

Third Quarter Financial Statements and Dividend announcement for the period ended 30th September 2016 (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 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Turnover (Note 1)	78,878	113,094	-30.3%	238,192	328,507	-27.5%
Purchases and changes in inventories and direct service fees incurred (Note 2)	(72,495)	(105,151)	-31.1%	(219,186)	(306,062)	-28.4%
Commissions and other selling expenses (Note 3)	(32)	(19)	68.4%	(195)	(235)	-17.0%
Other income - operating (Note 4)	933	303	207.9%	2,075	1,635	26.9%
Operating expenses (Note 5)	(6,444)	(7,559)	-14.8%	(18,619)	(25,909)	-28.1%
Other income - non operating (Note 14)	-	-	-	876	130	N.M.
Other expenses - non operating (Note 16)	(42)	1,330	-103.2%	448	827	-45.8%
Interest income from deposits and investment securities (Note 19)	155	41	278.0%	516	297	73.7%
Finance costs (Note 20)	(76)	(261)	-70.9%	(233)	(616)	-62.2%
Depreciation of property, plant and equipment (Note 21)	(245)	(167)	46.7%	(696)	(804)	-13.4%
Amortisation of intangible assets (Note 22)	2	(23)	-108.7%	(28)	(85)	-67.1%
Profit/(Loss) before taxation						
From continuing operations	**634**	**1,588**	**-60.1%**	**3,150**	**(2,315)**	**236.1%**
From discontinued operations	-	**(130)**	**-100.0%**	-	**27**	**-100.0%**
Total Profit/(Loss) before taxation	**634**	**1,458**	**-56.5%**	**3,150**	**(2,288)**	**237.7%**
Taxation						
From continuing operations	**(170)**	**(42)**	**305.9%**	**(896)**	**(31)**	**N.M.**
From discontinued operations	-	-	-	-	**(2)**	**N.M.**
Total taxation (Note 23)	**(170)**	**(42)**	**304.8%**	**(896)**	**(33)**	**N.M.**
Net Profit/(Loss) after tax for the period						
From continuing operations	**464**	**1,546**	**-70.0%**	**2,254**	**(2,346)**	**196.1%**
From discontinued operations (Note 24)	-	**(130)**	**N.M.**	-	**25**	**N.M.**
Total Net Profit/(Loss) after tax for the period	**464**	**1,416**	**-67.3%**	**2,254**	**(2,321)**	**197.1%**
(Loss)/profit attributable to:						
Owners of the parent	464	1,433	-67.7%	2,257	(2,259)	199.9%
Non-controlling interest (Note 25)	-	(17)	-100.0%	(3)	(62)	-95.2%
Total	**464**	**1,416**	**-67.3%**	**2,254**	**(2,321)**	**197.1%**

Note 1

Turnover

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Distribution of operator products & services	67,179	100,567	-33.2%	197,752	279,797	-29.3%
ICT distribution & managed services	8,936	9,928	-10.0%	32,637	34,291	-4.8%
Mobile devices distribution & retail	2,753	2,599	5.9%	7,793	14,419	-46.0%
Others	10	-	**N.M.**	10	-	**N.M.**
Total (Note 2)	**78,878**	**113,094**	**-30.3%**	**238,192**	**328,507**	**-27.5%**

Note 2

As announced on 2nd October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the company in Indonesia. Consequently, as anticipated, this resulted in significant reduction in revenue from Distribution of Operator products & services during the quarter ("Q3 2016") and nine months ("YTD 2016") ended 30 September 2016 against corresponding quarter ("Q3 2015") and nine months ("YTD 2015") ended 30 September 2015 of preceding year respectively. Revenue from ICT distribution & managed services has shown a decline in Q3 2016 & YTD 2016 over corresponding Q3 2015 and YTD 2015. The company continues to move away from Device led business, which is not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

Note 3

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

Note 4

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

Note 5

The operating expenses during Q3 2016 and YTD 2016 given below showed reduction over Q3 2015 and YTD 2015.

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Personnel costs (Note 6)	(4,089)	(4,828)	-15.3%	(11,838)	(16,275)	-27.3%
Infrastructure costs (Note 7)	(636)	(1,058)	-39.9%	(1,894)	(3,236)	-41.5%
Marketing expenses (Note 8)	(300)	(422)	-28.9%	(497)	(1,284)	-61.3%
Other expenses - operating (Note 9)	(1,419)	(1,251)	13.4%	(4,390)	(5,114)	-14.2%
Total operating overheads	**(6,444)**	**(7,559)**	**-14.8%**	**(18,619)**	**(25,909)**	**-28.1%**

Note 6

During Q3 2016 and YTD 2016, there has been reduction in manpower cost over corresponding quarter Q3 2015 and YTD 2015, primarily due to reduction in head count consequent to reduction in allocation of clusters in Indonesia and ongoing rationalisation measures across the company. There had been increase in head count in case of one of the subsidiaries under ICT distribution & managed services due to enhanced focus on services led business.

