ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL FINANCIAL YEAR ENDED 31 MARCH 2019 ("FY2019")

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		
	FY2019 US$'000	FY2018 US$'000	% Change
Revenue	**4,017**	4,086	(1.7)
Cost of sales	**(2,147)**	(2,763)	(22.3)
Gross profit	**1,870**	1,323	41.3
Other operating income	**186**	179	3.9
Selling & distribution expenses	**(641)**	(835)	(23.2)
Administrative expenses	**(2,366)**	(2,986)	(20.8)
Other operating expenses	**(1,966)**	(8,372)	(76.5)
Loss from operations	**(2,917)**	(10,691)	(72.7)
Finance expenses	**(806)**	(199)	(305.0)
Loss before tax	**(3,723)**	(10,890)	65.8
Taxation reversal/(provision)	**4**	(1,895)	N/m
Net loss for the year	**(3,719)**	(12,785)	(70.9)
Other comprehensive (loss)/income			
Exchange differences arising from translation of foreign operations	**(16)**	29	N/m
Total comprehensive loss for the year	**(3,735)**	(12,756)	(70.7)
Attributable to:			
Equity holders of the Company	**(3,735)**	(12,756)	(70.7)
Total comprehensive loss for the year	**(3,735)**	(12,756)	(70.7)

"FY2018" denotes the financial year ended 31 March 2018.
"FY2019" denotes the financial year ended 31 March 2019.
"% 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		
	FY2019 US$'000	FY2018 US$'000	% Change
Loss before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	**680**	1,571	(56.7)
Inventory written off	**247**	601	(58.9)
Foreign exchange loss (net)	**84**	137	(38.7)
Interest expense	**655**	172	280.8
Interest income	**-**	(1)	N/m
Impairment loss on development expenditure	**-**	5,689	N/m
Loss allowance on trade receivables	**202**	-	N/m
Loss allowance on other receivables	**340**	-	N/m
Fair value gain arising from financial asset at fair value through profit or loss ("FVTPL")	**(13)**	-	N/m

"N/m" denotes not meaningful

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

	The Group		The Company	
	As at 31 Mar 2019 US$'000	As at 31 Mar 2018 US$'000	**As at 31 Mar 2019 US$'000**	As at 31 Mar 2018 US$'000
Non-current assets				
Plant and equipment	**328**	599	**-**	**-**
Subsidiaries	**-**	-	**12,406**	12,406
Intangible assets	**9,873**	8,555	**-**	-
	10,201	9,154	**12,406**	12,406
Current assets				
Inventories	**2,767**	3,253	**-**	-
Trade receivables	**646**	1,125	**-**	-
Other receivables, deposits and prepayments	**525**	500	**1**	10
Other investments	**15**	2	**15**	2
Due from subsidiaries (non-trade)	**-**	-	**7,740**	6,374
Fixed deposit	**-**	40	**-**	-
Cash and bank balances	**137**	216	**3**	5
	4,090	5,136	**7,759**	6,391
Total assets	**14,291**	14,290	**20,165**	18,797
Current liabilities				
Trade payables	**1,595**	1,624	**-**	-
Other payables and accruals	**1,856**	1,301	**236**	76
Provisions	**170**	169	**115**	98
Borrowings	**3,047**	1,692	**1,423**	1,114
Advances received from customers	**246**	243	**-**	-
Due to subsidiaries (non-trade)	**-**	-	**708**	790
	6,914	5,029	**2,482**	2,078
Non-current liabilities				
Borrowings	**89**	139	-	-
Deferred tax liabilities	**1,646**	1,646	-	-
	1,735	1,785	**-**	-
Total liabilities	**8,649**	6,814	**2,482**	2,078
Net assets	**5,642**	7,476	**17,683**	16,719
Equity attributable to the Company's equity holders				
Share capital	**74,407**	72,506	**74,407**	72,506
Capital reserve	**1,567**	1,567	**820**	820
Statutory reserve	**8**	8		
Foreign currency translation reserve	**2**	18	**-**	-
Accumulated losses	**(70,342)**	(66,623)	**(57,544)**	(56,607)
Total equity	**5,642**	7,476	**17,683**	16,719

