ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER AND THE FIRST HALF FINANCIAL YEAR ENDED 30 SEPTEMBER 2015 ("2Q2016" AND "1H2016" RESPECTIVELY) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2016 ("FY2016")

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF THE FIRST QUARTER 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

	2Q2016 US$'000	2Q2015 US$'000	% Change	**1H2016 US$'000**	1H2015 US$'000	% Change
Revenue	**1,856**	3,776	(50.8)	**3,516**	6,546	(46.3)
Cost of sales	**(1,074)**	(2,002)	(46.4)	**(2,068)**	(3,432)	(39.7)
Gross profit	**782**	1,774	(55.9)	**1,448**	3,114	(53.5)
Other operating income	**304**	45	575.6	**306**	51	500.0
Selling & Distribution expenses	**(200)**	(283)	(29.3)	**(461)**	(528)	(12.7)
Administrative expenses	**(667)**	(621)	7.4	**(1,375)**	(1,224)	12.3
Other operating expenses	**(703)**	(728)	(3.4)	**(1,491)**	(1,457)	2.3
Profit/(loss) from operations	**(484)**	187	N/m	**(1,573)**	(44)	3,475.0
Finance expenses	**(194)**	(109)	78.0	**(365)**	(206)	77.2
Profit/(loss) before tax	**(678)**	78	N/m	**(1,938)**	(250)	675.2
Taxation	**-**	-	N/m	**-**	-	N/m
Net profit/(loss) for the period	**(678)**	78	N/m	**(1,938)**	(250)	675.2
Other comprehensive income-						
Exchange differences arising from translation of foreign operations	**(24)**	68	N/m	**(24)**	68	N/m
Total comprehensive income/(loss) for the period	**(702)**	146	N/m	**(1,962)**	(182)	978.0
Attributable to:						
Equity holders of the Company	**(702)**	146	N/m	**(1,962)**	(182)	978.0
Total comprehensive income for the period	**(702)**	146	N/m	**(1,962)**	(182)	978.0

"2Q2015" denotes the second financial quarter ended 30 September 2014 in respect of the financial year ended 31 March 2015 ("FY2015").
"1H2015" denotes the first half financial period ended 30 September 2014 in respect of FY2015.
"% 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					
	2Q2016 US$'000	2Q2015 US$'000	% Change	**1H2016 US$'000**	1H2015 US$'000	% Change
Profit before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	**601**	536	12.1	**1,152**	1,053	9.4
Foreign exchange loss/(gain) (net)	**(395)**	102	N/m	**(299)**	(50)	498.0
Interest expense	**194**	109	78.0	**302**	206	46.6

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

	The Group		The Company	
	As at 30 Sep 2015 US$'000	As at 31 Mar 2015 US$'000	**As at 30 Sep 2015 US$'000**	As at 31 Mar 2015 US$'000
Non-current assets				
Plant and equipment	**1,047**	1,046	**-**	**-**
Subsidiaries	**-**	-	**5,228**	5,228
Intangible assets	**13,308**	12,716	**-**	-
Deferred tax assets	**1,202**	1,202	**-**	-
	15,557	14,964	**5,228**	5,228
Current assets				
Inventories	**3,645**	3,516	**-**	-
Amount due from customers for contract work	**264**	128	**-**	-
Trade receivables	**1,277**	3,050	**-**	-
Other receivables, deposits and prepayments	**1,503**	1,269	**538**	537
Available-for-sales financial assets	**2**	2	**2**	2
Due from subsidiaries (non-trade)	**-**	-	**3,261**	1,136
Fixed deposit	**43**	43	**-**	-
Cash and bank balances	**203**	293	**1**	4
	6,937	8,301	**3,802**	1,679
Total assets	**22,494**	23,265	**9,030**	6,907
Current liabilities				
Trade payables	**3,215**	4,333	**-**	-
Other payables and accruals	**1,892**	1,540	**915**	788
Provisions	**321**	405	**59**	128
Borrowings	**2,223**	3,709	**2,129**	-
Advances received from customers	**243**	211	**-**	-
Deferred income	**18**	22	**-**	-
Due to a subsidiary (non-trade)	**-**	-	**-**	139
Provision for income tax	**4**	4	**-**	-
	7,916	10,224	**3,103**	1,055
Non-current liabilities				
Borrowings	**3,536**	33	-	-
Deferred tax liabilities	**30**	34	-	-
	3,566	67	**-**	-
Total liabilities	**11,482**	10,291	**3,103**	1,055
Net assets	**11,012**	12,974	**5,927**	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	**10**	10		
Fair value adjustment reserve	**-**	-	**-**	-
Foreign currency translation reserve	**(24)**	-	**-**	-
Accumulated losses	**(47,602)**	(45,664)	**(51,954)**	(52,029)
Total equity	**11,012**	12,974	**5,927**	5,852

