

# Second Quarter Financial Statements and Dividend announcement for the period ended 30th June 2017 (Unaudited)

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

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

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Turnover (Note 1) | 90,298 | 79,414 | 13.7% | 178,870 | 159,313 | 12.3% |
| Purchases and changes in inventories and direct service fees incurred (Note 2) | (82,914) | (72,824) | 13.9% | (163,954) | (146,691) | 11.8% |
| Commissions and other selling expenses (Note 3) | (16) | (124) | -87.3% | (87) | (163) | -46.6% |
| Other income - operating (Note 4) | 54 | 652 | -91.7% | 154 | 1,142 | -86.5% |
| Operating expenses (Note 5) | (7,135) | (6,359) | 12.2% | (14,224) | (12,177) | 16.8% |
| Other income - non operating (Note 14) | 199 | 37 | N.M. | 200 | 907 | -77.9% |
| Other expenses - non operating (Note 18) | (50) | (7) | N.M. | (63) | 459 | -113.7% |
| Interest income from deposits and investment securities (Note 19) | 173 | 162 | 6.8% | 397 | 361 | 10.0% |
| Finance costs (Note 20) | (113) | (77) | 46.8% | (131) | (156) | -16.0% |
| Depreciation of property, plant and equipment (Note 21) | (180) | (239) | -24.7% | (448) | (450) | -0.4% |
| Amortisation of intangible assets (Note 22) | - | (15) | -100.0% | (3) | (30) | -90.0% |
| **Profit before taxation** | **316** | **620** | **-49.0%** | **711** | **2,515** | **-71.7%** |
| **Taxation (Note 23)** | (189) | (187) | 1.1% | (471) | (725) | -35.0% |
| **Net Profit after tax** (Note 1a) | **127** | **433** | **-70.6%** | **240** | **1,790** | **-86.6%** |
| | | | | | | |
| **(Loss)/profit attributable to:** | | | | | | |
| Owners of the parent | 127 | 435 | -70.8% | 240 | 1,793 | -86.6% |
| Non-controlling interest (Note 24) | - | (2) | N.M. | - | (3) | N.M. |
| **Total** | **127** | **433** | **-70.6%** | **240** | **1,790** | **-86.6%** |

*Note 1*

*Turnover*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Distribution of operator products and services | 75,721 | 66,092 | 14.6% | 148,126 | 130,572 | 13.4% |
| ICT distribution and managed services | 10,942 | 10,847 | 0.9% | 23,665 | 23,701 | -0.2% |
| Mobile devices distribution & retail | 3,510 | 2,475 | 41.8% | 6,792 | 5,040 | 34.8% |
| Battery Electric Vehicle | 125 | - | N.M. | 287 | - | N.M. |
| **Total (Note 2)** | **90,298** | **79,414** | **13.7%** | **178,870** | **159,313** | **12.3%** |

*Note 1(a)*

*The group earned profit after tax of S$0.1 million during second quarter ended 30 June 2017 ("Q2 2017") and S$0.2 million during first half year ended 30 June 2017 ("1H 2017") against S$0.4 million during corresponding quarter ended 30 June 2016 ("Q2 2016") and S$1.8 million during corresponding half year ended 30 June 2016 ("1H 2016") respectivley. During Q2 2017, the company recognised certain gain on sale of quoted equity investment. The shareholding was insignificant, non-strategic and in a non-related company. During corresponding period, certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, were also written back.*

*Note 2*

*Distribution of Operator products and services in Indonesia continued to grow during Q2 2017 against corresponding quarter Q2 2016, thereby registering a growth of 13.4% during 1H 2017 against corresponding 1H 2016. Revenue from ICT distribution and managed services has shown a marginal growth during Q2 2017 over corresponding quarter Q2 2016. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".*

*Note 3*

*The commissions and other selling expenses were mainly related to ICT distribution & managed services and sale of mobile devices.*

*Note 4*

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

*Note 5*

*The operating expenses included the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Personnel costs (Note 6) | (4,487) | (3,849) | 16.6% | (8,900) | (7,749) | 14.9% |
| Infrastructure costs (Note 7) | (691) | (619) | 11.6% | (1,472) | (1,259) | 16.9% |
| Marketing expenses (Note 8) | (369) | (188) | 96.3% | (731) | (197) | 271.1% |
| Other expenses - operating (Note 9) | (1,588) | (1,703) | -6.8% | (3,121) | (2,972) | 5.0% |
| **Total operating overheads** | **(7,135)** | **(6,359)** | **12.2%** | **(14,224)** | **(12,177)** | **16.8%** |

