

**Third Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 September 2017**

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Set out below are the financial statements for the third quarter ended 30 September 2017

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2017	Q3 2016	Inc/(dec)	2017	2016	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,372	4,174	4.7	13,723	13,549	1.3
Cost of Sales	(1,907)	(1,791)	6.5	(6,300)	(5,469)	15.2
Gross profit	2,465	2,383	3.4	7,423	8,080	(8.1)
Other Items of Income:						
Interest Income	33	62	(47.5)	106	210	(49.8)
Other Gains	942	1	94,068.1	945	8	11,718.6
Other Items of Expense:						
Technical Support Expenses	(831)	(749)	10.9	(2,344)	(2,371)	(1.2)
Distribution Costs	(466)	(436)	6.8	(1,354)	(1,339)	1.1
Administrative Expenses	(646)	(583)	10.9	(1,869)	(1,759)	6.2
Other Losses	(258)	46	(661.5)	(438)	(205)	113.3
Shared of Result from Jointly-Controlled Entity	-	-	0.0	-	(3)	(100.0)
Profit Before Income Tax	1,239	724	71.1	2,469	2,621	(5.8)
Income Tax Expenses	(283)	(185)	52.9	(587)	(551)	6.4
Profit, Net of Tax	956	539	77.3	1,882	2,070	(9.1)
Profit, Net of Tax Attributable to:						
Owners of the Company	778	398	95.4	1,404	1,614	(13.0)
Non-Controlling Interests	178	141	26.2	478	456	4.9
Profit, Net of Tax	956	539	77.3	1,882	2,070	(9.1)

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2017	Q3 2016	Inc/(dec)	2017	2016	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit, Net of Tax	956	539	77.3	1,882	2,070	(9.1)
Other Comprehensive Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	88	(475)	(118.6)	10	100	(89.6)
Total Comprehensive Income for the period	1,044	64	1,531.2	1,892	2,170	(12.8)
Total Comprehensive Income for the period Attributable to:						
Owners of the Company	858	(49)	(1,851.0)	1,414	1,718	17.7
Non-Controlling interest	186	113	64.6	478	452	5.8
Total Comprehensive Income for the period	1,044	64	1,531.2	1,892	2,170	(12.8)

1(a)(ii) Notes to Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2017	Q3 2016	Inc/(dec)	2017	2016	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit before income tax is stated after (charging)/crediting the following items:						
Fair Value Gain on Investments	936	-	100.0	936	-	100.0
Loss on Disposal of Plant and Equipment	-	-	0.0	(1)	-	(100.0)
Foreign Exchange (Loss)/Gain, net	(255)	55	(564.0)	(421)	(185)	127.8
Amortisation of Intangible Assets	(142)	(155)	(8.4)	(439)	(507)	(13.4)
Depreciation of Plant and Equipment	(156)	(143)	9.1	(415)	(414)	0.2
Components of tax expense recognised in profit and loss include:						
Current Tax Expenses	(99)	(146)	(32.4)	(331)	(417)	(20.7)
Deferred Tax Expenses	(159)	-	(100.0)	(159)	-	(100.0)
Over adjustments in respect of prior years	13	6	116.7	13	14	(7.1)
Overseas Withholding Tax Expenses	(38)	(45)	(15.4)	(110)	(148)	(25.6)

