



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE FULL FINANCIAL YEAR ENDED 31 MARCH 2020

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		
	FY2020 US\$'000	FY2019 US\$'000	% Change
Revenue	9,627	4,017	139.7
Cost of sales	(2,464)	(2,147)	14.8
Gross profit	7,163	1,870	283.0
Other operating income	450	186	141.9
Selling & distribution expenses	(444)	(641)	(30.7)
Administrative expenses	(2,175)	(2,367)	(8.1)
Other operating expenses	(2,154)	(2,431)	(11.4)
Profit/(loss) from operations	2,840	(3,383)	N/m
Finance expenses	(1,131)	(806)	40.3
Profit/(loss) before tax	1,709	(4,189)	N/m
Income tax credit	23	82	(72.0)
Net profit/(loss) for the year	1,732	(4,107)	N/m
Other comprehensive income/(loss)			
Exchange differences arising from translation of foreign operations	18	(15)	N/m
Total comprehensive income/(loss) for the year	1,750	(4,122)	N/m
Attributable to:			
Equity holders of the Company	1,750	(4,122)	N/m
Total comprehensive profit/(loss) for the year	1,750	(4,122)	N/m

Notes:

"Group" denotes the Company and its subsidiaries

"FY2020" denotes the financial year ended 31 March 2020 and "FY2019" denotes the financial year ended 31 March 2019; similarly, with "FY" prefixed to a named year, such shall denote the financial year ended/ending 31 March of that named year (as the case may be)

"% 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		
	FY2020 US\$'000	FY2019 US\$'000	% Change
Profit/(loss) before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	953	679	40.4
Inventory written off	286	247	15.8
Foreign exchange (gain)/loss (net)	(413)	84	N/m
Interest expense	1,024	655	56.3
Impairment loss on development expenditure	519	465	11.6
Loss allowance on trade receivables	17	202	(91.6)
Loss allowance on other receivables	-	340	N/m
Fair value gain arising from financial asset held at fair value through profit or loss ("FVTPL")	-	(13)	N/m

Note:

"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	As at	As at	As at
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Plant and equipment	1,110	328	-	-
Subsidiaries	-	-	19,549	12,406
Intangible assets	9,026	9,408	-	-
	10,136	9,736	19,549	12,406
Current assets				
Inventories	2,321	2,767	-	-
Trade receivables	6,414	646	-	-
Contract assets	169	-	-	-
Other receivables, deposits and prepayments	202	525	1	1
Other investment	15	15	15	15
Due from subsidiaries (non-trade)	-	-	3,415	7,740
Cash and bank balances	60	137	4	3
	9,181	4,090	3,435	7,759
Total assets	19,317	13,826	22,984	20,165
Current liabilities				
Trade payables	943	1,595	-	-
Other payables and accruals	2,722	1,855	607	236
Provisions	109	170	75	115
Lease liabilities	194	-	-	-
Borrowings	5,051	3,047	3,697	1,424
Advances received from customers	616	246	-	-
Due to subsidiaries (non-trade)	-	-	617	708
	9,635	6,913	4,996	2,483
Non-current liabilities				
Lease liabilities	305	-	-	-
Borrowings	39	89	-	-
Deferred tax liabilities	1,546	1,569	-	-
	1,890	1,658	-	-
Total liabilities	11,525	8,571	4,996	2,483
Net assets	7,792	5,255	17,988	17,682
Equity attributable to the				
Share capital	74,407	74,407	74,407	74,407
Capital reserve	2,354	1,567	1,607	820
Statutory reserve	8	8	-	-
Foreign currency translation reserve	21	3	-	-
Accumulated losses	(68,998)	(70,730)	(58,026)	(57,545)
Total equity	7,792	5,255	17,988	17,682

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

	The Group	
	As at 31 Mar 2020 US\$'000	As at 31 Mar 2019 US\$'000
Amount repayable in one year or less or on demand		
Secured	-	-
Unsecured	5,051 ⁽¹⁾	3,047 ⁽²⁾
	<u>5,051</u>	<u>3,047</u>
Amount repayable after one year		
Unsecured	39	89
	<u>39</u>	<u>89</u>