*Note 6*

*During Q2 2017 and 1H 2017, there has been increase in manpower cost over corresponding quarter/period, primarily due to operator driven manpower requirement/planning and related costs in operator products & services, statutory minimum wages increase in Indonesia, enhanced focus on services led business in case of one of the subsidiaries under ICT distribution & managed services and Battery Electric Vehicle (BEV) business.*

*Note 7*

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

*Note 8*

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

*Note 9*

*Other expenses- operating included the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Bank charges | (16) | (26) | -38.5% | (38) | (57) | -33.3% |
| Collection service fees | (99) | (36) | 175.0% | (163) | (91) | 79.1% |
| Equipment maintenance | (76) | (63) | 20.6% | (141) | (149) | -5.4% |
| Equipment rental | (67) | (49) | 36.7% | (122) | (108) | 13.0% |
| Foreign exchange loss (Note 10) | (33) | (41) | -19.5% | (56) | (72) | -22.2% |
| Freight and postage charges | (23) | (20) | 15.0% | (46) | (38) | 21.1% |
| Printing & stationery | (28) | (18) | 55.6% | (53) | (37) | 43.2% |
| Professional fees (Note 11) | (459) | (374) | 22.7% | (815) | (695) | 17.3% |
| (Provision)/write back of allowance/(write off) of doubtful non-trade debts (Note 12) | (21) | 13 | -261.5% | (46) | (21) | 119.0% |
| (Provision)/write back of allowance/(write off) of doubtful trade debts (Note 12) | (42) | 51 | -182.4% | (141) | 188 | -175.0% |
| (Provision)/write back of allowance for stock obsolescence/(write off) of stocks (Note 12) | (7) | (448) | -98.4% | (69) | (533) | -87.1% |
| Telecommunication expenses (Note 13) | (95) | (108) | -12.0% | (184) | (221) | -16.7% |
| Travelling & entertainment expenses (Note 13) | (394) | (333) | 18.3% | (768) | (721) | 6.5% |
| Others | (228) | (251) | -9.2% | (479) | (417) | 14.9% |
| **Total other expenses - operating** | **(1,588)** | **(1,703)** | **-6.8%** | **(3,121)** | **(2,972)** | **5.0%** |

*Note 10*

*The foreign exchange movement recognised in Q2 2017 and 1H 2017 was mainly due to unrealised and realised foreign exchange gain/(loss) incurred on fluctuation of SGD, USD, MYR, THB, IDR, RMB and INR.*

*Note 11*

*Increase in professional fee during Q2 2017 against Q2 2016 was mainly in respect of Bharat IT and the company. Certain management & legal consultancy expenses were also written back in Q1 2016/1H 2016 of previous year, apparently resulting in higher quantum of increase against corresponding period.*

*Note 12*

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

*Note 13*

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

*Note 14*

*Other income- non operating include the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Gain on sale of investment securities (Note 15) | 190 | - | N.M. | 190 | - | N.M. |
| Gain on disposal of property, plant and equipment (Note 16) | 9 | 37 | -75.7% | 10 | 31 | -67.7% |
| Others (Note 17) | - | - | N.M. | - | 876 | N.M. |
| **Total other income - non operating** | **199** | **37** | **N.M.** | **200** | **907** | **-77.9%** |

*Note 15*

*The gain is consequent to sale of quoted equity investment during Q2 2017. The shareholding was insignificant, non strategic and in a non related company.*

*Note 16*

*The gain on disposal of property, plant and equipments was mainly on account of certain assets of Affinity disposed off, as no longer required.*

*Note 17*

*This is in respect of certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, written back during quarter ended 31 March 2016/1H 2016.*

*Note 18*

*The amount in corresponding period 1H 2016 mainly represented write back of certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts.*

*Note 19*

*The interest income was mainly on account of deposits with the banks.*

*Note 20*

*The changes in finance cost during Q2 2017 and 1H 2017 against corresponding period/s in preceding year were mainly on account of utilisation level of loans and bank borrowings by Cavu group & Affinity group based on their business needs.*