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

	The Group	
	As at 30 Sep 2015 US$'000	As at 31 Mar 2015 US$'000
Amount repayable in one year or less or on demand		
Secured(1)	**79**	3,674
Unsecured	**2,144**	35
	2,223	3,709
Amount repayable after one year		
Secured(1)	**3,536**	33
Unsecured	**-**	-
	3,536	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
- A 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	
	2Q2016	2Q2015
	US$'000	US$'000
OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(678)**	78
Adjustments for:		
Amortisation of intangible assets	**503**	446
Amortisation of deferred income	**(2)**	-
Depreciation of plant and equipment	**98**	90
Interest expense	**194**	109
Unrealised foreign exchange gain	**(418)**	(28)
Provision	**182**	196
Operating (loss)/profit before changes in working capital	**(121)**	891
Changes in working capital		
Inventories	**(45)**	(345)
Trade and other receivables	**641**	(2,427)
Amount due from customers for contract work	**(104)**	217
Trade and other payables	**(701)**	1,854
Development expenditure	**(670)**	(635)
Provisions	**(222)**	(181)
Advances received from customers	**(41)**	(54)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	***(1,263)***	*(680)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(9)**	(80)
Purchase of computer software	**(59)**	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	***(68)***	*(80)*
FINANCING ACTIVITIES		
Repayment of borrowings – net	**(49)**	(4)
Interest paid	**(109)**	(109)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	***(158)***	*(113)*
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	**(1,489)**	(873)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	**1,692**	1,555
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	**203**	682

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 period	-	-	-	-	(24)	(1, 938)	(1,962)
Balance as at 30 September 2015	57,881	747	10	-	(24)	(47,602)	11,012

	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
Comprehensive loss for the financial period	-		-	-	-	(250)	(250)
Other comprehensive income – exchange differences arising from translation of foreign operations					68		68
Balance as at 30 September 2014	57,881	747	-	(99)	67	(39,687)	18,909

	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	-	-	-	75	75
Balance as at 30 September 2015	57,881	-	-	(51,954)	5,927

	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
Comprehensive loss for the financial period	-	-	-	(18)	(18)
Balance as at 30 September 2014	57,881	-	(99)	(38,533)	19,249

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 2015 and 30 September 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 2015 and 30 September 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

On 30 October 2015, the Company announced that it is undertaking a renounceable non-underwritten rights issue (the "Rights Issue") of up to 395,785,271 new ordinary shares of the Company (the "Shares"), on the basis of one Rights Share (as defined below) for every three existing Shares held by shareholders of the Company (the "Shareholders") held as at a time and date to be determined by the Directors on which the Register of Members and the Transfer Books of the Company will be closed for the purpose of determining the Shareholders' entitlements under the Rights Issue (the "Books Closure Date"). The Company is offering up to 395,785,271 new Shares (the "Rights Shares") at an issue price of S$0.035 per Rights Share, on the basis of one Rights Share for every three existing Shares held by Shareholders as at the Books Closure Date.

The Rights Issue is subject to, *inter alia*:

(i) the receipt of the listing and quotation notice from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Rights Shares on the SGX-ST; and
(ii) the lodgment of the Offer Information Statement with the Monetary Authority of Singapore.

An application will be made to the SGX-ST for the listing and quotation of the Rights Shares on the SGX-ST. The Company will make the relevant announcement upon receipt of the outcome of the application.

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

	As at 30 Sep 2015	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 30 September 2015. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 2Q2016.

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 30 Sep 2015 US$'000	**As at 30 Sep 2014 US$'000**
Net (loss)/profit attributable to shareholders	**(1,938)**	(250)
Earning per share		
Basic (US cents)	**(0.16)**	(0.02)
Diluted (US cents)	**(0.16)**	(0.02)
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**	1,185,775,485
Effect of potentially dilutive ordinary shares – Share options (Note 1)	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,187,355,813**	1,185,775,485

Note:

(1) As at 30 September 2014 and 30 September 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.