Details of any collateral:

- (1) Inclusive of the outstanding 2017 Convertible Loan Note (as defined herein after) and the outstanding 2019 Convertible Loan Notes (as defined herein after)
- (2) Inclusive of the outstanding 2017 Convertible Loan Notes (as defined herein after)

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	
	FY2020 US\$'000	FY2019 US\$'000
OPERATING ACTIVITIES		
Profit /(loss) before tax	1,709	(4,189)
Adjustments for:		
Amortisation of intangible assets	548	360
Depreciation of plant and equipment	405	319
Interest expense	1,024	655
Plant and equipment written off	3	-
Inventories written off	286	247
Loss allowance on trade and other receivables	17	542
Fair value (gain)/loss arising from financial assets of FVTPL	-	(13)
Unrealised foreign exchange loss	(88)	6
Provision/(Provisions utilisation)	(61)	2
Impairment loss on development expenditure	519	465
Operating profit /(loss) before changes in working capital	<u>4,362</u>	<u>(1,606)</u>
<i>Changes in working capital</i>		
Inventories	160	239
Trade and other receivables	(5,461)	(88)
Contract assets	(169)	-
Trade and other payables	(361)	525
Advances received from customers	370	3
CASH USED IN OPERATIONS	<u>(1,099)</u>	<u>(927)</u>
Interest income received	-	-
Income tax refund	-	4
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,099)</u>	<u>(923)</u>
INVESTING ACTIVITIES		
Purchase of plant and equipment	(525)	(48)
Additions in intangible assets	(1,950)	(2,736)
Proceeds from government grants	1,266	1,057
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,209)</u>	<u>(1,727)</u>
FINANCING ACTIVITIES		
Withdrawal of pledged fixed deposit	-	40
Net proceeds from placement shares	-	1,901
Net proceeds from convertible loan notes	2,546	-
Proceeds from borrowings	2,018	3,579
Repayment of borrowings	(1,716)	(2,573)
Cash payments for the principal portion of lease liabilities	(166)	-
Interest paid	(451)	(376)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>2,231</u>	<u>2,571</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(77)</u>	<u>(79)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<u>137</u>	<u>216</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>60</u>	<u>137</u>

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 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 April 2019	74,407	1,567	8	3	(70,730)	5,255
Equity portion of outstanding Conversion Shares	-	787	-	-	-	787
Comprehensive income for the financial year	-	-	-	18	1,732	1,750
Balance as at 31 March 2020	74,407	2,354	8	21	(68,998)	7,792

	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 April 2018	72,506	1,567	8	18	(66,623)	7,476
Issuance of new shares pursuant to the share placement completed on 27 Nov 2018 - net of share issue expenses	1,901	-	-	-	-	1,901
Comprehensive income/(loss) for the financial year	-	-	-	(15)	(4,107)	(4,122)
Balance as at 31 March 2019	74,407	1,567	8	3	(70,730)	5,255

	The Company			
	Share capital US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 April 2019	74,407	820	(57,545)	17,682
Equity portion of outstanding Conversion Shares	-	787	-	787
Comprehensive loss for the financial year	-	-	(481)	(481)
Balance as at 31 March 2020	74,407	1,607	(58,026)	17,988

	The Company			
	Share capital US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance as at 1 April 2018	72,506	820	(56,607)	16,719
Issuance of new shares pursuant to the Share Placement completed on 27 Nov 2018 – net of share issue expenses	1,901	-	-	1,901
Comprehensive loss for the financial year	-	-	(938)	(938)
Balance as at 31 March 2019	74,407	820	(57,545)	17,682

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.

