**DECLOUT LIMITED**
**(Registration No: 201017764W)**
**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**
**FOR THE SECOND QUARTER ("2Q2018") AND HALF YEAR ("1H2018") ENDED 30 JUNE 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.

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## 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 | | |
|---|---|---|---|---|---|---|
| | Second Quarter Ended | | | Half Year Ended | | |
| | 30-Jun-18 $'000 | 30-Jun-17 $'000 | Change % | 30-Jun-18 $'000 | 30-Jun-17 $'000 | Change % |
| **Revenue** | 84,476 | 67,326 | 25.5 | 155,780 | 130,464 | 19.4 |
| Cost of sales | (58,127) | (51,012) | 13.9 | (107,375) | (97,542) | 10.1 |
| **Gross profit** | **26,349** | **16,314** | 61.5 | **48,405** | **32,922** | 47.0 |
| **Other items of income** | | | | | | |
| Other income | 1,974 | 1,838 | 7.4 | 2,613 | 2,922 | (10.6) |
| **Other items of expense** | | | | | | |
| Other charges, net | (891) | (6,299) | (85.9) | (2,140) | (8,230) | (74.0) |
| Selling expenses | (5,854) | (2,345) | 149.6 | (9,347) | (5,071) | 84.3 |
| Administrative expenses | (17,735) | (13,221) | 34.1 | (33,181) | (29,157) | 13.8 |
| Finance costs | (556) | (480) | 15.8 | (1,120) | (995) | 12.6 |
| Share of results of associates | (124) | (1) | N.M. | (193) | (1) | N.M. |
| **Profit / (loss) before tax** | **3,163** | **(4,194)** | N.M. | **5,037** | **(7,610)** | N.M. |
| Income tax expense | (2,225) | (346) | N.M. | (3,449) | (174) | N.M. |
| **Profit / (loss), net of tax** | **938** | **(4,540)** | N.M. | **1,588** | **(7,784)** | N.M. |
| **Profit / (loss), net of tax attributable to:** | | | | | | |
| Owners of the Company | **313** | **(2,987)** | N.M. | **562** | **(5,649)** | N.M. |
| Non-controlling interests | 625 | (1,553) | N.M. | 1,026 | (2,135) | N.M. |
| | **938** | **(4,540)** | N.M. | **1,588** | **(7,784)** | N.M. |

N.M. - Not meaningful

| | Note | Group Second Quarter Ended 30-Jun-18 $'000 | 30-Jun-17 $'000 | Change % | Group Half Year Ended 30-Jun-18 $'000 | 30-Jun-17 $'000 | Change % |
|---|---|---|---|---|---|---|---|
| **Statement of comprehensive income** | | | | | | | |
| **Other comprehensive income** | | | | | | | |
| Foreign currency translation | 1 | (282) | 363 | N.M. | 154 | (397) | N.M. |
| **Other comprehensive income for the period, net of tax** | | **(282)** | **363** | N.M. | **154** | **(397)** | N.M. |
| **Total comprehensive income for the period** | | **656** | **(4,177)** | N.M. | **1,742** | **(8,181)** | N.M. |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the Company | | 133 | (2,826) | N.M. | 651 | (5,908) | N.M. |
| Non-controlling interests | | 523 | (1,351) | N.M. | 1,091 | (2,273) | N.M. |
| **Total comprehensive income for the period** | | **656** | **(4,177)** | N.M. | **1,742** | **(8,181)** | N.M. |

**Notes to Income Statement**

| | Note | 2Q 30-Jun-18 $'000 | 2Q 30-Jun-17 $'000 | Change % | 1H 30-Jun-18 $'000 | 1H 30-Jun-17 $'000 | Change % |
|---|---|---|---|---|---|---|---|
| *Other income* | | | | | | | |
| Interest income | | 97 | 62 | 56.5 | 183 | 132 | 38.6 |
| Gain on bargain purchase | 2 | 925 | - | N.M. | 925 | - | N.M. |
| Net gain on disposal of subsidiaries | | - | - | N.M. | - | 1 | N.M. |
| Others | 3 | 952 | 1,776 | (46.4) | 1,505 | 2,789 | (46.0) |
| | | 1,974 | 1,838 | 7.4 | 2,613 | 2,922 | (10.6) |
| *Other charges, net* | | | | | | | |
| Allowance for / (write-back of) impairment on trade receivables | 4 | 578 | (80) | N.M. | 584 | 120 | 386.7 |
| Plant and equipment written off | | - | 15 | N.M. | 4 | 15 | (73.3) |
| Provision for stock obsolescence | 5 | 708 | 506 | 39.9 | 1,343 | 968 | 38.7 |
| Foreign exchange (gain) / loss | 6 | (615) | 495 | N.M. | (431) | 1,182 | N.M. |
| Loss on disposal of plant and equipment | | - | 64 | N.M. | 17 | 77 | (77.9) |
| Amortisation of intangible assets | 7 | 230 | 471 | (51.2) | 586 | 1,038 | (43.5) |
| Others | 8 | (10) | 4,828 | N.M. | 37 | 4,830 | (99.2) |
| | | 891 | 6,299 | (85.9) | 2,140 | 8,230 | (74.0) |
| *Other items* | | | | | | | |
| Amortisation of intangible assets (included in cost of sales) | 9 | - | 157 | N.M. | - | 300 | N.M. |
| Depreciation of plant and equipment | 10 | 2,448 | 2,690 | (9.0) | 5,081 | 4,494 | 13.1 |
| Interest expenses | 11 | 556 | 480 | 15.8 | 1,120 | 995 | 12.6 |

