DECLOUT LIMITED
(Registration No: 201017764W)
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER ("3Q2018") AND NINE MONTHS ("9M2018") ENDED 30 SEPTEMBER 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Third Quarter Ended			Nine Months Ended		
	30-Sep-18	30-Sep-17	Change	30-Sep-18	30-Sep-17	Change
	$'000	$'000	%	$'000	$'000	%
Revenue	73,349	73,399	(0.1)	229,129	203,863	12.4
Cost of sales	(49,449)	(54,581)	(9.4)	(156,824)	(152,123)	3.1
Gross profit	**23,900**	**18,818**	27.0	**72,305**	**51,740**	39.7
Other items of income						
Other income	735	2,318	(68.3)	3,348	5,240	(36.1)
Other items of expense						
Other charges, net	(1,525)	(1,801)	(15.3)	(3,665)	(10,031)	(63.5)
Selling expenses	(3,673)	(2,775)	32.4	(13,020)	(7,846)	65.9
Administrative expenses	(17,257)	(17,448)	(1.1)	(50,438)	(46,605)	8.2
Finance costs	(688)	(531)	29.6	(1,808)	(1,526)	18.5
Share of results of associates	617	-	N.M.	424	(1)	N.M.
Profit / (loss) before tax	**2,109**	**(1,419)**	N.M.	**7,146**	**(9,029)**	N.M.
Income tax expense	(1,176)	(2,400)	(51.0)	(4,625)	(2,574)	79.7
Profit / (loss), net of tax	**933**	**(3,819)**	N.M.	**2,521**	**(11,603)**	N.M.
Profit / (loss), net of tax attributable to:						
Owners of the Company	**407**	**(2,998)**	N.M.	**969**	**(8,647)**	N.M.
Non-controlling interests	526	(821)	N.M.	1,552	(2,956)	N.M.
	933	**(3,819)**	N.M.	**2,521**	**(11,603)**	N.M.

N.M. - Not meaningful

	Note	Group Third Quarter Ended 30-Sep-18 $'000	30-Sep-17 $'000	Change %	Group Nine Months Ended 30-Sep-18 $'000	30-Sep-17 $'000	Change %
Statement of comprehensive income							
Other comprehensive income							
Foreign currency translation	1	(115)	268	N.M.	39	(129)	N.M.
Other comprehensive income for the period, net of tax		**(115)**	**268**	N.M.	**39**	**(129)**	N.M.
Total comprehensive income for the period		**818**	**(3,551)**	N.M.	**2,560**	**(11,732)**	N.M.
Total comprehensive income attributable to:							
Owners of the Company		396	(2,844)	N.M.	1,047	(8,752)	N.M.
Non-controlling interests		422	(707)	N.M.	1,513	(2,980)	N.M.
Total comprehensive income for the period		**818**	**(3,551)**	N.M.	**2,560**	**(11,732)**	N.M.
Notes to Income Statement							
	Note						
Other income							
Interest income		97	108	(10.2)	280	330	(15.2)
Gain on bargain purchase	2	-	-	N.M.	925	-	N.M.
Net gain on disposal of subsidiaries	3	3	1,386	(99.8)	3	1,387	(99.8)
Others	4	635	824	(22.9)	2,140	3,523	(39.3)
		735	2,318	(68.3)	3,348	5,240	(36.1)
Other charges, net							
Allowance for impairment on trade receivables	5	559	387	44.4	1,143	507	125.4
Plant and equipment written off		-	6	N.M.	4	21	(81.0)
Provision for stock obsolescence	6	927	828	12.0	2,270	1,796	26.4
Foreign exchange loss / (gain)	7	(63)	(48)	31.3	(494)	1,134	N.M.
(Gain) / loss on disposal of property, plant and equipment	8	(133)	50	N.M.	(116)	127	N.M.
Amortisation of intangible assets	9	210	415	(49.4)	796	1,453	(45.2)
Others	10	25	163	(84.7)	62	4,993	(98.8)
		1,525	1,801	(15.3)	3,665	10,031	(63.5)
Other items							
Amortisation of intangible assets (included in cost of sales)	9	-	166	N.M.	-	466	N.M.
Depreciation of plant and equipment	11	2,722	2,477	9.9	7,803	6,971	11.9
Interest expenses	12	688	531	29.6	1,808	1,526	18.5

N.M. - Not meaningful

Notes

(1) Under other comprehensive income, the amounts represented foreign exchange differences which arose from the translation of the Group's net asset of foreign operations in America, Europe and Indonesia. The loss of $0.1m in 3Q2018 arose mainly from the weakening of Indonesian Rupiah (IDR) against Singapore dollar ($) by 4.2%, while the gain of $0.3m in 3Q2017 resulted from the strengthening of the British Pound (GBP) against $ by 2.7%. In 9M2017, the loss of $0.1m resulted mainly from the weakening of US Dollar (USD) against $ by 6.2%.

(2) The gain on bargain purchase of $0.9m in 9M2018 arose from the acquisition of a 60%-stake in PT. Gatotkaca Trans Systemindo (“GTS”) by the Company's 50.01% subsidiary, vCargo Cloud Pte. Ltd. ("VCC") in April 2018, based on provisional purchase price allocation ("PPA").

(3) The gain of $1.4m in 3Q2017 and 9M2017 arose from the restructuring exercise pertaining to the e-commerce business unit in 3Q2017.

(4) The decreases of $0.2m and $1.4m in 3Q2018 and 9M2018 respectively, arose mainly from the absence of one-off write-back of provisions pertaining to the divestment of Acclivis Technologies and Solutions Pte Ltd ("ATS").