*Note 21*

*The reduction in depreciation was mainly on account of Affinity group & ICT business. The decrease has been partially offset by depreciation on battery electric vehicles.*

*Note 22*

*The reduction in amortisation cost of intangible assets was mainly on account of ICT Distribution & managed services.*

*Note 23*

*The taxation was mainly in respect of Bharat IT engaged in ICT Distribution & managed services and Affinity group. The amount in corresponidng period 1H 2016 in case of Bharat IT also included provision against certain loan & advance written back during Q1 2016 of previous year. (Please also refer to note no. 17).*

*Note 24*

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

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

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | | 2017 | 2016 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| **Profit for the period** | **127** | **433** | **-70.6%** | **240** | **1,790** | **-86.6%** |
| | | | | | | |
| **Other comprehensive income:** | | | | | | |
| **Items that may be reclassified subsequently to profit and loss:** | | | | | | |
| Foreign currency translation (Note 25) | (475) | 34 | N.M. | (1,371) | (1,275) | N.M. |
| Net gain/ (loss) on available-for-sale financial assets | (227) | 143 | N.M. | (128) | 88 | N.M. |
| **Items that will not be reclassified subsequently to profit and loss:** | | | | | | |
| Revaluation of property, plant and equipment (Note 32) | - | 16 | N.M. | - | 2,088 | N.M. |
| **Other comprehensive income / (loss) for the period** | **(702)** | **193** | **-463.7%** | **(1,499)** | **901** | **-266.4%** |
| | | | | | | |
| **Total comprehensive income / (loss) for the period** | **(575)** | **626** | **-191.8%** | **(1,259)** | **2,691** | **-146.8%** |
| | | | | | | |
| **Total comprehensive income / (loss) attributable to:** | | | | | | |
| Owners of the parent | (571) | 633 | -190.2% | (1,247) | 2,741 | -145.5% |
| Non-controlling interest | (3) | (7) | -57.1% | (12) | (50) | -76.0% |
| **Total** | **(575)** | **626** | **-191.8%** | **(1,259)** | **2,691** | **-146.8%** |

N.M. - Not Meaningful

*Note 25*

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 30 Jun 17 | 31 Dec 16 | 30 Jun 17 | 31 Dec 16 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Current assets** | **69,200** | **64,009** | **21,620** | **20,425** |
| Inventories (Note 26) | 15,431 | 13,800 | - | - |
| Trade receivables (Note 27) | 9,148 | 8,712 | 113 | 113 |
| Other receivables and deposits (Note 28) | 5,524 | 5,930 | 1,561 | 2,280 |
| Prepayments (Note 29) | 4,088 | 3,001 | 43 | 26 |
| Due from subsidiaries | - | - | 2,098 | 2,026 |
| Cash and bank deposits pledged (Note 31) | 4,838 | 4,538 | - | - |
| Cash and cash equivalents | 29,393 | 27,342 | 17,805 | 15,980 |
| Tax recoverable (Note 32) | 778 | 686 | - | - |
| | | | | |
| **Non-current Assets** | **7,231** | **8,089** | **26,262** | **26,365** |
| Property, plant and equipment (Note 33) | 4,479 | 4,798 | 23 | 22 |
| Intangible assets (Note 34) | - | 3 | - | 3 |
| Investments in subsidiaries | - | - | 25,067 | 25,067 |
| Investment properties (Note 33) | 2,257 | 2,434 | - | - |
| Investment securities (Note 30) | - | 231 | - | 231 |
| Long-term loans and advances to subsidiaries | - | - | 1,172 | 1,042 |
| Deferred tax assets (Note 35) | 170 | 170 | - | - |
| Trade receivables (Note 27) | - | 81 | - | - |
| Prepayments (Note 29) | - | 201 | - | - |
| Other receivables and deposits (Note 28) | 325 | 171 | - | - |
| | | | | |
| **Total Assets** | **76,431** | **72,098** | **47,882** | **46,790** |
| | | | | |
| **Current liabilities** | **25,029** | **19,420** | **12,316** | **8,738** |
| Trade creditors (Note 36) | 7,722 | 6,984 | 148 | 157 |
| Other creditors and accruals (Note 37) | 6,994 | 7,108 | 1,205 | 1,624 |
| Deferred revenue (Note 38) | 2,642 | 1,996 | - | - |
| Lease obligations (Note 39) | - | 18 | - | - |
| Loans and bank borrowings (Note 40) | 6,565 | 2,527 | - | - |
| Due to subsidiaries (Note 41) | - | - | 10,963 | 6,957 |
| Tax payable (Note 42) | 1,106 | 787 | - | - |
| | | | | |
| **Non-current liabilities** | **1,188** | **1,205** | - | - |
| Deferred tax liabilities | 70 | 70 | - | |
| Provision for employee benefits | 1,004 | 995 | - | |
| Deferred revenue (Note 38) | 114 | 140 | - | |
| | | | | |
| **Total Liabilities** | **26,217** | **20,625** | **12,316** | **8,738** |
| | | | | |
| **Equity attributable to the owners of the parent** | | | | |
| Share capital (Note 43) | 580,518 | 580,518 | 580,518 | 580,518 |
| Accumulated losses | (457,276) | (457,516) | (480,784) | (479,023) |
| Other reserves | (3,723) | (3,592) | (8,785) | (8,657) |
| Translation reserve (Note 25) | (69,189) | (67,833) | (55,383) | (54,786) |
| | **50,330** | **51,577** | **35,566** | **38,052** |
| Non-controlling interest (Note 24) | (116) | (104) | - | - |
| **Total Equity** | **50,214** | **51,473** | **35,566** | **38,052** |
| | | | | |
| **Total liabilities and equity** | **76,431** | **72,098** | **47,882** | **46,790** |