Note 7

The reduction in infrastructure costs in Q3 2016 and YTD 2016 was mainly due to rationalisation of infrastructure requirements.

Note 8

Marketing expenses had been mainly on account of marketing outlay by Affinity group for its Distribution of operator products & services.

Note 9

Other expenses- operating included the following:

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Bank charges	(17)	(30)	-43.3%	(74)	(131)	-43.5%
Collection service fees	(56)	(62)	-9.7%	(147)	(162)	-9.3%
Equipment maintenance	(63)	(121)	-47.9%	(212)	(341)	-37.8%
Equipment rental	(54)	(73)	-26.0%	(161)	(223)	-27.8%
Foreign exchange gain (Note 10)	121	394	-69.3%	49	808	-93.9%
Freight and postage charges	(22)	(25)	-12.0%	(60)	(80)	-25.0%
Printing & stationery	(18)	(22)	-18.2%	(55)	(75)	-26.7%
Professional fees (Note 11)	(377)	(369)	2.2%	(1,072)	(1,451)	-26.1%
(Provision)/write back of allowance/(write off) of doubtful non-trade debts (Note 12)	(6)	27	-122.2%	(27)	23	-217.4%
(Provision)/write back of allowance/(write off) of doubtful trade debts (Note 12)	(14)	(18)	-22.2%	174	(311)	-155.9%
(Provision)/write back of allowance for stock obsolescence/(write off) of stocks (Note 12)	(268)	(278)	-3.6%	(801)	(654)	22.5%
Telecommunication expenses (Note 13)	(101)	(107)	-5.6%	(322)	(442)	-27.1%
Travelling & entertainment expenses (Note 13)	(322)	(386)	-16.6%	(1,043)	(1,237)	-15.7%
Others	(222)	(181)	22.7%	(639)	(838)	-23.7%
Total other expenses - operating	**(1,419)**	**(1,251)**	**13.4%**	**(4,390)**	**(5,114)**	**-14.2%**

Note 10

The foreign exchange movement recognised in Q3 2016 and YTD 2016 was mainly due to unrealised and realised foreign exchange gain/(loss) incurred on fluctuation of SGD, USD, MYR, THB, IDR, RMB and INR.

Note 11

There was reduction in professional fee during YTD 2016 against YTD 2015 mainly on account of reduction in management & legal consultancy expenses. There had been reversal of certain accruals in Q3 2015 visibly resulting in decrease in professional fee compared to Q3 2016.

Note 12

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

Note 13

The decrease in these operating expenses has mainly been on account of reduction in business volumes as compared to Q3 2015 and YTD 2015, however, decrease has been partially offset by increase in case of Bharat IT, one of the subsidiaries under ICT distribution & managed services due to enhanced focus on services led business.

Note 14

Other income- non operating include the following:

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Fair value gain on investment securities	-	-	N.M.	-	130	N.M.
Others (Note 15)	-	-	N.M.	876	-	N.M.
Total other income - non operating	**-**	**-**	**N.M.**	**876**	**130**	**N.M.**

Note 15

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 preceding quarter ended 31 March 2016.

Note 16

Other expenses- non operating included the following:

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
Gain on disposal of property, plant and equipment (Note 17)	2	3	-33.3%	33	-	N.M
Others (Note 18)	(44)	1,327	-103.3%	415	827	-49.8%
Total other expenses - non operating	**(42)**	**1,330**	**-103.2%**	**448**	**827**	**-45.8%**

Note 17

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

Note 18

The amount mainly represented write back of certain accruals/provisions 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. During Q3 2015, certain interest income on bank deposits accrued in past year/s had been reversed.

Note 20

The reduction in finance cost during Q3 2016 and YTD 2016 against corresponding period/s in preceding year was mainly on account of reduced loans and bank borrowings by Cavu & Affinity group.

Note 21

The reduction in depreciation during YTD 2016 was mainly on account of Affinity group. There had been reversal of certain amounts in Q3 2015 mainly in respect of Affinity Group, visibly resulting in decrease in depreciation during Q3 2015.

Note 22

The reduction in amortisation cost of intangible costs during Q3 2016 and YTD 2016 was mainly on account of Affinity group.