(5) The increases of $0.2m and $0.6m in 3Q2018 and 9M2018 respectively, were mainly from Procurri Corporation Limited and together with its subsidiaries ("Procurri Group"), due to an increase in the average age of receivables.

(6) The increases in provision for stock obsolescence of $0.1m and $0.5m in 3Q2018 and 9M2018 respectively, were mainly from the Procurri Group due to an increase in aged inventories.

(7) In 9M2018, the foreign exchange gain of $0.5m in 9M2018 arose mainly from the revaluation of certain subsidiaries’ receivables denominated in USD which had strengthened against the $ by 2.3%, as opposed to a loss of $1.1m in 9M2017 whereby USD weakened against the $ by 6.2%.

(8) The gain of $0.1m in 3Q2018 and 9M2018 arose mainly from the disposal of property by GTS, an indirect subsidiary of the Company.

(9) The decreases in amortisation expense in 3Q2018 and 9M2018 resulted mainly from the disposal of certain intangibles in conjunction with the restructuring exercise pertaining to the e-commerce business unit in 3Q2017.

(10) The decrease of $4.9m in 9M2018 arose mainly from the absence of previous year's one-off downward adjustment to the total consideration pertaining to the divestment of ATS.

(11) The higher depreciation of plant and equipment in 3Q2018 and 9M2018 were mainly from the Procurri Group due to additional depreciation charge on the maintenance parts equipment procured for the maintenance business.

(12) The higher interest expense in 3Q2018 and 9M2018 arose from an increase in loans and borrowings to support the Group's business growth.

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	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	39,088	36,099	305	568
Investment in subsidiaries	-	-	73,348	62,093
Investment in associates	20,125	19,666	-	-
Investment in a joint venture	250	*	-	-
Intangible assets	31,845	31,564	-	-
Finance lease receivables	1,438	2,037	-	-
Deferred tax assets	1,768	1,991	-	-
Trade and other receivables	-	-	-	2,500
Other assets	10	-	-	-
Total non-current assets	**94,524**	**91,357**	**73,653**	**65,161**
Current assets				
Inventories	23,321	28,277	-	-
Trade and other receivables	91,840	75,577	10,862	11,932
Amount due from customers for contract work-in-progress	4,285	6,333	-	-
Derivative financial asset	1,011	1,044	-	-
Finance lease receivables	1,144	1,433	-	-
Other financial receivable	1,583	1,483	-	-
Other assets	9,556	7,543	300	243
Cash and bank balances	34,893	31,537	3,697	4,831
	167,633	**153,227**	**14,859**	**17,006**
Assets held for sale	-	2,900	-	-
Total current assets	**167,633**	**156,127**	**14,859**	**17,006**
Total assets	**262,157**	**247,484**	**88,512**	**82,167**
Equity				
Share capital	114,456	114,456	114,456	114,456
Treasury shares	(2,107)	(3,308)	(2,107)	(3,308)
Retained earnings / (accumulated losses)	1,932	814	(43,624)	(40,510)
Other reserves	(28,511)	(23,659)	2,890	(234)
Equity attributable to owners of the Company	**85,770**	**88,303**	**71,615**	**70,404**
Non-controlling interests	36,818	36,892	-	-
Total equity	**122,588**	**125,195**	**71,615**	**70,404**
Non-current liabilities				
Deferred tax liabilities	814	975	-	-
Trade and other payables	12	11	-	-
Other liabilities	2,329	821	-	-
Loans and borrowings	20,344	12,671	10,900	1,750
Provisions	1,360	1,073	266	266
Total non-current liabilities	**24,859**	**15,551**	**11,166**	**2,016**
Current liabilities				
Trade and other payables	57,308	52,131	4,331	3,628
Amount due to customers for contract work-in-progress	1,067	1,491	-	-
Other liabilities	19,979	21,509	-	-
Loans and borrowings	30,801	27,674	1,400	6,119
Income tax payables	5,555	3,853	-	-
Total current liabilities	**114,710**	**106,658**	**5,731**	**9,747**
Total liabilities	**139,569**	**122,209**	**16,897**	**11,763**
Total equity and liabilities	**262,157**	**247,404**	**88,512**	**82,167**

* Amount less than $1,000

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Group	As at 30-Sep-18			As at 31-Dec-17		
	Secured $'000	Unsecured $'000	Total $'000	Secured $'000	Unsecured $'000	Total $'000
Amount repayable in one year or less, on demand	24,509	6,292	**30,801**	14,350	13,324	**27,674**
Amount repayable after one year	13,621	6,723	**20,344**	2,864	9,807	**12,671**
	38,130	**13,015**	**51,145**	**17,214**	**23,131**	**40,345**

Details of collaterals

The above borrowings of $38.1m are secured by the following:

1. Term loans of $5.7m secured by charges over freehold properties and corporate guarantees issued by the Company and some of its subsidiaries.

2. Trade facilities of $11.6m comprising trust receipts and trade receivables factoring. Trust receipts are secured by fixed deposits and corporate guarantees given by the Company. Trade receivables factoring is secured by a charge over trade receivable balances on a recourse basis.

3. Third-party loan of $10.3m secured by charges over an aggregate of 132,319,978 shares of Procurri Corporation Limited held by the Company, and corporate guarantees issued by some of the Company's subsidiaries.