*Note 26*

*The increase in Inventories of S$1.6 million was mainly in ICT products. The increase has been partially off set by marginal decrease in inventories of Affinity group.*

*Note 27*

*The increase of S$ 0.4 million in trade receivables was mainly in respect of ICT Distribution & managed services.*

*Note 28*

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

*Note 29*

*The increase in prepayments was mainly in respect of Affinity group and ICT Distribution & managed services.*

*Note 30*

*The movement has been on account of disposal of investment in past in shares of a non related listed company in Singapore. This also resulted to movement in other reserves. Please also refer to note 15.*

*Note 31*

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

*Note 32*

*The increase in Tax recoverable was mainly on account of Bharat IT, partially offset by decrease on account of refund in case of Affinity group.*

*Note 33*

*The change in property, plant & equipment has mainly been on account of depreciation charge of S$0.5 million during 1H 2017. During the period, there has been addition of S$0.2 million in property, plant and equipment. As at 31 December 2016, certain properties belonging to Affinity group, as rented out, had been reclassified as investment properties. The movement in Investment properties has primarily been on account of re-use of certain properties for business purposes.*

*Note 34*

*The decrease in intangible assets had mainly been on account of amortisation.*

*Note 35*

*The deferred tax assets are in respect of Bharat IT.*

*Note 36*

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

*Note 37*

*The decrease in other creditors and accruals was mainly in respect of ICT Distribution & Managed Services.*

*Note 38*

*The deferred revenue was mainly in respect of ICT Distribution & Managed services and Affinity Group. The increase during the period was mainly in respect of Cavu group.*

*Note 39*

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

*Note 40*

*The movement in loans and borrowings was mainly on account of utilisation of credit facilities including with the banks by Affinity group and Cavu group, corresponding to the level of operations.*

*Note 41*

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

*Note 42*

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

*Note 43*

*The company completed on 30 June 2016, distribution of cash of S$0.729 per share totaling to approximately S$10 million to its shareholders. (Please refer to announcement on 14 June 2016).*

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

**Amount repayable in one year or less, or on demand**

| As at 30/6/2017 | | As at 31/12/2016 | |
|---|---|---|---|
| Secured (S$'000) | Unsecured (S$'000) | Secured (S$'000) | Unsecured (S$'000) |
| **5,945** | **620** | **2,545** | - |

**Amount repayable after one year**

| | | | |
|---|---|---|---|
| - | - | - | - |

**Details of any collateral**

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

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

c) Corporate guarantees of S$5.5 million (31/12/2016 : S$5.7 million) were given by the subsidiary to enable its subsidiaries to obtain credit facility from suppliers.

d) Corporate guarantees of S$1.1 million (31/12/2016 : S$3.0 million) were given by the subsidiary to enable its subsidiaries to obtain banking facilities.