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

	The Group	
	As at 31 Mar 2019 US$'000	As at 31 Mar 2018 US$'000
Amount repayable in one year or less or on demand		
Secured	**-[(1)]**	2[(1)]
Unsecured	**3,047[(2)]**	1,690[(2)]
	3,047	1,692
Amount repayable after one year		
Unsecured	**89**	139

Details of any collateral

(1) Attributed to hire purchase loans which have been fully settled during the financial year ended 31 March 2019
(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	
	FY2019	FY2018
	US$'000	US$'000
OPERATING ACTIVITIES		
Loss before tax	**(3, 723)**	(10,890)
Adjustments for:		
Amortisation of intangible assets	**360**	1,227
Amortisation of deferred income	**-**	(58)
Depreciation of plant and equipment	**320**	344
Interest expense	**655**	172
Interest income	**-**	(1)
Inventories written off	**247**	601
Loss allowance on trade and other receivables	**542**	-
Fair value (gain)/loss arising from financial assets of FVTPL	**(13)**	1
Unrealised foreign exchange loss	**(122)**	66
Provision/(Provisions utilisation)	**2**	(101)
Impairment loss on development expenditure	**-**	5,689
Operating loss before changes in working capital	**(1,732)**	(2,950)
Changes in working capital		
Inventories	**239**	(995)
Trade and other receivables	**(88)**	619
Amount due from customers for contract work	**-**	221
Trade and other payables	**526**	(307)
Advances received from customers	**3**	(57)
CASH USED IN OPERATIONS	**(1,052)**	(3,469)
Interest income received	**-**	1
Income tax refund	**4**	13
NET CASH USED IN OPERATING ACTIVITIES	***(1,048)***	*(3,455)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(48)**	(149)
Additions in intangible assets	**(2,736)**	(3,383)
Proceeds from government grants	**1,058**	1,166
NET CASH USED IN INVESTING ACTIVITIES	***(1,726)***	*(2,366)*
FINANCING ACTIVITIES		
Withdrawal of fixed deposit	**40**	-
Net proceeds from placement shares	**1,901**	2,054
Net proceeds from convertible loan notes	**-**	5,066
Proceeds from borrowings	**3,579**	566
Repayment of borrowings	**(2,541)**	(1,092)
Interest paid	**(284)**	(120)
Repayment to a shareholder	**-**	(652)
NET CASH GENERATED FROM FINANCING ACTIVITIES	***2,695***	*5,822*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(79)**	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**216**	215
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**137**	216

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 2018	72,506	1,567	8	18	(66,623)	7,476
Issuance of new shares pursuant to the Share Placement (as defined hereinafter) - net of share issue expenses	1,901	-	-	-	-	1,901
Comprehensive loss for the financial year	-	-	-	(16)	(3,719)	(3,735)
Balance as at 31 March 2019	74,407	1,567	8	2	(70,342)	5,642

	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 Share Placement and Conversion Shares (as defined hereinafter) - net of share issue expenses	5,753	-	-	-	-	5,753
Equity portion of outstanding Conversion Shares	-	820	-	-	-	820
Comprehensive income/(loss) for the financial year	-	-	-	29	(12,785)	(12,756)
Balance as at 31 March 2018	72,506	1,567	8	18	(66,623)	7,476

	The Company			
	Share capital	Capital reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2018	72,506	820	(56,607)	16,719
Issuance of new shares pursuant to the Share Placement (as defined hereinafter) – net of share issue expenses	1,901	-	-	1,901
Comprehensive loss for the financial year	-	-	(937)	(937)
Balance as at 31 March 2019	74,407	820	(57,544)	17,683

	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 Share Placement and Conversion Shares (as defined hereinafter) – net of share issue expenses	5,753	-	-	5,753
Equity portion of outstanding Conversion Shares	-	820	-	820
Comprehensive loss for the financial period	-	-	(4,123)	(4,123)
Balance as at 31 March 2018	72,506	820	(56,607)	16,719

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 2018 , 30 June 2018 and 30 Sept 2018	1,770,441,084	72,506
Issue of new shares pursuant to the Share Placement (as defined below) (net of share issue expenses)	100,000,000	1,901
Balance as at 31 December 2018 and 31 March 2019	1,870,441,084	74,407

A. Share Placement Exercise

On 27 November 2018, pursuant to a share placement exercise (the "Share Placement"), the Company allotted and issued 100,000,000 new ordinary shares of the Company (the "Placement Shares") in the capital of the Company at a placement price of S$0.025 per Placement Share for approximately S$2.5 million.

