First Quarter Financial Statement And Dividend Announcement for the Period ended 31st March 2017 (Unaudited)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year:

	Quarter Ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Turnover (Note 1)	88,572	79,900	10.9%
Purchases and changes in inventories and direct service fees incurred (Note 2)	(81,040)	(73,867)	9.7%
Commissions and other selling expenses (Note 3)	(71)	(39)	82.1%
Other income - operating (Note 4)	101	490	-79.4%
Operating expenses (Note 5)	(7,088)	(5,817)	21.8%
Other income - non operating (Note 14)	-	876	N.M.
Other expenses - non operating (Note 15)	(12)	461	-102.6%
Interest income from deposits and investment securities (Note 18)	224	199	12.6%
Finance costs (Note 19)	(19)	(80)	-76.3%
Depreciation of property, plant and equipment (Note 20)	(269)	(212)	26.9%
Amortisation of intangible assets (Note 21)	(3)	(16)	-81.3%
Profit before taxation	**395**	**1,895**	**-79.2%**
Taxation (Note 22)	**(282)**	**(539)**	**-47.7%**
Net Profit after tax for the period (Note 1a)	**113**	**1,356**	**-91.7%**
Profit attributable to:			
Owners of the parent	113	1,358	-91.7%
Non-controlling interest (Note 23)	-	(2)	-100.0%
Total	**113**	**1,356**	**-91.7%**

Note 1

Turnover

	Quarter Ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Distribution of operator products and services	72,405	64,481	12.3%
ICT distribution and managed services	12,723	12,854	-1.0%
Mobile devices distribution & retail	3,282	2,565	28.0%
Battery electric vehicle	162	-	N.M.
Total *(Note 2)*	**88,572**	**79,900**	**10.9%**

Note 1(a)

The group earned profit after tax of S$0.1 million during Q1 2017 against S$1.4 million during corresponding quarter Q1 2016. During Q1 2016, certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, were also written back during Q1 2016.

Note 2

Distribution of Operator products and services in Indonesia grew during current quarter ended 31 March 2017 ("Q1 2017") against corresponding quarter ended 31 March 2016 ("Q1 2016"). Revenue from ICT distribution and managed services has shown a marginal decline during Q1 2017 over corresponding quarter Q1 2016. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

Note 3

The commissions and other selling expenses were mainly related to ICT distribution & managed services, sale of mobile devices and business of battery electric vehicles.

Note 4

Other income - operating mainly included performance incentive from principals, rentals from certain properties, management support services fee, Government subsidy and write back of certain accruals/liabilities no longer required.

Note 5

Operating expenses included the following:

	Quarter Ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Personnel costs (Note 6)	(4,412)	(3,900)	13.1%
Infrastructure costs (Note 7)	(782)	(639)	22.4%
Marketing expenses (Note 8)	(362)	(8)	N.M.
Other expenses - operating (Note 9)	(1,532)	(1,270)	20.6%
Total operating overheads	**(7,088)**	**(5,817)**	**21.8%**

Note 6

During Q1 2017, there has been increase in manpower cost over corresponding quarter Q1 2016, primarily due to operator driven manpower requirement/planning and related costs in operator products & services, enhanced focus on services led business in case of one of the subsidiaries under ICT distribution and managed services and Battery Electric Vehicle (BEV) business.

Note 7

The increase in infrastructure costs in Q1 2017 was mainly due to need based changes in infrastructure requirements.

Note 8

Marketing expenses had mainly been on account of marketing outlay by Affinity group for its Distribution of operator products & services and new business of battery electric vehicles.

Note 9

Other expenses- operating included the following:

	Quarter ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Bank charges	(22)	(30)	-26.7%
Collection service fees	(64)	(55)	16.4%
Equipment maintenance	(66)	(86)	-23.3%
Equipment rental	(55)	(58)	-5.2%
Foreign exchange (loss) (Note 10)	(23)	(31)	-25.8%
Freight and postage charges	(23)	(19)	21.1%
Printing & stationery	(25)	(19)	31.6%
Professional fees (Note 11)	(356)	(320)	11.3%
(Provision)/write back of allowance/(write off) of doubtful non-trade debts (Note 12)	(25)	(34)	-26.5%
(Provision)/write back of allowance/(write off) of doubtful trade debts (Note 12)	(98)	137	-171.5%
(Provision)/write back of allowance for stock obsolescence/(write off) of stocks (Note 12)	(61)	(85)	-28.2%
Telecommunication expenses (Note 13)	(89)	(113)	-21.2%
Travelling & entertainment expenses (Note 13)	(374)	(389)	-3.9%
Others	(251)	(168)	49.4%
Total other expenses - operating	**(1,532)**	**(1,270)**	**20.6%**

Note 10

The foreign exchange movement recognised in Q1 2017 was mainly due to unrealised and realised foreign exchange gain/(loss) incurred on fluctuation of SGD, USD, MYR, THB, IDR, RMB and INR.

