ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH FINANCIAL QUARTER AND THE FULL FINANCIAL YEAR ENDED 31 MARCH 2016 ("4Q2016" AND "FY2016" RESPECTIVELY)

PART 1 INFORMATION REQUIRED FOR ANNOUCEMENT 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

	4Q2016 US$'000	4Q2015 US$'000	% Change	**FY2016 US$'000**	FY2015 US$'000	% Change
Revenue	**4,329**	3,855	12.3	**9,944**	14,725	(32.5)
Cost of sales	**(3,093)**	(4,033)	(23.3)	**(6,505)**	(10,238)	(36.5)
Gross profit /(loss)	**1,236**	(178)	N/m	**3,439**	4,487	(23.4)
Other operating income	**36**	299	(88.0)	**92**	600	(84.7)
Selling & distribution expenses	**(251)**	(312)	(19.6)	**(913)**	(1,119)	(18.4)
Administrative expenses	**(619)**	(606)	2.1	**(2,579)**	(2,316)	11.4
Other operating expenses	**(1,156)**	(4,213)	(72.6)	**(3,196)**	(6,329)	(49.5)
Loss from operations	**(754)**	(5,010)	(85.9)	**(3,157)**	(4,677)	(32.5)
Finance expenses	**(978)**	(233)	319.7	**(1,573)**	(552)	185.0
Loss before tax	**(1,732)**	(5,243)	(67.0)	**(4,730)**	(5,229)	(9.5)
Taxation	**19**	(987)	N/m	**21**	(988)	N/m
Net loss for the period/year	**(1,713)**	(6,230)	(72.5)	**(4,709)**	(6,217)	(24.3)
Other comprehensive income						
Fair value (loss)/gain on available-for-sale financial assets	**-**	(2)	N/m	**-**	(2)	N/m
Impairment on available-for-sale financial assets reclassified to profit or loss	**-**	101	N/m	**-**	101	N/m
Exchange differences arising from translation of foreign operations	**3**	15	(80.0)	**(6)**	1	N/m
Other comprehensive (loss)/income for the year – net of tax	**3**	114	(94.7)	**(6)**	100	N/m
Total comprehensive loss for the period/year	**(1,710)**	(6,116)	(72.0)	**(4,715)**	(6,117)	(22.9)

"4Q2015" denotes the fourth financial quarter ended 31 March 2015 in respect of the financial year ended 31 March 2015 ("FY2015").
"FY2015" denotes the financial year ended 31 March 2015.
"% 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 statement of comprehensive income form an integral part of the statement of comprehensive income

	The Group					
	4Q2016 US$'000	4Q2015 US$'000	% Change	**FY2016 US$'000**	FY2015 US$'000	% Change
Profit before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	**614**	549	11.8	**2,381**	2,141	11.2
Foreign exchange loss/(gain) (net)	**(230)**	(273)	(15.8)	**(51)**	(559)	(90.9)
Interest expense	**215**	119	80.7	**703**	438	60.5
Interest income	**(1)**	(2)	(50.0)	**(1)**	(2)	(50.0)
Inventories written off	**72**	123	(41.5)	**72**	123	(41.5)
Impairment loss of development expenditure	**-**	3,200	N/m	**-**	3,200	N/m
Impairment loss of available-for-sale financial assets, reclassified from other comprehensive income	**-**	101	N/m	**-**	101	N/m