Share Capital of the Company	No of shares	US\$'000
Balance as at 1 Apr 2019, 30 June 2019, 30 Sep 2019 and 31 March 2020	1,870,441,084	74,407

A. Convertible Loan Notes

Pursuant to the issuance of convertible loan notes (the “**2017 Convertible Loan Notes**”) on 31 May 2017 in the aggregate principal amount of approximately S\$7.1 million convertible, in whole or in part, into not more than 128,500,000 new ordinary shares in the capital of the Company by 31 May 2021 at the latest (the “**2017 Conversion Shares**”) at a conversion price of S\$0.055 per 2017 Conversion Share, the Company, upon the relevant loan note holder exercising part of his 2017 Convertible Loan Notes, allotted and issued 83,500,000 2017 Conversion Shares on 2 June 2017. As at the date of this announcement, there is an outstanding 2017 Convertible Loan Note of S\$2.475 million which remained unconverted.

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.

There was no movement in the share capital of the Company during FY2020.

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.

C. 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' 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.

Save for the outstanding 2017 Convertible Loan Notes and 2019 Convertible Loan Notes, as at 31 March 2020 and 31 March 2019, 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.

Use of the proceeds from the issuance of the 2019 Convertible Loan Notes (pursuant to Rule 704(30))

As at the date of this announcement, the entire net proceeds of about US\$2.55 million (S\$3.45 million) raised from the 2019 Convertible Loan Notes had been fully utilized for its intended use as follows:

Use of the 2019 Convertible Loan Notes proceeds	US\$ million	Percentage utilized of allocated amount (%)
Capability development program for space	1.50	100
General working capital purposes:		
• Payments to suppliers for materials and services	0.15	100
• Payment for office relocation costs	0.10	100
• Payment of administrative expenses, including payroll and other services	0.80	100
Total amount utilized	2.55	

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 Mar 2020	As at 31 Mar 2019
Total number of issued ordinary shares (excluding treasury shares)	1,870,441,084	1,870,441,084

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 no treasury shares as at 31 March 2020. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during the period from 1 October 2019 to 31 March 2020.

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 presented 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- a) Update on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 Group's financial statements for FY2020 as those of the audited financial statements for FY2019, except that the Group has adopted all new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations to SFRS(I) applicable for FY2020 as well as relevant new Financial Reporting Standards ("**FRS**") which became mandatory for FY2020.

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.

The Group adopted the new SFRS(1) 16 - Leases on 1 April 2019, using the modified retrospective approach in accordance with the transitional provisions, with comparative amounts for the year prior to first adoption not restated. Pursuant to SFRS(1) 16 - Leases, save for certain short-term leases of less than 12 months and leases of low-value assets, the Group has recognised leases in the statement of financial position as a 'right-of-use' asset with a corresponding lease liabilities for the present value of the obligation to make lease payments. The Group also separately recognise the interest expense on the lease liability and depreciation expense on the 'right-of-use' asset. The adoption has resulted in increases in fixed assets of approximately US\$530,000 and total liabilities of approximately US\$500,000, without any adjustment to the opening balances as at 1 April 2019 as those operating leases, pertaining to office rental and office equipment, were with remaining lease term of less than 12 months on the date of first adoption.

Save as disclosed, the adoption of SFRS(I), new SFRS(I) and Interpretations to SFRS(I) on 1 April 2019 did not result in any material impact on the Group's financial statements.

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 Mar 2020 US\$'000	As at 31 Mar 2019 US\$'000
Net profit/(loss) attributable to shareholders	1,732	(4,107)
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	1,870,441,084	1,804,687,659
Earnings per share		
Basic and diluted (US cents)	0.09	(0.23)

Note:

The basic profit/(loss) per share and the dilutive profit/(loss) per share are the same as the relevant instruments with conversion features into shares are not expected to result in any 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 Mar 2020 US\$'000	As at 31 Mar 2019 US\$'000	As at 31 Mar 2020 US\$'000	As at 31 Mar 2019 US\$'000
Net asset value as at end of financial year	7,792	5,255	17,988	17,682
Net asset value per ordinary share as at the end of financial year (US cents)	0.42⁽¹⁾	0.28 ⁽¹⁾	0.96⁽¹⁾	0.95 ⁽¹⁾

Notes:

(1) Based on 1,870,441,084 issued shares of the Company.