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 and Europe. The gain of $0.2m in 1H2018 arose mainly from the strengthening of US Dollar (USD) against Singapore dollar ($) by 2.1%, while the loss of $0.4m for 1H2017 resulted from the weakening of the USD against $ by 4.3%. The loss of $0.3m in 2Q2018 arose mainly from the weakening of the British Pound (GBP) against $ by 3.1%, as compared to a gain of $0.4m in 2Q2017 whereby GBP strengthened by 1.8%.

(2) The gain on bargain purchase of $0.9m in 2Q2018 and 1H2018 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 decrease of $0.8m in 2Q2018 comprised $1.3m arising mainly from the absence of an one-off write-back of provision in 2Q2017 pertaining to the divestment of Acclivis Technologies and Solutions Pte Ltd ("ATS"), partially offset by an increase of $0.5m from write-back of receivables indemnity pertaining to the divestment of ATS. In 1H2018, the decrease of $1.3m comprised the decrease of $0.8m in 2Q2018 and another $0.5m from lower rental income due to the moving out of ATS which was divested in late 2016, as well as lower sales of other ancillary services.

(4) The increases in allowance for impairment on trade receivables in 2Q2018 and 1H2018 were mainly from Procurri Corporation Limited and together with its subsidiaries ("Procurri Group"), due to an increase in the average age of receivables.

(5) The increases in provision for stock obsolescence in 2Q2018 and 1H2018 were mainly from the Procurri Group due to an increase in aged inventories.

(6) The foreign exchange gains in 2Q2018 and 1H2018 arose mainly from the revaluation of certain subsidiaries' receivables denominated in USD which had strengthened against the $ by 4.1% and 2.1% respectively. The foreign exchange losses in previous year resulted from the weakening of USD against the $ by 1.0% and 4.3% in 2Q2017 and 1H2017 respectively.

(7) The decreases in amortisation expense in 2Q2018 and 1H2018 resulted mainly from the disposal of certain intangibles in conjunction with the restructuring exercise undertaken by the Company in previous year to restructure its e-commerce business unit.

(8) The decrease of $4.8m in 2Q2018 and 1H2018 arose from the absence of previous year's one-off downward adjustment to the total consideration pertaining to the divestment of ATS.

(9) The decreases in amortisation expense in 2Q2018 and 1H2018 resulted mainly from the disposal of certain intangibles in conjunction with the restructuring exercise undertaken by the Company in previous year to restructure its e-commerce business unit.

(10) The higher depreciation of plant and equipment in 1H2018 was mainly from the Procurri Group due to additional depreciation charge on the maintenance parts equipment procured for the maintenance business.