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

Statements of Financial Position

	Group	Group	Company	Company
	As at	As at	As at	As at
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	1,660	1,288	-	-
Investment Property	2,588	2,588	-	-
Intangible Assets	11,332	11,582	-	-
Investments in Subsidiaries	-	-	32,734	32,734
Investment in an Associate	1,870	1,819	-	-
Other Financial Assets	7,903	5,370	-	-
Deferred Tax assets	436	436	-	-
Total Non-Current Assets	25,789	23,083	32,734	32,734
Current assets				
Inventories	12	26	-	-
Trade and Other Receivables	11,237	17,346	6,433	5,886
Other Assets	452	339	30	4
Cash and Cash Equivalents	8,791	9,055	1,144	768
Total Current Assets	20,492	26,766	7,607	6,658
Total Assets	46,281	49,849	40,341	39,392
EQUITY AND LIABILITIES				
Equity				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	13,667	13,062	8,179	6,644
Foreign Currency Translation Reserve	(9,116)	(9,126)	-	-
Equity, Attributable to Owners of the Parent	36,499	35,884	40,127	38,592
Non-Controlling Interest	2,415	2,405	-	-
Total Equity	38,914	38,289	40,127	38,592
Non-Current Liabilities				
Deferred Tax Liabilities	659	500	-	-
Total Non-Current Liabilities	659	500	-	-
Current Liabilities				
Income Tax Payables	255	241	-	-
Trade and Other Payables	4,480	8,818	214	800
Other Liabilities	1,973	2,001	-	-
Total Current Liabilities	6,708	11,060	214	800
Total Liabilities	7,367	11,560	214	800
Total Equity and Liabilities	46,281	49,849	40,341	39,392

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

As at 30 September 2017, the Group did not have borrowings and debt securities.

Details of any collateral

The company has issued a financial guarantee to a bank for banking facilities granted to a subsidiary. The banking facilities are secured by fixed deposits of the subsidiary amounting to approximately \$291,000 and covered by a personal guarantee of a director of the subsidiary, and corporate guarantee of the company of \$491,000 (2016: \$491,000). As at the end of the financial period, the outstanding facilities covered by the guarantee were Nil (2016: Nil).

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.

Consolidated Statement of Cash Flow

	Group			
	9 months ended 30 September			
	Q3 2017	Q3 2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit Before Income Tax	1,239	724	2,469	2,621
Adjustments for:				-
Amortisation of Intangible Assets	142	155	439	507
Depreciation of Plant and Equipment	156	143	415	414
Loss/(Gain) on Disposal of Plant and Equipment	-	-	1	-
Fair Value Gain on Investments	(936)		(936)	
Interest Income	(33)	(62)	(106)	(210)
Shared of Result from Jointly-Controlled Entity	-	-	-	3
Operating Cash Flow before Changes in Working Capital	568	960	2,282	3,335
Inventories	17	98	14	1
Trade and Other receivables	1,088	(1,382)	6,109	(2,875)
Other Assets	(193)	(148)	(114)	(95)
Trade and Other payables	1,332	165	(4,327)	(230)
Other Liabilities	(955)	645	(28)	901
Net Cash Flows From Operations	1,857	338	3,936	1,037
Income Tax Paid	(216)	(206)	(427)	(479)
Net Cash Flows From Operating Activities	1,641	132	3,509	558
Cash Flows From Investing Activities:				
Purchase of Plant and Equipment	(209)	(229)	(821)	(364)
Investment in an Associate	(142)	-	(142)	(420)
Other Financial Assets	(935)	(189)	(1,703)	(598)
Payment for Development Costs	(48)	(129)	(175)	(399)
Interest Income Received	33	62	106	210
Net Cash Flows Used in Investing Activities	(1,301)	(485)	(2,735)	(1,571)
Cash Flows From Financing Activities:				
Dividend Paid by a Subsidiary to Non-Controlling Interest	(1)	-	(468)	-
Dividend Paid to Equity Owners	(799)	(799)	(799)	(799)
Cash Restricted in Use	(17)	(1)	(617)	(31)
Net Cash Flows Used in Financing Activities	(817)	(800)	(1,884)	(830)
Net Change in Cash and Cash Equivalents	(477)	(1,153)	(1,110)	(1,843)
Cash and Cash Equivalents at Beginning of the Financial Period/Year (Note 1)	7,446	12,686	8,096	13,110
Effect of Exchange Rate Changes On Cash and Cash Equivalents	247	(226)	230	40
Cash and Cash Equivalents At End of the Financial Period (Note 1)	7,216	11,307	7,216	11,307

Explanatory Notes:

Note 1

	Group	
	9 months ended 30 September	
	2017	2016
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	8,791	11,678
Less: Restricted Deposits	(1,575)	(371)
Cash and cash equivalents per consolidated statement of cash flows	7,216	11,307

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.