4. Third-party loan of $9.2m secured by charges over a corporate guarantee issued by the Company.

5. Finance lease obligations of $1.3m secured by charges over the leased assets.

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

	Group		Group	
	Third Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit / (loss) before tax	**2,109**	**(1,419)**	**7,146**	**(9,029)**
Depreciation of plant and equipment	2,722	2,477	7,803	6,971
Amortisation of intangible assets	210	581	796	1,919
(Gain) / loss on disposal of property, plant and equipment, net	(133)	50	(116)	127
Plant and equipment written off	-	6	4	21
Share-based payments	170	694	521	1,686
Interest income	(97)	(108)	(280)	(330)
Interest expenses	688	531	1,808	1,526
Share of results of associates	(617)	-	(424)	1
Gain on bargain purchase	-	-	(925)	-
Gain on disposal of subsidiaries	(3)	(1,386)	(3)	(1,387)
Exchange differences	217	(111)	994	(1,616)
Operating cash flows before changes in working capital	**5,266**	**1,315**	**17,324**	**(111)**
Decrease / (increase) in inventories	4,059	327	4,712	(2,206)
(Increase) / decrease in amount due from customers for contract work-in-progress	(715)	(2,081)	1,624	(2,716)
Decrease / (increase) in trade and other receivables	4,465	792	(14,080)	1,284
Decrease in finance lease and other financial receivables	737	1,702	788	2,354
(Increase) / decrease in other assets	(1,630)	903	(1,854)	(4,889)
Increase / (decrease) in trade and other payables	744	7,990	880	(12,416)
(Decrease) / increase in other liabilities	(3,585)	2,234	643	15,767
Cash generated from / (used in) operations	**9,341**	**13,182**	**10,037**	**(2,933)**
Income taxes paid	(1,150)	(302)	(3,285)	(2,056)
Net cash flows generated from / (used in) operating activities	**8,191**	**12,880**	**6,752**	**(4,989)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,788)	(11,260)	(10,420)	(14,259)
Proceeds from disposal of property, plant and equipment	3,142	860	3,440	998
Proceeds from disposal of assets held for sale	-	-	2,900	-
Investment in joint venture	(250)	-	(250)	-
Additions to intangible assets	(385)	-	(1,065)	-
Net inflows from acquisition of a subsidiary	-	-	323	-
Net cash on disposal of subsidiaries	-	(2,637)	-	(2,620)
Net cash on disposal of an associate	-	-	-	2,000
Interest received	97	108	280	330
Net cash flows used in investing activities	**(184)**	**(12,929)**	**(4,792)**	**(13,551)**
Cash flows from financing activities				
Share issuance expense	-	-	-	(118)
Share buy-back	-	-	-	(8,977)
Acquisition of non-controlling interests of a subsidiary	(7,000)	-	(7,000)	-
Dividends paid to non-controlling interests	-	-	-	(701)
Disposal of previously acquired fair valued assets	(44)	-	(44)	-
(Placement) / release of fixed deposits pledged for bank facilities	(2,738)	158	(4,166)	1,852
Proceeds from loans and borrowings	43,575	31,823	124,375	101,832
Repayments of loans and borrowings	(34,921)	(34,426)	(114,383)	(113,239)
Interest paid	(426)	(567)	(1,674)	(1,666)
Net cash flows used in financing activities	**(1,554)**	**(3,012)**	**(2,892)**	**(21,017)**
Net increase / (decrease) in cash and cash equivalents	**6,453**	**(3,061)**	**(932)**	**(39,557)**
Effect of exchange rate changes on cash and cash equivalents	(1)	87	(17)	406
Cash and cash equivalents at beginning of financial period	21,165	25,232	28,566	61,409
Cash and cash equivalents at end of financial period	**27,617**	**22,258**	**27,617**	**22,258**
Cash and cash equivalents comprise the following:				
Cash and bank balances	34,893	24,469	34,893	24,469
Less: Bank overdrafts	(139)	(607)	(139)	(607)
Less: Fixed deposits pledged as collateral for banker's guarantee	(185)	(185)	(185)	(185)
Less: Fixed deposits pledged as collateral for banking facilities	(6,952)	(1,419)	(6,952)	(1,419)
Cash and cash equivalents	**27,617**	**22,258**	**27,617**	**22,258**

