

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL FINANCIAL YEAR ENDED 31 MARCH 2018 (“FY2018”)**

**PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1.(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediate preceding financial year**

	The Group		% Change
	FY2018 US\$'000	FY2017 US\$'000	
<b>Revenue</b>	<b>4,086</b>	<b>10,840</b>	(62.3)
Cost of sales	(2,763)	(6,761)	(59.1)
<b>Gross profit</b>	<b>1,323</b>	<b>4,079</b>	(67.6)
Other operating income	179	240	(25.4)
Selling & Distribution expenses	(835)	(696)	20.0
Administrative expenses	(2,986)	(2,627)	13.7
Other operating expenses	(8,372)	(2,901)	188.6
<b>Loss from operations</b>	<b>(10,691)</b>	<b>(1,905)</b>	461.2
Finance expenses	(199)	(599)	(66.8)
<b>Loss before tax</b>	<b>(10,890)</b>	<b>(2,504)</b>	334.9
Taxation	(249)	(961)	(74.1)
<b>Net loss for the year</b>	<b>(11,139)</b>	<b>(3,465)</b>	221.5
Other comprehensive income/ (loss)- Exchange differences arising from translation of foreign operations	29	(5)	N/m
<b>Total comprehensive loss for the year</b>	<b>(11,110)</b>	<b>(3,470)</b>	220.2
<b>Attributable to:</b>			
Equity holders of the Company	(11,110)	(3,470)	220.2
<b>Total comprehensive loss for the year</b>	<b>(11,110)</b>	<b>(3,470)</b>	220.2

“FY2017” denotes the financial year ended 31 March 2017.

“FY2018” denotes the financial year ended 31 March 2018.

“% 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**

	<b>The Group</b>		
	<b>FY2018 US\$'000</b>	FY2017 US\$'000	% Change
Profit before tax has been arrived at after charging/(crediting):			
Depreciation and amortization	<b>1,571</b>	1,329	18.2
Inventory written off	<b>601</b>	231	160.2
Foreign exchange loss/(gain) (net)	<b>137</b>	(101)	N/m
Interest expense	<b>172</b>	344	(50.0)
Interest income	<b>(1)</b>	(1)	-
Impairment loss of development expenditure	<b>5,689</b>	879	547.2

*"N/m" denotes not meaningful*

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

	The Group		The Company	
	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000
<b>Non-current assets</b>				
Plant and equipment	599	793	-	-
Subsidiaries	-	-	12,406	16,338
Intangible assets	8,555	13,246	-	-
Deferred tax assets	-	263	-	-
	<b>9,154</b>	14,302	<b>12,406</b>	16,338
<b>Current assets</b>				
Inventories	3,254	2,859	-	-
Amount due from customers for contract work	-	221	-	-
Trade receivables	1,125	1,600	-	-
Other receivables, deposits and prepayments	499	644	10	44
Available-for-sales financial assets	2	2	2	2
Due from subsidiaries (non-trade)	-	-	5,584	-
Fixed deposit	40	40	-	-
Cash and bank balances	216	215	5	2
	<b>5,136</b>	5,581	<b>5,601</b>	48
<b>Total assets</b>	<b>14,290</b>	19,883	<b>18,007</b>	16,386
<b>Current liabilities</b>				
Trade payables	1,624	1,847	-	-
Other payables and accruals	1,301	2,032	76	882
Provisions	169	270	99	116
Borrowings	1,692	1,555	1,114	1,038
Advances received from customers	243	300	-	-
Due to subsidiaries (non-trade)	-	-	-	81
Deferred income	-	49	-	-
	<b>5,029</b>	6,053	<b>1,289</b>	2,117
<b>Non-current liabilities</b>				
Borrowings	139	171	-	-
<b>Total liabilities</b>	<b>5,168</b>	6,224	<b>1,288</b>	2,117
<b>Net assets</b>	<b>9,122</b>	13,659	<b>16,718</b>	14,269
<b>Equity attributable to the Company's equity holders</b>				
Share capital	72,506	66,753	72,506	66,753
Capital reserve	1,567	747	820	-
Statutory reserve	8	8	-	-
Foreign currency translation reserve	18	(11)	-	-
Accumulated losses	(64,977)	(53,838)	(56,608)	(52,484)
<b>Total equity</b>	<b>9,122</b>	13,659	<b>16,718</b>	14,269