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 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 Internet-of-Things ("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 continues its business transformation strategies to re-build and grow its various revenue streams (comprising hardware sales, solution and airtime income as well as design fee) along market opportunities that are driven by the new age of digital economies as follows:

- (a) 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 Inter-Satellite Data Relay System ("IDRS") business. The Group's IDRS offers the world-only real time and on demand data communications between commercial LEO satellites and their ground controls;
- (b) Tapping into the evolving aviation industry including unmanned aircraft system ("UAS") for resilient communications, the Group 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, 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.
- (c) The pervasive adoption of 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.

(a) Review of financial performance of the Group for FY2020 (relative to FY2019)

Breaking from a streak of loss making positions since FY2015 as the Group underwent its business transformation programme, it delivered a stirring performance in FY2020 in turning around the bottom line of the Group from a pre-tax loss of US\$4.2 million in FY2019 to a pre-tax profit of US\$1.7 million in FY2020, amidst the global economic slowdown brought about by the prevailing global Covid-19 pandemic.

Turnover

The Group more than doubled its turnover to US\$9.6 million in FY2020 from a turnover of US\$4.0 million in FY2019. The significant increase in turnover was principally attributed to an one-off licensing fee income earned in the ordinary course of business via the grant of right-of-use (on a non-exclusive, perpetual and global basis) of certain of the Group's in-house developed intellectual properties ("IPs") to a customer in facilitating the said customer to integrate the IPs into its own telecommunication products to be developed and manufactured in conjunction with its space-based global managed network (the "IP Licensing"). Details about the IP Licensing are provided in the announcement made by the Company on 26 March 2020. The licensing fee income represents a fresh revenue stream of the Group as it seeks to unlock and monetise its intellectual property assets which the Group has and will continue to have developed over the past years and in the years to come.

The Covid-19 pandemic has certainly caused a global slowdown on an epic scale. Not only the curtailed measures have abruptly stunned many otherwise buoyant industries, the unsettling nature of the pandemic is set to exert a lasting and irreversible impact on the global economy. Our Group has its share of the pandemic blight in the last quarter of FY2020 when several of our projected sales deliveries were pushed back due to the many lockdowns in the region. The good news is we have not received any cancellation of orders. We expect to recapture the deferred sales revenue in FY2021 as we are able to make deliveries progressively along with the easing off of measures in the region.

Profitability

The Group registered a gross profit of US\$7.2 million against a gross profit margin of 74.4% for FY2020 relative to a gross profit of US\$1.9 million against a gross profit margin of 46.6% for FY2019. The improved gross profit and gross profit margin were attributable mainly to the aforesaid licensing fee income.

The selling and distribution expenses of the Group decreased by US\$197,000 or 30.7%, from US\$641,000 in FY2019 to US\$444,000 in FY2020, while the administrative expenses of the Group decreased by US\$192,000 or 8.1%, from US\$2.4 million in FY2019 to US\$2.2 million in FY2020. The decreases were due principally to our continued stringent cost containment measures, particularly through the curtailment of manpower costs brought about by reduced headcount and decrease in rental expense as a result of the mandatory adoption of SFRS(I) 16 – Leases, the new accounting standard concerning operating lease, albeit increased legal and professional fees arising from various corporate exercises carried out in FY2020.

Our other operating expenses decreased by US\$277,000 or 11.4%, from US\$2.4 million in FY2019 to US\$2.2 million in FY2020, due mainly to the impairing loss allowance on trade and other receivables recognised in FY2019, notwithstanding the increased amortisation and depreciation expenses in FY2020.

Our other operating income increased by US\$264,000 or 141.9%, from US\$186,000 in FY2019 to US\$450,000 in FY2020, due mainly to foreign exchange gain in respect of the outstanding balances of the 2017 Convertible Loan Notes, the 2019 Convertible Loan Notes and other borrowings.

The increase in finance expenses in FY2020 relative to FY2019 was attributed mainly to the imputed interest charge arising from the conversion feature of the outstanding balances of the 2017 Convertible Loan Notes and the 2019 Convertible Loan Notes as well as the interest on lease liabilities arising from the mandatory adoption of SFRS(I) 16 – Leases in FY2020.