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

	The Group		The Company	
	As at 30 Sep 2015 US$'000	As at 31 Mar 2015 US$'000	**As at 30 Sep 2015 US$'000**	As at 31 Mar 2015 US$'000
Net asset value as at end of financial period/year	**11,012**	12,974	**5,927**	5,852
Net asset value per ordinary share as at the end of financial period/year (US cents)	**0.93(1)**	1.09(1)	**0.50(1)**	0.49(1)

Note:

(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) Review of financial performance of the Group for 2Q2016 (relative to 2Q2015)

US$'000	2Q2016	2Q2015	*% Change (YoY[1])*	1Q2016	*% Change (QoQ[2])*
Turnover	1,856	3,776	*(50.8)*	1,660	*11.8*
Gross profit	782	1,774	*(55.9)*	666	*17.4*
Gross profit margin (%)	42.1	47.0	*N/m*	40.1	*N/m*
Net profit/(loss)	(678)	78	*N/m*	(1,260)	*46.2*
EBITDA[3]	117	723	*(83.8)*	(601)	*N/m*

Notes:

1. *Year-on-year comparison, being comparison of performance in 2Q2016 to 2Q2015*
2. *Quarter-on-quarter comparison, being comparison of performance in 2Q2016 to 1Q2016*
3. *Being earnings before interest, taxes, depreciation and amortisation*

N/m: Not meaningful

Turnover

The turnover of our Group decreased by US$1.9 million or 50.8% to US$1.9 million in 2Q2016 from US$3.8 million in 2Q2015. The decrease was attributed mainly to:

(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 Order") due to:

(1) 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 stands Inmarsat in readiness to launch the GX services by the end of 2015, and, following from which, barring any unforeseen circumstances, spurred fresh orders for our high-end FBB terminals are expected.

(2) 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 terminal to flow in within this financial year (the "Backlog Order").

(3) 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 upgrade now slated to be completed in the first calendar quarter of 2016, we expect encouraging pick-up in orders for our iSavi terminals to follow suit.

Profitability

Our Group registered a gross profit of US$0.8 million against a gross profit margin of 42.1% for 2Q2016 relative to a gross profit of US$1.8 million against a gross profit margin of 47.0% for 2Q2015. The decrease in gross profit margin for 2Q2016 relative to 2Q2015 was due mainly to a higher proportion of sales in 2Q2016 being attributed to lower yielding products.

In line with lower sales, our selling and distribution expenses decreased by US$83,000 or 29.3%, from US$283,000 in 2Q2015 to US$200,000 in 2Q2016.

Our administrative expenses increased by US$46,000 or 7.4%, from US$621,000 in 2Q2015 to US$667,000 in 2Q2016, attributed mainly to higher manpower costs and rental due to the expansion in our Beijing office.

Our other operating expenses decreased by US$25,000 or 3.4% from US$728,000 in 2Q2015 to US$703,000 in 2Q2016, due mainly to a loss on forex exchange (on the revaluation of S$ borrowings against our reporting currency of US$) in 1Q2016 being reversed to a gain and reported under 'Other operating income' in 2Q2016, albeit an increase in amortisation expense of intangible assets as more products were being commercialised.

The increase in finance expenses was attributed mainly to additional borrowings procured in Q12016.

As a result of the above, our Group incurred a net loss of US$0.7 million in 2Q2016 compared to a net gain of US$78,000 in 2Q2015, resulting in us registering a net loss of US$1.9 million in 1H2016 compared to a net loss of US$250,000 in 1H2015. However, in terms of EBITDA, the Group achieved a positive US$117,000 for 2Q2016, albeit at 83.8% lower than that of US$723,000 attained for 2Q2015.

Notwithstanding the above, comparing its performance in 2Q2016 relative to 1Q2016, the Group markedly improved:

1. its revenue by US$0.2 million or 11.8% from US$1.7 million in 1Q2016;
2. its gross profit by US$0.1 million or 17.4% from US$0.7 million in 1Q2016;
3. its gross profit margin to 42.1% from 40.1% in 1Q2016;
4. its EBITDA by US$0.7 million from a loss of US$0.6 million in 1Q2016 to a profit of US$0.1 million in 2Q2016; and
5. its pre-tax loss by US$0.6 million from a loss of US$1.3 million in 1Q2016.

(b) Review of financial position of the Group as at 30 September 2015 (relative to that as at 31 March 2015)

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

The decrease in our trade receivables was in line with our business activities while the increase in other receivables, deposits and prepayments were mainly attributable to prepayments made to suppliers for goods ordered for the production use in 2H2016.

The higher amount due from customers for contract work as at 30 September 2015 relative to that of 31 March 2015 was due to further work done for certain contracts which had yet to be billed.

The decrease in our trade payables was mainly attributed to payments made while the increase in our other payables and accruals relate mainly to manpower expenses and the increase in our advance receipts relates mainly to deposits received for new orders from an OEM customer.

The decrease in provisions relates mainly to lower provision made for warranties and royalties following reduced sales volume in 2Q2016 as well as the reclassification of provision for directors' fees to other payables following the approval procured from the Shareholders at the last Annual General Meeting.

The increase in borrowings were attributed mainly to additional hire–purchase and short-term loans procured in 1Q2016, with one of the existing loans being reclassified from 'current' to 'non-current' following the procurement of an extension of its maturity date in 2Q2016.