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Total Equity	Attributable to Owners of the Company $'000	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Earnings $'000	Non-Controlling Interests $'000
<u>For the third quarter ended 30 September</u>							
At 1 July 2018	128,644	89,177	114,456	(2,183)	(24,621)	1,525	39,467
Total comprehensive income for the period	818	396	-	-	(11)	407	422
<u>Contributions by and distributions to owners</u>							
Issuance of treasury shares pursuant to DeClout Performance Share Plan ("PSP")	-	-	-	76	(76)	-	-
Share-based payments	170	124	-	-	124	-	46
Disposal of previously acquired fair valued assets	(44)	-	-	-	-	-	(44)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests of a subsidiary	(7,000)	(3,927)		-	(3,927)	-	(3,073)
At 30 September 2018	**122,588**	**85,770**	**114,456**	**(2,107)**	**(28,511)**	**1,932**	**36,818**
At 1 July 2017 (as previously stated)	149,133	109,284	114,456	(5,948)	(12,120)	12,896	39,849
Effect of adoption of SFRS(I)	-	-	-	-	1,801	(1,801)	-
At 1 July 2017 (as restated)	**149,133**	**109,284**	**114,456**	**(5,948)**	**(10,319)**	**11,095**	**39,849**
Total comprehensive income for the period	(3,551)	(2,844)	-	-	154	(2,998)	(707)
<u>Contributions by and distributions to owners</u>							
Issuance of treasury shares pursuant to DeClout PSP	-	-	-	74	(74)	-	-
Share-based payments	694	694	-	-	694	-	-
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of subsidiaries	(12,375)	(10,469)	-	-	(10,469)	-	(1,906)
At 30 September 2017	**133,901**	**96,665**	**114,456**	**(5,874)**	**(20,014)**	**8,097**	**37,236**
<u>For the nine months ended 30 September</u>							
At 1 January 2018 (as previously stated)	125,275	88,383	114,456	(3,308)	(25,460)	2,695	36,892
Effect of adoption of SFRS(I)	-	-	-	-	1,801	(1,801)	-
Effect of adoption of SFRS(I)9	(80)	(80)	-	-	-	(80)	-
At 1 January 2018 (as restated)	**125,195**	**88,303**	**114,456**	**(3,308)**	**(23,659)**	**814**	**36,892**
Total comprehensive income for the period	2,560	1,047	-	-	78	969	1,513
<u>Contributions by and distributions to owners</u>							
Issuance of treasury shares pursuant to DeClout PSP	-	-	-	1,201	(1,201)	-	-
Issuance of ordinary shares pursuant to PSP	-	(14)	-	-	(14)	-	14
Share-based payments	521	361	-	-	361	-	160
Transfer of expired and unissued share-based payment reserve to retained earnings	-	-	-	-	(149)	149	-
Disposal of previously acquired fair valued assets	(44)	-	-	-	-	-	(44)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	1,356	-	-	-	-	-	1,356
Acquisition of non-controlling interests of a subsidiary	(7,000)	(3,927)	-	-	(3,927)	-	(3,073)
At 30 September 2018	**122,588**	**85,770**	**114,456**	**(2,107)**	**(28,511)**	**1,932**	**36,818**
At 1 January 2017 (as previously stated)	166,118	123,295	114,456	-	(9,706)	18,545	42,823
Effect of adoption of SFRS(I)	-	-	-	-	1,801	(1,801)	-
At 1 January 2017 (as restated)	**166,118**	**123,295**	**114,456**	**-**	**(7,905)**	**16,744**	**42,823**
Total comprehensive income for the period	(11,732)	(8,752)	-	-	(105)	(8,647)	(2,980)
<u>Contributions by and distributions to owners</u>							
Purchase of treasury shares	(8,977)	(8,977)	-	(8,977)	-	-	-
Issuance of treasury shares pursuant to PSP	-	-	-	3,221	(3,221)	-	-
Dividends paid to non-controlling interests	(701)	-	-	-	-	-	(701)
Share issuance expense	(118)	(118)	-	(118)	-	-	-
Share-based payments	1,686	1,686	-	-	1,686	-	-
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of subsidiaries	(12,375)	(10,469)	-	-	(10,469)	-	(1,906)
At 30 September 2017	**133,901**	**96,665**	**114,456**	**(5,874)**	**(20,014)**	**8,097**	**37,236**

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Total Equity $'000	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Earnings $'000
For the third quarter ended 30 September					
At 1 July 2018	68,744	114,456	(2,183)	(1,371)	(42,158)
Total comprehensive income for the period	(1,466)	-	-	-	(1,466)
Contributions by and distributions to owners					
Issuance of treasury shares pursuant to DeClout PSP	-	-	76	(76)	-
Share-based payments	82	-	-	82	-
Changes in ownership interests in subsidiaries					
Acquisition of non-controlling interests of a subsidiary	4,255	-	-	4,255	-
At 30 September 2018	**71,615**	**114,456**	**(2,107)**	**2,890**	**(43,624)**
At 1 July 2017	119,144	114,456	(5,948)	2,361	8,275
Total comprehensive income for the period	(1,001)	-	-	-	(1,001)
Contributions by and distributions to owners					
Issuance of treasury shares pursuant to PSP	-	-	74	(74)	-
Share-based payments	337	-	-	337	-
At 30 September 2017	**118,480**	**114,456**	**(5,874)**	**2,624**	**7,274**
For the nine months ended 30 September					
At 1 January 2018	70,404	114,456	(3,308)	(234)	(40,510)
Total comprehensive income for the period	(3,263)	-	-	-	(3,263)
Contributions by and distributions to owners					
Issuance of treasury shares pursuant to DeClout PSP	-	-	1,201	(1,201)	-
Share-based payments	219	-	-	219	-
Transfer of expired and unissued share-based payment reserve to retained earnings	-	-	-	(149)	149
Changes in ownership interests in subsidiaries					
Acquisition of non-controlling interests of a subsidiary	4,255	-	-	4,255	-
At 30 September 2018	**71,615**	**114,456**	**(2,107)**	**2,890**	**(43,624)**
At 1 January 2017	129,681	114,456	-	4,961	10,264
Total comprehensive income for the period	(2,990)	-	-	-	(2,990)
Contributions by and distributions to owners					
Purchase of treasury shares	(8,977)	-	(8,977)	-	-
Issuance of treasury shares pursuant to PSP	-	-	3,221	(3,221)	-
Share issuance expense	(118)	-	(118)	-	-
Share-based payments	884	-	-	884	-
At 30 September 2017	**118,480**	**114,456**	**(5,874)**	**2,624**	**7,274**

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 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 year. 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.

A) Changes in share capital during the financial period

	Number of Ordinary Shares	Issued and Paid-up Share Capital $'000
Balance as at 31 December 2017, 31 March 2018, 30 June 2018 and 30 September 2018	671,268,974	114,456

There were no changes to the issued and paid-up capital of the Company during 9M2018.