(11) The higher interest expense in 2Q2018 and 1H2018 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-Jun-18 | 31-Dec-17 | 30-Jun-18 | 31-Dec-17 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 43,986 | 36,099 | 394 | 568 |
| Investment in subsidiaries | - | - | 62,093 | 62,093 |
| Investment in associates | 19,478 | 19,666 | - | - |
| Investment in a joint venture | * | * | - | - |
| Intangible assets | 31,663 | 31,564 | - | - |
| Finance lease receivables | 1,703 | 2,037 | - | - |
| Deferred tax assets | 1,646 | 1,991 | - | - |
| Trade and other receivables | - | - | 2,000 | 2,500 |
| **Total non-current assets** | **98,476** | **91,357** | **64,487** | **65,161** |
| **Current assets** | | | | |
| Inventories | 27,633 | 28,277 | - | - |
| Trade and other receivables | 95,936 | 75,577 | 17,488 | 11,932 |
| Amount due from customers for contract work-in-progress | 2,795 | 6,333 | - | - |
| Derivative financial asset | 1,058 | 1,044 | - | - |
| Finance lease receivables | 1,642 | 1,433 | - | - |
| Other financial receivable | 1,558 | 1,483 | - | - |
| Other assets | 7,936 | 7,543 | 236 | 243 |
| Cash and bank balances | 26,159 | 31,537 | 2,447 | 4,831 |
| | **164,717** | **153,227** | **20,171** | **17,006** |
| Assets held for sale | - | 2,900 | - | - |
| **Total current assets** | **164,717** | **156,127** | **20,171** | **17,006** |
| **Total assets** | **263,193** | **247,484** | **84,658** | **82,167** |
| **Equity** | | | | |
| Share capital | 114,456 | 114,456 | 114,456 | 114,456 |
| Treasury shares | (2,183) | (3,308) | (2,183) | (3,308) |
| Retained earnings / (accumulated losses) | 1,525 | 2,695 | (42,158) | (40,510) |
| Other reserves | (24,621) | (25,460) | (1,371) | (234) |
| **Equity attributable to owners of the Company** | **89,177** | **88,383** | **68,744** | **70,404** |
| Non-controlling interests | 39,467 | 36,892 | - | - |
| **Total equity** | **128,644** | **125,275** | **68,744** | **70,404** |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 1,789 | 975 | - | - |
| Trade and other payables | 12 | 11 | - | - |
| Other liabilities | 2,733 | 821 | - | - |
| Loans and borrowings | 22,186 | 12,671 | 11,418 | 1,750 |
| Provisions | 1,347 | 1,073 | 266 | 266 |
| **Total non-current liabilities** | **28,067** | **15,551** | **11,684** | **2,016** |
| **Current liabilities** | | | | |
| Trade and other payables | 57,008 | 52,131 | 3,313 | 3,628 |
| Amount due to customers for contract work-in-progress | 291 | 1,491 | - | - |
| Other liabilities | 23,158 | 21,509 | - | - |
| Loans and borrowings | 20,559 | 27,674 | 917 | 6,119 |
| Income tax payables | 5,466 | 3,853 | - | - |
| **Total current liabilities** | **106,482** | **106,658** | **4,230** | **9,747** |
| **Total liabilities** | **134,549** | **122,209** | **15,914** | **11,763** |
| **Total equity and liabilities** | **263,193** | **247,484** | **84,658** | **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-Jun-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 | 13,526 | 7,033 | **20,559** | 14,350 | 13,324 | **27,674** |
| Amount repayable after one year | 14,349 | 7,837 | **22,186** | 2,864 | 9,807 | **12,671** |
| | **27,875** | **14,870** | **42,745** | **17,214** | **23,131** | **40,345** |

**Details of collaterals**

The above borrowings of $27.9m are secured by the following:

1. Term loans of $5.1m secured by charges over freehold properties and corporate guarantees issued by the Company and some of its subsidiaries.

2. Trade facilities of $11.2m 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 $10.1m 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. Finance lease obligations of $1.5m 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 | |
|---|---|---|---|---|
| | Second Quarter Ended | | Half Year Ended | |
| | 30-Jun-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| | $'000 | $'000 | $'000 | $'000 |
| **Cash flows from operating activities** | | | | |
| Profit / (loss) before tax | **3,163** | **(4,194)** | **5,037** | **(7,610)** |
| Depreciation of plant and equipment | 2,448 | 2,690 | 5,081 | 4,494 |
| Amortisation of intangible assets | 230 | 628 | 586 | 1,338 |
| Loss on disposal of plant and equipment, net | - | 64 | 17 | 77 |
| Plant and equipment written off | - | 15 | 4 | 15 |
| Share-based payments | 128 | 597 | 351 | 992 |
| Interest income | (97) | (62) | (183) | (132) |
| Interest expenses | 556 | 480 | 1,120 | 995 |
| Share of results of associates | 124 | 1 | 193 | 1 |
| Gain on bargain purchase | (925) | - | (925) | - |
| Gain on disposal of a subsidiary | - | - | - | (1) |
| Exchange differences | 920 | (78) | 777 | (1,505) |
| **Operating cash flows before changes in working capital** | **6,547** | **141** | **12,058** | **(1,336)** |
| (Increase) / decrease in inventories | (3,000) | 714 | 653 | (2,533) |
| Decrease / (increase) in amount due from customers for contract work-in-progress | 256 | (1,217) | 2,339 | (635) |
| (Increase) / decrease in trade and other receivables | (5,411) | 427 | (18,545) | 492 |
| Decrease in finance lease and other financial receivables | 37 | 7 | 51 | 652 |
| Decrease / (increase) in other assets | 1,649 | (2,372) | (224) | (5,792) |
| Increase / (decrease) in trade and other payables | 725 | (6,273) | 136 | (12,028) |
| (Decrease) / increase in other liabilities | (941) | 6,315 | 4,228 | 13,533 |
| **Cash (used in) / generated from operations** | **(138)** | **(2,258)** | **696** | **(7,647)** |
| Income taxes paid | (2,034) | (1,598) | (2,135) | (1,754) |
| **Net cash flows used in operating activities** | **(2,172)** | **(3,856)** | **(1,439)** | **(9,401)** |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | (2,025) | (373) | (7,632) | (11,377) |
| Proceeds from disposal of plant and equipment | 140 | 103 | 298 | 138 |
| Proceeds from disposal of assets held for sale | 2,900 | - | 2,900 | - |
| Additions to intangible assets | (396) | - | (680) | - |
| Net inflows from acquisition of a subsidiary | 323 | - | 323 | - |
| Net cash on disposal of a subsidiary | - | - | - | 17 |
| Net cash on disposal of an associate | - | 2,000 | - | 2,000 |
| Interest received | 97 | 62 | 183 | 132 |
| **Net cash flows generated from / (used in) investing activities** | **1,039** | **1,792** | **(4,608)** | **(9,090)** |
| **Cash flows from financing activities** | | | | |
| Share issuance expense | - | (11) | - | (118) |
| Share buy-back | - | (1,735) | - | (8,977) |
| Dividends paid to non-controlling interests | - | (701) | - | (701) |
| (Placement) / release of fixed deposits pledged for bank facilities | (1,475) | (193) | (1,428) | 1,694 |
| Proceeds from loans and borrowings | 46,372 | 30,705 | 80,800 | 70,009 |
| Repayments of loans and borrowings | (45,559) | (32,889) | (79,462) | (78,813) |
| Interest paid | (727) | (676) | (1,248) | (1,099) |
| **Net cash flows used in financing activities** | **(1,389)** | **(5,500)** | **(1,338)** | **(18,005)** |
| **Net decrease in cash and cash equivalents** | **(2,522)** | **(7,564)** | **(7,385)** | **(36,496)** |
| Effect of exchange rate changes on cash and cash equivalents | (30) | 93 | (16) | 319 |
| Cash and cash equivalents at beginning of financial period | 23,717 | 32,703 | 28,566 | 61,409 |
| **Cash and cash equivalents at end of financial period** | **21,165** | **25,232** | **21,165** | **25,232** |
| **Cash and cash equivalents comprise the following:** | | | | |
| Cash and bank balances | 26,159 | 26,994 | 26,159 | 26,994 |
| Less: Bank overdrafts | (595) | - | (595) | - |
| Less: Fixed deposits pledged as collateral for banker's guarantee | (185) | (185) | (185) | (185) |
| Less: Fixed deposits pledged as collateral for banking facilities | (4,214) | (1,577) | (4,214) | (1,577) |
| **Cash and cash equivalents** | **21,165** | **25,232** | **21,165** | **25,232** |