Statement of Changes in Equity for the Third Quarter ended 30 September 2017

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Quarter						
Group						
Opening Balance at 1 July 2017	38,669	36,440	31,948	13,688	(9,196)	2,229
Total Comprehensive Income for the financial period	1,044	858	-	778	80	186
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2017	38,914	36,499	31,948	13,667	(9,116)	2,415
Company						
Opening Balance at 1 July 2017	39,369	39,369	31,948	7,421	-	-
Total Comprehensive Income for the financial period	1,557	1,557	-	1,557	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2017	40,127	40,127	31,948	8,179	-	-

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.

Statement of Changes in Equity for the Third Quarter ended 30 September 2016

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Previous Quarter						
Group						
Opening Balance at 1 July 2016	35,747	34,040	31,948	9,743	(7,651)	1,707
Total Comprehensive Income/(Loss) for the financial period	64	(49)	-	398	(447)	113
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2016	35,012	33,192	31,948	9,342	(8,098)	1,820
Company						
Opening Balance at 1 July 2016	37,128	37,128	31,948	5,180	-	-
Total Comprehensive Loss for the financial period	1,802	1,802	-	1,802	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2016	38,131	38,131	31,948	6,183	-	-

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. (continued)

Statements of Changes in Equity for the nine months ended 30 September 2017

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non- Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Period:						
Group						
Opening Balance at 1 January 2017	38,289	35,884	31,948	13,062	(9,126)	2,405
Total Comprehensive Income for the financial period	1,892	1,414	-	1,404	10	478
Dividend Paid	(1,267)	(799)	-	(799)	-	(468)
Closing Balance at 30 September 2017	38,914	36,499	31,948	13,667	(9,116)	2,415
Company						
Opening Balance at 1 January 2017	38,592	38,592	31,948	6,644	-	-
Total Comprehensive Income for the financial period	2,334	2,334	-	2,334	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2017	40,127	40,127	31,948	8,179	-	-

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. (continued)

Statements of Changes in Equity for the nine months ended 30 September 2016

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non- Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Previous Quarter:						
Group						
Opening Balance at 1 January 2016	33,641	32,273	31,948	8,527	(8,202)	1,368
Total Comprehensive Income for the financial period	2,170	1,718	-	1,614	104	452
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2016	35,012	33,192	31,948	9,342	(8,098)	1,820
Company						
Opening Balance at 1 January 2016	37,345	37,345	31,948	5,397	-	-
Total Comprehensive Loss for the financial period	1,585	1,585	-	1,585	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
Closing Balance at 30 September 2016	38,131	38,131	31,948	6,183	-	-

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 financial year 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 year.

None

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 preceding year.

	Company	
	As at 30/9/2017	As at 31/12/2016
Ordinary share	31,957,264	31,957,264

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

Not applicable.

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

These figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' 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 in the financial statements for the current period as those applied in their audited financial statements for the year ended 31 December 2016.

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.

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		Group	
	Quarter ended 30 September		9 months ended 30 September	
	2017	2016	2017	2016
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	2.43	1.25	4.39	5.05
On fully diluted basis (detailing any adjustments made to the earnings) ⁽²⁾	n.a	n.a	n.a	n.a

n.a.: not applicable

⁽¹⁾ For comparative purposes, the earnings per ordinary share of the Group has been computed based on the profit, net of tax from the financial statements of the relevant financial period and the weighted average number of ordinary shares issued of 31,957,264 shares for financial period ended 30 September 2017 and 2016.

⁽²⁾ Diluted earnings per share have not been calculated as no diluting events existed during these periods. No share options were granted to any employees during these periods.

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.

	As at 30/9/2017		As at 31/12/2016	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	114.21	125.57	112.29	120.76

⁽¹⁾ For comparative purposes, the net asset value per ordinary share of the Group and the Company has been computed based on the net asset value of the Group and the Company attributable to owners of the Company at the relevant financial year and the existing issued share capital of 31,957,264 shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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 results for the third quarter ended 30 September 2017 as compared to corresponding quarter ended 30 September 2016

Group Revenue

The Group achieved consolidated revenue of S\$4.372 million for the quarter ended 30 September 2017 ("Q3 2017"), an increase of 4.7% against the revenue recorded in the corresponding quarter ended 30 September 2016 ("Q3 2016"). The increase in Group revenue for Q3 2017 is attributable to the improved revenue performance by both Unifiedcomms and GlobeOSS.