B) Shares options - employee share option scheme

In 9M2018, the Company did not issue any shares under the employee share option scheme ("ESOS"). The number of options issued under the ESOS which lapsed during 3Q2018 and 9M2018 amounted to nil and 1,674,418 respectively.

Under ESOS, options to subscribe for 4,790,697 shares remained outstanding as at 30 September 2018 (30 September 2017: 7,023,254). Details of the outstanding options as at 30 September 2018 are as follows:

Outstanding Options as at 30-Sep-18	Exercise Price $	Exercisable Period From	To
837,209	0.1881	10-May-15	9-May-23
837,209	0.1881	10-May-16	9-May-23
1,116,279	0.1881	10-May-17	9-May-23
600,000	0.1290	2-Jan-15	1-Jan-24
600,000	0.1290	2-Jan-16	1-Jan-24
800,000	0.1290	2-Jan-17	1-Jan-24
4,790,697			

C) Performance share plan

As at 30 September 2018, the number of outstanding awards granted under the performance share plan ("PSP") was 3,149,100 (30 September 2017: 10,898,400). In 3Q2018 and 9M2018, the Company transferred 290,000 shares and 4,278,000 shares from treasury shares for the vesting and release of share awards under the PSP. The number of share awards under the PSP lapsed during 3Q2018 and 9M2018 amounted to nil and 604,200 share awards respectively.

The shares to be issued pursuant to the awards are subject to certain performance conditions to be satisfied by the respective participants. Once the performance conditions are satisfied, the shares shall be released to the respective participants after the respective performance periods.

D) Treasury shares

	As at 30 Sep 2018	As at 30 Sep 2017
Total number of treasury shares	8,016,488	22,709,488
Total number of ordinary shares including treasury shares	671,268,974	671,268,974
% of treasury shares over total number of ordinary shares	1.2%	3.4%

Save as disclosed above, the Company has no other outstanding convertibles and subsidiary holdings as at 30 September 2018 and 30 September 2017.

1(d)(iii) 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.

The total number of issued shares excluding treasury shares as at 30 September 2018 was 663,252,486 (31 December 2017: 658,684,486).

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

	Number of Treasury Shares	$'000
As at 1 January 2018	12,584,488	3,308
Transfer of treasury shares pursuant to DeClout PSP	(4,278,000)	(1,125)
As at 31 March 2018	8,306,488	2,183
Movement in treasury shares	-	-
As at 30 June 2018	8,306,488	2,183
Transfer of treasury shares pursuant to DeClout PSP	(290,000)	(76)
As at 30 September 2018	**8,016,488**	**2,107**

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

Not applicable. The Company does not have subsidiary holdings.

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

The figures have not been audited or reviewed by the Company's 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 consistently applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption of Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group adopted SFRS(I) on 1 January 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018, and in the nine months ended 30 September 2018, where applicable.

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified the foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above and the impact on adoption of SFRS(I)15 *Revenue from Contracts with Customers* and SFRS(I)9 *Financial Instruments*, the Group expects that the adoption of the SFRS(I) will have no material impact on the financial statements in the year of initial application.

The adoption of these new / revised standards and interpretations applicable for the financial year beginning 1 January 2018 did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results.

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.

Please refer to item 4 above.

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		Group	
	Third Quarter Ended		Nine Months Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Basic earnings per share (cents)	0.06	(0.46)	0.15	(1.33)
Weighted average number of shares ('000)	662,521	651,316	662,521	651,316
Fully diluted earnings per share (cents)	0.06	(0.46)	0.14	(1.33)
Weighted average number of shares ('000)	699,546	651,316	699,546	651,316

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	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net asset value per share (cents)	12.93	13.42	10.80	10.69
Number of shares in issue excluding treasury shares ('000)	663,252	658,684	663,252	658,684

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.

Review of performance for third quarter ended 30 September 2018 ("3Q2018")

Revenue ($'000)	**3Q2018**	**3Q2017**	**Change (%)**
IT Infra	70,651	68,986	2.4
VDC	2,698	4,413	(38.9)
Total	73,349	73,399	(0.1)
Gross Profit ($'000)			
IT Infra	23,060	19,008	21.3
VDC	840	(190)	N.M.
Total	23,900	18,818	27.0
Gross Profit Margin (%)			
IT Infra	32.6%	27.6%	
VDC	31.1%	-4.3%	
Total	32.6%	25.6%	

The Group's revenue decreased 0.1% or $0.1m from $73.4m in 3Q2017 to $73.3m in 3Q2018. Revenue from the IT Infrastructure Sales and Services ("IT Infra") segment increased 2.4% or $1.7m, mainly from the Procurri Group due to better performance from Asia Pacific and North and South America (the "Americas"). For the Vertical Domain Clouds ("VDC") segment, revenue decreased 38.9% or $1.7m mainly due to the absence of revenue arising from the restructuring exercise pertaining to the e-commerce business unit in 3Q2017. For the VDC segment, the main contributor of 3Q2018 revenue was from the e-logistics and e-trade business, vCargo Cloud Pte Ltd ("VCC"), which grew 192.8% from $0.8m in 3Q2017 to $2.4m in 3Q2018, mainly from higher sales of the Trade Declaration Services in Singapore and first-time contributions from its newly acquired 60%-held subsidiary in Indonesia, GTS.

Gross profit for the Group increased 27.0% or $5.1m from $18.8m in 3Q2017 to $23.9m in 3Q2018. The major contributor was the IT Infra segment which grew by 21.3% or $4.1m, mainly contributed by Procurri Group in line with the increase in revenue and higher margins. Despite a lower revenue base, the VDC segment recorded a gross profit of $0.8m in 3Q2018 mainly due to VCC, as compared to a gross loss in 3Q2017. On a Group basis, gross profit margin ("GPM") increased by 7.0 percentage points mainly due to a higher GPM from IT Infra segment.

