ADDVALUE TECHNOLOGIES LTD
Company Registration No. 199603037H

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2016 ("1Q2017") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2017 ("FY2017")

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

	The Group		
	1Q2017 US$'000	1Q2016 US$'000	% Change
Revenue	**3,419**	1,660	106.0
Cost of sales	**(1,847)**	(994)	85.8
Gross profit	**1,572**	666	136.0
Other operating income	**31**	2	1,450.0
Selling & Distribution expenses	**(205)**	(261)	(21.5)
Administrative expenses	**(649)**	(708)	(8.3)
Other operating expenses	**(747)**	(788)	(5.2)
Profit/(Loss) from operations	**2**	(1,089)	N/m
Finance expenses	**(419)**	(171)	145.0
Loss before tax	**(417)**	(1,260)	(66.9)
Taxation	**-**	-	-
Net loss for the period	**(417)**	(1,260)	(66.9)
Other comprehensive income	**-**	-	
Total comprehensive loss for the period	**(417)**	(1,260)	(66.9)
Attributable to:			
Equity holders of the Company	**(417)**	(1,260)	(66.9)
Total comprehensive loss for the period	**(417)**	(1,260)	(66.9)

"1Q2017" denotes the first financial quarter period ended 30 June 2016 in respect of FY2017
"1Q2016" denotes the first financial quarter period ended 30 June 2015 in respect of FY2016
"% 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		
	1Q2017 US$'000	**1Q2016 US$'000**	**% Change**
Loss before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	**608**	**551**	10.3
Foreign exchange loss	**31**	**96**	(67.7)
Interest expense	**247**	**108**	128.7

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 Jun 2016 US$'000	As at 31 Mar 2016 US$'000	**As at 30 Jun 2016 US$'000**	As at 31 Mar 2016 US$'000
Non-current assets				
Plant and equipment	**887**	939	**-**	-
Subsidiaries	**-**	-	**5,228**	5,228
Intangible assets	**12,673**	12,607	**-**	-
Deferred tax assets	**1,208**	1,208	**-**	-
	14,768	14,754	**5,228**	5,228
Current assets				
Inventories	**3,380**	3,703	**-**	-
Amount due from customers for contract work	**215**	66	**-**	-
Trade receivables	**2,724**	2,181	**-**	-
Other receivables, deposits and prepayments	**1,250**	1,044	**515**	540
Available-for-sales financial assets	**2**	2	**2**	2
Due from subsidiaries (non-trade)	**-**	-	**6,608**	747
Fixed deposit	**40**	40	**-**	-
Cash and bank balances	**2,140**	426	**1,631**	1
	9,751	7,462	**8,756**	1,290
Total assets	**24,519**	22,216	**13,984**	6,518
Current liabilities				
Trade payables	**1,855**	3,768	**-**	-
Other payables and accruals	**2,417**	4,178	**1,305**	1,874
Provisions	**354**	250	**158**	128
Borrowings	**448**	4,852	**407**	1,109
Advances received from customers	**2,668**	830	**-**	-
Deferred income	**35**	40	**-**	-
	7,777	13,918	**1,870**	3,111
Non-current liabilities				
Borrowings	**31**	41	-	-
Deferred tax liabilities	**-**	-	-	-
	31	41	**-**	-
Total liabilities	**7,808**	13,959	**1,870**	3,111
Net assets	**16,711**	8,257	**12,114**	3,407
Equity attributable to the Company's equity holders				
Share capital	**66,754**	57,881	**66,754**	57,881
Capital reserve	**747**	747	**-**	-
Statutory reserve	**8**	8		
Foreign currency translation reserve	**(8)**	(6)	**-**	-
Accumulated losses	**(50,790)**	(50,373)	**(54,640)**	(54,474)
Total equity	**16,711**	8,257	**12,114**	3,407

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

	The Group	
	As at 30 Jun 2016 US$'000	As at 31 Mar 2016 US$'000
Amount repayable in one year or less or on demand		
Secured[(1)]	**-**	3,743
Unsecured	**448**	1,109
	448	4,852
Amount repayable after one year		
Secured[(1)]	**31**	41
Unsecured	**-**	-
	31	41