Unifiedcomms posted revenue of S\$2.912 million in Q3 2017, an increase of 6.2% from the S\$2.742 million recorded in Q3 2016. This increase was contributed by the improvement in managed service contract revenues.

GlobeOSS posted revenue of S\$1.460 million in Q3 2017, an increase of 5.9% from the S\$1.379 million recorded in Q3 2016. This increase was driven by higher revenue from managed service contracts.

The Group's Others segment received nil rental revenue in Q3 2017, following the expiry of tenancy agreement on the Group's investment property.

The Group's sales mix in Q3 2017 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 78.4% of the Group's total revenue in Q3 2017 as compared to 70.9% in Q3 2016. The higher contribution of managed service contracts to the Group's sales mix in Q3 2017 is mainly attributable to the increase in managed service contract revenues of the Group, which had improved 15.9% from S\$2.959 million in Q3 2016 to S\$3.429 million in Q3 2017.

Group Gross Profit and Gross Profit Margins

The Group posted gross profit of S\$2.465 million in Q3 2017, an increase of 3.4% from the S\$2.383 million recorded in Q3 2016, however gross profit margin was lower at 56.4% as compared to 57.1% in Q3 2016. This was primarily due to lower gross profit margin recorded by the Group's managed service contract revenues, which declined from 60% in Q3 2016 to 51.8% in Q3 2017. This decrease in gross profit margin was mainly due to higher third-party costs on certain managed service contracts, coupled with the lower revenue contribution of certain mature, higher-margin managed service contracts.

The gross profit margin recorded by the Group on its system sale contract increased to 73% in Q3 2017 from 50.1% in Q3 2016. This improvement in gross profit margin was mainly contributed by the GlobeOSS system sale contracts which delivered improvement in gross profit margin in Q3 2017, as a result of lower third party costs being incurred in the period.

Interest Income

The Group recorded interest income of S\$0.033 million in Q3 2017, 47.5% lower against the S\$0.062 million recorded in Q3 2016. This is mainly attributable to lower cash and cash equivalents as a result of on-going investment in other financial assets.

Other gains

The Group recorded other gains of S\$0.942 million in Q3 2017, 94,100% higher than the S\$0.001 million recorded in Q3 2016. This was contributed by a fair value gain of S\$0.936 million assessed on the Group's venture investment portfolio.

Other Items of Expense

The Group recorded total expenses of S\$2.201 million in Q3 2017, 27.8% higher than the S\$1.722 million incurred in Q3 2016. This is mainly attributable to:-

- * Higher foreign exchange loss recorded in Q3 2017, as a result of unfavourable exchange rate movements of USD against the Group's reporting currency in SGD;
- * Higher technical support expenses recorded in Q3 2017, due to increase in technical support headcount, coupled with lower capitalization effort in Q3 2017 on product development;
- * Higher distribution expenses recorded in Q3 2017, as a result of expansion in business development headcounts; and
- * Higher administrative expenses recorded in Q3 2017 in relation to the expansion in Group's corporate and venture investment related activities.

Group Net Profit and EBITDA

The Group recorded higher net profit of S\$0.956 million and EBITDA of S\$1.504 million in Q3 2017 as compared to the S\$0.539 million in net profit and S\$0.960 million in EBITDA recorded by the Group in Q3 2016. The higher net profit and EBITDA results recorded in Q3 2017 are mainly attributable to the flow-down effects of higher revenue and other income recorded in Q3 2017.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)

Review of results for the third quarter ended 30 September 2017 as compared to corresponding quarter ended 30 September 2016 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2017, together with comparative results for Q3 2016 is provided below:

Table 8.1: Group consolidated revenue as analysed by business unit for the quarter ended 30 September

	Q3 2017 S\$'000	Sales mix %	Q3 2016 S\$'000	Sales mix %
Unifiedcomms	2,912	66.6	2,742	65.7
GlobeOSS	1,460	33.4	1,379	33.0
Others	-	-	53	1.3
Total	4,372	100.0	4,174	100.0

Unifiedcomms - Segment for content-driven mobile VAS, messaging and signaling systems, solutions and managed services.