Other income decreased by 68.3% or $1.6m due to absence of gains in previous year which comprised $1.4m net gain from the restructuring exercise pertaining to the e-commerce business unit in 3Q2017, and a one-off write-back of provision pertaining to the divestment of ATS.

Other charges decreased by 15.3% or $0.3m which comprised $0.2m from the gain of $0.1m on disposal of property by GTS as compared to a loss of $0.1m in previous year, a decrease in amortisation of $0.2m mainly due to the restructuring exercise pertaining to the e-commerce business unit in 3Q2017, and a decrease of $0.1m due to the absence of one-off other charges in previous year, partially offset by an increase of $0.3m from provision for stock obsolescence and allowance for impairment on trade receivables mainly from the Procurri Group.

Selling expenses increased by 32.4% or $0.9m from $2.8m in 3Q2017 to $3.7m in 3Q2018, mainly from the Procurri Group due to higher sales commission in line with the growth in gross profit and increase in commission rate from tiered commission plan.

Administrative expenses decreased by $0.2m due to the following:

- $0.9m of cost savings due to the exit from direct participation in the e-commerce business of Corous360 Pte Ltd and together with its subsidiaries (the "Corous360 Group"), partially offset by:
- Increase of $0.4m from VCC and together with its subsidiaries (the "VCC Group") in line with its expansion plans; and
- Increase of $0.3m from Procurri Group manly due to an increase in staff costs.

Finance costs increased by 29.6% or $0.2m from $0.5m in 3Q2017 to $0.7m in 3Q2018, mainly due to an increase in loans and borrowings to support the business growth.

The share of associates' profits of $0.6m was mainly from PlayE Corporation Pte Ltd ("PlayE Corp").

The Group recorded a profit before tax of $2.1m in 3Q2018 as compared to a loss of $1.4m in 3Q2017, representing a positive swing of $3.5m. The sharp reversal was mainly driven by an increase in gross profit of $5.1m and share of associates' profits of $0.6m, partially offset by a decrease in other income of $1.6m and a net increase in expenses of $0.6m mainly due to higher selling expenses incurred to drive the business growth. The tax expense of $1.2m in 3Q2018, representing an effective tax rate of 55.8%, was mainly for profits generated from the IT Infra segment. The high effective tax rate was mainly due to Procurri Group's tax provision on deemed US income that arose from the Global Parts Centre's charges to the America's maintenance business. The tax expense in 3Q2017 also included $1.8m arising from the de-recognition of deferred tax assets ("DTA") relating to tax losses following the restructuring of the non-performing unit in VDC segment.

Correspondingly, the Group reversed to a profit after tax of $0.9m in 3Q2018 from a $3.8m loss after tax in 3Q2017, representing a positive swing of $4.7m.

Profit after tax attributable to owners of the Company ("PATMI") improved by $3.4m from a loss of $3.0m in 2Q2017 to a profit of $0.4m in 3Q2018.

Review of performance for nine months ended 30 September 2018 ("9M2018")

Revenue ($'000)	9M2018	9M2017	Change (%)
IT Infra	222,843	183,848	21.2
VDC	6,286	20,015	(68.6)
Total	229,129	203,863	12.4
Gross Profit ($'000)			
IT Infra	70,075	51,187	36.9
VDC	2,230	553	303.3
Total	72,305	51,740	39.7
Gross Profit Margin (%)			
IT Infra	31.4%	27.8%	
VDC	35.5%	2.8%	
Total	31.6%	25.4%	

As highlighted in the 5 March 2018 Corporate and Business Update, the Group is sharpening focus of its business units. These efforts contributed to a 12.4% or $25.2m growth in revenue from $203.9m in 9M2017 to $229.1m in 9M2018. Revenue from the IT Infra segment increased 21.2% or $39.0m, of which $35.0m was contributed by Procurri Group due to better performance from the Asia Pacific and the Americas, while $4.0m was mainly contributed by Beaqon Pte Ltd ("Beaqon") and its subsidiaries ("Beaqon Group") which included first-time revenue contributions from higher-margin neutral hosting services in Indonesia. For the VDC segment, revenue decreased by 68.6% or $13.7m mainly due to the absence of contributions arising from the restructuring exercise pertaining to the e-commerce business unit in 3Q2017. The main revenue contributor of VDC segment in 9M2018 was from the e-logistics and e-trade business, VCC, which grew 114.7% from $2.4m in 9M2017 to $5.2m in 9M2018. The 114.7% growth in VCC's revenue in 9M2018 compared to 9M2017 reflects the commencement of contributions from the Phase 2 implementation of the National Single Window project in Cambodia, higher sales of the Trade Declaration Services in Singapore as well as maiden contributions of its newly acquired 60%-held Indonesian subsidiary, GTS.

Gross profit for the Group increased 39.7% or $20.6m from $51.7m in 9M2017 to $72.3m in 9M2018, mainly due to stronger performance by the IT Infra segment which grew by 36.9% or $18.9m, in line with growth in revenue. Despite a lower revenue base, gross profit from the VDC segment increased by 303.3% or $1.7m mainly from VCC. On a Group basis, GPM increased by 6.2 percentage points mainly due to higher GPMs from both the IT Infra and VDC segments.

