

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND FINANCIAL QUARTER AND THE FIRST HALF FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (“2Q2020” AND “1H2020” RESPECTIVELY) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2020 (“FY2020”)

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

	2Q2020	2Q2019	%	1H2020	1H2019	%
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change
Revenue	1,098	356	208.4	2,122	1,487	42.7
Cost of sales	(568)	(261)	117.6	(911)	(1,004)	9.3
Gross profit	530	95	457.9	1,211	483	150.7
Other operating income	4	15	(73.3)	15	30	(50.0)
Selling & Distribution expenses	(127)	(163)	(22.1)	(221)	(382)	(42.1)
Administrative expenses	(568)	(543)	4.6	(999)	(1,178)	(15.2)
Other operating expenses	(271)	(267)	1.5	(510)	(573)	(11.0)
Loss from operations	(432)	(863)	(49.9)	(504)	(1,620)	(68.9)
Finance expenses	(227)	(65)	249.2	(375)	(159)	135.8
Loss before tax	(659)	(928)	(29.0)	(879)	(1,779)	(50.6)
Taxation	-	-	-	-	-	-
Net loss for the period	(659)	(928)	(29.0)	(879)	(1,779)	(50.6)
Other comprehensive profit/(loss) - Exchange differences arising from translation of foreign operations	20	7	185.7	20	(20)	N/m
Total comprehensive income/(loss) for the period	(639)	(921)	(30.6)	(859)	(1,799)	(52.3)
Attributable to:						
Equity holders of the Company	(639)	(921)	(30.6)	(859)	(1,799)	(52.3)
Total comprehensive income/(loss) for the period	(639)	(921)	(30.6)	(859)	(1,799)	(52.3)

“2Q2020” denotes the second financial quarter ended 30 September 2019 in respect of FY2020.

“1H2020” denotes the first half financial period ended 30 September 2019 in respect of FY2020.

“% 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					
	2Q2020 US\$'000	2Q2019 US\$'000	%	1H2020 US\$'000	1H2019 US\$'000	%
			Change			Change
Profit before tax has been arrived at after charging/(crediting):						
Depreciation and amortization	197	173	13.9	398	343	16.0
Inventory written off	2	4	(50.0)	2	4	(50.0)
Foreign exchange loss/(gain) (net)	10	9	11.1	11	8	37.5
Interest expense	200	64	212.5	301	129	133.3

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 Sept 2019 US\$'000	As at 31 Mar 2019 US\$'000	As at 30 Sept 2019 US\$'000	As at 31 Mar 2019 US\$'000
Non-current assets				
Plant and equipment	305	328	-	-
Subsidiaries	-	-	12,406	12,406
Intangible assets	9,536	9,408	-	-
	9,841	9,736	12,406	12,406
Current assets				
Inventories	3,012	2,767	-	-
Trade receivables	1,112	646	-	-
Other receivables, deposits and prepayments	772	525	5	1
Other investment	15	15	15	15
Due from subsidiaries (non-trade)	-	-	10,138	7,740
Cash and bank balances	384	137	7	3
	5,295	4,090	10,165	7,759
Total assets	15,136	13,826	22,571	20,165
Current liabilities				
Trade payables	664	1,595	-	-
Other payables and accruals	2,077	1,855	209	236
Provisions	229	170	159	115
Borrowings	5,694	3,047	4,015	1,424
Advances received from customers	442	246	-	-
Due to subsidiaries (non-trade)	-	-	662	708
	9,106	6,913	5,045	2,483
Non-current liabilities				
Borrowings	65	89	-	-
Deferred tax liabilities	1,569	1,569	-	-
	1,634	1,658	-	-
Total liabilities	10,740	8,571	5,045	2,483
Net assets	4,396	5,255	17,526	17,682
Equity attributable to the Company's equity holders				
Share capital	74,407	74,407	74,407	74,407
Capital reserve	1,567	1,567	820	820
Statutory reserve	8	8	-	-
Foreign currency translation reserve	23	3	-	-
Accumulated losses	(71,609)	(70,730)	(57,701)	(57,545)
Total equity	4,396	5,255	17,526	17,682