Note 23

The increase in taxation during Q3 2016 and YTD 2016 against Q3 2015 and YTD 2015 was mainly in respect of Bharat IT engaged in ICT Distribution & managed services. The amount in case of Bharat IT also included provision against certain loan and advance written back during Q1 2016. (Please also refer to note no. 15). The increase was partially offset by reduction in provision for taxation in case of Affinity group.

Note 24

Voice Business (Mediaring Communications Pte. Ltd. & Mediaring Network Services Pte. Ltd.)

The Group had disposed off its investment in its subsidiaries namely Mediaring Communications Pte. Ltd. ("MRC") and Mediaring Network Services Pte. Ltd ("MRNS") in December 2015 for a consideration of S$3,000,000 payable in four instalments. The second closing of the Voice Business SPA has been completed on 3rd March 2016. (Please refer to announcement dated 3rd March 2016). For the purposes of consolidation of its results for group and gain/(loss) on disposal during financial year ended 31st December 2015, the company had considered its operating results for the period ended 30th November 2015 and financial position as at 30th November 2015 respectively, being latest set of month end results.

The results of MRC & MRNS for the corresponding quarter ended 30th September 2015 and nine months ended 30th September 2015 are as follows:

	Quarter Ended 30 Sep 2015	Nine months ended 30 Sep 2015
	S$'000	S$'000
Turnover	**739**	**2,820**
Purchases and changes in inventories and direct service fees incurred	(647)	(2,082)
Commissions and other selling expenses	(5)	(6)
Other income - operating	18	37
Personnel costs	(86)	(253)
Infrastructure costs	(52)	(172)
Marketing expenses	-	(1)
Other operating expenses	9	(89)
Depreciation of property, plant and equipment	(44)	(127)
Loss before taxation	**(68)**	**127**
Taxation	-	-
Loss for the period from discontinued operation	**(68)**	**127**

The major classes of assets and liabilities of Voice Business (MRC & MRNS) as at 30th November 2015, gain on its disposal and net cash inflow are as follows:

	30/11/2015
	S$'000
Property, plant and equipment	479
Other income	103
Trade debtors, current	764
Other debtors and deposits, current	140
Cash and cash equivalents	399
Trade creditors	(352)
Other creditors and accruals, current	(427)
Net assets attributable to owners of the parent	**1,106**
Gain on disposal of a subsidiary	1,799
Less: Cash and cash equivalents	(399)
Loss for the period from discontinued operation	**2,506**

I-Gate Holdings Sdn Bhd

The Group had also disposed off its investment in one of its subsidiaries namely I-Gate Holdings Sdn Bhd ("IGH") for a consideration of RM 75,000. The closing of the I-Gate disposal had been completed on 30th December 2015. (Please refer to announcement dated 30th December 2015). For the purposes of consolidation of its results for group and gain/(loss) on disposal, the company had considered its operating results for the period ended 30th November 2015 and financial position as at 30th November 2015 respectively, being the latest set of month end results. Interest on inter company loans, since eliminated at group level, had also not been considered for the purposes of gain/(loss) on disposal at group level. In accordance with FRS 21 "The Effects of Changes in Foreign Exchange Rates", the cumulative translation reserve pertaining to I Gate group had also been reclassified from equity to profit.

The results of I-Gate Holdings Sdn Bhd for the corresponding quarter ended 30th September 2015 & nine months ended 30th September 2015 were as follows:

	Quarter Ended 30 Sep 2015	Nine months ended 30 Sep 2015
	$'000	$'000
Turnover	**414**	**1,488**
Purchases and changes in inventories and direct service fees incurred	(332)	(1,185)
Other income - operating	85	92
Personnel costs	(29)	(117)
Infrastructure costs	(76)	(160)
Other operating expenses	(126)	(216)
Loss (before interest, depreciation, amortisation and taxation) from discontinued operations	**(64)**	**(98)**
Depreciation of property, plant and equipment	(1)	(1)
Finance cost	3	(1)
Loss before taxation	**(62)**	**(100)**
Taxation	-	(2)
Loss for the period from discontinued operation	**(62)**	**(102)**

The major classes of assets and liabilities of I-Gate Holdings Sdn Bhd as at 30th November 2015, gain on its disposal and net cash outflow are as follows:

	30/11/2015
	S$'000
Property, plant and equipment	9
Intangible assets	2
Stocks	68
Trade debtors, current	38
Other debtors and deposits, current	188
Cash and cash equivalents	71
Trade creditors	(20)
Other creditors and accruals, current	(333)
Net assets attributable to owners of the parent	**23**
Gain on disposal of a subsidiary	2
Less: Cash and cash equivalents	(71)
Net cash	**(46)**
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit on loss of control of subsidiary	1,677