Other income decreased by 36.1% or $1.9m which comprised $1.4m mainly arising from the absence of one-off write-back of provisions in 9M2017 pertaining to the divestment of ATS, and $1.4m from the absence of net gain from the restructuring exercise pertaining to the e-commerce business unit in 3Q2017, partially offset by the $0.9m gain on bargain purchase pertaining to the acquisition of GTS.

Other charges decreased by 63.5% or $6.4m which comprised the non-recurrence of previous year's downward adjustment of $4.9m to the total consideration pertaining to the divestment of ATS, a decrease of $1.6m which arose from foreign exchange gains of $0.5m in 9M2018 as compared to foreign exchange losses of $1.1m in 9M2017, a decrease of $0.2m which arose from a $0.1m gain on disposal of property as compared to a loss on disposal of $0.1m in 9M2017, and a decrease of $0.7m in amortisation expense, partially offset by increases in provision for stock obsolescence and allowance for impairment on trade receivables totaling $1.1m, mainly from the Procurri Group.

Selling expenses increased by 65.9% or $5.2m from $7.8m in 9M2017 to $13.0m in 9M2018, mainly from the Procurri Group due to higher sales commission in line with the growth in gross profit and increase in commission rate from tiered commission plan.

Administrative expenses increased by 8.2% or $3.8m from $46.6m in 9M2017 to $50.4m in 9M2018. The increase was due to:

- Absence of write-backs of $4.9m in corporate office costs made in previous year arising mainly from the cancellation of planned staff-related incentives and development programs which provisions were made in 2016;
- Increase of $1.5m from VCC Group in line with its expansion plans; and
- Increase of $3.5m from Procurri Group which included maiden expenses of $2.3m from Rockland Congruity LLC ("Rockland") (being 7 months in 9M2017 as compared to 9 months in 9M2018), and the remaining $1.2m mainly from staff costs (excluding Rockland) as a result of merit increase; partially offset by:
- $3.6m of cost savings due to the exit from direct participation in the e-commerce business of Corous360 Group; and
- Decrease of $2.5m mainly from corporate office which was derived from the cost tightening measures that the Company has undertaken.

Finance costs increased by 18.5% or $0.3m from $1.5m in 9M2017 to $1.8m in 9M2018, mainly due to an increase in loans and borrowings to support the business growth.

The share of associates' profits of $0.4m was mainly from PlayE Corp.

The Group recorded a profit before tax of $7.1m in 9M2018 as compared to a loss of $9.0m in 9M2017, representing a positive swing of $16.1m. The sharp reversal was mainly driven by an increase in gross profit of $20.6m and share of associates' profits of $0.4m, partially offset by a decrease in other income of $1.9m and a net increase of $2.9m in expenses mainly from higher selling and administrative expenses incurred to drive the business growth. The tax expense of $4.6m in 9M2018, representing an effective tax rate of 64.7%, was mainly for profits generated from the IT Infra segment. The high effective tax rate was mainly due to Procurri Group's tax provision on deemed US income that arose from the Global Parts Centre's charges to the America's maintenance business. The tax expense of $2.6m in 9M2017 included an amount of $1.8m arising from the de-recognition of DTA relating to tax losses following the restructuring of the non-performing unit in VDC segment.

Correspondingly, the Group reversed to a profit after tax of $2.5m in 9M2018 from a $11.6m loss after tax in 9M2017, representing a positive swing of $14.1m.

PATMI improved by $9.6m from a loss of $8.6m in 9M2017 to a profit of $1.0m in 9M2018.

Review of financial position

Non-current assets

a) Property, plant and equipment increased by $3.0m mainly due to acquisition of GTS and the purchase of assets for the neutral hosting business under Beaqon Group, partially offset by the disposal of property by GTS and depreciation charge for the period.

b) The increase of $0.3m in investment in joint venture relates to DeClout Ventures Pte. Ltd., an indirect joint venture company of the Group.

c) The increase in intangible assets of $0.3m arose mainly from the capitalisation of development costs totaling $1.1m, partially offset by amortisation charge for the period.

Current assets

d) Inventories decreased by $5.0m due to better inventory turnover derived from a strong revenue base in 9M2018.

e) Trade and other receivables increased by $16.3m mainly from the Procurri Group driven by a strong revenue base in 9M2018.

f) The decrease in the amount due from customers for contract work-in-progress (net) of $1.6m represents part of the progress billings as at 31 December 2017 which have been recognised as revenue during the period.

g) Finance lease receivables (both current and non-current) increased by $0.9m mainly from the Procurri Group.

h) Other assets increased by $2.0m mainly due to higher advance payments made to suppliers in respect of ongoing projects.

i) The movement in cash and bank balances is illustrated in the statement of cash flows and review of cash flows.

j) The assets held for sale as at 31 December 2017, which relates to the option agreement exercised by the Group to sell its freehold property, decreased by $2.9m as the sale was completed in 9M2018.

Equity

k) Share capital remained unchanged as compared to the amount as at 31 December 2017.

l) The decrease in treasury shares of $1.2m represents the amount transferred out as shares pursuant to the vesting and release of share awards under the DeClout PSP.

m) The increase in negative other reserves of $3.1m comprises (i) $3.9m relating to the acquisition of remaining non-controlling interests of Beaqon, (ii) issuance of treasury shares pursuant to DeClout PSP of $1.2m; and (iii) $0.2m transfer of expired and unissued share based payment reserve to retained earnings, partially offset by $1.8m of translation reserves transferred to retained earnings due to the adoption of SFRS(I), and provision for share-based payments of $0.4m.