GlobeOSS - Segment for mobile network operation support systems, solutions and managed services.

Others - Segment for operational headquarters of the Group and investment holding.

Table 8.2: Group consolidated revenue as analysed by geographical segment for the quarter ended 30 September

External Sales	Q3 2017			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,605	1,456	-	4,061
South Asia (SA)	199	-	-	199
Middle East & Africa (MEA)	108	-	-	108
Others	-	4	-	4
Total	2,912	1,460	-	4,372

External Sales	Q3 2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	2,333	1,379	53	3,765
SA	199	-	-	199
MEA	210	-	-	210
Others	-	-	-	-
Total	2,742	1,379	53	4,174

Table 8.3: Group consolidated revenue as analysed by contract type for the quarter ended 30 September

External Sales	Q3 2017			Q3 2016		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	943	3,429	4,372	1,215	2,959	4,174
Gross Profit	688	1,777	2,465	609	1,774	2,383
Gross Profit (%)	73.0%	51.8%	56.4%	50.1%	60.0%	57.1%

(1) System Sale – this refers to contracts that involve the outright purchase by customers of systems comprising the Group's products and technologies, and where these systems are in turn delivered as turnkey solutions. The scope of work for a system sale contract includes system design, implementation, testing and commissioning services.

(2) Managed Service – this refers to contracts that involve the provision of both systems comprising the Group's products and technologies as well as the Group's professional services, on a recurring, revenue sharing, software-as-a-service, pay-per-use or monthly or quarterly fixed and variable fee basis. Also treated as a managed service contract are system maintenance and technical support contracts with existing customers of the Group.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)

Review of results for the nine months ended 30 September 2017 as compared to corresponding financial period ended 30 September 2016

Revenue

The Group achieved consolidated revenue of S\$13.723 million for the nine months ended 30 September 2017 ("9M 2017"), an increase of 1.3% against the revenue recorded in the corresponding period ended 30 September 2016 ("9M 2016"). The increase in Group revenue for 9M 2017 is attributable to the improved revenue performance by GlobeOSS.

GlobeOSS posted revenue of S\$4.908 million in 9M 2017, an increase of 16% from the S\$4.231 million recorded in 9M 2016. This improvement in revenue was driven by higher managed service contracts and new system sale contracts delivered in 2017.

Unifiedcomms however recorded revenue of S\$8.815 million in 9M 2017, a decrease of 3.7% from the S\$9.158 million recorded in 9M 2016. This decrease in revenue was due to delays in the award of new system sale contracts.

The Group's Others segment received nil rental revenue in 9M 2017, following the expiry of tenancy agreement on the Group's investment property.

The Group's sales mix in 9M 2017 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 70.6% of the Group's total revenue in 9M 2017 as compared to 66.5% in 9M 2016. The higher contribution of managed service contracts to the Group's sales mix in 9M 2017 was mainly contributed by the improvement in managed service contract revenues of the Group, which had improved 7.7% from S\$9.005 million in 9M 2016 to S\$9.695 million in 9M 2017.

Gross Profit and Gross Profit Margins

Although Group revenue was higher in 9M 2017, gross profit was lower at S\$7.423 million as compared to S\$8.080 million in 9M 2016. This was primarily due to lower gross profit margin realised on Group's system sale contract revenues, which declined from 58.7% in 9M 2016 to 54.5% in 9M 2017. The decline in gross profit margin is mainly attributable to the higher proportionate contribution of system sale contract revenues by GlobeOSS, which generally deliver lower gross profit margin as a result of its typically higher third party costs.

Gross profit margin recorded by the Group on its managed service contract revenues also decreased to 53.9% in 9M 2017 from 60.1% in 9M 2016. This decrease in gross profit margin was mainly due to higher third-party costs on certain managed service contracts, coupled with the lower revenue contribution of certain mature, higher-margin managed service contracts.