**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 |
|---|---|---|---|---|---|---|---|
| **For the second quarter ended 30 June** | | | | | | | |
| **At 1 April 2018** | 126,504 | 88,975 | 114,456 | (2,183) | (24,361) | 1,063 | 37,529 |
| Total comprehensive income for the period | 656 | 133 | - | - | (180) | 313 | 523 |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of ordinary shares pursuant to Performance Share Plan ("PSP") | - | 55 | - | - | 55 | - | (55) |
| Share-based payments | 128 | 14 | - | - | 14 | - | 114 |
| Transfer of expired and unissued share-based payment reserve to retained earnings | - | - | - | - | (149) | 149 | - |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Acquisition of subsidiaries | 1,356 | - | - | - | - | - | 1,356 |
| **At 30 June 2018** | **128,644** | **89,177** | **114,456** | **(2,183)** | **(24,621)** | **1,525** | **39,467** |
| **At 1 April 2017 (as previously stated)** | 155,160 | 113,259 | 114,456 | (4,202) | (12,878) | 15,883 | 41,901 |
| Effect of adoption of SFRS(I) | - | - | - | - | 1,801 | (1,801) | - |
| **At 1 April 2017 (as restated)** | **155,160** | **113,259** | **114,456** | **(4,202)** | **(11,077)** | **14,082** | **41,901** |
| Total comprehensive income for the period | (4,177) | (2,826) | - | - | 161 | (2,987) | (1,351) |
| Contributions by and distributions to owners | | | | | | | |
| Purchase of treasury shares | (1,735) | (1,735) | - | (1,735) | - | - | - |
| Dividends paid to non-controlling interests | (701) | - | - | - | - | - | (701) |
| Share issuance expense | (11) | (11) | - | (11) | - | - | - |
| Share-based payments | 597 | 597 | - | - | 597 | - | - |
| **At 30 June 2017** | **149,133** | **109,284** | **114,456** | **(5,948)** | **(10,319)** | **11,095** | **39,849** |
| **For the half year ended 30 June** | | | | | | | |
| **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 | 1,742 | 651 | - | - | 89 | 562 | 1,091 |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of treasury shares pursuant to DeClout PSP | - | - | - | 1,125 | (1,125) | - | - |
| Issuance of ordinary shares pursuant to PSP | - | (14) | - | - | (14) | - | 14 |
| Share-based payments | 351 | 237 | - | - | 237 | - | 114 |
| Transfer of expired and unissued share-based payment reserve to retained earnings | - | - | - | - | (149) | 149 | - |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Acquisition of subsidiaries | 1,356 | - | - | - | - | - | 1,356 |
| **At 30 June 2018** | **128,644** | **89,177** | **114,456** | **(2,183)** | **(24,621)** | **1,525** | **39,467** |
| **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 | (8,181) | (5,908) | - | - | (259) | (5,649) | (2,273) |
| Contributions by and distributions to owners | | | | | | | |
| Purchase of treasury shares | (8,977) | (8,977) | - | (8,977) | - | - | - |
| Issuance of treasury shares pursuant to DeClout PSP | - | - | - | 3,147 | (3,147) | - | - |
| Dividends paid to non-controlling interests | (701) | - | - | - | - | - | (701) |
| Share issuance expense | (118) | (118) | - | (118) | - | - | - |
| Share-based payments | 992 | 992 | - | - | 992 | - | - |
| **At 30 June 2017** | **149,133** | **109,284** | **114,456** | **(5,948)** | **(10,319)** | **11,095** | **39,849** |