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	
	1Q2017	1Q2016
	US$'000	US$'000
OPERATING ACTIVITIES		
Loss before tax	**(417)**	(1,260)
Adjustments for:		
Amortisation of intangible assets	**517**	481
Amortisation of deferred income	**(6)**	(2)
Depreciation of plant and equipment	**91**	70
Interest expense	**247**	108
Unrealised foreign exchange loss	**1**	63
Provisions	**178**	193
Operating profit/(loss) before changes in working capital	**611**	(347)
Changes in working capital		
Inventories	**323**	(84)
Trade and other receivables	**(749)**	898
Amount due from customers for contract work	**(149)**	(32)
Trade and other payables	**(3,661)**	(112)
Provisions	**(74)**	(237)
Development expenditure	**(583)**	(848)
Advances received from customers	**1,838**	73
NET CASH USED IN OPERATING ACTIVITIES	***(2,444)***	*(689)*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(39)**	(84)
NET CASH USED IN INVESTING ACTIVITIES	***(39)***	*(84)*
FINANCING ACTIVITIES		
Proceeds from borrowings	**405**	2,254
Repayment of borrowings- net	**(4,821)**	(21)
Net proceeds from issue of shares	**8,873**	-
Repayment to a shareholder	**(96)**	-
Interest paid	**(164)**	(61)
NET CASH GENERATED FROM FINANCING ACTIVITIES	***4,197***	*2,172*
NET INCREASE IN CASH AND CASH EQUIVALENT	**1,714**	1,399
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	**426**	293
CASH AND CASH EQUIVALENT AT END OF PERIOD	**2,140**	1,692

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.

	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 2016	57,881	747	8	(6)	(50,373)	8,257
Issuance of new shares pursuant to the Rights Issue (as defined below) - net of share issue expenses	8,873	-	-	-	-	8,873
Comprehensive loss for the financial period	-		-	(2)	(417)	(419)
Balance as at 30 June 2016	66,754	747	8	(8)	(50,790)	16,711

	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 2015	57,881	747	10	-	(45,664)	12,974
Comprehensive loss for the financial period	-	-	-	-	(1,260)	(1,260)
Balance as at 30 June 2015	57,881	747	10	-	(46,924)	11,714

	Share capital	Capital reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000
Balance as at 1 April 2016	57,881	-	(54,474)	3,407
Issuance of new shares pursuant to the Rights Issue (as defined below) – net of share issue expenses	8,873	-	-	8,873
Comprehensive loss for the financial period	-	-	(166)	(166)
Balance as at 30 June 2016	66,754	-	(54,640)	12, 114

	Share capital	Capital reserve	Accumulated losses	Total
	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	-	-	(65)	(65)
Balance as at 30 June 2015	57,881	-	(52,094)	5,787

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 1 April 2016	1,187,355,813	57,881
Issue of new shares pursuant to the Rights Issue (as defined below) (net of share issue expenses)	395,785,271	8,873
Balance as at 30 June 2016	1,583,141,084	66,754

Pursuant to a rights issue of 395,785,271 new ordinary shares of the Company (the "Rights Shares") on the basis of one Rights Share for every 3 existing ordinary shares of the Company at an issue price of S$0.031 each (the "Rights Issue"), the Company allotted and issued the Rights Shares in 1Q2017. The Rights Shares were listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited on 17 June 2016. Save for the Rights Issue, there was no movement in the share capital of the Company during 1Q2017.

Use of the proceeds from the Rights Issue pursuant to Rule 704 (30)

As at the date of this announcement, about US$7.3 million of the net proceeds of about US$8.9 million (S$12.0 million) raised from the Rights Issue had been utilized, which is in accordance with the intended use of proceeds of the Rights Issue as follows:

Use of Placement proceeds

	US$ million
Repayment of secured borrowings	3.7
General working capital purposes:	
Payments to trade and other payables	1.6
Payments to suppliers for materials and services	1.0
Payment of administrative expenses, including payroll and other services	1.0
Total amount utilized	7.3

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 30 June 2016 and 30 June 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.