Note 11

There was an apparent increase in professional fee during Q1 2017 against Q1 2016 mainly on account of write back of certain management & legal consultancy expenses in Q1 2016.

Note 12

The amounts mainly represented allowances to adjust carrying value of trade/non trade receivables and inventories.

Note 13

The changes in these operating expenses has mainly been on account of rationalisation and business requirements.

Note 14

This is in respect of certain unclaimed loan and advance received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, written back during Q1 2016.

Note 15

Other expenses- non operating included the following:

	Quarter ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Gain/ (loss) on disposal of property, plant and equipment (Note 16)	1	(6)	N.M.
Others (Note 17)	(13)	466	N.M.
Total other expenses - non operating	**(12)**	**461**	N.M.

Note 16

The loss on disposal of property, plant and equipments during Q1 2016 was mainly on account of certain assets of Affinity disposed off, as no longer required.

Note 17

The amount in Q1 2016 mainly represented write back of certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts.

Note 18

The interest income during Q1 2017 and Q1 2016 was mainly on account of deposits with the banks.

Note 19

The reduction in finance cost during Q1 2017 against Q1 2016 was mainly on account of reduced loans and bank borrowings by Cavu & Affinity group.

Note 20

The increase in depreciation was mainly on account of BEV business.

Note 21

The reduction in amortisation cost of intangible assets during Q1 2017 was mainly on account of Bharat IT and the Company.

Note 22

The decrease in taxation during Q1 2017 against Q1 2016 was mainly in respect of Bharat IT engaged in ICT Distribution & managed services. During Q1 2016, the amount in case of Bharat IT included provision against certain loan & advance written back during the quarter. (Please also refer to note no. 14). The decrease was partially offset by increase in provision for taxation in case of Affinity group.

Note 23

Profit/(Loss) attributable to Non controlling interest relates to one of the subsidiaries of Affinity group.

A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 31 Mar		%
	2017	2016	
	S$'000	S$'000	Change
Profit for the period	**113**	**1,356**	**-91.7%**
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation (Note 24)	(896)	(1,309)	-31.6%
Net gain/ (loss) on available-for-sale financial assets	99	(54)	N.M.
Items that will not be reclassified subsequently to profit and loss:			
Gain on revaluation of property, plant & equipment	-	2,072	N.M.
Total other comprehensive income/(loss) for the period	**(797)**	**709**	**-212.4%**
Total comprehensive income/(loss) for the period	**(684)**	**2,065**	**-133.1%**
Total comprehensive income/(loss) attributable to:			
Owners of the parent	(675)	2,108	-132.0%
Non-controlling interest	(9)	(43)	-79.1%
Total	**(684)**	**2,065**	**-133.1%**

N.M. - Not Meaningful

Note 24

The movement in foreign currency translation was mainly due to movement of USD, MYR, THB, INR, RMB and IDR against SGD.

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.