**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 second quarter ended 30 June** | | | | | |
| **At 1 April 2018** | 69,812 | 114,456 | (2,183) | (1,240) | (41,221) |
| Total comprehensive income for the period | (1,086) | - | - | - | (1,086) |
| Contributions by and distributions to owners | | | | | |
| Share-based payments | 18 | - | - | 18 | - |
| Transfer of expired and unissued share-based payment reserve to retained earnings | - | - | - | (149) | 149 |
| **At 30 June 2018** | **68,744** | **114,456** | **(2,183)** | **(1,371)** | **(42,158)** |
| **At 1 April 2017** | 120,971 | 114,456 | (4,202) | 2,053 | 8,664 |
| Total comprehensive income for the period | (389) | - | - | - | (389) |
| Contributions by and distributions to owners | | | | | |
| Purchase of treasury shares | (1,735) | - | (1,735) | - | - |
| Share issuance expense | (11) | - | (11) | - | - |
| Share-based payments | 308 | - | - | 308 | - |
| **At 30 June 2017** | **119,144** | **114,456** | **(5,948)** | **2,361** | **8,275** |
| **For the half year ended 30 June** | | | | | |
| **At 1 January 2018** | 70,404 | 114,456 | (3,308) | (234) | (40,510) |
| Total comprehensive income for the period | (1,797) | - | - | - | (1,797) |
| Contributions by and distributions to owners | | | | | |
| Issuance of treasury shares pursuant to DeClout PSP | - | - | 1,125 | (1,125) | - |
| Share-based payments | 137 | - | - | 137 | - |
| Transfer of expired and unissued share-based payment reserve to retained earnings | - | - | - | (149) | 149 |
| **At 30 June 2018** | **68,744** | **114,456** | **(2,183)** | **(1,371)** | **(42,158)** |
| **At 1 January 2017** | 129,681 | 114,456 | - | 4,961 | 10,264 |
| Total comprehensive income for the period | (1,989) | - | - | - | (1,989) |
| Contributions by and distributions to owners | | | | | |
| Purchase of treasury shares | (8,977) | - | (8,977) | - | - |
| Issuance of treasury shares pursuant to DeClout PSP | - | - | 3,147 | (3,147) | - |
| Share issuance expense | (118) | - | (118) | - | - |
| Share-based payments | 547 | - | - | 547 | - |
| **At 30 June 2017** | **119,144** | **114,456** | **(5,948)** | **2,361** | **8,275** |

**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 and 30 June 2018 | 671,268,974 | 114,456 |

There were no changes to the issued and paid-up capital of the Company during 1H2018.

**B) Shares options - employee share option scheme**

Between 1 January 2018 and 30 June 2018, 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 2Q2018 amounted to 1,674,418.

Under ESOS, options to subscribe for 4,790,697 shares remained outstanding as at 30 June 2018 (30 June 2017: 7,246,509). Details of the outstanding options as at 30 June 2018 are as follows:

| Outstanding Options as at 30-Jun-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 June 2018, the number of outstanding awards granted under the performance share plan ("PSP") was 3,439,100 (30 June 2017: 11,188,400). Between 1 January 2018 and 31 March 2018, the Company issued 4,278,000 shares pursuant to the vesting and release of share awards under this PSP. There was no issuance of shares pursuant to share awards under this PSP between 1 April 2018 and 30 June 2018. A total of 604,200 share awards were lapsed during 2Q2018.

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 June 2018 | As at 30 June 2017 |
|---|---|---|
| Total number of treasury shares | 8,306,488 | 22,999,488 |
| 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 June 2018 and 30 June 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 June 2018 was 662,962,486 (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** |

There was no sales, transfers, cancellations and / or use of treasury shares between 1 April 2018 and 30 June 2018.

**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 half year ended 30 June 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 | |
|---|---|---|---|---|
| | Second Quarter Ended | | Half Year Ended | |
| | 30-Jun-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| Basic earnings per share (cents) | 0.05 | (0.46) | 0.08 | (0.87) |
| Weighted average number of shares ('000) | 662,222 | 652,793 | 662,222 | 652,793 |
| Fully diluted earnings per share (cents) | 0.05 | (0.46) | 0.08 | (0.87) |
| Weighted average number of shares ('000) | 667,029 | 652,793 | 667,029 | 652,793 |