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

	The Group	
	As at 30 Sept 2019 US\$'000	As at 31 Mar 2019 US\$'000
Amount repayable in one year or less or on demand		
Secured	-	-
Unsecured	5,694⁽¹⁾	3,047⁽²⁾
	5,694	3,047
Amount repayable after one year		
Secured	-	-
Unsecured	65	89
	65	89

Details of any collateral

Notes:

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

1.(c) A cash flow statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	2Q2020 US\$'000	2Q2019 US\$'000
OPERATING ACTIVITIES		
Profit/ (Loss) before tax	(659)	(928)
Adjustments for:		
Amortisation of intangible assets	130	90
Depreciation of plant and equipment	67	83
Interest expense	200	64
Inventories written off	2	4
Unrealised foreign exchange (gain)/ loss	(64)	(5)
Provision/ (utilisation)	63	(58)
Operating profit/(loss) before changes in working capital	(261)	(750)
<i>Changes in working capital</i>		
Inventories	(127)	(177)
Trade and other receivables	(256)	620
Trade and other payables	(1,685)	(174)
Advances received from customers	228	27
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(2,101)	(454)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(76)	-
Additions in intangible assets	(449)	(577)
Proceeds from government grants	242	256
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(283)	(321)
FINANCING ACTIVITIES		
Repayment of borrowings – net	(110)	(672)
Net proceeds from 2019 Convertible Loan Notes/exchangeable bonds	2,546	1,100
Proceeds from borrowings	472	329
Interest paid	(178)	(43)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	2,730	714
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	346	(61)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	38	192
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	384	131

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 2019	74,407	1,567	8	3	(70,730)	5,255
Comprehensive loss for the financial period	-	-	-	20	(879)	(859)
Balance as at 30 September 2019	74,407	1,567	8	23	(71,609)	4,396

	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
Comprehensive loss for the financial period	-	-	-	(20)	(1,779)	(1,799)
Balance as at 30 September 2018	72,506	1,567	8	(2)	(68,402)	5,677

The Company				
	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2019	74,407	820	(57,545)	17,682
Comprehensive income for the financial period	-	-	(156)	(156)
Balance as at 30 September 2019	74,407	820	(57,701)	17,526

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
Comprehensive income for the financial period	-	-	(79)	(79)
Balance as at 30 September 2018	72,506	820	(56,686)	16,640

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 April 2019, 30 June 2019 and 30 September 2019	1,870,441,084	74,407

A. Convertible Loan Notes

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

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

Save for the abovementioned, there was no movement in the share capital of the Company during 2Q2020.

B. Share Options

The Addvalue Technologies Employees' Share Option Scheme approved and adopted by the Company on 24 October 2001 (the "ESOS Scheme") in providing an opportunity for eligible participants of the Group who have contributed to the growth and prosperity of the Group to participate in the equity of the Company had expired on 21 June 2014, with all outstanding

options granted under the ESOS Scheme, if not exercised by then, lapsed.

C. Performance Share Plan

On 28 July 2017, against the approval of the Shareholders 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.

As at 30 September 2019 and 30 September 2018, 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, other than the unconverted loan notes mentioned in Paragraph A above

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

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

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

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

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

The Company has had no treasury shares as at 30 September 2019. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 2Q2020.

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 Group's financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 March 2019, 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 and relevant new Financial Reporting Standards (“FRS”) which became mandatory for the current financial year.

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 2019 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 2019 US\$'000	As at 30 Sep 2018 US\$'000
Net loss attributable to shareholders	(879)	(1,779)
Weighted average number of ordinary shares for the purpose of computing the basic and diluted loss per share	1,870,441,084	1,770,441,084
Basic and diluted loss per share (US cents) ⁽¹⁾	(0.05)	(0.10)

Note:

(1) The basic loss per share and the diluted loss per share for each relevant reporting period are the same as the dilutive instruments are 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 30 Sep 2019 US\$'000	As at 31 Mar 2019 US\$'000	As at 30 Sep 2019 US\$'000	As at 31 Mar 2019 US\$'000
Net asset value as at end of financial period/year	4,396	5,255	17,526	17,682
Net asset value per ordinary share as at the end of financial period/year (US cents)	0.24⁽¹⁾	0.28 ⁽¹⁾	0.94⁽¹⁾	0.95 ⁽¹⁾

Note:

(1) Based on 1,870,441,084 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

The Company (and together with its subsidiaries, the "Group" or "Addvalue") is a world recognised "one-stop shop" communications technology products developer that provides state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and even in space. Addvalue's technical competencies include Radio and Antenna Design, Embedded System Design, Software Defined Radio platform. Addvalue's customers include leading organizations in commercial, defence and space industries.

