.5m high-resolution synthetic aperture radar ("**SAR**") Earth observation imagery through a constellation of small satellites. It had [on 21 October 2021 entered into a Cooperative Research and Development Agreement \("\*\*CRADA\*\*"\) with the U.S. Army Space and Missile Defense Technical Centre to satisfy the U.S. Army's demand for Earth observation with rapid tasking and delivery of synthetic-aperture radar data](#); the CRADA reinforces Capella Space's collaborative relationship with United States government agencies. This past year, Capella Space signed and maintained contracts with the US Navy, US Airforce, National Geospatial Agency, In-Q-Tel, the Space Development Agency, and the US Space Force to provide on-demand, high-resolution SAR data and analytics for the government of United States;
2. Analytical Space Inc ("**ASI**") (<https://analyticalspace.com>), a United States based company which deploys the Fast Pixel Network™ – a network of data relay satellites in LEO that will provide high throughput, low latency, path diverse downlink of data from remote sensing satellites. Today, no network exists to connect commercial and government geospatial intelligence collection platforms in LEO through one network for delivery to end users on the ground. On 29 January 2021, ASI forged a collaboration with Inmarsat and AVI to enable it to leverage unique aspects of the Inmarsat and AVI's network ecosystems in enhancing ASI's rollout of its Fast Pixel Network™; and
3. Industrial Technology Research Institute ("**ITRI**") (<https://www.itri.org.tw>), a world-leading applied technology research institute based in the Republic of China with more than 6,000 employees and has had set up and incubated companies such as TSMC, UMC, Taiwan Mask Corp., Epistar Corp., Mirle Automation Corp., and Taiwan Biomaterial Co.

Another major thrust of the Group's prospects lies in its RES-Related Business through the design and supply of high-end RES systems driven by SDR modules which the Group has been supplying to a government agency. On 2 September 2021, the Group introduced the ADRS1000™, an ultra-high performance re-configurable digital radio module, with the aim to enable its customers to accelerate the development and

deployment of highly complex wireless systems that are going to be the mainstays across many industries as it will act as a core building block in complex wireless products for a variety of high-end applications, particularly in 5G satellite-based or terrestrial-based network, unmanned vehicles (aerial or surface), anti-drone system, new generation of mobile satellite systems, radar systems and high-performance test and measurement instrumentation, and has already received strong interests from our partners for their system integration projects. Riding on the impetus built, barring any unforeseen circumstances, the Group expects to secure a significant order in this regard within the current financial year ending 31 March 2022.

As regards the IPS-Related Business of the Group, the Company had on even date entered into a business collaboration with Jasper Investments Limited, a company listed on the Main Board of the SGX-ST since 1993 which is principally engaged in the provision of chartering and operating a variety of vessels and transportation equipment required by infrastructure players in the reclamation, construction and earthwork sectors, to capitalize on the Group's business, particularly in connection with its maritime solutions business (such as the VMS and IoT/M2M products).

Barring any escalation of the global Covid-19 pandemic situation and global supply chain disruptions caused by extended shipping crisis and component shortages, particularly semi-conductors, which will significantly impact on the timely fulfillment of orders, and any unforeseen circumstances, taking cognizant of the above, we are confident that the Group will perform significantly better in FY2022 relative to FY2021.

***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 and may affect the extent of the realization of our prevailing indicative orders for FY2022 and beyond. 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 arising from the current ongoing trade war and stand-off between US and China; continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the prevailing global Covid-19 pandemic as well as other political and economic issues confronting the world; deflationary pressures and undue currency movements; change in technology; delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of improved airtime package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract quality 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 and that the certainty of success of any pending fund raising exercise by the Company is not assured, undue reliance must not be placed on these statements.***

7. 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.

**8. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.**

No dividend is declared or recommended for distribution for 1H2022 as the Company is in a loss-making position.

**9. 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 has had been sought.

Name of the interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) US\$	Aggregate value of all interested person transactions conducted under the Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) US\$
Mr Paul Burke, a Non-Executive Director	130,732 <sup>(1)</sup>	Nil

**Note:**

(1) Being interest due under loans extended to the Company by Mr Paul Burke prior to him being a Non-Executive Director of the Company

**10. 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 Condensed Interim Financial Statement for 1H2022 to be false or misleading in any material aspect.

**11. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured the said undertakings from all the Directors and executive officers of the Company 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 November 2021