Consequence to the above, the Group reversed its bottom line from a net loss of US\$4.1 million in FY2019 to a net profit of US\$1.7 million in FY2020.

(b) Review of financial position of the Group as at 31 March 2020 (relative to that as at 31 March 2019)

The increase in plant and equipment of the Group was attributed mainly to the initial recognition of the right-of-use assets under SFRS (I) 16 – Leases, which requires the Group to capitalise its operating leases as assets with a corresponding lease liabilities recognised for the present value of future lease payments.

The decrease in intangible assets was attributed mainly to the impairment of certain intangible assets.

The decrease in inventories was attributed mainly to the impairment on slow moving stocks.

The increase in trade receivables was primarily attributed to the licensing fee receivable.

The decrease in other receivables, deposits and prepayments were mainly due to the settlement of prepayments.

The contract assets relates to work done but yet to be billed in respect of contract design services.

The decrease in trade payables was primarily due to payments made.

The increase in other payables and accruals were attributed mainly to increase in other non-trade payables/accruals, staff accruals and directors' fees payables.

The increase in borrowings was attributed largely to the 2019 Convertible Loan Notes.

The increase in advances received from customers was due mainly to deposits made by customers.

The increase in capital reserve was due to the accounting for the equity portion of the 2019 Convertible Loan Note.

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 59.7% as at 31 March 2019 to 65.3% as at 31 March 2020;
2. the working capital position of the Group improved from a negative US\$2.8 million as at 31 March 2019 to a negative US\$0.5 million as at 31 March 2020;
3. the net cash flow of the Group used in operations improved from a position of cash used of US\$0.9 million in FY2019 to a position of cash used of US\$1.1 million in FY2020; and
4. the net asset value of the Group increased by US\$2.5 million or 48.3% from US\$5.3 million as at 31 March 2019 to US\$7.8 million as at 31 March 2020, with the net asset value per ordinary share increased from 0.28 US cents per Share as at 31 March 2019 to 0.42 US cents per Share as at 31 March 2020.

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

The Group achieved a turnaround in its bottom line from a pre-tax loss of US\$0.9 million (against a turnover of US\$2.1 million) in the first half of FY2020 to a pre-tax profit of US\$2.6 million (against a turnover of US\$7.5 million) in the second half of FY2020, and a pre-tax loss of US\$4.2 million (against a turnover of

US\$4.0 million) for FY2019 to a pre-tax profit of US\$1.7 million (against a turnover of US\$9.6 million) for FY2020.

Accordingly, in line with the prospective statement stated in our half-yearly results announcement made on 14 November 2019, the Group indeed had significantly outperformed its performance in the first half of FY2020 compared to the second half of FY2020 and outdone its performance in FY2019 compared to FY2020.

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

Moving into FY2021, the Group remains confident of its business prospects despite the looming problems accompanying the Covid-19 pandemic. The business transformation assiduously pursued by us over the last 3 to 4 years has well prepared us to latch onto the trending of digital transformation, which is only to accelerate at higher fervor across all industries. Anchored upon our connectivity technologic knowhow and our unique product development capabilities, against an existing book order of about US\$4.1 million, we are seeing increased sales leads in all our following key business segments amidst the prevailing uncertain time cast by the Covid-19 pandemic:

1. Design Services & Technology Licensing

Our design service contract with Avionica, a US-based aviation company, to jointly develop a new generation of Swift Broadband (“**SBB**”) terminals to support the digital transformation plan in the worldwide aviation market is making marked progress. Separately, there are also a few high-value design engineering projects which are presently in various advanced stages of discussion, and the successful conclusion of which are expected to contribute significantly to the revenue of the Group in FY2021 and beyond.

2. SDR Engineering

We expect sales orders for our in-house developed proprietary SDR module, customized for a Singapore government agent, to be back on track in FY2021 despite a dip in FY2020 in part due to the adverse effects brought about by the Covid-19 pandemic in the last financial quarter of FY2020. Further, we have also received fresh design contracts to expand the portfolio of our SDR-related engineering work over FY2021 while gaining new commercial tractions in the enterprise industry. Against the new sales orders procured and the potential orders to be secured, we are confident that our SDR-related engineering revenue will improve significantly in FY2021 relative to FY2020.