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 Jun 2016	As at 31 Mar 2016
Total number of issued ordinary shares (excluding treasury shares)	**1,583,141,084**	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 June 2016. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 1Q2017.

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 2016.

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 2016 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 Jun 2016 US$'000	As at 30 Jun 2015 US$'000
Net loss attributable to shareholders	**(417)**	(1,260)
Earning per share		
Basic (US cents)	**(0.03)**	(0.11)
Diluted (US cents)	**(0.03)**	(0.11)
Number of ordinary shares in issue (excluding treasury shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,252,595,143**	1,187,355,813
Effect of potentially dilutive ordinary shares – Share options (Note 1)	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,252,595,143**	1,187,355,813

Notes:

(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).

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 Jun 2016 US$'000	As at 31 Mar 2016 US$'000	**As at 30 Jun 2016 US$'000**	As at 31 Mar 2016 US$'000
Net asset value as at end of financial period/year	**16,711**	8,257	**12,114**	3,407
Net asset value per ordinary share as at the end of financial period/year (US cents)	**1.06**(1)	0.70(2)	**0.77**(1)	0.29(2)

Notes:

(1) Based on 1,583,141,084 issued shares.
(2) 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

The Company and its subsidiaries (the "Group") 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.

The Group is presently a leading global developer and supplier of mobile satellite terminals supporting coverage provided by premier mobile satellite communication operators. 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.

The Group 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 1Q2017 (relative to 1Q2016)

Turnover

The turnover of our Group doubled to US$3.4 million in 1Q2017 from US$1.7 million in 1Q2016, attributed largely to improved maritime and land terminal sales.

Profitability

Our Group registered a gross profit of US$1.6 million against a gross profit margin of 46.0% for 1Q2017 relative to a gross profit of US$0.7 million against a gross profit margin of 40.1% for 1Q2016. The increase in gross profit margin for 1Q2017 relative to 1Q2016 was attributable mainly to increased sales of higher yielding products.

Our continued Group-wide cost containment and productivity enhancement drives had resulted in our selling and distribution expenses decreased by US$56,000 or 21.5% from US$261,000 in 1Q2016 to US$205,000 in 1Q2017; our administrative expenses decreased by US$59,000 or 8.3% from US$708,000 in 1Q2016 to US$649,000 in 1Q2017; and our other operating expenses decreased by US$41,000 or 5.2% from US$788,000 in 1Q2016 to US$747,000 in 1Q2017.

Our other operating income for 1Q2017 consists mainly of certain government grants received.

The increase in finance expenses was attributed mainly to additional interests and loan facilities fees incurred for the procurement of additional short-term borrowings in 1Q2017 as well as the extension of the period in making good certain payments for a loan.

As a result of the above, our Group reversed from an operating loss of US$1.1 million in Q12016 to an operating profit of US$2,000 in 1Q2017 while narrowing our net loss from US$1.3 million in 1Q2016 to US$0.4 million in 1Q2017.

(b) Review of financial position of the Group as at 30 June 2016 (relative to that as at 31 March 2016)

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 products, including new spin-off products, albeit the offset by higher amortisation during the period.

The decrease in inventories and the increase in trade receivables were attributed mainly to the deliveries of certain finished goods in 1Q2017.

The higher amount due from customers for contract work as at 30 June 2016 relative to that as at 31 March 2016 was due mainly to further work done for certain contracts which had yet to be billed.

The increase in other receivables, deposits and prepayments was mainly due to advance deposits made to suppliers for components required for production in the coming months.

The decrease in our trade payables and other payables and accruals were mainly attributed to payments made in 1Q2017.

The increase in our advance receipts was due mainly to deposits received for new orders from a customer.

The increase in provisions relate mainly to higher provision made on warranties and royalties following increased sales volume for 1Q2017.