**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-Jun-18 | 31-Dec-17 | 30-Jun-18 | 31-Dec-17 |
| Net asset value per share (cents) | 13.45 | 13.42 | 10.37 | 10.69 |
| Number of shares in issue excluding treasury shares ('000) | 662,962 | 658,684 | 662,962 | 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 second quarter ended 30 June 2018 ("2Q2018")

| **Revenue ($'000)** | **2Q2018** | **2Q2017** | **Change (%)** |
|---|---|---|---|
| IT Infra | 82,514 | 61,670 | 33.8 |
| VDC | 1,962 | 5,656 | (65.3) |
| Total | 84,476 | 67,326 | 25.5 |
| | | | |
| **Gross Profit ($'000)** | | | |
| IT Infra | 25,769 | 16,329 | 57.8 |
| VDC | 580 | (15) | N.M. |
| Total | 26,349 | 16,314 | 61.5 |
| | | | |
| **Gross Profit Margin (%)** | | | |
| IT Infra | 31.2% | 26.5% | |
| VDC | 29.6% | -0.3% | |
| Total | 31.2% | 24.2% | |

The Group's revenue increased 25.5% or $17.2m from $67.3m in 2Q2017 to $84.5m in 2Q2018. Revenue from the IT Infrastructure Sales and Services ("IT Infra") segment increased 33.8% or $20.8m, of which $19.7m was contributed by Procurri Group due to better performance from the Asia Pacific and the North and South America (the "Americas"), while $1.1m was contributed by Beaqon Pte Ltd and its subsidiaries ("Beaqon Group") which improved with first-time revenue contributions from neutral hosting services in Indonesia. For the Vertical Domain Clouds ("VDC") segment, revenue decreased by 65.3% or $3.7m mainly due to the absence of revenue from the e-commerce business unit Corous360 Pte Ltd ("Corous360") following its restructuring that was completed in September 2017. For the VDC segment, the main contributor of 2Q2018 revenue was from the e-logistics and e-trade business, vCargo Cloud Pte Ltd ("VCC"), which grew 68.7% from $0.9m in 2Q2017 to $1.5m in 2Q2018, 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 61.5% or $10.0m from $16.3m in 2Q2017 to $26.3m in 2Q2018, mainly due to stronger performance by the IT Infra segment which grew by 57.8% or $9.4m, mainly contributed by Procurri Group in line with increase in revenue. Despite a lower revenue base, the VDC segment recorded a gross profit of $0.6m in 2Q2018 as compared to a gross loss in 2Q2017, mainly due to VCC. 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 increased by 7.4% or $0.1m which comprised $0.9m gain on bargain purchase arising from the acquisition of GTS based on provisional PPA, and $0.5m from write-back of receivables indemnity pertaining to the divestment of ATS, partially offset by a decrease of $1.3m arising from the absence of an one-off write-back of provision in 2Q2017 pertaining to the divestment of ATS.

Other charges decreased by 85.9% or $5.4m 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 $1.1m which arose from foreign exchange gains of $0.6m in 2Q2018 as compared to foreign exchange losses of $0.5m in 2Q2017, and a decrease of $0.2m in amortisation expense, partially offset by increases in provision for stock obsolescence and allowance for impairment on trade receivables totaling $0.8m mainly from the Procurri Group.

Selling expenses increased by 149.6% or $3.5m from $2.3m in 2Q2017 to $5.8m in 2Q2018, 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 34.1% or $4.5m from $13.2m in 2Q2017 to $17.7m in 2Q2018. The increase was due to:

- Absence of write-backs of $4.4m 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 $0.8m from VCC Group in line with its expansion plans; and
- Increase of $0.9m from Procurri Group mainly due to higher staff costs as a result of merit increase in 2Q2018; partially offset by:
- $1.3m of cost savings due to the exit from direct participation in the e-commerce business of Corous360 Group; and
- $0.3m of cost savings from corporate office derived from the cost tightening measures that the Company has undertaken.

The Group recorded a profit before tax of $3.2m in 2Q2018 as compared to a loss of $4.2m in 2Q2017, representing a positive swing of $7.4m. The sharp reversal was mainly driven by an increase in gross profit of $10.0m and gain on bargain purchase of $0.9m, partially offset by an increase of $2.8m in expenses mainly from higher sales commission incurred to drive the business growth. The tax expense of $2.2m in 2Q2018, representing an effective tax rate of 70.3%, 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.

Correspondingly, the Group reversed to a profit after tax of $0.9m in 2Q2018 from a $4.5m loss after tax in 2Q2017, representing a positive swing of $5.4m.

Profit after tax attributable to owners of the Company ("PATMI") improved by $3.3m from a loss of $3.0m in 2Q2017 to a profit of $0.3m in 2Q2018.