Use of the proceeds from the issuance of Share Placement

As at the date of this announcement, the entire net proceeds of about US1.8 million (S$2.5 million) raised from the Share Placement exercise have been fully utilized in accordance with the intended use of proceeds as follows:

Used of Share Placement proceeds	US$ million	Percentage utilized over allocated (%)
Redemption of Exchangeable Bonds	1.1	100.0
For working capital requirements:		
- Capability development program for space	0.6	100.0
- Payment of administrative expenses, including payroll and other services	0.1	100.0
Total amount utilized	1.8	100.0

B. Convertible Loan Notes

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. As at the date of this report, there is an outstanding Convertible Loan Note of S$2.475 million which remained unconverted.

C. 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.

D. 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.

E. Exchangeable Bonds

As at 31 March 2019, the redeemable and exchangeable Bond of S$1,500,000 issued by a subsidiary of the Company, Addvalue Innovation Pte Ltd ("AVI"), on 3 July 2018, to an investor had been fully redeemed by AVI via the said investor subscribing to a certain number of the Placement Shares for a consideration equivalent to S$1,500,000.

Use of the proceeds from the issuance of Exchangeable Bonds

As at the date of this announcement, the entire net proceeds of about US1.1 million (S$1.5 million) raised from the Exchangeable Bonds issued by AVI, have been fully utilized for its intended use towards the capability development program of the Group for space.

As at 31 March 2019 and 31 March 2018, save as disclosed, 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.

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 2019	As at 31 Mar 2018
Total number of issued ordinary shares (excluding treasury shares)	**1,870,441,084**	1,770,441,084

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 2019. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 4Q2019.

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.

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 FY2019 as those of the audited financial statements for FY2018, except that the Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) that are effective for its financial year beginning 1 April 2018.

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 adoption of SFRS(I), new SFRS(I) and Interpretations to SFRS(I) on 1 April 2018 did not have a 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 2019 US$'000	As at 31 Mar 2018 US$'000
Net loss attributable to shareholders	**(3,719)**	(12,785)
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	**1,804,687,659**	1,743,744,646
Earnings per share		
Basic and diluted (US cents)	**(0.21)**	(0.73)

Note: The basic and dilutive loss per share is the same as the instrument is anti-dilutive.

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

	The Group		The Company	
	As at 31 Mar 2019 US$'000	As at 31 Mar 2018 US$'000	**As at 31 Mar 2019 US$'000**	As at 31 Mar 2018 US$'000
Net asset value as at end of financial year	**5,642**	7,476	**17,683**	16,719
Net asset value per ordinary share as at the end of financial year (US cents)	**0.30(1)**	0.42(2)	**0.95(1)**	0.94(2)

Notes:

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

(2) Based on 1,770,441,084 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 Company (and together with its subsidiaries, the "Group" or "Addvalue") is a world recognised "one-stop shop" communications technology products developer, which provides state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity between humans, between machines, and between human and machines 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. 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 Addvalue 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 recent times, and as part of our business transformation program, Addvalue has also extended its advanced connectivity capabilities into emerging and exciting industries of new space, remote monitoring, tracking and smart computing through Internet-of-Things ("IoT") and software defined radio ("SDR") platforms to support Artificial Intelligence ("AI") technologies and has organized its various revenue streams (comprising hardware sales, solution and airtime income as well as design fee) to be derived from its following two core business activities:

(a) Business concerning hardware sales and provision of services relating to Inter-Satellite Data Relay System ("IDRS") (the "IDRS Business"), widely recognized as a game-changer for the Low-Earth-Orbit ("LEO") satellite industry; the prospects of IDRS Business count on the huge potential nascent markets offered by the trending launches of LEO satellites; and
(b) Non-IDRS Business which rides on the exponential growth prospects of the IoT and AI driven markets.