	Group		Company	
	31 Mar 17	**31 Dec 16**	**31 Mar 17**	**31 Dec 16**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current assets	**67,400**	**64,009**	**24,228**	**20,425**
Inventories (Note 25)	14,721	13,800	-	-
Trade receivables (Note 26)	10,567	8,712	108	113
Other receivables and deposits (Note 27)	5,637	5,930	2,300	2,280
Prepayments (Note 28)	3,241	3,001	70	26
Due from subsidiaries	-	-	2,032	2,026
Cash and bank deposits pledged (Note 30)	4,001	4,538	-	-
Cash and cash equivalents	28,207	27,342	19,718	15,980
Tax recoverable (Note 31)	1,026	686	-	-
Non-current Assets	**7,784**	**8,089**	**26,552**	**26,365**
Property, plant and equipment (Note 32)	4,618	4,798	16	22
Intangible assets (Note 33)	-	3	-	3
Investments in subsidiaries	-	-	25,067	25,067
Investment properties (Note 32)	2,327	2,434	-	-
Investment securities (Note 29)	360	231	360	231
Long-term loans and advances to subsidiaries	-	-	1,109	1,042
Deferred tax assets (Note 34)	172	170	-	-
Trade receivables (Note 26)	29	81	-	-
Prepayments (Note 28)	-	201	-	-
Other receivables and deposits (Note 27)	278	171	-	-
Total Assets	**75,184**	**72,098**	**50,780**	**46,790**
Current liabilities	**23,196**	**19,420**	**13,668**	**8,738**
Trade creditors (Note 35)	8,681	6,984	150	157
Other creditors and accruals (Note 36)	7,316	7,108	1,409	1,624
Deferred revenue (Note 37)	3,473	1,996	-	-
Lease obligations (Note 38)	-	18	-	-
Loans and bank borrowings (Note 39)	2,717	2,527	-	-
Due to subsidiaries (Note 40)	-	-	12,109	6,957
Tax payable (Note 41)	1,009	787	-	-
Non-current liabilities	**1,199**	**1,205**	**-**	**-**
Deferred tax liabilities	70	70	-	
Provision for employee benefits	994	995	-	
Deferred revenue (Note 37)	135	140	-	
Total Liabilities	**24,395**	**20,625**	**13,668**	**8,738**
Equity attributable to the owners of the parent				
Share capital	580,518	580,518	580,518	580,518
Accumulated losses	(457,403)	(457,516)	(479,693)	(479,023)
Other reserves	(3,493)	(3,592)	(8,558)	(8,657)
Translation reserve (Note 24)	(68,720)	(67,833)	(55,155)	(54,786)
	50,902	**51,577**	**37,112**	**38,052**
Non-controlling interest (Note 23)	(113)	(104)	-	-
Total Equity	**50,789**	**51,473**	**37,112**	**38,052**
Total liabilities and equity	**75,184**	**72,098**	**50,780**	**46,790**

Note 25

The increase in Inventories of S$ 0.9 million was mainly due to increase in inventory of ICT products. The increase had been partially offset by reduction in inventories of Operator products & services.

Note 26

There has been net increase of S$ 1.9 million in trade receivables mainly on account of Cavu Group, partially offset by decrease in trade receivables of Bharat IT & Affinity Group.

Note 27

The Other Receivables and Deposits mainly included balance amount receivable against disposal of Voice business, Operator's fee, GST refund , deposit for buying battery electric vehicles and receivables on account of support services provided to a related party.

Note 28

The increase in prepayments had mainly been in respect of Affinity group.

Note 29

The amount represented fair value of certain investment in past in shares of a non related listed company in Singapore.

Note 30

The reduction in pledged deposits had primarily been in respect of Bharat IT.

Note 31

The movement in Tax recoverable was mainly on account of Bharat IT.

Note 32

The change in property, plant & equipment has mainly been on account of depreciation charge of S$0.3 million during Q1 2017. During Q1 2017, there has been addition of S$0.1 million in property, plant and equipment. As at 31 December 2016, certain properties belonging to Affinity group, as rented out, had been reclassified as investment properties.

Note 33

The decrease in intangible assets had mainly been on account of usual amortisation during Q1 2017.

Note 34

The deferred tax assets are in respect of Bharat IT.

Note 35

The increase in Trade Creditors has mainly been in respect of Cavu group. The increase has been partially offset by decrease in respect of Affinity group and Bharat IT.

Note 36

The increase in other creditors and accruals was mainly in respect of ICT Distribution & Managed Services and Affinity Group.

Note 37

The deferred revenue was mainly in respect of ICT Distribution & Managed services and Affinity Group.

Note 38

The reduction in Lease obligations was on account of repayment by Cavu.

Note 39

The movement in loans and borrowings was mainly on account of utilisation of credit facilities with the banks, corresponding to the level of operations.

Note 40

The increase in amounts due to subsidiaries had been on account of advance received from Affinity Group.

Note 41

The increase in tax payable was mainly in case of Bharat IT.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/3/2017		As at 31/12/2016	
Secured (S$'000)	Unsecured (S$'000)	Secured (S$'000)	Unsecured (S$'000)
1,782	**935**	**2,545**	**-**

Amount repayable after one year

-	-	-	-

Details of any collateral

a) Subsidiaries' current assets of S$11.9 million (31/12/2016 : S$$13.9 million) and property, plant and equipment with carrying amount of S$1.0 (31/12/2016: S$1.0 million) are pledged as security for bank guarantees, standby letters of credit and other bank services.

b) Corporate guarantees of S$8.0 million (31/12/2016 : S$8.0 million) were given by the Company to enable a subsidiary to obtain credit facility from suppliers.

c) Corporate guarantees of S$5.6 million (31/12/2016 : S$5.7 million) were given by the subsidiary to enable its subsidiaries to obtain credit facility from suppliers.

d) Corporate guarantees of S$3.0 million (31/12/2016 : S$3.0 million) were given by the subsidiary to enable its subsidiaries to obtain banking facilities.