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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 2016 US$'000	As at 31 Mar 2015 US$'000	**As at 31 Mar 2016 US$'000**	As at 31 Mar 2015 US$'000
Non-current assets				
Plant and equipment	**939**	1,046	**-**	-
Subsidiaries	**-**	-	**5,228**	5,228
Intangible assets	**12,607**	12,716	**-**	-
Deferred tax assets	**1,208**	1,202	**-**	-
	14,754	14,964	**5,228**	5,228
Current assets				
Inventories	**3,703**	3,516	**-**	-
Amount due from customers for contract work	**66**	128	**-**	-
Trade receivables	**2,181**	3,050	**-**	-
Other receivables, deposits and prepayments	**1,044**	1,269	**539**	537
Available-for-sales financial assets	**2**	2	**2**	2
Due from subsidiaries (non-trade)	**-**	-	**748**	1,136
Fixed deposit	**40**	43	**-**	-
Cash and bank balances	**426**	293	**1**	4
	7,462	8,301	**1,290**	1,679
Total assets	**22,216**	23,265	**6,518**	6,907
Current liabilities				
Trade payables	**3,768**	4,333	**-**	-
Other payables and accruals	**4,178**	1,540	**1,874**	788
Provisions	**250**	405	**128**	128
Borrowings	**4,852**	3,709	**1,109**	-
Advances received from customers	**830**	211	**-**	-
Deferred income	**40**	22	**-**	-
Due to a subsidiary (non-trade)	**-**	-	**-**	139
Provision for income tax	**-**	4	**-**	-
	13,918	10,224	**3,111**	1,055
Non-current liabilities				
Borrowings	**41**	33	-	-
Deferred tax liabilities	**-**	34	-	-
	41	67	**-**	-
Total liabilities	**13,959**	10,291	**3,111**	1,055
Net assets	**8,257**	12,974	**3,407**	5,852
Equity attributable to the Company's equity holders				
Share capital	**57,881**	57,881	**57,881**	57,881
Capital reserve	**747**	747	**-**	-
Statutory reserve	**8**	10		
Fair value adjustment reserve	**-**	-	**-**	-
Foreign currency translation reserve	**(6)**	-	**-**	-
Accumulated losses	**(50,373)**	(45,664)	**(54,474)**	(52,029)
Total equity	**8,257**	12,974	**3,407**	5,852

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

	The Group	
	As at 31 Mar 2016 US$'000	As at 31 Mar 2015 US$'000
Amount repayable in one year or less or on demand		
Secured(1)	**3,743**	3,674
Unsecured	**1,109**	35
	4,852	3,709
Amount repayable after one year		
Secured(1)	**41**	33
Unsecured	**-**	-
	41	33

Details of any collateral

(1) These are secured against:

- A floating charge on the inventories and trade receivables of a subsidiary of the Company
- An escrow accounts with a bank of a subsidiary of the Company
- A corporate guarantee from the Company

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			
	4th Quarter		Year-To-Date	
	4Q2016	4Q2015	**FY2016**	FY2015
	US$'000	US$'000	**US$'000**	US$'000
OPERATING ACTIVITIES				
(Loss)/Profit before tax	**(1,732)**	(5,243)	**(4,730)**	(5,229)
Adjustments for:				
Amortisation of intangible assets	**517**	450	**2,018**	1,777
Amortisation of deferred income	**(2)**	(25)	**(40)**	(25)
Depreciation of plant and equipment	**97**	99	**363**	364
Interest expense	**215**	119	**703**	438
Interest income	**(1)**	(2)	**(1)**	(2)
Impairment loss on development expenditure	**-**	3,200	**-**	3,200
Impairment loss on available-for-sale financial assets	**-**	101	**-**	101
Provisions-net of reversal	**(221)**	208	**(20)**	583
Unrealised foreign exchange gain	**(68)**	(120)	**101**	(342)
Operating (loss)/profit before changes in working capital	**(753)**	(1,213)	**(1,606)**	865
Changes in working capital				
Inventories	**648**	1,141	**(187)**	362
Trade and other receivables	**(480)**	555	**1,094**	(386)
Amounts due from customers for contract work	**8**	181	**62**	742
Advances received from customers	**177**	(93)	**619**	(312)
Development expenditure	**(943)**	(1,098)	**(3,122)**	(3,033)
Trade and other payables	**1,928**	1,094	**951**	1,982
Provisions	**(148)**	(128)	**(135)**	(456)
CASH GENERATED FROM/(USED IN) OPERATIONS	**437**	439	**(2,324)**	(236)
Interest income received	**1**	2	**1**	2
Income tax paid	**(22)**	-	**(22)**	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**416**	441	**(2,345)**	(234)
INVESTING ACTIVITIES				
Purchase of plant and equipment[(1)]	**(69)**	(131)	**(180)**	(295)
Proceeds from government grants	**1,208**	47	**1,271**	47
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	***1,139***	*(84)*	***1,091***	*(248)*
FINANCING ACTIVITIES				
Net proceeds from issue of shares	**-**	-	**-**	106
Proceeds from borrowings	**-**	391	**2,071**	1,512
Repayments of borrowings	**(918)**	(416)	**(1,103)**	(471)
Advances from/(Repayment to) a shareholder	**-**	(239)	**1,000**	(239)
Interest paid	**(315)**	(71)	**(581)**	(391)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	***(1,233)***	*(335)*	***1,387***	*517*
NET INCREASE IN CASH AND CASH EQUIVALENTS	**322**	22	**133**	35
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	**104**	271	**293**	257