The decreased in borrowings was mainly due to the settlement of secured borrowing and short-term loans maturing during 1Q2017.

The increase in share capital and cash and bank balances were attributed to the Rights Issue which was completed in 1Q2017.

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) improved from 59.3% as at 31 March 2016 to 2.9% as at 30 June 2016;

2. the working capital position of the Group reversed to a positive USS$1.9 million as at 30 June 2016 from a negative US$6.5 million as at 31 March 2016;

3. the net cash flow of the Group used in operations increased from US$0.7 million in 1Q2016 to US$2.4 million in 1Q2017; and

4. the net asset value of the Group improved by US$8.4 million or 102.1% from US$8.3 million as at 31 March 2016 to US$16.7 million as at 30 June 2016, with the net asset value per ordinary share improved from 0.70 US cents per share as at 31 March 2016 to 1.06 US cents per share as at 30 June 2016.

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 characterized 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 our 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.

During FY2016, amidst the slowdown in the world economy, characterised by depressed commodity prices such as oil and gas, overcapacity in the shipping industry and tattered regional financial crises, our Group persevered through by mounting a series of austerity plans and measures to assure recovery and to effect business transformation, and at the same time paid keen attention to build new and sustainable growth.

With a view to broaden the modes of revenue source and entrench recurring income, our Group has since been and will continue into the foreseeable future to take steps to further enhance its commercial focus on the emerging markets, (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”).

Emerging Market Focus

Aggressively pursuing the market in China

It is our deliberate efforts to open up and penetrate the Chinese market. After some years of sheer hard work, our Group has finally set on a right footing to break into the Chinese market through our wholly-owned Chinese subsidiary, Zhongxin Chuangzhi Holding Pte Ltd (“ZXZC”), which is staffed with our very own team whose business development and marketing activities, while constrained by very limited budget, have made an impressive foray into the small fishing vessel market in China. The SF2500, for instance, is the leading mobile satellite terminal for small fishing fleet across the coastal provinces. Given the sensitive nature of satellite communication industry in China, we strategically seek and forge strategic partnerships as our bulwark to help us gain entries deep into the market place. Our collaboration with Zhongyou Century Technology Co Ltd 中邮世纪(北京)通信技术有限公司 (“Zhongyou”) has had resulted in a 3-year distribution contract with Zhongyou to supply satellite communication terminals and provide related support services to the PRC’s regional maritime vessels market estimated to comprise more than 300,000 vessels. The first batch of supply, totalling about US$4.0 million, under the distribution contract signed, commenced delivery from May 2016 and is expected to be completed by November 2016.

The opening up of the strategic industries in China for participation by private enterprises, the national urgency and obligation in China to ensure “zi zhu ke kong” (“自主可控”) and the establishment of a new economic zone through the “Belt and Road” initiative have collectively set the stage for tremendous growth potential in the MSS industry for China and its neighbouring regions. In this regard, our Group has also entered into a Memorandum of Understanding with China International Security Solution Corporation Limited (“CSS”) to jointly develop and supply satellite communication-based solutions for the communications needs associated with the “Belt and Road” initiative.

Aggressively pursue the ASEAN Market

While China is the undisputed Goliath of the emerging markets in the world, the combined market of the ten-state ASEAN, represented by Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam, is the third largest economy in Asia and is regarded by some as the world fastest-developing economic region.

Despite its great disparity in terms of political, cultural and socio-economic backgrounds across the region, the ASEAN member states have sought to foster a more systematic and coherent approach towards its external economic relations. In fact the region has proved to be resilient in the aftermath of 2008 global financial crisis and has continued to attained impressive economic growth that has helped raise its profile on the international stage.

New satellite communication infrastructures and along with new and modern services are destined to grow in the ASEAN region due to the region’s relatively low or even unexplored base as well as its unique geographical configuration. Through partnerships, with integrators and resellers in the region, the Group has also made headway into the ASEAN market, particularly in the Philippines, Vietnam, Indonesia and Malaysia, in tapping opportunities ranging from governmental and enterprise projects in the fishing management industry, environmental surveillance to smart grid, smart cities connectivity.