Review of performance for half year ended 30 June 2018 ("1H2018")

| Revenue ($'000) | 1H2018 | 1H2017 | Change (%) |
|---|---|---|---|
| IT Infra | 152,192 | 114,862 | 32.5 |
| VDC | 3,588 | 15,602 | (77.0) |
| Total | 155,780 | 130,464 | 19.4 |
| | | | |
| **Gross Profit ($'000)** | | | |
| IT Infra | 47,015 | 32,179 | 46.1 |
| VDC | 1,390 | 743 | 87.1 |
| Total | 48,405 | 32,922 | 47.0 |
| | | | |
| **Gross Profit Margin (%)** | | | |
| IT Infra | 30.9% | 28.0% | |
| VDC | 38.7% | 4.8% | |
| Total | 31.1% | 25.2% | |

As highlighted in the 5 March 2018 Corporate and Business Update, the Group is sharpening focus of its business units, which has contributed to a 19.4% or $25.3m growth in revenue from $130.5m in 1H2017 to $155.8m in 1H2018. Revenue from the IT Infra segment increased 32.5% or $37.3m, of which $30.9m was contributed by Procurri Group due to better performance from the Asia Pacific and the Americas, while $6.4m was contributed by the Beaqon Group which reported strong growth including first-time revenue contributions from higher-margin neutral hosting services in Indonesia. For the VDC segment, revenue decreased by $12.0m mainly due to the absence of contributions from the e-commerce business unit Corous360 following its restructuring, which was completed in September 2017. The main revenue contributor of VDC segment in 1H2018 was from the e-logistics and e-trade business, VCC, which grew 75.0% from $1.6m in 1H2017 to $2.8m in 1H2018. The 75.0% growth in VCC's revenue in 1H2018 compared to 1H2017 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 47.0% or $15.5m from $32.9m in 1H2017 to $48.4m in 1H2018, mainly due to stronger performance by the IT Infra segment which grew by 46.1% or $14.8m, in line with growth in revenue. Despite a lower revenue base, gross profit from the VDC segment increased by 87.1% or $0.6m mainly from VCC. On a Group basis, GPM increased by 5.9 percentage points mainly due to higher GPMs from both the IT Infra and VDC segments.

Other income decreased by $0.3m which comprised $1.2m mainly arising from the absence of an one-off write-back of provision in 1H2017 pertaining to the divestment of ATS, $0.5m from decreases in rental income and sales of other ancillary services, partially offset by an increase of $0.5m from write-back of receivables indemnity pertaining to the divestment of ATS, as well as a $0.9m gain on bargain purchase arising from the acquisition of GTS based on provisional PPA.

Other charges decreased by 74.0% or $6.1m 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 $0.4m in 1H2018 as compared to foreign exchange losses of $1.2m in 1H2017, and a decrease of $0.4m in amortisation expense, partially offset by increases in provision for stock obsolescence and allowance for impairment on trade receivables totaling $0.8m mainly from the Procurri Group.

Selling expenses increased by 84.3% or $4.3m from $5.1m in 1H2017 to $9.4m in 1H2018, mainly from the Procurri Group due to higher sales commission in line with the growth in gross profit and increase in commssion rate from tiered commission plan.

Administrative expenses increased by 13.8% or $4.0m from $29.2m in 1H2017 to $33.2m in 1H2018. The increase was due to:

- Absence of write-backs of $4.4m 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 $1.0m from VCC Group in line with its expansion plans; and
- Increase of $3.2m from Procurri Group which included maiden expenses of $2.3m from Rockland Congruity LLC ("Rockland") (being 4 months in 1H2017 as compared to 6 months in 1H2018), and the remaining $0.9m from staff costs (excluding Rockland) as a result of merit increase; partially offset by:
- $2.9m of cost savings due to the exit from direct participation in the e-commerce business of Corous360 Group; and
- Decrease of $1.7m mainly from corporate office which was derived from the cost tightening measures that the Company has undertaken mainly attributed to salary cuts of senior management staff and head of department; decreases in share-based payments, PSP and lower provisions catered for staff-related costs.

The Group recorded a profit before tax of $5.0m in 1H2018 as compared to a loss of $7.6m in 1H2017, representing a positive swing of $12.6m. The sharp reversal was mainly driven by an increase in gross profit of $15.5m and gain on bargain purchase of $0.9m, partially offset by an increase of $2.5m in expenses mainly from higher sales commission incurred to drive the business growth. The tax expense of $3.4m in 1H2018, representing an effective tax rate of 68.5%, 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.

Correspondingly, the Group reversed to a profit after tax of $1.6m in 1H2018 from a $7.8m loss after tax in 1H2017, representing a positive swing of $9.4m.

PATMI improved by $6.2m from a loss of $5.6m in 1H2017 to a profit of $0.6m in 1H2018.

Review of financial position

**Non-current assets**

a) Property, plant and equipment increased by $7.9m mainly due to the acquisition of GTS and purchase of assets for the neutral hosting business under Beaqon Group, partially offset by depreciation charge for the period.

b) The increase in intangible assets of $0.1m mainly arose from the capitalisation of development costs totaling $0.7m, partially offset by amortisation charge for the period.

**Current assets**

c) Inventories decreased by $0.6m due to better inventory turnover derived from a strong revenue base in 1H2018.

d) Trade and other receivables increased by $20.4m mainly from the Procurri Group driven by a strong revenue base in 1H2018.

e) The decrease in the amount due from customers for contract work-in-progress (net) of $2.3m represents part of the progress billings as at 31 December 2017 which have been recognised as revenue during the period.

f) Finance lease receivables increased by $0.2m mainly from the Procurri Group.

g) Other assets increased by $0.4m mainly due to higher advance payments made to suppliers in respect of ongoing projects.