Note 25

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

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

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2016	2015		2016	2015	
	S$'000	S$'000	Change	S$'000	S$'000	Change
					(Restated*)	
Profit/ (loss) for the period	**464**	**1,416**	**-67.3%**	**2,254**	**(2,321)**	**-197.1%**
Other comprehensive income:						
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation (Note 26)	752	437	72.1%	(523)	(395)	32.4%
Net gain/ (loss) on available-for-sale financial assets	(12)	(29)	-58.6%	77	(31)	N.M
Items that will not be reclassified subsequently to profit and loss:						
Revaluation of property, plant and equipment (Note 35)	-	-	N.M.	2,088	-	N.M.
Other comprehensive income / (loss) for the period	**740**	**408**	**81.4%**	**1,642**	**(426)**	**N.M**
Total comprehensive income / (loss) for the period	**1,204**	**1,824**	**-34.0%**	**3,896**	**(2,747)**	**-241.8%**
Total comprehensive income / (loss) attributable to:						
Owners of the parent	1,194	1,858	-35.7%	3,935	(2,604)	-251.1%
Non-controlling interest	10	(34)	-129.4%	(39)	(143)	-72.7%
Total	**1,204**	**1,824**	**-34.0%**	**3,896**	**(2,747)**	**-241.8%**

N.M. - Not Meaningful

Note 26

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 Sep 16	31 Dec 15	30 Sep 16	31 Dec 15
	S$'000	S$'000	S$'000	S$'000
Current assets	**63,529**	**77,612**	**21,404**	**33,750**
Inventories (Note 27)	15,464	11,660	-	-
Trade receivables (Note 28)	7,943	10,286	132	405
Other receivables and deposits (Note 29)	6,377	6,365	2,788	2,649
Prepayments (Note 30)	3,277	2,209	78	153
Due from subsidiaries (Note 31)	-	-	2,239	158
Investment securities (Note 32)	1,838	1,687	1,838	1,687
Cash and bank deposits pledged (Note 33)	4,218	11,539	-	4,878
Cash and cash equivalents	23,383	32,802	14,329	23,820
Tax recoverable (Note 34)	1,029	1,064	-	-
Non-current Assets	**7,095**	**6,455**	**17,108**	**23,482**
Property, plant and equipment (Note 35)	6,665	5,256	31	256
Intangible assets (Note 36)	12	42	11	39
Investments in subsidiaries (Note 31)	-	-	15,390	5,912
Investment securities (Note 32)	219	137	219	137
Long-term loans and advances to subsidiaries (Note 31)	-	-	1,457	16,451
Deferred tax assets (Note 37)	103	233	-	-
Other receivables and deposits (Note 29)	96	787	-	687
Total Assets	**70,624**	**84,067**	**38,512**	**57,232**
Current liabilities	**18,070**	**25,258**	**8,350**	**11,818**
Trade creditors (Note 38)	4,586	6,459	145	1,201
Other creditors and accruals (Note 39)	7,764	11,758	1,274	2,623
Deferred revenue (Note 40)	2,526	2,677	15	280
Lease obligations (Note 41)	54	289	-	29
Loans and bank borrowings (Note 42)	2,125	3,829	-	-
Due to subsidiaries (Note 31)	-	-	6,916	7,685
Tax payable (Note 43)	1,015	246	-	-
Non-current liabilities	**824**	**978**	**-**	**167**
Provision for employee benefits	802	786	-	-
Lease obligations(Note 41)	22	192	-	167
Total Liabilities	**18,894**	**26,236**	**8,350**	**11,985**
Equity attributable to the owners of the parent				
Share capital (Note 44)	580,518	590,515	580,518	590,515
Accumulated losses	(455,721)	(458,390)	(485,935)	(482,029)
Other reserves (Note 45)	(3,612)	(5,361)	(8,674)	(8,750)
Translation reserve (Note 26)	(69,347)	(68,864)	(55,747)	(54,489)
	51,838	**57,900**	**30,162**	**45,247**
Non-controlling interest (Note 25)	(108)	(69)	-	-
Total Equity	**51,730**	**57,831**	**30,162**	**45,247**
Total liabilities and equity	**70,624**	**84,067**	**38,512**	**57,232**

Note 27

The increase in Inventories of S$3.8 million was mainly in Operator products & services and ICT products.

Note 28

The decrease of S$2.3 million in trade receivables was mainly in respect of ICT Distribution & managed services.

Note 29

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

Note 30

The increase in prepayments was mainly in respect of Affinity group and Cavu group.