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 52.3% as at 30 September 2015;
2. the negative working capital position of the Group improved from US$1.9 million as at 31 March 2015 to US$1.0 million as at 30 September 2015;
3. the net cash flow of the Group used in operations increased from US$0.7 million in 2Q2015 to US$1.3 million in 2Q2016; and
4. the net asset value of the Group decreased by US$2.0 million or 15.1% from US$13.0 million as at 31 March 2015 to US$11.0 million as at 30 September 2015, with the net asset value per ordinary share decreased from 1.09 US cents per share as at 31 March 2015 to 0.93 US cents per share as at 30 September 2015.

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

For the past many years, the satellite ecosystem has been characterised by the distinct segregation of one-off hardware terminal sales and the generation of recurring air-time revenue. In this regard, the Group has been rather dependent on the existing traditional distribution channels to sell its hardware terminals to the end users with no recourse to air-time revenue and has had its sales clipped as a consequence. Such distribution models stifle the opening of new market opportunities for all players in the ecosystem, be it a satellite network operator (like Inmarsat or Thuraya) or a terminal developer/supplier (like the Group), for more flexible and innovative approaches to engage the end user markets, where total solutions must be tailored made in addressing the varied needs and cost expectations.

In recent times, the uncertain economic outlook resulting from the global financial crisis, and a prolonged downturn in the world economy, other than that of the People's Republic of China albeit its slowdown, have also significantly brought about the Group's relatively lacklustre performances.

Taking cognisant of the above and with a view to broaden the modes of revenue source and entrench recurring income , the Group has since been and will continue into the foreseeable future to take steps to further enhance its commercial focus on the emerging markets, particularly the People's Republic of China (the "Emerging Market Focus"), and to gradually reduce its dependency on terminal sales through the existing traditional distribution channels by having a better understanding of the needs of end users so as to develop and provide bespoke products and solutions, agnostic to any specific satellite infrastructure, which are to be bundled and packaged with negotiated recurring air-time revenue through collaboration with suitable partners that best tailored to the specific needs of the end users concerned (the "Commercial Refocusing"). The Emerging Market Focus and Commercial Refocusing are pursuits, shaping and being shaped by the new paradigm in the satellite ecosystem, upheld by many industry players in general.

While the Company has no reason to believe that the buyer to the proposed disposal of the Company's subsidiary, Addvalue Communications Pte Ltd, as announced by the Company on 25 March 2014 (the "Proposed Disposal") is not interested in pursuing the transaction, the Emerging Market Focus and Commercial Refocusing being pursued by the Group are independent of the outcome of the Proposed Disposal.

To this end and to date in executing the abovementioned pursuits to further enhance the business focus of the Group with a view to broaden the modes of revenue source and entrench recurring income, the Company has forged the following alliances:

1. On 25 November 2014, the Company announced that the Group was developing a radiation-resilient satellite-based communication modem to be experimented on the new VELOX-II satellite built by Nanyang Technological University targeted for launch in the fourth quarter of 2015. The aim of this development is to study the technical feasibility of an innovation for inter-satellite data relay that will have tremendous commercial potential in the burgeoning LEO satellite industry;

2. On 26 August 2015, the Company announced that the Group has entered into a memorandum of understanding with China International Security Solution Corporation Limited to jointly develop and supply satellite communication-based solutions for the communications needs associated with the 'Belt and Road' initiative (一带一路倡议) spearheaded by China; and

3. On 13 November 2015, the Company announced that the Group has entered into a collaboration agreement with Zhongyou Century Technology Co Ltd 中邮世纪(北京)通信技术有限公司 to distribute satellite communication-based products and provide customised solutions for the communication needs in China, including but not limited to the 'Belt and Road' initiative.

As at the date of this announcement, the Company has secured confirmed orders aggregating about US$4.0 million, the significant bulk of which is attributed to the Delayed Orders (including the Backlog Orders). In addition to the confirmed orders, the Group has, as at the date of this announcement, also built up a significant amount of potential orders and contracts for its land business, including a contract to supply terminals for a major government project and certain satellite-based M2M projects, pending, amongst others, the procurement of the necessary government sanction or finalization of test trials underpinning them. Barring any unforeseen circumstances, the Group expects its performance in 2H2016 to significantly outperform that of 1H2016.

For the next 12 months, barring any unforeseen circumstances, the Group also hopes to boost its performance by cultivating new revenue sources in tandem with its Emerging Market Focus and Commercial Refocusing pursuits, particularly with regard to its strategic association with the escalating build-up in momentum of the 'Belt and Road' initiative, and expects more strategic collaborations to be established.

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 2Q2016.

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

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

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

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the three months ended 30 September 2015 to be false or misleading in any material aspect.

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

The Company is in the process of procuring the said undertakings from all its Directors and Executive Officers.

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

Tan Khai Pang
Director

14 November 2015