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

Addvalue also offer customised design services, tailored to the unique needs of our customers, thereby enabling our customers to unleash their real business potential. Its comprehensive and proven capabilities in high quality product development and its depth of technical knowhow in sophisticated engineering projects have been highly regarded in the industry. This not only gives 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.

For example, Addvalue has also extended its advanced connectivity capabilities into the high growth aviation industry and

the emerging and exciting industries of new space. Its embedded system design capabilities on software defined radio (“SDR”) platforms, which are ideal for edge processing, are deployed to exploit the increasingly industrial demands for AI-centric applications of every description.

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

- (a) The trending launches of LEO satellites for new and innovative space-based mission services in the new space industry is set to fuel our Inter-Satellite Data Relay System (“IDRS”) Business. The Addvalue’s IDRS offers the world-only real time and on demand data communications between commercial LEO satellites and their ground controls;
- (b) Tapping into the fast growing aviation industry including unmanned aircraft system (“UAS”) for resilient communications, Addvalue is contracted for developing communication terminals. This will subsequently lead to supply and technical support service for such aviation-graded products. In the similar vein, the Addvalue’s embedded system capabilities have also found business traction with the defense and enterprise’s requirement for high performance agile communications and data analytics applications.
- (c) The pervasive adoption of IoT/M2M technologies across all economic activities is yet another business driver for Addvalue. Addvalue’s recent successes on providing integrated solutions for vessel monitoring system in response to the rising and urgent need for regulatory control for fishery sustainability is one such example. Addvalue is extending its competitive advantages in such technologies and knowhow to rural ATM banking services, remote sensing, monitoring and tracking for asset and environmental surveillance, and other bridging-the-digital-gap activities that are permeating across the emerging economies especially in the ASEAN region.

(a) Review of financial performance of the Group for 2Q2020 (relative to 2Q2019)

Turnover

The higher turnover of US\$1.1 million in 2Q2020 compared to that of US\$0.4 million in 2Q2019 was due mainly to higher design income attributed to several design projects, the design-cum-supply of SDR communication devices as well as the supply of one unit of IDRS terminal in 2Q2020.

Profitability

Our Group registered a gross profit of US\$0.5 million against a gross profit margin of 48.3% for 2Q2020 relative to a gross profit of US\$95,000 against a gross profit margin of 26.7% for 2Q2019. The increased gross profit margin was attributable mainly to high yielding design incomes and products.

The decrease in our other operating income from US\$15,000 in 2Q2019 to US\$4,000 in 2Q2020 was attributed mainly to more government grants received in 2Q2019.

Our selling and distribution expenses decreased by US\$36,000 or 22.1% from US\$163,000 in 2Q2019 to US\$127,000 in 2Q2020 due chiefly to continued curtailed expenses.

Our administrative expenses increased by US\$25,000 or 4.6% to US\$568,000 in 2Q2020 from US\$543,000 in 2Q2019 due primarily to professional fees incurred for corporate exercises.

Other operating expenses increased by US\$4,000 or 1.5% to US\$271,000 in 2Q2020 from US\$267,000 in 2Q2019 due mainly to increased amortisation following the commercialization of certain intangibles.

The increase in finance expenses in 2Q2020 compared to 2Q2019 was attributed mainly to interest expense in respect of short term loans secured in recent months as well as interest accrued for the 2017 Convertible Loan Notes and 2019 Convertible Loan Notes.

As a result of the above, with improved turnover and through continued concerted cost containment efforts, the Group significantly narrowed its net loss to US\$0.7 million in 2Q2020 from a net loss of US\$0.9 million in 2Q2019.

(b) Review of financial position of the Group as at 30 September 2019 (relative to that as at 31 March 2019)

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 increase in inventories was attributed mainly to the production of SDR modules in 1H2020.

The increase in trade receivables was in line with the business activities of the Group.

The decrease in trade payables was mainly due to payments made while the increase in other receivables, deposits and prepayments were mainly due to prepayments made.

The increase in provisions was mainly due to warranty provisions made in line with terminal sales.