Effects of exchange rate changes in cash and bank balances	**-**	-	**-**	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR(2)	**426**	293	**426**	293

Notes:

(1) For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the year comprised:

	FY2016	*FY2015*
	US$'000	*US$'000*
Plant and equipment purchased during the year	***256***	*385*
Less: Financed by finance lease obligations, net	***(76)***	*(90)*
Cash payment to acquire plant and equipment	***180***	*295*

(2) Cash and bank balances consist of the following:

Cash and bank balances	***426***	*293*
Fixed deposits	***40***	*43*
	466	*336*
Less: Fixed deposits pledged to bank	***(40)***	*(43)*
Cash and bank balances at end of year	***426***	*293*

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	Fair value adjustment reserve	Foreign currency translation reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2015	57,881	747	10	-	-	(45,664)	12,974
Comprehensive loss for the financial year	-	-	-	-	(6)	(4,709)	(4,715)
Transfer to/(from) statutory reserve fund	-	-	(2)	-	-	-	(2)
Balance as at 31March 2016	57,881	747	8	-	(6)	(50,373)	8,257

	The Group						
	Share capital	Capital reserve	Statutory reserve	Fair value adjustment reserve	Foreign currency translation reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2014	57,772	750	-	(99)	(1)	(39,437)	18,985
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) - net of share issue expenses	109	(3)	-	-	-	-	106
Loss for the year	-	-	-	101	-	(6,217)	(6,116)
Other comprehensive income/(loss)	-	-	-	(2)	1	-	(1)
Transfer to statutory reserve fund	-	-	10	-	-	(10)	-
Balance as at 31 March 2015	57,881	747	10	-	-	(45,664)	12,974

	The Company				
	Share capital	Capital reserve	Fair value adjustment reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2015	57,881	-	-	(52,029)	5,852
Comprehensive loss for the financial period	-	-	-	(2,445)	(2,445)
Balance as at 31 March 2016	57,881	-	-	(54,474)	3,407

	The Company				
	Share capital	Capital reserve	Fair value adjustment reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2014	57,772	3	(99)	(38,515)	19,161
Issuance of new shares pursuant to exercise of share options under the ESOS Scheme (as defined below) – net of share issue expenses	109	(3)	-	-	106
Loss for the year	-	-	101	(13,514)	(13,413)
Other comprehensive loss	-	-	(2)	-	(2)
Balance as at 31 March 2015	57,881	-	-	(52,029)	5,852

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

A. Share Capital of the Company	**No of shares**	**US$'000**
Balance as at 31 March 2016 and 31 March 2015	1,187,355,813	57,881

B. Share options

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

As at 31 March 2016 and 31 March 2015, the Company has neither treasury shares nor outstanding dilutive securities (including share options) which are capable of being converted into the shares of the Company.

C. Rights Issue

We refer to the announcements made by the Company on 30 October 2015, 10 May 2016, 13 May 2016 and 25 May 2016 concerning a renounceable non-underwritten rights issue to be undertaken by the Company (the "Rights Issue"). Pursuant to the Rights Issue, the Company is offering up to 395,785,271 new ordinary shares of the Company (the "Rights Shares") at an issue price of S$0.031 (the "Issue Price") per Rights Share, on the basis of one Rights Share for every three existing shares of the Company held by Shareholders as at 5.00 p.m. (Singapore time) on 23 May 2016, the books closure date for determining the Shareholders' entitlements under the Rights Issue.

Approval-in-principle from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of up to 395,785,271 Rights Shares at the Issue Price has been obtained on 10 May 2016, subject to the following:

(a) compliance with the SGX-ST's listing requirements;
(b) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds in the annual report; and
(c) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares.

The Offer Information Statement dated 25 May 2016 relating to the Rights Issue have been dispatched to the shareholders on 26 May 2016.

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 2016	As at 31 Mar 2015
Total number of issued ordinary shares (excluding treasury shares)	**1,187,355,813**	1,187,355,813

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

The Company has had no treasury shares as at 31 March 2016. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 4Q2016.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 March 2015.