3. Digital Vessel Monitoring System (“VMS”) for Global Fishery Sustainability

Besides being type approved as the only all-in-one broadband IP-based VMS solution by the US National Marine Fisheries Service (“**NMFS**”), the Addvalue iFleetONE-VMS solution is also now certified by Western and Central Pacific Fisheries Commission (“**WCPFC**”) and Pacific Islands Forum Fisheries Agency (“**FFA**”) for supporting fishing sustainability programs in the Western and Central Pacific Oceans. These endorsements by the two regulatory bodies, whose memberships include all Oceania countries, Canada, USA, European Union, China, Taiwan, South Korea, Japan and other Pacific Rim nations, will propitiously enhance our VMS business prospects among the high seas fishing fleets from these member countries and territories. For instance, we have secured a sales contract with the China Transport Telecommunication and Information Center (“**CTTIC**”) in Shanghai to start rolling out the Addvalue iFleetONE-VMS solutions to the China fishing fleets registered with WCPFC and/or FFA; there

are currently about 1,000 China fishing vessels registered for regulated fishing in the Western and Central Pacific Ocean. In addition, we have also extended our VMS application to lower-end terminals in order to capture more budget constraint markets in ASEAN and South Asia. Most recently, we have forged an exclusive partnership with a Kerala-based fisheries solution company, which is backed by Inmarsat's exclusive service provider in India, Bharat Sanchar Nigam Limited ("BSNL"), an India state-owned telecommunications company, for the provision of VMS services to fishing fleets from India and the Gulf region.

4. Satcom IoT/M2M, Government and Enterprises

As a result of the success of a year-long technical trial in a utilities management project in Indonesia, our Sabre Ranger 5000 is adopted for the commercial roll out plan of the Indonesian entity concerned over the next few years with first order for deployment in 2020 being secured. We are also involved in several other digital platforms projects in other emerging economies, including but not limited to areas such as remote ATM banking, environmental surveillance, weather monitoring and asset tracking, where our hybrid satcom and terrestrial based IoT/M2M solutions are best fit to solve the connectivity issues. The push for adopting digital technologies in a myriad of such applications also provides us with a fertile ground for growth in the coming years. Last but not least, our satcom knowhow also links us to some unique government and enterprise projects in the ASEAN region. All these impetus, when successfully concluded, are expected to contribute positively to our financial results for FY2021 and beyond.

5. IDRS Business

We were on track in the delivery of our IDRS hardware to Capella Space for its maiden launch scheduled in the first quarter of 2020, which, due to the impact of Covid-19 pandemic, has been deferred. Despite which, Capella Space is steadfast about its program and its commitment to deploy IDRS in its multi-satellite constellation as its key differential offerings to its clientele, which includes US governments and notable enterprises. We are confident to meet the IDRS hardware delivery commitments to Capella Space in accordance to their revised launch program schedule.

Apart from Capella Space and another existing customer, we have secured a contract from a third customer for the adoption of our IDRS solution. In addition, we have a long list of leads for our IDRS business which includes the space industry behemoths, established niche industry players and well-funded start-ups, some of these are in advanced stage of commitment negotiation. Expecting our IDRS business to scale higher in FY2021, we will diligently build on the momentum gathered in stirring our IDRS business to be our key pillar for growth.

Based on the respective inroads made into the key business segments described above, barring any deterioration of the Covid-19 pandemic or any other unforeseen circumstances, we are confident that, not taking into account of any one-off revenue, the Group will perform significantly better in FY2021 relative to FY2020, and our prevailing working capital position improved through the impending fund raising exercise which we are in the midst of pursuing.

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 FY2021 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, 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 and the reason(s) for the decision.

No dividend is declared or recommended for distribution for FY2020 as the Company would like to conserve its cash for growth.

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.