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

	The Group	
	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000
Amount repayable in one year or less or on demand		
Secured	2 <sup>(1)</sup>	41 <sup>(1)</sup>
Unsecured	1,690 <sup>(2)</sup>	1,514
	<u>1,692</u>	<u>1,555</u>
Amount repayable after one year		
Unsecured	139	171

### Details of any collateral

(1) Attributed to hire purchase loans

(2) Inclusive of the outstanding Convertible Loan Notes (as defined herein after) issued by the Company on 31 May 2017

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

	<b>The Group</b>	
	<b>FY2018</b> <b>US\$'000</b>	<b>FY2017</b> <b>US\$'000</b>
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(10,890)	(2,504)
Adjustments for:		
Amortisation of intangible assets	1,227	969
Amortisation of deferred income	(58)	(56)
Depreciation of plant and equipment	344	360
Interest expense	172	344
Interest income	(1)	(1)
Inventories written off	601	231
Loss on disposal of plant and equipment	-	-
Unrealised foreign exchange loss/ (gain)	66	(1)
(Provisions utilisation) / Provision	(101)	20
Impairment loss on development expenditure	5,689	879
Operating (loss)/ profit before changes in working capital	(2,951)	241
<i>Changes in working capital</i>		
Inventories	(995)	613
Trade and other receivables	619	980
Amount due from customers for contract work	221	(155)
Trade and other payables	(388)	(4,292)
Advances received from customers	(57)	(530)
<b>CASH USED IN OPERATIONS</b>	<b>(3,551)</b>	<b>(3,143)</b>
Interest income received	1	1
Income tax credit (paid)	13	(16)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(3,537)</b>	<b>(3,158)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(149)	(214)
Additions in intangible assets	(3,383)	(2,694)
Proceeds from government grants	1,166	272
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,366)</b>	<b>(2,636)</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issuance of shares	2,054	8,872
Proceeds from borrowings (including Loan Notes)	5,632	3,006
Repayment of borrowings	(1,092)	(5,949)
Interest paid	(120)	(248)
Repayment to a shareholder	(570)	(98)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>5,904</b>	<b>5,583</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1	(211)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	215	426
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	216	215

**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.**

	<b>The Group</b>					
	<b>Share capital</b>	<b>Capital reserve</b>	<b>Statutory reserve</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Balance as at 1 April 2017	66,753	747	8	(11)	(53,838)	13,659
Issuance of new shares pursuant to the Placement Shares and Conversion Shares (as defined hereinafter) - net of share issue expenses	5,753	-	-	-	-	5,753
Equity portion of outstanding Conversion Shares	-	820	-	-	-	820
Comprehensive income/(loss) for the financial period	-	-	-	29	(11,139)	(11,110)
<b>Balance as at 31 March 2018</b>	<b>72,506</b>	<b>1,567</b>	<b>8</b>	<b>18</b>	<b>(64,977)</b>	<b>9,122</b>

	<b>The Group</b>					
	<b>Share capital</b>	<b>Capital reserve</b>	<b>Statutory reserve</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
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	8,872	-	-	-	-	8,872
Comprehensive loss for the financial period	-	-	-	(5)	(3,465)	(3,470)
<b>Balance as at 31 March 2017</b>	<b>66,753</b>	<b>747</b>	<b>8</b>	<b>(11)</b>	<b>(53,838)</b>	<b>13,659</b>

The Company				
	Share capital	Capital reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 April 2017	66,753	-	(52,484)	14,269
Issuance of new shares pursuant to the Placement Shares and Conversion Shares (as defined hereinafter) – net of share issue expenses	5,753	-	-	5,753
Equity portion of outstanding Conversion Shares	-	820	-	820
Comprehensive loss for the financial period	-	-	(4,124)	(4,124)
Balance as at 31 March 2018	72,506	820	(56,608)	16,718

The Company				
	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	8,872	-	-	8,872
Comprehensive income for the financial period	-	-	1,990	1,990
Balance as at 31 March 2017	66,753	-	(52,484)	14,269

**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 Apr 2017	1,583,141,084	66,753
Issue of new shares pursuant to the Placement Shares (as defined below) (net of share issue expenses)	103,800,000	2,719
Issue of new shares pursuant to the Conversion Shares (as defined below) (net of share issue expenses)	83,500,000	3,034
Balance as at 30 Jun 2017, 30 Sept 2017, 31 Dec 2017 and 31 March 2018	1,770,441,084	72,506

#### **Share Placement Exercise**

On 15 May 2017, pursuant to a placement exercise (the "Share Placement"), the Company allotted and issued 103,800,000 new ordinary shares of the Company (the "Placement Shares") in the capital of the Company at a placement price of S\$0.039 per Placement Share in raising fund of approximately S\$4.0 million.