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

| | Quarter ended 30 Jun | | Half Year ended 30 Jun | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Cash flows from operating activities** | | | | |
| | | | | |
| **Profit before taxation** | **316** | **620** | **711** | **2,515** |
| | | | | |
| **Adjustments for:** | | | | |
| Depreciation and amortisation | 180 | 254 | 451 | 480 |
| (Reversal of)/ allowance for/ write off of doubtful non-trade debts, net | 21 | (13) | 46 | 21 |
| (Reversal of)/ allowance for/ write off of doubtful trade debts, net | 42 | (51) | 141 | (233) |
| (Reversal of)/ allowance for inventory obsolescence, net | (6) | 388 | (27) | 234 |
| Interest income from bonds, deposits and investment securities | (173) | (162) | (397) | (361) |
| Finance cost | 113 | 77 | 131 | 156 |
| Unrealised exchange differences | (438) | (184) | (1,434) | (1,482) |
| Others | 56 | (32) | 58 | (35) |
| **Operating profit/ (loss) before working capital changes** | **111** | **897** | **(320)** | **1,295** |
| Increase in Inventories | (644) | (5,659) | (1,498) | (7,526) |
| (Increase)/ Decrease in Trade Receivables | 1,420 | 1,423 | (447) | 2,870 |
| (Increase)/ Decrease in other receivables and deposits | 88 | (322) | 352 | 445 |
| (Increase)/ Decrease in prepayments | (848) | 12 | (886) | (719) |
| Increase/ (Decrease) in trade creditors | (960) | 259 | 738 | (1,990) |
| Decrease in other creditors and accruals | (322) | (3,694) | (114) | (2,849) |
| (Decrease)/ Increase in deferred revenue | (852) | (688) | 620 | (105) |
| **Cash used in operating activities** | **(2,007)** | **(7,772)** | **(1,555)** | **(8,579)** |
| Interest paid | (113) | (77) | (131) | (156) |
| Income tax refunded/(paid) | 173 | 53 | (235) | (283) |
| **Net cash used in operating activities** | **(1,947)** | **(7,796)** | **(1,921)** | **(9,018)** |
| **Cash flows from investing activities** | | | | |
| Interest income received from bonds, deposits and investment securities | 150 | 277 | 296 | 440 |
| Proceeds from disposal of property, plant and equipment (Note 33) | 19 | 1,102 | 22 | 1,169 |
| Purchase of property, plant and equipment | (87) | (76) | (172) | (162) |
| **Net cash generated from investing activities** | **82** | **1,303** | **146** | **1,447** |
| **Cash flows from financing activities** | | | | |
| Capital reduction (Note 43) | - | (9,997) | - | (9,997) |
| Increase/ (decrease) on cash and bank deposits pledged (Note 31) | (837) | 1,552 | (300) | 3,550 |
| Proceeds from/(repayment of) loans and bank borrowings (Note 40) | 3,888 | 3,429 | 4,144 | 3,196 |
| Repayment of obligations under finance leases | - | (60) | (18) | (185) |
| **Net cash generated from/ (used in) financing activities** | **3,051** | **(5,076)** | **3,826** | **(3,436)** |
| **Net increase/(decrease) in cash and cash equivalents** | **1,186** | **(11,569)** | **2,051** | **(11,007)** |
| Cash and cash equivalents at beginning of the period | 28,207 | 33,364 | 27,342 | 32,802 |
| **Cash and cash equivalents at end of the period** | **29,393** | **21,795** | **29,393** | **21,795** |

