



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Addvalue Technologies Ltd

Stock code: A31

Meeting details:

Date: 24 Jul 2024

Time: 10.00 a.m.

Venue: 202 Bedok South Ave 1, Singapore 469332 (Block A, Seminar room)

Q1. For the financial year ended 31 March 2024, the group recognised revenue of US\$12.8 million, with US\$6.6 million derived from space connectivity (SPC) operations and US\$4.8 million from advance digital radio (ADR)-related activities.

As highlighted by the chairman in his statement to shareholders, the confirmed order book stood at US\$9 million across both the SPC and ADR business segments. The group has also pivoted to a solution-centric business model.

- (i) **How substantively different is the new solution-centric business model from the previous one? Does the group have the necessary talent pool, in terms of skills and experience, to deliver on this new business model?**
- (ii) **What are management’s key operational and financial priorities for the next 18-24 months?**
- (iii) **SPC: How revolutionary is the Inter-Satellite Data Relay System (“IDRS”) technology, and how is the group developing new use-cases for IDRS?**
- (iv) **What is the group’s manufacturing capacity of IDRS terminals?**
- (v) **In the SPC/IDRS segment, what is the typical time to close a sale for new and existing customers? When does the group expect to confirm the US\$5.0 million “high confidence” sales leads in the pipeline?**
- (vi) **Similarly, when does management expect to close the high confidence sale leads worth US\$4.6 million in the ADR segment?**
- (vii) **What are some of the challenges and bottlenecks faced by management in trying to secure more sales?**

Q2. The age analysis of trade receivables is shown in page 156 (Note 40 Financial instruments and financial risks: Credit risk). Trade receivables past due 0 to 3 months amounted to US\$1.58 million.

- (i) **What are the reasons for the significant amounts of trade receivables past due given that the group deals with “respected operators” and creditworthy counterparties?**

In addition, in the previous financial year, the group impaired US\$6.0 million in trade receivables pertaining to a one-off licensing income with a customer in 2020. The group had allowed the customer to settle the consideration by way of cash or issue of shares. Following several delays, management deemed there to be a significant increase in credit risk and fully impaired the amount. There has been no further update from the trade debtor and the amount has been deemed uncollectible.

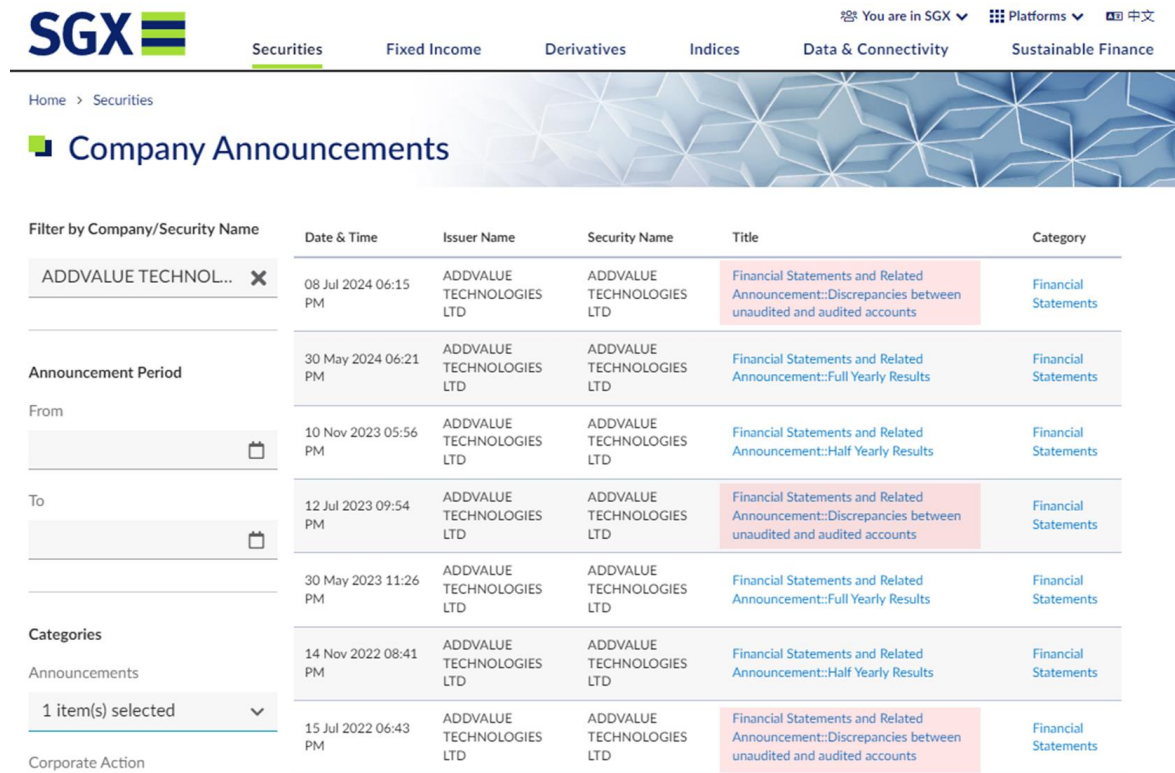
- (ii) **Has the board, especially the audit and risk committee (ARC), reviewed the key management decisions and board approval process in 2020 relating to the one-off licensing?**
- (iii) **What efforts has management made to collect the long-overdue trade receivables since 2020?**
- (iv) **What is the current status of the customer, Cloud Constellation Corporation?**
- (v) **Has the board or ARC explored legal means to enforce the group’s rights?**
- (vi) **Has the board made improvements to the group’s risk management practices, especially with regard to granting credit, working capital and cash flow management?**
- (vii) **Did the board hold management accountable for the issues related to the US\$6.0 million in impaired trade receivables?**