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

i) 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 1H2018.

**Equity**

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

k) The decrease in treasury shares of $1.1m represents the amount transferred out as shares pursuant to the vesting and release of share awards under the DeClout PSP.

l) The decrease in negative other reserves of $0.8m is made of (i) $1.8m of translation reserves transferred to retained earnings due to the adoption of SFRS(I), (ii) foreign currency translation gain under other comprehensive income of $0.1m and (iii) provision for share-based payments of $0.2m, which is partially offset by issuance of treasury shares pursuant to DeClout PSP of $1.1m and $0.2m transfer of expired and unissued share based payment reserve to retained earnings.

**Liabilities**

m) Deferred tax liabilities (non-current) increased by $0.8m mainly due to the acquisition of GTS.

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 $2.4m due to additional financing required to support the Group's business growth.

p) Trade and other payables (current) increased by $4.9m mainly from the Procurri Group.

q) The increase in other liabilities (both current and non-current) of $3.6m is mainly due to higher maintenance services billed in advance to customers.

r) Income tax payables increased by $1.6m mainly from the Procurri Group.

Review of cash flows

During 1H2018, the Group's cash and cash equivalents decreased by $7.4m (after adjusting for the effect of exchange rate changes) from $28.6m as at 31 December 2017 to $21.2m as at 30 June 2018. The significant cash movements during 1H2018 were as follows:

i) Net cash used in operating activities in 1H2018 amounted to $1.4m. This was mainly due to an increase in trade and other receivables of $18.5m arising from higher billings driven by revenue growth, an increase in other assets of $0.2m and taxes paid of $2.1m mainly from the Procurri Group, partially offset by an operating cash inflow (before changes in working capital) of $12.1m, decreases in inventories and contract work-in-progress of $3.0m, an increase in trade and other payables of $0.1m, and an increase in other liabilities of $4.2m.

ii) Net cash used in investing activities in 1H2018 was $4.6m which comprised purchases of plant and equipment of $7.6m mainly from the acquisition of assets for the neutral hosting business under Beaqon Group, and additions to intangible assets of $0.7m arising from the capitalisation of development costs, 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 $0.3m from the disposal of plant and equipment, net cash inflow of $0.3m from the acquisition of GTS and interest received of $0.2m.

iii) Net cash used in financing activities in 1H2018 was $1.3m. This was mainly due to placement of fixed deposits pledged for bank facilities of $1.4m and interest paid of $1.2m, partially offset by net proceeds from loans and borrowings of $1.3m.

**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 second quarter and half year ended 30 June 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.**

The Group will build upon the momentum achieved in 1H2018 which had contributed to a significant positive swing in financial performance. The increase in revenue, reversal from losses to profits, as well as higher gross profit margin compared to the same period a year ago reflects the validity of the corporate recovery initiatives outlined in the Corporate and Business Update ("CBU") announced on 5 March 2018.

In line with the Group's growth initiatives stated in the CBU, the following developments are expected to underpin a better performance for the Group in the near-term:

1) Beaqon Group will build upon the success of its neutral hosting services which offer higher EBITDA margins compared to its traditional business. As at 30 June 2018, it has 24 neutral hosting sites and the revenue contribution from these sites is expected to increase in 2H2018. Beaqon Group's traditional business in telecommunication, security, wired and wireless network infrastructure continues to grow in size and capability. Consequently, the Group expects revenue and profit contribution from Beaqon Group in 2H2018 to improve upon that of 1H2018.

The amalgamation exercise of Beaqon Group (announced on 5 July 2018) has streamlined the entities as well as the overall DeClout Group structure. In turn, this will lead to better management control and efficiency of the Group.

2) VCC has announced new achievements in 1H2018. These include increasing its network of the trade facilitation platform, CamelONE, to 14 countries as at 30 June 2018 and the launch in May 2018 of the world's first blockchain-based platform for electronic certificates of origin. The 75.0% growth in VCC's revenue in 1H2018 compared to 1H2017 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 Indonesian subsidiary, GTS.

The Group intends to strengthen VCC's existing footprint and capability, including further investments, so as to build up business momentum in the near to medium term, while losses in VCC continues into 2H2018. To do this, the Group will consider various options, including further fundraising, to fuel VCC's growth in particular. Through these nurturing and investments, the Group believes that VCC will be able to open up new opportunities in areas such as trade finance as well as alliances or potential revenue streams in services related to logistics and freight forwarding.

3) Procurri Group has achieved a successful turnaround, and will continue to work on the smooth execution of its own four-pronged corporate strategy to sharpen its value proposition. It remains on track to return to profitability for FY2018.

4) The Group's corporate cost efficiencies have improved in 1H2018 as compared to 1H2017. This initiative and the cost rationalisation from the Corous360 restructuring should also contribute to improved performance in FY2018.

Barring unforeseen circumstances, 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 second quarter and half year ended 30 June 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. There was no IPT for the second quarter and half year ended 30 June 2018.

**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 second quarter and half year ended 30 June 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
8 August 2018