#### **Convertible Loan Notes Exercise**

Pursuant to the issuance of convertible loan notes (the "Convertible Loan Notes") on 31 May 2017 in the aggregate principal amount of approximately S\$7.1 million convertible in full into 128,500,000 new ordinary shares in the capital of the Company (the "Conversion Shares") at a conversion price of S\$0.055 per Conversion Share (the "Convertible Loan Notes Exercise"),

the Company allotted and issued 83,500,000 Conversion Shares on 2 June 2017. As at 31 March 2018, the number of outstanding Convertible Loan Notes stood at 45,000,000 which may be fully converted into 45,000,000 Conversion Shares.

Save for the allotment and issuance of the Placement Shares and the Conversion Shares in the first financial quarter of FY2018 as mentioned above, there was no movement in the share capital of the Company during the fourth financial quarter of FY2018 ("4Q2018").

#### **Use of the proceeds from the issuance of Placement Shares pursuant to Rule 704 (30)**

As at the date of this announcement, the net proceeds of about US\$2.8 million (S\$3.8 million) raised from the Share Placement had been fully utilized in accordance with the intended use of proceeds as follows:

<b>Use of proceeds from the Share Placement</b>	<b>US\$ million</b>	<b>Percentage utilized over allocated (%)</b>
Capability development program for space	1.7	100
General working capital purposes:		
Payments to suppliers for materials and services	0.7	100
Payment of administrative expenses, including payroll and other services	0.4	100
Total amount utilized	2.8	100

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

As at the date of this announcement the net proceeds of about US\$4.8 million (S\$6.7 million) raised from the issuance of Convertible Loan Notes had been fully utilized in accordance with the intended use of proceeds as follows:

<b>Use of proceeds from the Convertible Loan Notes Exercise</b>	<b>US\$ million</b>	<b>Percentage utilized over allocated (%)</b>
Capability development program for space	2.7	100
General working capital purposes:		
Payments to suppliers for materials and services	1.3	100
Payment of administrative expenses, including payroll and other services	0.8	100
Total amount utilized	4.8	100

#### **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 2018 and 31 March 2017, save as disclosed, the Company has neither treasury shares nor outstanding dilutive securities (including share options) which are capable of being converted into the shares of the Company.

#### **C. Performance Share Plan**

On 28 July 2017, with the approval of the Shareholders at an Extraordinary General Meeting, the Company adopted the "Addvalue Technologies Performance Share Plan" that enables 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.

#### **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.**

	<b>As at 31 Mar 2018</b>	<b>As at 31 Mar 2017</b>
Total number of issued ordinary shares (excluding treasury shares)	<b>1,770,441,084</b>	1,583,141,084

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

The Company has no treasury shares as at 31 March 2018. Neither were there any sale, transfer, disposal, cancellation and/or use of treasury shares by the Company during 4Q2018.

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



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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for FY2018 as those of the audited financial statements for FY2017.

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 2017 is not expected to have any significant impact to the Group

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

Not applicable.

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

	The Group	
	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000
<b>Net loss attributable to shareholders</b>	<b>(11,139)</b>	<b>(3,465)</b>
<b>Loss per share</b>		
Basic (US cents)	<b>(0.64)</b>	<b>(0.23)</b>
Diluted <sup>(1)</sup> (US cents)	<b>(0.64)</b>	<b>(0.23)</b>
<b>Number of ordinary shares in issue (excluding treasury shares)</b>		
Weighted average number of ordinary shares for the purpose of computing the basic earnings per share	<b>1,743,745,000</b>	1,500,731,000
Weighted average number of ordinary shares for the purpose of computing the diluted earnings per share <sup>(1)</sup>	<b>1,743,745,000</b>	1,500,731,000

**Note:**

(1) As at 31 March 2018 and 31 March 2017, save for the outstanding Convertible Loan Notes, 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. While the outstanding Convertible Loan Notes constitute a dilutive security, with its conversion price being greater than the average market price of the Shares of the Company for the year, the outstanding Convertible Loan Notes are considered to be anti-dilutive and hence are not included in the calculation of diluted earnings per share.