The increase in advance receipt from customers was due to deposits made by customers.

The increase in other payables and accruals were attributed mainly to accruals made for renovation works following the recent relocation of the Company's office.

The net increase in borrowings was attributed largely to the 2019 Convertible Loan Notes and short term borrowings.

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 59.7% as at 31 March 2019 to 131.0% as at 30 September 2019;
2. the negative working capital position of the Group widened from US\$2.8 million as at 31 March 2019 to US\$3.8 million as at 30 September 2019;
3. following the repayments of trade and other payables with the proceed from the 2019 Convertible Loan Notes, the Group net cash flow used in operations increased from US\$0.5 million in 2Q2019 to net cash used of US\$2.1 million in 2Q2020; and
4. the net asset value of the Group decreased by US\$0.9 million or 16.3% from US\$5.3 million as at 31 March 2019 to US\$4.4 million as at 30 September 2019, with the net asset value per ordinary share decreased from 0.28 US cents per Share as at 31 March 2019 to 0.24 US cents per Share as at 30 September 2019.

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

Riding on the momentum gathered from our transformation program built up over the past few years, we expect continued breakthrough progress to be made in each of the following five business strategic drivers of the Group for the next 12 months:

1. Design Services and Technology Licensing

The design service and technology licensing business is expected to grow further as the Company is currently in advanced stages of discussion with both existing and new customer on a couple of sizable projects which, if secured, will contribute significantly to the revenue of the Group.

2. SDR Engineering

Our current key SDR customer, a government agency, continues to engage the Company with more repeat orders for its needs of customized SDR modules; we envisage the SDR module to be one of the star products of the Group for the next couple of years. With our SDR engineering service fast gaining attention globally, we have in parallel also expanded our SDR engineering business to include commercial enterprise applications through the forging of partnerships with a couple of global renowned suppliers.

3. Vessel Monitoring for the Fishery Regulatory Market

We continue to make progress in vessel monitoring for the fishery regulatory market. Our product has been typed approved by the Myanmar government and we will be launching a marketing program for the fishery market in the US in November 2019 at the Pacific Maritime Expo in Seattle together with our esteemed partners, Network Innovation and Inmarsat.

4. Managed Service Business encompassing Satcom with focus on IoT, M2M and/or VSAT

Our business development effort in Indonesia has begun to bear fruits with some initial success through the sales of our proprietary L band Comm-on-the-Move solution to the governmental sector. We are also poised to tap into the VSAT market with our Indonesian partners after successful technical trials for enterprise and governmental agencies.

Concomitant with the rapid growth in ASEAN or South-East-Asian emerging economies, the demand of ATM market is

on a quick ascend. We have singled out the rural ATM banking service as a high growth business opportunity for low cost M2M application as the ATM banking service is destined to extend deep into the rural areas due to the government-back financial inclusion initiatives. We are working with local partners in Indonesia to take advantage of this development with our holistic solution-based M2M connectivity.

5. IDRS Business

As announced on 3 October 2019 and on 22 October 2019, we had successfully delivered the first IDRS flight terminal to Capella Space for installation on board the latter's satellite scheduled for launch in early 2020. In the pipeline, there are another 7 IDRS flight terminals scheduled for delivery in early 2020 with the same customer. Apart from Capella Space, we expect to secure IDRS contracts with at least one more new customer for the scheduled delivery of several more IDRS terminals by the end of FY2020.

We expect our IDRS hardware sales to grow at an accelerated pace starting from early 2020 with the associated airtime revenue to follow. Further, we anticipate more IDRS contracts to be signed for the next 12 months. Coupled with all the existing IDRS partnerships forged, we are cautiously optimistic that these collaborations will help to propel the growth of our IDRS business in FY2020 and beyond in a very significant way.

Based on the above, particularly against increasing demands for our SDR modules globally as well as design services and with our IDRS business gaining momentous traction from the market place, barring any unforeseen circumstances, we expect the performance of the Group in the second half of FY2020 to significantly outperform that in the first half and in FY2020 to outdo that in FY2019.

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 and the reason(s) for the decision.

No dividend is declared for 2Q2020 as the Company is in a loss making position.

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 2018 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 confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok
Chairman & CEO

Tan Khai Pang
Director

14 November 2019