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

	Quarter ended 31 Mar	
	31 Mar 17	**31 Mar 16**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit before taxation	**395**	**1,895**
Adjustments for:		
Depreciation and amortisation	272	227
Allowance for/ write off of doubtful non-trade debts, net	25	34
(Reversal of)/allowance for/write off of doubtful trade debts, net	98	(158)
Reversal of allowance for inventory obsolescence, net	(22)	(154)
Interest income from bonds, deposits and investment securities	(224)	(199)
Finance costs	19	80
Unrealised exchange differences	(993)	(1,297)
Others	(1)	(3)
Operating profit before working capital changes	**(431)**	**425**
Increase in inventories	(854)	(1,867)
(Increase)/decrease in trade receivables	(1,867)	1,423
Decrease in other receivables and deposits	266	766
Increase in prepayments	(38)	(730)
Increase/(decrease) in trade creditors	1,697	(2,249)
Increase in other creditors and accruals	208	845
Increase in deferred revenue	1,472	583
Cash generated from/(used in) operating activities	**453**	**(804)**
Interest paid	(19)	(80)
Income tax paid	(407)	(336)
Net cash generated from/(used in) operating activities	**27**	**(1,220)**
Cash flows from investing activities		
Interest income received from bonds, deposits and investment securities	146	163
Proceeds from disposal of property, plant and equipment	2	67
Purchase of property, plant and equipment	(85)	(86)
Net cash generated from investing activities	**63**	**144**
Cash flows from financing activities		
Withdrawal of cash and bank deposits pledged (Note 30)	537	1,997
Proceeds from (Repayment of) loans and bank borrowings (Note 39)	256	(233)
Repayment of obligations under finance leases	(18)	(126)
Net cash generated from financing activities	**775**	**1,638**
Net increase in cash and cash equivalents	**865**	**562**
Cash and cash equivalents at beginning of the period	27,342	32,802
Cash and cash equivalents at end of the period	**28,207**	**33,364**

1(d)(i) A 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 immediately preceding financial year.

	Equity attributable to the owner of the parent					Non-controlling interest S$'000	Total Equity S$'000
	Share capital S$'000	Accumulated losses S$'000	Other reserves S$'000	Translation reserve S$'000	Total S$'000		
The Group							
Balance as at 1 January 2017	**580,518**	**(457,516)**	**(3,592)**	**(67,833)**	**51,577**	**(104)**	**51,473**
Total comprehensive income/ (loss) for the period	-	113	99	(887)	**(675)**	(9)	**(684)**
Balance as at 31 March 2017	**580,518**	**(457,403)**	**(3,493)**	**(68,720)**	**50,902**	**(113)**	**50,789**
Balance as at 1 January 2016	590,515	(458,390)	(5,361)	(68,864)	**57,900**	(69)	**57,831**
Total comprehensive (loss)/ income for the period	-	1,358	2,014	(1,264)	**2,108**	(43)	**2,065**
Balance as at 31 March 2016	**590,515**	**(457,032)**	**(3,347)**	**(70,128)**	**60,008**	**(112)**	**59,896**

	Share capital S$'000	Accumulated losses S$'000	Other reserves S$'000	Translation reserve S$'000	Total S$'000
The Company					
Balance as at 1 January 2017	580,518	(479,023)	(8,657)	(54,786)	**38,052**
Total comprehensive (loss)/ income for the period	-	(670)	99	(369)	**(940)**
Balance as at 31 March 2017	**580,518**	**(479,693)**	**(8,558)**	**(55,155)**	**37,112**
Balance as at 1 January 2016	590,515	(482,029)	(8,750)	(54,489)	**45,247**
Total comprehensive (loss)/ income for the period	-	684	(55)	(1,843)	**(1,214)** -
Balance as at 31 March 2016	**590,515**	**(481,345)**	**(8,805)**	**(56,332)**	**44,033**

1(d)(ii) Details of any changes in the 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 the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of Shares	
	31 Mar 17	31 Dec 16
Issued shares at the beginning of the period	13,712,452	13,712,452
Total issued shares at the end of the period	13,712,452	13,712,452

The details of the outstanding share options and share awards granted under the Employees' Share Option Schemes and Share Plans respectively are as follows:

	No. of Shares	
	31 Mar 17	31 Mar 16
Options granted under 1999 S i2i Employees' Share Option Scheme II	-	785
Options granted under 2014 Si2i Employees Stock Option plan	-	137,125

Total number of shares held as treasury shares as at 31st March 2017 is Nil (31st March 2016: Nil).