(a) Review of financial performance of the Group for FY2019 (relative to FY2018)

Amidst its ongoing arduous efforts in building up and developing its various core IPs, particularly with regard to its IDRS, albeit at receding rates as such efforts are gradually drawing near to commercialization, the Group delivered a noteworthy performance for FY2019. Against a turnover of approximately US$4.0 million for both FY2018 and FY2019 and through its continued concerted cost curtailment measures, the Group drastically reduced its net loss after tax by US$9.1 million or 70.9%, from US$12.8 million in FY2018 to US$3.7 million in FY2019.

Turnover

Amidst the global slowdown in the traditional satellite communication industry, the Group maintained its turnover at US$4 million for both FY2018 and FY2019.

Notwithstanding the maintained turnover, more importantly (as inferred from the business revenue-mix table below), as a result of our ongoing business transformation efforts, we see our business revenue mix in FY2019 geared towards our new business pillars, with sales and provision of SDR embedded platform products and services, accounting for 27% of the Group's total turnover in FY2019, being the new dominant revenue contributor in FY2019 (as contrast against the sales and provision of maritime communication products and services, accounting for 23% of the Group's total turnover in FY2019, being the dominant revenue contributor in FY2018).

	The Group			
Turnover	**FY2019**		FY2018	
	US$'000	**% Contribution**	US$'000	% Contribution
Sale and provision of land communication products and services	**744**	**19**	1,072	26
Sale and provision of maritime communication products and services	**943**	**23**	1,386	34
Sale and provision of IDRS products and services	**170**	**4**	-	-
Other design services	**601**	**15**	356	9
Sale and provision of SDR embedded platform products and services	**1,082**	**27**	136	3
Others (comprising mainly sales of other components)	**477**	**12**	1,136	28
	4,017	**100**	4,086	100

Profitability

Our Group registered a gross profit of US$1.9 million against a gross profit margin of 46.6% for FY2019 relative to a gross profit of US$1.3 million against a gross profit margin of 32.4% for FY2018. The improved gross profit and gross profit margin were attributable mainly to the sales and provision of higher yielding products and design services.

Our selling and distribution expenses decreased by US$194,000 or 23.2%, from US$835,000 in FY2018 to US$641,000 in FY2019, due principally to rigorous cost control measures.

Our administrative expenses decreased by US$620,000 or 20.8%, from US$2,986,000 in FY2018 to US$2,366,000 in FY2019, due mainly to continued stringent cost containment measures, particularly through curtailment of manpower costs brought about by reduced headcount and salary adjustments, coupled with a significant reduction in professional fees (incurred for corporate exercises and investor relations) from that incurred in FY2018.

Our other operating expenses decreased by US$6,406,000 or 76.5%, from US$8,372,000 in FY2018 to US$1,966,000 in FY2019, due mainly to the higher impairment loss on certain intangible assets of the Group in FY2018.

Our other operating income for FY2019 and FY2018 comprised mainly government grants received.

The increase in finance expenses in FY2019 compared to FY2018 was attributed mainly to interest expense and facilities fees in respect of short term loans secured in FY2019 as well as imputed interest charge arising from the conversion feature of the Convertible Loan Notes.

As a result of the above, the Group drastically reduced its net loss to US$3.7 million in FY2019 from a net loss of US$12.8 million in FY2018.

(b) Review of financial position of the Group as at 31 March 2019 (relative to that as at 31 March 2018)

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 decrease in inventories was attributed mainly to the delivery of finished products.

The decrease in trade receivables was primarily due to payments received.

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

The decrease in trade payables were due to payments made.

The increase in other payables and accruals were attributed mainly to advances from certain directors.

The net increase in borrowings was attributed largely to short term borrowings.

The increase in share capital was due to the allotment and issue of 100,000,000 new ordinary shares pursuant to the Share Placement carried out in November 2018.