The adoption of new and revised Financial Reporting Standards ("FRS") and the interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on or after 1 April 2015 is not expected to have any significant impact to the Group.

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

Not applicable.

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

	The Group	
	As at 31 Mar 2016 US$'000	As at 31 Mar 2015 US$'000
Net loss attributable to shareholders	**(4,709)**	(6,216)
(Loss)/ Earnings per share		
Basic (US cents)	**(0.40)**	(0.52)
Diluted (US cents)	**(0.40)**	(0.52)
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,187,355,813**	1,186,563,484
Effect of potentially dilutive ordinary shares – Share options[(1)]	**-**	792,329
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,187,355,813**	1,187,355,813

Note:

(1) Effect of potentially dilutive ordinary shares is calculated for the outstanding share options granted in 2010 under the ESOS Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration.

No adjustment is made to earnings (numerator). The ESOS Scheme were expired on 21 June 2014.

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 2016 US$'000	As at 31 Mar 2015 US$'000	**As at 31 Mar 2016 US$'000**	As at 31 Mar 2015 US$'000
Net asset value as at end of financial year	**8,257**	12,974	**3,407**	5,852
Net asset value per ordinary share as at the end of financial year (US cents)	**0.70**(1)	1.09(1)	**0.29**(1)	0.49(1)

Notes:
(1) Based on 1,187,355,813 issued shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Overview

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

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

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

(a) <u>Review of financial performance of the Group for 4Q2016 (relative to 4Q2015) and for FY2016 (relative to FY2015)</u>

Turnover

The turnover of our Group increased by US$0.5 million or 12.3% to US$4.3 million in 4Q2016 from US$3.9 million in 4Q2015 but decreased by US$4.8 million or 32.5% to US$9.9 million for FY2016 from US$14.7 million for FY2015.

The increase in turnover for 4Q2016 relative to 4Q2015 was attributed mainly to a significant contract secured with one of our existing customers to supply satellite terminals for a government project.

The decrease in turnover for FY2016 relative to FY2015 was attributed mainly to the confluence of the following 'perfect storm' events, which had lasted for a sustained period, though the end of the tunnel for some is at sight:

(a) the anaemic world economy, other than that of the People's Republic of China albeit its slowdown, which adversely affected many industries, including the energy and the maritime sectors which the Group is depended upon to a reasonable extent since the past few years;
(b) the delay or hold back in anticipated orders for certain of our new products by some of our channel partners (the "Delayed Orders") due to:

   a. The delay in the rollout of Inmarsat GX services as a result of the adjournment in the launch of Inmarsat-5 F3 satellite, which finally took place on 28 August 2015. Together with Inmarsat-5 F1 and Inmarsat-5 F2, which were successfully launched in December 2013 and February 2015 respectively, the newly configured constellation, barring any unforeseen circumstances, is expected to spur fresh orders for our high-end FBB terminals.
   b. The deferment of a commercial program by one of our network partners because of some technical issues it has with its consigned supplier concerning a certain key and unique component required of the broadband maritime

terminal to be operated under the said program. With the said program resumed recently in November 2015, we expect a sizable order for the affected maritime terminals to flow in in the near future.

c. The delay in the upgrading of the IsatHub billing platform by Inmarsat to have the flexibility in embracing more pricing options, including the prepayment mode, for channel partners to expand the market reach with a view to attract more non-traditional satellite communications end users. With the billing platform to be upgraded in due course, we expect fresh pick-up in orders for our iSavi terminals to follow suit.

Profitability

Our Group registered a gross profit of US$1.2 million against a gross profit margin of 28.6% in 4Q2016 relative to a gross loss of US$0.2 million in 4Q2015. The gross loss incurred in 4Q2015 was resulted mainly from a one-off inventory price variance adjustment made to cost of sales.

On a full year basis, our Group recorded a gross profit of US$3.4 million against a gross profit margin of 34.6% in FY2016 compared to a gross profit of US$4.5 million against a gross profit margin of 30.5% in FY2015.

Our other operating income in FY2015 relates to mainly to unrealised foreign exchange gain on our S$ borrowings due to the strengthened US$ against S$ in FY2015.

In line with decreased business activities, our selling and distribution expenses decreased by US$61,000 or 19.6%, from US$312,000 in 4Q2015 to US$251,000 in 4Q2016.