Interest Income

The Group recorded interest income of S\$0.106 million in 9M 2017, 49.8% lower against the S\$0.210 million recorded in 9M 2016. This is mainly attributable to lower cash and cash equivalents as a result of on-going investment in other financial assets.

Other gains

The Group recorded other gains of S\$0.945 million in 9M 2017, 11,718.6% higher than the S\$0.008 million recorded in 9M 2016. This was contributed by a fair value gain of S\$0.936 million assessed on the Group's venture investment portfolio.

Other Items of Expense

The Group recorded total expenses of S\$6.005 million in 9M 2017, 5.8% higher than the S\$5.677 million incurred in 9M 2016. This is mainly attributable to :-

- * Higher foreign exchange loss recorded in 9M 2017, as a result of unfavourable exchange rate movements of USD against the Group's reporting currency in SGD; and
- * Higher administrative expenses recorded in 9M 2017 in relation to the expansion in Group's corporate and venture investment related activities.

Net Profit and EBITDA

The Group recorded lower net profit of S\$1.882 million and EBITDA of S\$3.217 million in 9M 2017 as compared to the S\$2.070 million in net profit and S\$3.332 million in EBITDA recorded by the Group in 9M 2016. The lower net profit and EBITDA results recorded in 9M 2017 are mainly attributable to the flow-down effects of lower gross profit margin and higher operating expenses recorded in 9M 2017.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)

Review of results for the nine months ended 30 September 2017 as compared to corresponding financial period ended 30 September 2016 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2017, together with comparative results for 9M 2016 is provided below:

Table 8.4: Group revenue as analysed by business unit for the nine months ended 30 September

	2017 S\$'000	Sales mix %	2016 S\$'000	Sales mix %
Unifiedcomms	8,815	64.2	9,158	67.6
GlobeOSS	4,908	35.8	4,231	31.2
Others	-	-	160	1.3
Total	13,723	100.0	13,549	100.0

Unifiedcomms - Segment for content-driven mobile VAS, messaging and signaling systems, solutions and managed services.

GlobeOSS - Segment for mobile network operation support systems, solutions and managed services.

Others - Segment for operational headquarters of the Group and investment holding.

Table 8.5: Group revenue as analysed by geographical segment for the nine months ended 30 September

External Sales	2017			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	7,949	4,897	-	12,846
South Asia (SA)	593	-	-	593
Middle East & Africa (MEA)	273	-	-	273
Others	-	11	-	11
Total	8,815	4,908	-	13,723

External Sales	2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	7,886	4,214	160	12,260
SA	620	-	-	620
MEA	652	-	-	652
Others	-	17	-	17
Total	9,158	4,231	160	13,549

Table 8.6: Group revenue as analysed by contract type for the nine months ended 30 September

External Sales	2017			2016		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	4,028	9,695	13,723	4,544	9,005	13,549
Gross Profit	2,196	5,227	7,423	2,667	5,413	8,080
Gross Profit (%)	54.5%	53.9%	54.1%	58.7%	60.1%	59.6%

(1) System Sale – this refers to contracts that involve the outright purchase by customers of systems comprising the Group's products and technologies, and where these systems are in turn delivered as turnkey solutions. The scope of work for a system sale contract includes system design, implementation, testing and commissioning services.

(2) Managed Service – this refers to contracts that involve the provision of both systems comprising the Group's products and technologies as well as the Group's professional services, on a recurring, revenue sharing, software-as-a-service, pay-per-use or monthly or quarterly fixed and variable fee basis. Also treated as a managed service contract are system maintenance and technical support contracts with existing customers of the Group.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)

Review of the Group's financial position as at 30 September 2017 as compared to the Group's financial position as at 31 December 2016

Non-cash current assets of the Group decreased from \$17.711 million as at 31 December 2016 to S\$11.701 million as at 30 September 2017. This 33.9% decrease in non-cash current assets was mainly due to the decrease in trade and other receivables of the Group, as a result of higher collections relating to trade receivables from late 2016.