As a result of 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 24.5% as at 31 March 2018 to 55.6% as at 31 March 2019;

2. the working capital position of the Group reversed from a positive USS$0.1 million as at 31 March 2018 to a negative US$2.8 million as at 31 March 2019;

3. the net cash flow of the Group used in operations has reduced from a negative cash used of US$3.5 million in FY2018 to a negative cash used of US$1.0 million in FY2019; and

4. the net asset value of the Group decreased by US$1.8 million or 24.5% from US$7.5 million as at 31 March 2018 to US$5.6 million as at 31 March 2019, with the net asset value per ordinary share decreased from 0.42 US cents per Share as at 31 March 2018 to 0.30 US cents per Share as at 31 March 2019.

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

In line with the remarks made by the Company in its results announcement made on 14 February 2019 for the third financial quarter ended 31 December 2018, the Group:

(b) turned in a better turnover of US$1.5 million for 4Q2019 compared to that attained in any of the first three financial quarters of FY2019 (ranging from US$0.4 million to US$1.1 million);
(c) had its results for 2H2019 outperformed that of 1H2019 at an improved turnover of 70%; and
(d) had its results for FY2019 outperformed that of FY2018 with its net loss after tax being drastically reduced by 70.7%.

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

Riding on our diligent development and marketing efforts built up in FY2019 and before, we expect breakthrough progress to be made under the Group's various business strategic drivers below in turning around the performance of the Group for the financial ending 31 March 2020 ("FY2020"):

1. **Design Services & Technology Licensing**

As announced on 20 February 2019, the Group had just secured a significant milestone design contract with Avionica, a US-based aviation company, to jointly develop a new generation of Swift Broadband ("SBB") terminals to support the growing demands for real-time flight data from the worldwide aviation market. The said contract is expected to contribute significantly towards the design revenue of the Group over the next 12 months. Further, upon the commercialization of the SBB terminals, the Group is expected to derive further production support revenue from the sales of such products.

2. **SDR Engineering**

Our in-house developed proprietary SDR module customized for a Singapore government agent has attracted purchase contracts contributing to over US$1 million in sales in FY2019, majority of which is reflected in 4Q2019. A wide deployment of the module is expected as it is designed to be a common building block for a variety of proprietary communication systems. We have already received new inquiries for a much bigger requirement and at the same time are confident that the production system is now ready to take on bigger production commitments. We expect the SDR module to be a star revenue generator over the next 12 months.

3. **Breakthrough in Vessel Monitoring System ("VMS") for Fishery Regulatory Market**

As announced on 2 April 2019, we have achieved a very significant breakthrough in obtaining the type approval for Advalue's iFleetOne-VMS for use in the US fishery control regions after a prolonged period of our direct and proactive engagement with the US National Marine Fisheries Service ("NMFS") to develop a bespoke VMS solution that is based on the I4 and BGAN network. The Addvalue iFleetONE-VMS solution is the first and only truly IP-based VMS solution for mandatory fisheries control activities under the jurisdiction of the US NMFS/Office of Law Enforcement's ("OLE").

We are currently working closely with Inmarsat and our US partner, Network Innovation, to coordinate a series of market roll-out plan for Addvalue iFleetOne-VMS to capitalize on this first-mover advantage. The target of this roll-out is at least 1000 units within the next 12 months.

Based on Inmarsat's independent market analysis, the addressable market size for fishing vessel is over 200,000 vessels worldwide, of which 87% are based in Asia. We hope to duplicate the same success in the US in ASEAN, such as the Philippines, Myanmar, Thailand and Indonesia, and South Asia such as Maldives, where the fishery authorities have vested interests to pursue similar solutions in regulating the fishing activities under their respective purviews.

4. **ASEAN Market Making Tractions: Satcom IoT/M2M and VSAT Focus**

Endorsed by Inmarsat Australia, Pivotel and AST for Satcom machine-to-machine applications, our Sabre Ranger 5000 has been on technical trials for power utilities projects in Australia and Indonesia since December 2018 and such trials are expected to be completed by July 2019.