Extending into the new and innovative applications bought about by IoT

The insatiable desires for data services have been the driving force behind the explosive growth in digital connectivity underpinned by the confluence of technologies of the Internet, computing powers and mobile communications. The Internet of Things (“IoT”), hailed as the next big thing since the advent of the Internet Age, will revolutionalise how people work, play and live on planet Earth. As the IoT implies anything in the physical world can be connectable with at least one computer-based system anytime and anywhere, satellite communications, given its ubiquitous networking capability, is destined to play a centre-stage role in this unprecedented digital revolution.

Our Group is expanding our capabilities in the Machine-to-Machine (M2M) products to embrace the IoT concept. Traditionally, our M2M terminal market is strongly linked to the natural resources exploration activities such as oil & gas and mining operations. With prices of oil and other natural resources still being depressed, we continue to see restraints in companies making CAPEX or OPEX decisions. Notwithstanding the challenge faced, the demand for connectivity in everything and everywhere as driven by the IoT has widened up market opportunities that increasingly depend upon satellite communications as a reliable backhauling technology for a plethora of smart connectivity applications, such as wide area asset tracking and positioning, smart city, smart metering and remote vessel management (including the monitoring of health for crew members on board vessels). In line with these industrial trends, our new range of M2M terminals shall have built-in capabilities to serve as a satellite gateway to seamlessly link with a multitude of IoT devices.

Commercial Re-Focusing

Shifting gear from 'Terminal- centric' to 'Solution-centric' Commercial Model.

In the world that is increasingly interconnected, business competitiveness becomes more intense as customers' demands are proportionally more sophisticated. Foremost in the mind of the customers is the total cost of ownership as they seek solutions to solve their problems. The underlying dynamics to win the competition hangs in the ability to provide competitive solution in a holistic manner. In other words, the ability to provide bespoke solutions to the customers without having to worry about cost and composition of putting various components together will be a compelling competitive strength to build sustainable and resilient business models.

Leveraging on our strong technical fundamentals, broadened product portfolio, and partnerships established over the years, our Group has been accustomed to, well prepared and capable of aggregating different technical and commercial components to offer solutions in a holistic manner. For example, our Group can customise terminals that require more built-in processing capabilities as in the edge-computing scenario or to have a more lean and fit-for-purpose terminals as in a cloud-based support system. As data are collected or aggregated in such terminals, appropriate cyber security measures and applicable data analytic techniques can be provided through solution platforms to greatly enhance the value proposition of the services to the end users. In this manner and by focusing innovative application-specific solutions tailored to vertical market segments, our Group shall extend its businesses into subscription-based revenue models by creating new commercial packages, bundling hardware, solution platforms and air time services in a holistic manner to optimize values to the end users.

The new value propositions as outlined in the foregoing paragraphs shall put the Group in good stead for new business growth and sustainability. To achieve these value propositions, the Group is also actively seeking and exploring various forms of partnerships to expedite the process of the business transformation.

With regard to the proposed disposal of the Company's subsidiary, Addvalue Communications Pte Ltd, as first announced by the Company on 25 March 2014 and periodically thereafter on its progress, the latest being on 7 June 2016 (the "Proposed Disposal"), as the supplemental agreement governing the Proposed Disposal is yet to be signed as at the date of this announcement and since the likelihood of a delay in completing the Proposed Disposal had been raised as a concern at the recently concluded Annual General Meeting of the Company, the Company would like to reiterate that the possibility of such a delay in completing the Proposed Disposal within 4 months from 7 June 2016 cannot be ruled out, though endeavour efforts to achieve the completion are still being made in the meanwhile by the Company and the buyer concerned. Should there be any such a delay, the Company will keep the Shareholders of the Company informed accordingly.

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 1Q2017.

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 June 2016 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) pursuant to Rule 720(1) of the Listing Manual.

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

5 August 2016