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

	The Group		The Company	
	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000	As at 31 Mar 2018 US\$'000	As at 31 Mar 2017 US\$'000
Net asset value as at end of financial year	<b>9,122</b>	13,659	<b>16,718</b>	14,269
Net asset value per ordinary share as at the end of financial year (US cents)	<b>0.52<sup>(1)</sup></b>	0.86 <sup>(2)</sup>	<b>0.94<sup>(1)</sup></b>	0.90 <sup>(2)</sup>

**Notes:**

(1) Based on 1,770,441,084 issued shares of the Company.

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

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

**Overview**

The Company (and together with its subsidiaries, the "Group" or "Addvalue") is a world 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, Marlink, Satlink, Intellian, Applied Satellite Technology Ltd and Satcom Global.

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

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

**(a) Review of financial performance of the Group for FY2018 (relative to FY2017)**

**Turnover**

The Group, against secured contracts on hand, turned in a better turnover of US\$1.4 million for 4Q2018 compared to the turnover attained in any of the first three financial quarters of FY2018 (ranging from US\$0.6 million to US\$1.3 million).

Notwithstanding which, the Group registered a lower turnover of US\$4.1 million in FY2018 compared to that of US\$10.8 million in FY2017 due to:

- (1) the continued depressed economic conditions in the merchant shipping and energy sectors which our products primarily target;
- (2) the phasing out of certain ranges of our products which are reaching their end of lives. While new and improved version of such products with enhanced features were gradually being introduced by the Group into the markets, certain adjustment time is needed to cultivate these products in gaining market acceptance; and
- (3) the gradual shifting in market demand for narrowband satellite communications ("satcom") products to broadband satcom products with more data centric features. Our Group is now at an advanced stage of developing certain data centric features demanded by end users and to have them incorporated into our nascent range of broadband satcom products to be debuted by the end of FY2018.

**Profitability**

Our Group registered a gross profit of US\$1.3 million against a gross profit margin of 32.3% for FY2018 relative to a gross profit of US\$4.1 million against a gross profit margin of 37.6% for FY2017. The decrease in gross profit was due chiefly to the reduced turnover while the decrease in gross profit margin was attributable mainly to increased sales of lower yielding products.

Our selling and distribution expenses increased by US\$139,000 or 20.0% from US\$696,000 in FY2017 to US\$835,000 in FY2018 due primarily to increased staff costs (in recruiting more marketing personnel) and travelling expense incurred in our continuous efforts to break into the Small Vessel Markets and to promote our solutions products in the ASEAN and Asia Pacific regions.

Our administrative expenses increased by US\$0.4 million or 13.7% from US\$2.6 million in FY2017 to US\$3.0 million in FY2018 due mainly to increased staff costs and professional service charges incurred for corporate exercises and investor relations.

Our other operating expenses increased by US\$5.5 million or 188.6% from US\$2.9million in FY2017 to US\$8.4 million in FY2018 due mainly to impairments made in FY2018.

Our finance expenses in FY2018, relative to FY2017, decreased significantly by US\$400,000 or 66.8% mainly as a result of repayment of borrowings with proceeds raised from the Share Placement.

The tax expenses of about US\$0.2 million and US\$1.0 million recorded in FY2018 and FY2017 respectively were attributed principally to impairment on the deferred tax asset of certain subsidiaries of the Group in view of the lower than previously

projected future economic benefits expected to be generated by the commercial exploitation of products, applications and processes that are developed by these entities.

As a result of the above, our Group incurred a net loss of US\$11.1 million in FY2018 against a net loss of US\$3.5 million in FY2017.

#### **(b) Review of financial position of the Group as at 31 March 2018 (relative to that as at 31 March 2017)**

The decrease in plant and equipment was attributed mainly to depreciation.

The decrease in our intangible assets was mainly due to the impairments made during FY2018, albeit higher amortization as well as increased development expenditures as we continued to develop our proprietary products, including our IDRS products as well as solutions and IoT-related products. The impairments made in FY2018 were in consequence to the lower projected future economic benefits expected to be generated by the capitalised development expenditure for certain terminals.