For the project in Australia, it is a renewal and expansion of the markets served by our legacy product Sabre Ranger M2M, which is now replaced by the more advanced and feature-rich Sabre Ranger 5000.

For the Indonesia market, it will be our foray into the vast power utilities market, where machine-to-machine applications are essential. The technical trial there involves a dozen of Sabre Ranger 5000 units integrated into the national power utilities program and the results to date have been very positive.

Separately, we are in partnership with an established local system integrator in pursuit of a Satcom IoT project in meeting the needs for rural banking in Indonesia. There is an addressable market of more than 12,000 rural banking ATMs, of which 50% needs satellite connectivity in the near future. More than one technical solution may be adopted for this massive project, and Addvalue, which has a few leading international satcom operators working closely with it in this regard, is well-poised to be one of the chosen solution providers. Initial trials have been positive and we are embarking on business model discussions with the relevant parties.

In a bid to expand beyond our L-Band products and solutions, we have forged partnerships with VSAT operators and equipment manufacturers to offer VSAT solutions to enterprises and government agencies through our network of local partners in ASEAN. For example, technical field trials have been successfully conducted to an Indonesian governmental agency, and we are hopeful to close the business deals within the next 12 months.

5. **IDRS Business**

Since the commercial launch of the world first IDRS service in August 2017, we had secured a number of commitments, options and/or MOUs for the supply of our IDRS terminals and, pending the successful deployment of satellites, the subscription of our IDRS airtime services. In the pipeline, we are also in active negotiations with several more such customers.

After more than one year of marketing our IDRS services and in engaging Inmarsat, the many LEO satellites owners and the LEO satellite rocket launch service providers, with invaluable experience and market feedback received coupled with the provision of valuable inputs in allowing for the conduct of extensive paper studies, we are now better placed to understand the needs of the LEO satellites owners and rocket launch service providers, particularly those in the new space segment. We have since fine-tuned our IDRS business model, and are quietly confident to accelerate the growth of our IDRS business in 2019 and beyond.

In this regard and specifically in respect of one of our key IDRS customers, we are pleased to report that, following our successful on-schedule delivery of an engineering version of the IDRS terminal for the purpose of integrating with the said customer's satellite bus and ground testing for its pre-launch engineering verification process in 4Q2019, we had in end April 2019 procured the said customer exercising its option (availed under the major IDRS contract signed in 2018) to place an additional significant order for a multiple units of IDRS terminals with us. The additional order, which is worth over US$1 million and is expected to be substantially fulfilled in FY2020, is to support the said customer's launch program to be carried out in 2019 and 2020. The first commercial IDRS terminal is scheduled to be launched into space in the second half of 2019.

In summary:

- **A manifestation, in part, of the success of the business transformation plan that Addvalue has been vigorously advocating and working on for the past few years can be inferred from the new found fortune accorded by the new lease of life rendered to iFleetOne through Addvalue iFleetOne-VMS. Addvalue iFleetOne-VMS, which represents a departure from our traditional business model, has applications embedded in the terminals for us to generate, apart from hardware sales, recurring revenue from solution subscriptions as well as airtime income and to usher in the beginning of the fruition of our past transformation efforts.**

- **Our design contract with Avionica, a GE Aviation subsidiary, is another strong testimony attesting to our deep capabilities in developing high value communication products, and in which case, a new generation of mobile satellite terminal for Inmarsat in catering to the commercial aviation industry. This partnership not only extends our product portfolio into the aviation industry but also makes available new business opportunities for us to tap into the high-growth aviation market, such as the provision of related after-sales and maintenance service support to Avionica's clients in the region.**

- **As a result of our ongoing business transformation efforts, we also see our business revenue mix in FY2019 geared towards our new business pillars, with sales and provision of SDR embedded platform products and services, accounting for 27% of the Group's total turnover in FY2019, being the new dominant revenue contributor in FY2019 compared to the sales and provision of maritime communication products and services, accounting for 23% of the Group's total turnover in FY2019, being the dominant revenue contributor in FY2018**.