Not applicable

15. 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 its CEO and CFO in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(THIS PART IS NOT APPLICABLE TO Q1, Q2, Q3 OR HALF YEAR RESULTS)**

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) By geographical segments⁽¹⁾

FY2020	EMEA⁽²⁾ US\$'000	North America US\$'000	Asia Pacific US\$'000	Total US\$'000
Revenue				
Total revenue from external customers	90	7,460	2,077	9,627
<i>% Contribution</i>	1%	77%	22%	100%
Segment result	71	5,516	1,576	7,163
Unallocated expenses				(4,773)
Other income				450
Finance expenses				(1,131)
Profit before tax				1,709
Income tax reversal				23
Profit for the year				1,732
Segment assets				
- Segment assets	181	6,018	13,118	19,317
Segment liabilities				
- Segment liabilities	373	12	9,594	9,979
- Deferred tax liabilities	-	-	-	1,546
Total liabilities				11,525
Other information				
Capital expenditure				
- Plant and equipment	-	-	525	525
- Intangible assets	-	-	1,950	1,950
Impairment loss on development expenditure	-	-	519	519
Depreciation and amortisation	9	739	205	953

(a) By geographical segments⁽¹⁾

FY2019	EMEA ⁽²⁾		North America		Asia Pacific		Total	
	US\$'000		US\$'000		US\$'000		US\$'000	
Revenue								
Total revenue from external customers	563		1,104		2,350		4,017	
% Contribution	14%		27%		59%		100%	
Segment result	262		514		1,094		1,870	
Unallocated expenses							(5,439)	
Other income							186	
Finance expenses							(806)	
Loss before income tax							(4,189)	
Income tax reversal							82	
							<u>(4,107)</u>	
Segment assets								
- Segment assets	181		18		13,627		13,826	
Total assets							<u>13,826</u>	
Segment liabilities								
- Segment liabilities	409		18		6,575		7,002	
- Deferred tax liabilities	-		-		-		1,569	
Total liabilities							<u>8,571</u>	
Other information								
Capital expenditure								
- Plant and equipment	-		-		48		48	
- Intangible assets	-		-		2,736		2,736	
Impairment loss on development expenditure	-		-		465		465	
Depreciation and amortisation	95		187		397		679	

Notes:

(1) The geographical segments represent the respective geographical segments of origin of our customers and not the destinations for the delivery of our products or the provision of our services.

(2) Refers to Europe, Middle East and Africa.

(b) By revenue streams

Turnover	The Group			
	FY2020		FY2019	
	US\$'000	% Contribution	US\$'000	% Contribution
Integrated products and services ("IPS") ⁽¹⁾	1,734	18	2,164	54
IDRS products and services	342	4	170	4
Design services	800	8	601	15
SDR embedded platform products and services	751	8	1,082	27
Licensing income	6,000	62	-	-
	<u>9,627</u>	<u>100</u>	<u>4,017</u>	<u>100</u>

Note:

(1) *IPS refers to the trading of our in-house developed products and services (other than SDR or IDRS related products and services) as well as third parties' products and services.*

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments.

By geographical segments

The contribution to turnover from North America increased significantly from 27% in FY2019 to 77% in FY2020 principally as a result of more businesses, particularly in relation to licensing and design incomes, being sourced from the United States of America in FY2020. In contrast, the reduced business attributed to the EMEA region was due principally to the continued anemic demand for our maritime products from the said region.

By revenue streams

The key contribution to our revenue for FY2020 was skewed very much in favor of the one-off licensing fee income earned in the ordinary course of business of the Group. As such licensing fee income is not expected to be of a yearly recurring nature, we do not expect licensing fee income to be the main contributor to the revenue of the Group for FY2021.

18. Breakdown of sales

	FY2020 US\$'000	FY2019 US\$'000	% change
(i) Turnover reported for:			
- First half year ended 30 September	2,122	1,487	42.7%
- Second half year ended 31 March	7,505	2,530	196.6%
	9,627	4,017	139.7%
(ii) Net profit/ (loss) reported for:			
- First half year ended 30 September	(879)	(1,779)	(50.6%)
- Second half year ended 31 March	2,611	(2,328)	N/m
	1,732	(4,107)	N/m

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
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Nil

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

Tan Khai Pang
Director

30 July 2020