Liabilities

n) Provisions (non-current) increased by $0.3m mainly due to the acquisition of GTS.

o) Loans and borrowings (both current and non-current) increased by $10.8m due to additional financing required to support the Group's business growth.

p) Trade and other payables (current) increased by $5.2m mainly from the Procurri Group.

q) Income tax payables increased by $1.7m mainly from the Procurri Group.

Review of cash flows

During 9M2018, the Group's cash and cash equivalents decreased by $1.0m (after adjusting for the effect of exchange rate changes) from $28.6m as at 31 December 2017 to $27.6m as at 30 September 2018. The significant cash movements during 9M2018 were as follows:

i) Net cash generated from operating activities in 9M2018 amounted to $6.8m. This was mainly due to an operating cash inflow (before changes in working capital) of $17.3m, decreases in inventories, contract work-in-progress and finance lease receivables totaling $7.1m, and increases in trade and other payables and other liabilities of $1.5m, partially offset by an increase in trade and other receivables of $14.1m arising from higher billings driven by revenue growth, an increase in other assets of $1.8m and taxes paid of $3.3m.

ii) Net cash used in investing activities in 9M2018 was $4.8m, comprising purchases of plant and equipment of $10.4m mainly from the acquisition of assets for the neutral hosting business under Beaqon Group, additions to intangible assets of $1.1m arising from the capitalisation of development costs and investment in joint venture of $0.3m, partially offset by proceeds of $2.9m from the disposal of assets previously classified under held for sale as at 31 December 2017, proceeds of $3.4m from the disposal of property, plant and equipment, net cash inflow of $0.3m from the acquisition of GTS and interest received of $0.3m.

iii) Net cash used in financing activities in 9M2018 was $2.9m. This was mainly due to a cash outflow of $7.0m pertaining to the acquisition of remaining non-controlling interests of Beaqon, placement of fixed deposits pledged for bank facilities of $4.2m and interest paid of $1.7m, partially offset by net proceeds from loans and borrowings of $10.0m.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the third quarter and nine months ended 30 September 2018.

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.

In the six months since the Group announced the Corporate and Business Update ("CBU") on 5 March 2018, both its business segments have gained further momentum in the corporate recovery efforts.

1. For the VDC segment, VCC will continue to expand the reach and capabilities of its CamelONE™ platform:
- On 1 August 2018, VCC announced the launch of the CamelONE eCargo Marketplace, an online logistics- and trade-related service booking portal that helps freight forwarders and small and medium enterprises shippers improve productivity and lower costs through the efficient use of unutilised cargo space;
- On 11 October 2018, VCC announced that it had inked a deal for a Single Window project in Gabon, bringing the number of countries connected via CamelONE in Asia and Africa to 15; and
- On 31 October 2018, VCC announced that it had commenced work on CamelONE Trade Finance, a unified portal to aggregate trade finance products from nine leading banks on the Singapore Government's Networked Trade Platform. The portal is scheduled to go live in June 2019.

2. In the IT Infra segment, the Group's 100%-owned Beaqon Group ("Beaqon") will continue to focus on its neutral hosting services in Indonesia which offer higher EBITDA margins compared to its traditional business. As at 30 September 2018, Beaqon has 33 neutral hosting sites and the revenue contribution from these sites is expected to increase.

3. The Group's 47%-held Procurri Group ("Procurri") has drawn interest from potential investors. As announced on 7 September 2018, Procurri has received an unsolicited, non-binding indication of interest from a third party to acquire shares of Procurri by way of a possible voluntary general offer, subject to due diligence and other conditions. Subsequently on 14 November 2018, the Company held an extraordinary general meeting and successfully obtained shareholders' approval for a proposed disposal, in whole or in part, of its stake in Procurri.

If the transaction is completed, on assumption that the Company's entire stake in Procurri is disposed in whole on 30 June 2018 at the minimum disposal price of S$0.32 per share, the proposed disposal is expected to result in an accounting gain of approximately S$11.5 million at the Group level and S$21.5 million at the Company level.

The Company intends to use the net proceeds of approximately S$42.1 million to repay the Group's external borrowings (up to S$22.8 million) and to fund investments and transactions involving mergers and acquisitions (up to S$19.3 million).

The proposed disposal of the stake in Procurri, together with the intended use of the disposal proceeds, are in line with DeClout's four-stage business model whereby Procurri has reached the harvest stage and is ready for monetisation.

4. DeClout Investments made its maiden investment in Vi Dimensions Pte. Ltd. which was announced on 28 September 2018 under the third instalment of the National Research Foundation Singapore's Early Stage Venture Fund ("ESVFIII").

With the funding, Vi Dimensions seeks to continue and further accelerate its business expansion plans in U.S. and Europe. The investment also allows Beaqon to leverage on Vi Dimensions' unique offering in the areas of security surveillance and smart-city solutions, as it seeks to evolve into a leading Digital Network Infrastructure Solutions Provider in Southeast Asia.

The proceeds from the sale of Procurri's shares will allow DeClout Investments to continue the business cycle to re-invest in new ventures with strong growth potential.

In view of the current corporate recovery efforts and business growth, the Group is on track to being profitable for FY2018.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommended for the third quarter and nine months ended 30 September 2018.

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

The Group has not obtained a general mandate from shareholders for IPTs.

14 Confirmation pursuant to Rule 705 (5) of the Catalist Rules

To the best of their knowledge, nothing has come to the attention of the Board of Directors of DeClout Limited, which may render the unaudited interim financial statements of the Group and the Company for the third quarter and nine months ended 30 September 2018 to be false or misleading in any material aspect.

15 Confirmation pursuant to Rule 720 (1) of the Catalist Rules

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7H pursuant to Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary
14 November 2018