Q3. The “Impairment assessment of development expenditure” is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, as at 31 March 2024, the carrying value of development expenditure amounted to US\$8,101,041 (2023: US\$7,926,397), representing 43% (2023: 48%) of the group’s total assets. Further in Note 15, it was disclosed that included in the development expenditure is an amount of US\$5,280,745 (2023: US\$4,504,737) pertaining to development projects not yet available for use.

- (i) **Can the ARC provide clarity on what expenses are classified as development expenditure and are thus capitalised into the balance sheet?**
- (ii) **How long is the development cycle since the majority of the development expenditure/projects are not yet available for use?**

On 8 July 2024, the company announced that it has made material adjustments to its unaudited financial statements following the finalisation of audit. This marks the third consecutive year that the company has had to make material adjustments to its unaudited financial statements.



The screenshot shows the SGX website's 'Company Announcements' page for ADDVALUE TECHNOLOGIES LTD. The page includes a navigation bar with 'Securities', 'Fixed Income', 'Derivatives', 'Indices', 'Data & Connectivity', and 'Sustainable Finance'. The main content area displays a table of announcements with the following columns: Date & Time, Issuer Name, Security Name, Title, and Category. The table lists several announcements, with the most recent one on 08 Jul 2024 at 06:15 PM regarding 'Financial Statements and Related Announcement: Discrepancies between unaudited and audited accounts'.

Filter by Company/Security Name	Date & Time	Issuer Name	Security Name	Title	Category
ADDVALUE TECHNOL... <input type="checkbox"/>	08 Jul 2024 06:15 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Discrepancies between unaudited and audited accounts	Financial Statements
Announcement Period	30 May 2024 06:21 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Full Yearly Results	Financial Statements
From	10 Nov 2023 05:56 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Half Yearly Results	Financial Statements
To	12 Jul 2023 09:54 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Discrepancies between unaudited and audited accounts	Financial Statements
Categories	30 May 2023 11:26 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Full Yearly Results	Financial Statements
Announcements	14 Nov 2022 08:41 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Half Yearly Results	Financial Statements
1 item(s) selected	15 Jul 2022 06:43 PM	ADDVALUE TECHNOLOGIES LTD	ADDVALUE TECHNOLOGIES LTD	Financial Statements and Related Announcement: Discrepancies between unaudited and audited accounts	Financial Statements

(<https://www.sgx.com/securities/company-announcements?pagesize=20&value=ADDVALUE%20TECHNOLOGIES%20LTD&type=company&ANNC=ANNC17>)

- (iii) **What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I))?**
- (iv) **What role did the ARC play in the preparation of the financial statements? Was it adequate?**
- (v) **How can shareholders be assured that the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (vi) **Has the ARC evaluated the risk that development expenditure is materially overstated?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