Our administrative expenses increased by US$263,000 or 11.4%, from US$2.3 million in FY2015 to US$2.6 million in FY2016, attributed mainly to higher manpower costs and rental due to the expansion of our Beijing office.

Our other operating expenses decreased by US$3.1 million or 72.6%, from US$4.2million in 4Q2015 to US$1.2 million in 4Q2016; the higher other operating expenses incurred in 4Q2015 was mainly the result of an audit adjustment made in impairing certain intangible assets of the Group by about US$3.2 million.

The increase in finance expenses was attributed mainly to higher funding costs in procuring additional borrowings and the costs incurred in extending the period in making good certain payments for a loan.

The tax expense of about US$1.0 million registered in 4Q2015 and FY2015 was attributed to an audit adjustment made to partially reverse the deferred tax asset of certain subsidiaries of the Group in view of the lower than previously projected future economic benefits expected to be generated by the commercial exploitation of products, applications and processes that are developed by these entities.

As a result of the above, our Group incurred a net loss of US$1.7 million in 4Q2016 compared to a net loss of US$6.2million in 4Q2015 and a net loss of US$4.7 million in FY2016 compared to a net loss of US$6.2 million in FY2015.

(b) Review of financial position of the Group as at 31 March 2016 (relative to that as at 31 March 2015)

At the company level of Addvalue Technology Ltd, the amount due from its subsidiaries was reduced from $1.1 million as at 31 March 2015 to $0.7 million as at 31 March 2016. The impairment was attributed mainly to certain non-performing subsidiaries.

The decrease in plant and equipment was largely due to fewer assets purchased during FY2016.

The decrease in intangible assets was primarily attributed to higher amortization expenses following the commercialization of several new in-house developed products during FY2016.

The increase in inventories relates mainly to finished goods which await delivery to customers.

The decrease in trade receivables and other receivables, deposits and prepayments were in line with our reduced business activities during FY2016.

The lower amount due from customers for contract work as at 31 March 2016 relative to that as at 31 March 2015 was attributed mainly to more billings made in FY2016.

The decrease in trade payables was mainly attributed to payments made.

The increase in other payables and accruals relate mainly to advances while the increase in advance receipts relates mainly to deposits received for new orders from customers.

The increase in current borrowings was attributed mainly to additional short-term loans procured in FY2016.

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 28.8% as at 31 March 2015 to 59.3% as at 31 March 2016;

2. the negative working capital position of the Group widened from US$1.9 million as at 31 March 2015 to US$6.5 million as at 31 March 2016;
3. the net cash flow of the Group used in operations increased from US$0.2 million in FY2015 to US$2.3 million in FY2016; and
4. the net asset value of the Group decreased by US$4.7 million or 36.4% from US$13.0 million as at 31 March 2015 to US$8.3 million as at 31 March 2016, with the net asset value per ordinary share decreased from 1.09 US cents per share as at 31 March 2015 to 0. 70 US cents per share as at 31 March 2016.

In addressing the increased gearing and negative working capital concerns, the Company is currently in the midst of conducting the Rights Issue exercise (the details of which are provided in 1.(d)(ii)C. above), and remains open to all other funding options.

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

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Notwithstanding the not too luster performance for FY2016, with the proceeds from the Rights Issue and to be supplemented by funds generated from internal operations, for the next 12 months, we expect to:

1. accelerate our plan in working with Zhongyou Century Technology Co Ltd ("Zhongyou"), a subsidiary of China National Postal and Telecommunications Appliances Corp ("PTAC"), to reap the lucrative small vessels market of over 300,000 vessels worth at least US$200 million following the strategic alliance forged in November 2015 as announced by the Company on 19 April 2016.
2. heighten our collaboration with China International Security Solution Corporation Limited ("CSS"), a company incorporated in Hong Kong, to jointly develop and supply satellite communication-based solutions, products and services for the massive communications needs associated with the 'the Belt and Road' initiative as announced by the Company on 26 October 2015.
3. strengthen our balance sheet and reduce our operating costs, particularly finance costs, through the acceleration of Group-wide cost cutting measures and efficiency enhancement overhauls.

As at the date of this announcement, we have a book order of US$6.0 million, of which about US$4.0 million is secured with Zhongyou.

As regards the proposed disposal of the Company's subsidiary, Addvalue Communications Pte Ltd, as announced by the Company on 25 March 2014 (the "Proposed Disposal"), we have now advanced close to firming up the revised terms. Nothing so far has come to our attention that the buyer to the Proposed Disposal is not interested in pursuing the deal.