The increase in inventories as at 31 March 2018, albeit the write-off of certain dated components and finished products which were near or at their end-of-life, was attributed mainly to the build-up of materials and finished products in anticipation of sales resulting from our promotional activities as well as to cater to new orders for delivery in the first financial quarter of FY2019 ("Q1FY2019").

The decrease in amount due from customers for contract work was due principally to the completion of a contract work in FY2018.

The decrease in trade receivables and other receivables, deposit and prepayments were in line with the reduced business activities.

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

The decrease in provisions was mainly due to reduced provisions for directors' fees (following the resignation of one of our Independent Directors) and a lower provisions on product warranty due to lower sales.

The decrease in our advance receipts was due mainly to fulfilment of orders from a customer.

The net increase in borrowings was mainly attributed to the outstanding Convertible Loan Notes as well as new short-term borrowings procured in Q42018.

The increase in share capital was attributed to the issuance of the Placement Shares and Conversion Shares in FY2018.

The increase in capital reserve was attributed to the accounting for the equity portion of the outstanding Convertible Loan Notes (as the outstanding Convertible Loan Notes have features of both liability (debt) as well as equity, the accounting standards require for them to be accounted for the liability portion and equity portion separately).

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) increase slightly from 12.6% as at 31 March 2017 to 20.1% as at 31 March 2018;
2. the net cash used in operation increased from US\$3.2 million in FY2017 to US\$3.5 million in FY2018 chiefly as a result of reduced turnover and the build-up of inventories; and
3. the net asset value of the Group decreased by US\$4.5 million or 33.2% from US\$13.7 million as at 31 March 2017 to US\$9.1 million as at 31 March 2018, with the net asset value per ordinary share decrease from 0.86 US cents per share as at 31 March 2017 to 0.52 US cents per share as at 31 March 2018.

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

In line with the remarks made by the Company in its results announcement made on 14 February 2018 for the third financial quarter ended 31 December 2017, the Group, against secured contracts on hand, turned in a better turnover of US\$1.4 million for 4Q2018 compared to the turnover attained in any of the first three financial quarters of FY2018 (ranging from US\$0.6 million to US\$1.3 million).

#### **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**

Over the past two years, the Group has embarked on a transformation program based on its twin strategies of “Commercial Refocusing” and “Emerging Markets Focus” (the “Transformation Program”).

The Transformation Program has been taking a while to come to fruition in view of both the external factors confronting the satellite industry players and the internal factors faced by the Group. The external factors relate mostly to the time consuming approaches adopted or to be adopted by industry players to conceptualize viable business concepts and pricing models to take advantage of the emerging broadband/IoT trends. The internal factors relate mainly to the gearing up of new necessary skillsets within the Group, which to a certain extent tantamount to a structural re-alignment of the technical team at work at Addvalue, in meeting the arduous demands required by the emerging trends.

Through “Commercial Refocusing”, the Group is now ready to offer bundled applications and hardware as a variety of solution packages, instead of just relying on hardware sales, thereby strengthening the resilience of its revenue model. This means we are now able to generate recurring revenues from the following incomes:

1. air-time incomes; and
2. solution/application-based subscription incomes.

It should also be noted that the solutions/applications which the Group has developed under the Transformation Program is now commercially available, can be operated on any bandwidth, including the Ku-band and Ka-band, and can be used on any satellite terminal, including the Very Small Aperture Terminals (VSATs), and thereby bridging the prospective gap conferred by VSATs.

Through “Emerging Markets Focus”, the Group has been proactive in courting new products and design services demanded by the following three broad market segments (which are expected to yield follow-on air-time as well as solution/application-based subscription incomes):

1. New geographical markets comprising: (a) the China market; the regions conferred by China’s “Belt and Road Initiative (一带一路倡议)”; and (b) ASEAN countries;
2. New product markets comprising: (a) the Machine-to-Machine (M2M) market driven by the confluence of satellite communications and IoT technologies; (b) the small vessels market, particularly the small fishing boats market, which are presently underserved in satellite communications; and (c) the LEO satellite market which ensues the Inter-Satellite Data Relay System (IDRS) services and related applications; and
3. New partnerships with satellite operators, be it an existing satellite operator or otherwise, beyond Inmarsat and Thuraya.

The Group is currently having in-depth discussions and/or contract negotiations on several non-IDRS projects with various customers totaling about US\$10 million for delivery by 31 March 2019.