Taking into account of the above, which cumulatively resulted in a prevailing confirmed order book of about US$4.6 million (which is more than the turnover achieved by the Group for each of the entire financial year of FY2018 and FY2019) and an indicative order book of at least US$15.0 million, barring any unforeseen circumstance, the Group is cautiously optimistic and expects to achieve profitability in FY2020, particularly in the second half of FY2020.

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 FY2020. 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 between US and China, continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the current many political and economic issues facing EU and in relation to Brexit, 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 FY2019.

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 undertakings from all 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]

FY2019	**EMEA[2]** **US$'000**	**North America** **US$'000**	**Asia Pacific** **US$'000**	**Total** **US$'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				(4,973)
Other income				186
Finance expenses				(806)
Loss before income tax				(3,723)
Income tax reversal				4
				(3,719)

Segment assets				
- Segment assets	181	18	14,092	14,291
Total assets				14,291
Segment liabilities				
- Segment liabilities	409	18	6,576	7,003
- Deferred tax liabilities	-	-	-	1,646
Total liabilities				8,649
Other information				
Capital expenditure				
- Plant and equipment	-	-	48	48
- Intangible assets	-	-	2,736	2,736
Depreciation and amortisation	95	187	398	680

(a) By geographical segments[1]

FY2018	EMEA[2] US$'000	North America US$'000	Asia Pacific US$'000	Total US$'000
Revenue				
Total revenue from external customers	880	480	2,726	4,086
% Contribution	*21%*	*12%*	*67%*	*100%*
Segment result	285	155	883	1,323
Unallocated expenses				(12,193)
Other income				179
Finance expenses				(199)
Loss before income tax				(10,890)
Income tax expense				(1,895)
				(12,785)
Segment assets				
- Segment assets	254	66	13,970	14,290
Total assets				14,290
Segment liabilities				
- Segment liabilities	678	8	4,482	5,168
-Deferred tax liabilities	-	-	-	1,646
Total liabilities				6,814
Other information				
Capital expenditure				
- Plant and equipment	-	-	149	149
- Intangible assets	-	-	3,383	3,383
Impairment loss on development expenditure	-	-	5,689	5,689
Depreciation and amortisation	338	185	1,048	1,571

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

	The Group			
	FY2019		FY2018	
	US$'000	**% Contribution**	US$'000	% Contribution
Sale and provision of land communication products and services	**744**	**19**	1,072	26
Sale and provision of maritime communication products and services	**943**	**23**	1,386	34
Sale and provision of IDRS products and services	**170**	**4**	-	-
Other design services	**601**	**15**	356	9
Sale and provision of SDR embedded platform products and services	**1,082**	**27**	136	3
Others (comprising mainly sales of other components)	**477**	**12**	1,136	28
	4,017	**100**	4,086	100

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 improved significantly from 12% in FY2018 to 27% in FY2019 due principally to more design contracts being procured from our US customers.

By revenue streams

At a maintainable turnover of US$4.0 million, our revenue mix varied in FY2019 from that of FY2018, with sales and provision of SDR embedded platform products and services being the new and dominant revenue contributor in FY2019 as contrast against the sales and provision of maritime communication products and services being the dominant revenue contributor in FY2018. As our proprietary SDR module is a core engine capable for a variety of proprietary communication systems, demands for which from the many various sources have been good since the inception of its development in FY2018. With its present production reaching a consistent state of high quality and efficiency, we expect the sales and provision of SDR embedded platform products and services to continue to be the key revenue contributor of the Group for FY2020.

18. Breakdown of sales

	FY2019	FY2018	% change
	US$'000	US$'000	
(i) Turnover reported for:			
- First half year ended 30 September	**1,487**	2,108	(29.5%)
- Second half year ended 31 March	**2,530**	1,978	27.9%
	4,017	4,086	(1.7%)
(ii) Net loss reported for:			
- First half year ended 30 September	**(1,779)**	(2,238)	(20.5%)
- Second half year ended 31 March	**(1,940)**	(10,547)	(81.6%)
	(3,719)	(12,785)	(70.9%)

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
Nil				

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

Tan Khai Pang
Director

30 May 2019