While both the Company and the buyer to the Proposed Disposal are committed to use best commercial efforts to reach agreement and in seeing the transaction through, Shareholders are to note that the Proposed Disposal is not to be taken as a done deal or that parties will eventually come to an agreement.

As the completion of the Proposed Disposal is still subject to the fulfillment of many precedent conditions, there can be no assurance of its completion or, if it were to be eventually completed, as to the length of time required to do so. Hence, Shareholders are advised to exercise caution when dealing in the securities of the Company and refrain from taking any action in relation to their securities which may be prejudicial to their interests

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions, including the uncertainties of the pace of recovery of the United States of America economy, continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the current euro zone debt crisis, inflationary pressures and undue currency movements which will affect the growth in Asia, especially East Asia; change in technology; timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of the improved air-time 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 4Q2016.

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

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. 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]

FY2016	**EMEA**	**North America**	**Asia Pacific**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue				
Total revenue from external customers	1,229	418	8,297	9,944
% Contribution	*12%*	*4%*	*84%*	*100%*
Segment result	266	(80)	(689)	(503)

Unallocated expenses				(2,746)
Other income				92
Finance expenses				(1,573)
Profit before income tax				(4,730)
Income tax expense				21
				(4,709)
Segment assets				
- Segment assets	756	481	19,771	20,008
- Deferred tax assets				1,208
Total assets				22,216
Segment liabilities				
- Segment liabilities	974	1,043	11,942	13,959
- Deferred tax liabilities				-
Total liabilities				13,959
Other information				
Capital expenditure				
- Plant and equipment	-	-	256	256
- Intangible assets	-	-	3,122	3,122
Depreciation and amortisation	112	9	2,260	2,381

FY2015	**EMEA**	**North America**	**Asia Pacific**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue				
Total revenue from external customers	4,403	2,501	7,821	14,725
% Contribution	*30%*	*17%*	*53%*	*100%*
Segment result	715	51	(3,679)	(2,913)
Unallocated expenses				(2,364)
Other income				600
Finance expenses				(552)
Profit before income tax				(5,229)
Income tax expense				(988)
				(6,217)
Segment assets				
- Segment assets	1,095	915	20,053	22,063
- Deferred tax assets				1,202
Total assets				23,265
Segment liabilities				
- Segment liabilities	1,223	235	8,799	10,257
- Deferred tax liabilities				34
Total liabilities				10,291

Other information				
Capital expenditure				
- Plant and equipment	-	-	385	385
- Intangible assets	-	-	3,033	3,033
Impairment loss on development expenditure	-	-	3,200	3,200
Impairment loss on financial assets available-for-sale	-	-	101	101
Depreciation and amortisation	83	239	1,819	2,141

Note:
(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.

(b) By revenue streams

	The Group			
	FY2015		FY2015	
	US$'000	**% Contribution**	US$'000	% Contribution
Sales of land communication products	**3,328**	**33.5**	3,934	26.7
Sales of maritime communication products	**3,913**	**39.3**	6,503	44.2
Provision of design services	**1,089**	**11.0**	2,222	15.1
Others (comprising mainly sales of components)	**1,614**	**16.2**	2,066	14.0
	9,944	**100.0**	14,725	100.0

16. 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

Asia, particularly China, remains the dominant contributor to our revenue, increased from 53% in FY2015 to 84% in FY2016.

By revenue streams

Despite a decrease, sales of maritime products continued to be the dominant contributor to our revenue for FY2016. The revenue contribution from land products improved from 26.7% in FY2015 to 33.5% in FY2016.

17. Breakdown of sales

	FY2016	FY2015	% change
	US$'000	US$'000	
(i) Turnover reported for:			
- First half year ended 30 September	**3,516**	6,546	(46.3%)
- Second half year ended 31 March	**6,428**	8,179	(21.4%)
	9,944	14,725	(32.5%)
(ii) Net (loss)/profit reported for:			
- First half year ended 30 September	**(1,938)**	(250)	675.2%
- Second half year ended 31 March	**(2,771)**	(5,966)	(53.6%)
	(4,709)	(6,216)	(24.2%)

"N/m" denotes not meaningful.

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

Not applicable.

19. 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				

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman & CEO

30 May 2016