At the same time, the Group is mindful of pursuing design services for high value product development or “productization” of new technologies that are strategically coupled well with our technology growth road map. To this end, the Group has secured some high value governmental projects to develop and supply such products. The design services supply of such products is expected to contribute about US\$1million by 31 March 2019.

With regard to the progress of the IDRS business of the Group, the following headways had been made to date:

1. On 10 August 2017, the Group entered into an IDRS airtime distribution agreement with Inmarsat. Since then, the Group has been approached by many prominent market players in the LEO satellite industry for possible business dealings and collaborations. The Group is now at various stages of active discussions with many of these potential customers on the possible adoption of the IDRS services for their respective space missions.
2. On 10 April 2018, the Group entered into an agreement with a US-based aerospace company to carry out a feasibility study for the adoption of IDRS in the latter’s upcoming space mission for commercial purposes (the “Feasibility Study”). Apart from ushering in a new application of IDRS beyond the LEO satellite application (and hence according a new window of business opportunity to the Group), the success of the Feasibility Study is expected to result in a significant supply of IDRS terminals for deployment on such space missions.
3. On 24 April 2018, the Group inked its first major commercial IDRS contract with a premier global satellite service provider (the “Customer”) for the customized design and supply of extra high value IDRS terminals to be installed progressively on the Customer’s multi-LEO satellite constellation slated to commence commercial activities in 2019 (the “Supply Agreement”). The Group is now at a very advanced stage of finalizing an airtime agreement with the Customer for the provision of real-time on-demand IDRS communication services to the clients of the Customer (the “Service Agreement”). Upon signing the Service Agreement, the Group, with the full support of Inmarsat, will be obligated to provide the Customer with the IDRS service for the life-span of the satellites in the constellation. Barring any unforeseen circumstances and unexpected delay in the delivery of any LEO satellite for the Customer’s multi-LEO satellite constellation and depending on the actual level of IDRS airtime usage by the end-users of the Customer’s enhanced real-time on-demand IDRS communication services, the Supply Agreement (for the supply of IDRS Terminals) and Service Agreement collectively are estimated to yield a recurring annual turnover of at least US\$40 million to the Group, subsequent to the full deployment of the Customer’s multi-LEO satellite constellation with each LEO satellite of the constellation to be mounted with the Group’s IDRS Terminal and in service.

Barring any unforeseen circumstance and based on the aforesaid, the Group expects to significantly outperform its performance in FY2019 compared to FY2018.

*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 timing or delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of the improved airtime package by the satellite operators; structural change in the satellite industry; relationships with customers; competition; and the ability to attract personnel. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.*

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b) (i) Amount per share:** Nil cents

**(ii) Previous corresponding period:** Nil cents

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared or recommended for FY2018.

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

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

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

Not applicable

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

The Company confirms that it has procured undertakings from all its CEO and CFO in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

**16. Segmented revenue and results for business or geographical segments (of the group) in the form**

presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

**(a) By geographical segments<sup>(1)</sup>**

<b><u>FY2018</u></b>	<b><u>EMEA<sup>(2)</sup></u></b> <b><u>US\$'000</u></b>	<b><u>North America</u></b> <b><u>US\$'000</u></b>	<b><u>Asia Pacific</u></b> <b><u>US\$'000</u></b>	<b><u>Total</u></b> <b><u>US\$'000</u></b>
<b>Revenue</b>				
Total revenue from external customers	880	480	2,726	4,086
<i>% Contribution</i>	22%	12%	67%	100%
Segment result	285	155	883	1,323
<b>Unallocated expenses</b>				(12,193)
Other income				179
Finance expenses				(199)
Loss before income tax				(10,890)
Income tax expense				(249)
				(11,139)
<b>Segment assets</b>				
- Segment assets	254	66	13,970	14,290
<b>Total assets</b>				14,290
<b>Segment liabilities</b>				
- Segment liabilities	678	8	4,482	5,168
<b>Total liabilities</b>				5,168
<b>Other information</b>				
Capital expenditure				
- Plant and equipment	-	-	144	144
- Intangible assets	-	-	3,383	3,383
Depreciation and amortisation	-	-	1,571	1,571
<b><u>FY2017</u></b>				
	<b><u>EMEA<sup>(2)</sup></u></b> <b><u>US\$'000</u></b>	<b><u>North America</u></b> <b><u>US\$'000</u></b>	<b><u>Asia Pacific</u></b> <b><u>US\$'000</u></b>	<b><u>Total</u></b> <b><u>US\$'000</u></b>
<b>Revenue</b>				
Total revenue from external customers	5,229	743	4,868	10,840
<i>% Contribution</i>	48%	7%	45%	100%
Segment result	1,531	70	(1,006)	595
<b>Unallocated expenses</b>				(2,740)
Other income				240
Finance expenses				(599)
Loss before income tax				(2,504)
Income tax expense				(961)
				(3,465)
<b>Segment assets</b>				
- Segment assets	748	21	18,852	19,620