**1(d)(i)** **A statement ( for the issuer and group ) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Equity attributable to the owner of the parent | | | | | Non-controlling interest S$'000 | Total Equity S$'000 |
|---|---|---|---|---|---|---|---|
| | Share capital S$'000 | Accumulated losses S$'000 | Other reserves S$'000 | Translation reserve S$'000 | Total S$'000 | | |
| **The Group** | | | | | | | |
| **Balance as at 1 January 2017** | **580,518** | **(457,516)** | **(3,592)** | **(67,833)** | **51,577** | **(104)** | **51,473** |
| Total comprehensive income/ (loss) for the period | - | 113 | 99 | (887) | **(675)** | (9) | **(684)** |
| **Balance as at 31 March 2017** | **580,518** | **(457,403)** | **(3,493)** | **(68,720)** | **50,902** | **(113)** | **50,789** |
| Total comprehensive (loss)/ income for the period | - | **127** | **(230)** | **(469)** | **(572)** | **(3)** | **(575)** |
| **Balance as at 30 June 2017** | **580,518** | **(457,276)** | **(3,723)** | **(69,189)** | **50,330** | **(116)** | **50,214** |
| **Balance as at 1 January 2016** | **590,515** | **(458,390)** | **(5,361)** | **(68,864)** | **57,900** | **(69)** | **57,831** |
| Total comprehensive (loss)/ income for the period | - | 1,358 | 2,014 | (1,264) | **2,108** | (43) | **2,065** |
| **Balance as at 31 March 2016** | **590,515** | **(457,032)** | **(3,347)** | **(70,128)** | **60,008** | **(112)** | **59,896** |
| Total comprehensive (loss)/ income for the period | - | 435 | 143 | 39 | **617** | (7) | **610** |
| Capital reduction | **(9,997)** | **-** | **-** | **-** | **(9,997)** | **-** | **(9,997)** |
| Revaluation surplus on disposal of properties | **-** | **412** | **(396)** | **-** | **16** | **-** | **16** |
| **Balance as at 30 June 2016** | **580,518** | **(456,185)** | **(3,600)** | **(70,089)** | **50,644** | **(119)** | **50,525** |

| | Share capital S$'000 | Accumulated losses S$'000 | Other reserves S$'000 | Translation reserve S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Balance as at 1 January 2017** | 580,518 | (479,023) | (8,657) | (54,786) | **38,052** |
| Total comprehensive (loss)/ income for the period | - | (670) | 99 | (369) | **(940)** |
| **Balance as at 31 March 2017** | **580,518** | **(479,693)** | **(8,558)** | **(55,155)** | **37,112** |
| Total comprehensive (loss)/ income for the period | - | (1,091) | (227) | (228) | **(1,546)** |
| **Balance as at 30 June 2017** | **580,518** | **(480,784)** | **(8,785)** | **(55,383)** | **35,566** |
| **Balance as at 1 January 2016** | 590,515 | (482,029) | (8,750) | (54,489) | 45,247 |
| Total comprehensive (loss)/ income for the period | - | 684 | (55) | (1,843) | (1,214) |
| **Balance as at 31 March 2016** | **590,515** | **(481,345)** | **(8,805)** | **(56,332)** | **44,033** |
| Total comprehensive (loss)/ income for the period | - | (337) | 142 | 279 | **84** |
| Capital reduction | (9,997) | - | - | - | **(9,997)** |
| **Balance as at 30 June 2016** | **580,518** | **(481,682)** | **(8,663)** | **(56,053)** | **34,120** |

**1(d)(ii)** **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back , exercise of share options or warrants , conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period.**

| | No. of Shares | |
|---|---|---|
| | 30 Jun 17 | 31 Mar 17 |
| Issued shares at the beginning of the period | 13,712,452 | 13,712,452 |
| Total issued shares at the end of the period | 13,712,452 | 13,712,452 |

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

| | No. of Shares | |
|---|---|---|
| | 30 Jun 17 | 30 Jun 16 |
| Options granted under 1999 S i2i Employees' Share Option Scheme II | - | - |
| Options granted under 2014 S i2i Employees' Stock Option plan * | - | 137,125 |

Total number of shares held as treasury shares as at 30 June 2017 is Nil (30 June 2016: Nil).

Total number of subsidiary holdings as at 30 June 2017 is Nil (30 June 2016: Nil).

**1(d)(iii)** **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares as at 30th June 2017 is 13,712,452 (31st December 2016 : 13,712,452).

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

Not Applicable.

**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 auditors.

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

Not Applicable.

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

The Group has adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 December 2016.