Total non-current assets of the Group increased from S\$23.083 million as at 31 December 2016 to S\$25.789 million as at 30 June 2017. This 11.7% increase in non-current assets is mainly attributable to:-

- * An increase in investment in other financial assets, made by the Group's subsidiary, Captii Ventures Pte Ltd; and
- * An increase in investment in plant and equipment.

Total liabilities of the Group decreased from S\$11.560 million as at 31 December 2016 to S\$7.367 million as at 30 September 2017. This 36.3% decrease in total liabilities is attributable to the decrease in trade and other payables, following payment subsequent to purchase made in late 2016.

Review of the Group's cash flow for the quarter and nine months ended 30 September 2017 as compared to the corresponding period ended 30 September 2016

The Group's net cash flow from operations for Q3 2017 was S\$1.857 million, as compared to S\$0.338 million for 9M 2016, an increase of 449.4%. This significant increase was primarily due to a favourable working capital change of S\$1.289 million for 9M 2017, in contrast with the unfavourable working capital change of S\$0.622 million for 9M 2016, which was contributed by higher collection from trade receivables.

The Group's net cash flow from operations for 9M 2017 was S\$3.936 million, as compared to S\$1.037 million for 9M 2016, an increase of 279.5%. This significant increase was primarily due to a favourable working capital change of S\$1.654 million for 9M 2017, in contrast with the unfavourable working capital change of S\$2.298 million for 9M 2016, which was mainly contributed by higher collection related to trade receivables from late 2016.

The Group's net cash flow used in investing activities for Q3 2017 was S\$1.301 million, as compared to S\$0.485 million for Q3 2016. The higher net cash used in investing activities was mainly due to the higher venture investments completed in the quarter.

The Group's net cash flow used in investing activities for 9M 2017 was S\$2.735 million, as compared to S\$1.571 million for 9M 2016. The higher net cash used in investing activities was mainly due to the higher investment cost on venture investments, and plant and equipment related to new managed service contracts.

The Group's net cash flow used in financing activities for 9M 2017 was S\$1.884 million, as compared to S\$0.83 million for 9M 2016. The higher net cash used in financing activities was mainly due to:-

- * Restricted deposits placed as performance bond in connection with system sale contracts; and
- * Dividend payout by a subsidiary to Non-Controlling Interest in 9M 2017.

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

No profit forecast has been issued for the financial period under review.

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 directors and management of the Group expect the remainder of financial year 2017 to be challenging but remain optimistic about growth prospects.

Although 2016 proved to be another unexpectedly good year for business generated from system sale contracts, management does not expect this to be a trend that can be readily extended into 2017. Significant uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts to the performance of both Unifiedcomms and GlobeOSS businesses.

Management will continue to work on improving execution in respect of strategies and tactics to grow Group managed service contract revenues and profit and further build on the improvement achieved so far for this year.

The growing interest and opportunity in internet-driven application services, new media and applications delivered on an advertisement-supported or advertisement-funded model continues to be recognised by management of the Group. The Group's strategic and venture investment plans in the year ahead will continue to focus primarily on these growth businesses in the SEA and SA regions and will complement the growth initiatives of existing businesses.

11. Dividend**(a) Current Financial Year 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) Books closure date

Not applicable.

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

Not applicable.

13. Interested Person Transactions

Name of the Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 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 \$100,000)	
	9 months ended 30 September		9 months ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
AESBI Power Systems Sdn Bhd *	168	186	Nil	Nil

* A wholly-owned subsidiary of Advance Synergy Capital Sdn. Bhd. (a wholly-owned subsidiary of Advance Synergy Berhad, the Group's ultimate holding corporation)

The Group does not require any shareholders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. 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.

15. 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.

16. A breakdown of sales.

Not applicable.

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

Not applicable.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Not applicable.

19. Negative Confirmation pursuant to rule 705(5).

We, Wong Tze Leng and Anton Syazi Ahmad Sebi, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the financial period ended 30 September 2017 to be false or misleading.

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

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

On behalf of the Board of Directors

Wong Tze Leng
Executive Chairman

Anton Syazi Ahmad Sebi
Executive Director

BY ORDER OF THE BOARD

Wong Tze Leng
Executive Chairman
10 November 2017