- Deferred tax assets				263
<b>Total assets</b>				<u>19,883</u>
<b>Segment liabilities</b>				
- Segment liabilities	862	29	5,333	6,224
- Deferred tax liabilities				-
<b>Total liabilities</b>				<u>6,224</u>

#### Other information

##### Capital expenditure

- Plant and equipment	-	-	214	214
- Intangible assets	-	-	2,694	2,694
Depreciation and amortisation	161	3	1,164	1,329

#### Notes:

- (1) The geographical segments represent the respective geographical segments of origin of our customers and not the destinations for the delivery of our products or the provision of our services.
- (2) Refers to Europe, Middle East and Africa

#### (b) By revenue streams

	The Group			
	FY2018		FY2017	
	US\$'000	% Contribution	US\$'000	% Contribution
Sales of land communication products	1,072	26.0	1,841	17.0
Sales of maritime communication products	1,386	34.0	6,925	64.0
Provision of design services	492	12.0	828	7.6
Others (comprising mainly sales of components)	1,136	28.0	1,246	11.4
	<u>4,086</u>	<u>100.0</u>	10,840	100.0

### **17. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments.**

#### By geographical segments

Despite lower sales, the Asia Pacific region registered an increase in percentage contribution to total turnover from 45% in FY2017 to 67% in FY2018, chiefly as a result of our "Emerging Markets Focus" strategy which targets primarily the Asia Pacific countries.

#### By revenue streams

Our sales of maritime products decreased markedly from US\$6.9 million in FY2017 to US\$1.3 million in FY2018 due primarily to the lack of sale of our prime terminal SF2500 for small and cost-sensitive markets especially in China:

- After the rapid deployments of SF2500 terminals into the China small fishing fleet markets particularly in FY2016 and FY2017, our sales of the terminal into the China small vessel market suffered a break of momentum in FY2018 due to the following events:
  - o The anti-graft campaigns in China has inflicted an adverse side effect in the momentum of small fishing vessel modernization programs. In turn this has negatively affected the take up rate of the end user terminals. We started to see the return of such momentum as the anti-graft investigations are clearing out;
  - o The aggressiveness of the China VSAT operators to increase market shares also encroached into some segments of the fishing fleet market. These VSAT operators has heavily subsidized the VSAT terminals while bundling broadband air time services. It is believed that VSAT operators are making losses in capturing market shares and hence unable to sustain such a strategy for too long in the small fishing vessel market where cost is always sensitive;
  - o Our success in the maritime terminal has also attracted competitions from indigenous companies in China who tried to use price strategy to undercut us. This has caused some resellers to delay their buying decisions. However, we have also taken concrete steps to further strengthened our partnerships in China

to create high values through differentiated terminal development, better cost control and solutions offering. We are confident that the sales will recover and pick up within this current financial year.

## 18. Breakdown of sales

	FY2018 US\$'000	FY2017 US\$'000	% change
(i) Turnover reported for:			
- First half year ended 30 September	2,108	7,316	(71.1%)
- Second half year ended 31 March	1,978	3,524	(43.8%)
	<b>4,086</b>	10,840	(62.3%)
(ii) Net (loss)/profit reported for:			
- First half year ended 30 September	(2,234)	166	N/m
- Second half year ended 31 March	(8,905)	(3,631)	145.2%
	<b>(11,139)</b>	(3,465)	221.5%

"N/m" denotes not meaningful.

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

Not applicable.

## 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, Details of changes in and the year the position was held	Duties and position held, if any, during the year
Nil				

For and on behalf of the Board of Directors

Dr Colin Chan Kum Lok  
Chairman & CEO

Tan Khai Pang  
Director

30 May 2018