Total number of subsidiary holdings as at 31st March 2017 is Nil (31st March 2016: Nil).

1(d)(iii) To show 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.

Total number of issued shares as at 31st March 2017 is 13,712,452 (31st December 2016 : 13,712,452).

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

Not Applicable.

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

Not Applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a 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 adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 December 2016.

5. If there are any changes in the accounting policies and method 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 share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Quarter ended 31 March	
	2017	2016
Earning per ordinary share for the period after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary share in issue (S$ cent)	0.82 cents	9.90 cents
ii) On a fully diluted basis (S$ cent)	0.82 cents	9.90 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-
(a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31 Mar 17	31 Dec 16	31 Mar 17	31 Dec 16
Net asset backing per ordinary share is calculated based on 13,712,452 (31/12/2016 : 13,712,452) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (**S$ cent**).	371.21 cents	376.13 cents	270.64 cents	277.50 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The group recorded a turnover of S$88.6 million - an increase of 10.9% over revenue of corresponding quarter. Distribution of Operator products and services in Indonesia grew during current quarter ended 31 March 2017 ("Q1 2017") against corresponding quarter ended 31 March 2016 (" Q1 2016"). Revenue from ICT distribution and managed services has shown a marginal decline during Q1 2017 over corresponding quarter Q1 2016. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

There was an increase in overheads mainly owing to operator driven manpower requirement/planning and related costs in operator products & services, enhanced focus on services led business in case of one of the subsidiaries under ICT distribution and managed services and Battery Electric Vehicle (BEV) business.

The earnings (before interest, depreciation, amortisation and taxation) during Q1 2017 has been S$0.5 million against S$0.7 million during corresponding quarter.

During corresponding quarter Q1 2016, certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, were written back during Q1 2016.

Resultantly, the Group earned profit before tax of S$0.4 million during Q1 2017, as against the profit before tax of S$1.9 million during corresponding quarter.

The company has continued its focus on operating efficiencies and management of working capital in terms of inventories, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. Cash in hand (net of borrowings) as at 31 March 2017 was S$29.5 million against 31 December 2016 was S$29.3 million.

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

There was no forecast or prospect statement disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and 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.

The company has managed to execute the operator driven plans at the cluster levels and the transition as required by the market in the business of distribution of operator products & services. The company keeps its focus on sustaining the existing operator business in Indonesia and also growing the clusters in some areas. Tight Cash flow management, focused marketing, managing KPI driven incentive schemes is the key to success in this business. The company is continuing its strategy to hold on to existing clusters, fulfil the KPIs and also plans to bid and win new clusters in future to grow business.

The business of ICT distribution & managed services in Singapore shows encouraging signs of turn around based on focus on services and cost optimisation. The ICT distribution & managed services is a highly competitive business primarily due to the economic scenario and the continuous changes and innovations happening in this space. The ICT Industry has moved to innovative and disruptive offerings & technology and the Cavu group is in the midst of making the paradigm adjustment and a shift towards futuristic services based Offerings like Cloud, IOT, Server consolidation, Virtualization and other services relevant to a developed economy. The hardware business margin keeps diminishing every year due to stiff competition. The hardware and related sales is not growing as expected and mostly hardware is being replaced by alternatives like Cloud and Servers consolidation type of offerings. The company is now focusing on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins. This turn around will be a big challenge in this competitive landscape and has the key attention of the management.

The company continues its move from 'Information' to 'Innovation' strategy. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the company is embarking upon an innovation led business of battery electric vehicles (BEV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. Continuous progress is being made on this front. The company has done a soft Pilot launch of 7 BYD BEVs (as B2B taxi model) in the Singapore market place as a Pilot with alliance from App hailing services.

The company is working on a time bound plan to cut down all loss making businesses, hold and grow profitable businesses and also move from Information to Innovation and moving towards coming out of watch list.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended

13. Utilisation of Rights Issue proceeds

Not Applicable.

14. Interested persons transactions disclosure

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) Quarter ended 31 Mar 2017 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) Quarter ended 31 Mar 2017 S$'000
Smart Innovations Global Pte Ltd (f.k.a. Armorcoat Technologies Pte Ltd)	557	-

There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 28 April 2017.

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

15. 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.

Not Applicable.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

17. A breakdown of sales.

Not Applicable.

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

Not Applicable.

19. Statement Pursuant to Rule 705(5) of The Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the quarter ended 31st March 2017 to be false or misleading in any material respects.

20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form 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.

BY ORDER OF THE BOARD

Maneesh Tripathi
Executive Director and Group Chief Executive Officer

11 May 2017