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

Not Applicable

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

| | Group | | | |
|---|---|---|---|---|
| | Quarter ended 30 Jun | | Half Year ended 30 Jun | |
| | 2017 | 2016 | 2017 | 2016 |
| Earning per ordinary share for the period after deducting any provision for preference dividends:- | | | | |
| i) Based on weighted average number of ordinary share in issue (S$ cent) | 0.93 cents | 3.17 cents | 1.75 cents | 13.07 cents |
| ii) On a fully diluted basis (S$ cent) | 0.93 cents | 3.17 cents | 1.75 cents | 13.07 cents |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 30 Jun 17 | 31 Dec 16 | 30 Jun 17 | 31 Dec 16 |
| Net asset backing per ordinary share is calculated based on 13,712,452 (31/12/2016 : 13,712,452) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year **(S$ cent)**. | 367.04 cents | 376.13 cents | 259.37 cents | 277.50 cents |

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

The group recorded a turnover of S$90.3 million - an increase of 13.7% over revenue of corresponding quarter. Distribution of Operator products and services in Indonesia continued to grow during Q2 2017 against corresponding quarter Q2 2016, thereby registering a growth of 13.4% during 1H 2017 against corresponding 1H 2016. Revenue from ICT distribution and managed services has shown a marginal growth during Q2 2017 over corresponding quarter Q2 2016. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

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

The earnings (before interest, depreciation, amortisation and taxation) during Q2 2017 & 1H 2017 has been S$0.3 million & S$0.8 million against S$0.8 million & S$1.4 million during corresponding Q2 2016 and 1H 2016 respectively.

Consequent to sale of insignificant, non strategic equity investment in a listed non related company, a gain of S$0.2 million was recognised during Q2 2017. During corresponding period of previous year, certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, were written back during Q1 2016.

Resultantly, the Group earned profit before tax of S$0.3 million during Q2 2017 & S$0.7 million during 1H 2017, as against the profit before tax of S$0.6 million & S$2.5 million during corresponding Q2 2016 & 1H 2016 respectively.

The company has continued its focus on operating efficiencies and management of working capital in terms of inventories, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. Cash in hand (net of borrowings) as at 30 June 2017 was S$27.7 million against 31 December 2016 was S$29.3 million. Affinity group had availed higher loan facilities on account of higher demand due to festivities in Indonesia in last week of June 2017.

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

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

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The company continues to keep a focus on operator driven plans at the cluster levels as required by the operators and their strategic plans in the business of distribution of operator products & services.

There is intense competition and all operators are creating innovative products and competitive pricing. The operators in Indonesia continue to engage in getting market share resulting in increased marketing/promotion and other expenses. This may result in some pressure on margins in the short run. The company continues to be diligent and is working with the operators to align with this strategy.

The business of ICT distribution & managed services in Singapore shows encouraging signs of turn around based on focus on services and cost optimisation. The ICT distribution & managed services is a highly competitive business primarily due to the economic scenario and the continuous changes and innovations happening in this space. The ICT Industry has moved forward as planned to innovative and disruptive offerings & technology and the Cavu group is in the midst of a shift towards futuristic services based offerings like Cloud, IOT, Server consolidation, Virtualization and other services relevant to a developed economy. The company keeps its focus on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins. The IT business is exploring tie ups with other IoT and innovation based vendors and also working on plans to have strategic tie ups which can enhance value added services options in existing customer base.

The company continues its move from 'Information' to 'Innovation' strategy. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the company is embarking upon an innovation led business of battery electric vehicles (BEV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. Continuous progress is being made on this front.

The company’s soft Pilot launch of 7 BYD BEVs (as B2B taxi model) in the Singapore market place as a Pilot with alliance from App hailing services is proceeding as planned and a fleet expansion is also being planned by the company to satisfy the demand of the App hailing operator.

The company continues to work on a time bound plan to cut down all loss making businesses, hold and grow profitable businesses, move from Information to Innovation and come out of watch list.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommended

**13. Utilisation of Rights Issue proceeds**

Not Applicable.

**14. Interested persons transactions disclosure**

| Name of interested person | Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) |
|---|---|---|
| | Quarter ended 30 Jun 2017 | Quarter ended 30 Jun 2017 |
| | S$'000 | S$'000 |
| Smart EV Pte Ltd | 140 | - |

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

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

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not Applicable.

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

Not Applicable.

**17. A breakdown of sales.**

Not Applicable.

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

Not Applicable

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the quarter ended 30th June 2017 to be false or misleading in any material aspect.

**20.**

**Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form set out in appendix 7.7) under rule 720(1).**

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

**BY ORDER OF THE BOARD**

**Maneesh Tripathi**
**Executive Director & Group Chief Executive Officer**

**31 July 2017**