Note 31

During Q3 2016, the company has converted certain loans and advances paid to its subsidiaries in Indonesia and Malaysia in past into share capital of respective companies. It has waived interest receivable in respect of these loans and advances. (Please also refer to company's announcement/s dated 26th September 2016 and 2nd October 2016).

Note 32

The Investment Securities mainly comprised convertible portion of a loan advanced in year 2008. The company had signed a deed of addendum dated 24th September 2014 ('Deed")(please refer to announcement dated 24th September 2014). The party had met its commitments towards partial payment up to 31st March 2015. The loan was due for conversion in September 2016, though subject to certain conditions as per the deed of addendum. However, the party, unilaterally, converted the loan into shares without complying with the conditions of the Deed. The Company has disputed the validity and propriety of the aforesaid conversion. (Please refer to company's announcement dated 28th September 2016).

Note 33

The reduction in pledged deposits had primarily been in respect of Cavu Group, Bharat IT and the company. The reduction is partially offset by pledged deposits in case of Affinity group.

Note 34

The decrease in tax recoverable was mainly on account of refund received in respect of Spice Malaysia and Affinity Group. The decrease has largely been offset by increase in tax recoverable in respect of Bharat IT.

Note 35

An amount of S$2.1 million in property, plant and equipment was recognised on account of revaluation of buildings during current year. Correspondingly, provision for tax of S$0.08 million has also been recognized. (Please refer to Para 5 below in respect of change in accounting policies). The increase was partially offset by depreciation of S$0.6 million recognised during YTD 2016 and disposal of certain assets including 3 properties valued at approximately S$1.07 million of Affinity Group, as no longer required (please also refer to announcement dated 30 June 2016 in respect of sale of properties). During Q3 2016, the company has incurred capital expenditure of S$0.9 million, as part of its advent in to electric vehicles (please also refer to company's announcement/s resting with announcement dated 18th September 2016 in context of electrical vehicle's business). To finance business of electric vehicles, the company has advanced S$1.8 million to one of its subsidiaries in Singapore.

Note 36

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

Note 37

The decrease in deferred tax assets was in respect of Bharat IT and Cavu Group.

Note 38

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

Note 39

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

Note 40

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

Note 41

The Lease obligations mainly related to Cavu Group.

Note 42

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

Note 43

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

Note 44

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).

Note 45

The increase in other reserves was mainly on account of revaluation amount of S$ 1.8 million consequent to revaluation of buildings on 31st March 2016. It has suitably been adjusted on account of sale of 3 properties during Q2 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 30/9/2016		As at 31/12/2015	
Secured (S$'000)	Unsecured (S$'000)	Secured (S$'000)	Unsecured (S$'000)
1,966	**213**	**2,952**	**1,166**

Amount repayable after one year

22	**-**	**192**	**-**

Details of any collateral

a) Subsidiaries' current assets of S$14.7 million (31/12/2015 : S$22.4 million) and property, plant and equipment with carrying amount of S$1.0 million (31/12/2015: S$1.7 million) are pledged as security for bank guarantees, letters of credit and other bank services.

b) Corporate guarantees of S$8.0 million (31/12/2015 : S$9.3 million) were given by the Company to enable a subsidiary to obtain credit facility from a supplier.

c) Corporate guarantees of S$5.5 million (31/12/2015 : S$5.7 million) were given by the subsidiary to enable its subsidiaries to obtain credit facility from suppliers.

d) Corporate guarantees of S$1.0 million (31/12/2015 : 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 Sep		Nine months ended 30 Sep	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit/ (Loss) before taxation	**634**	**1,588**	**3,150**	**(2,315)**
Profit before taxation from discontinued operations	-	(130)	-	27
Total profit/ (loss) before taxation	**634**	**1,458**	**3,150**	**(2,288)**
Adjustments for:				
Depreciation and amortisation	243	234	724	1,017
Allowance for/write off of doubtful non-trade debts, net	6	-	27	4
Allowance for/write off/(reversal of allowance) of doubtful trade debts, net	33	(87)	(199)	329
Allowance for/(reversal of allowance) for inventory obsolescence, net	224	(1,238)	458	(1,281)
Interest income from bonds, deposits and investment securities	(155)	(41)	(516)	(297)
Impairment of property plant & equipment	(69)	-	(69)	-
Finance cost	76	258	233	617
Unrealised exchange differences	695	494	(792)	(415)
Others	18	(36)	(17)	(224)
Operating profit/ (loss) before working capital changes	**1,705**	**1,042**	**2,999**	**(2,538)**
Changes in working capital				
Decrease/(Increase) in Inventories	3,288	2,787	(4,239)	10,879
(Increase)/Decrease in Trade Receivables	(168)	2,701	2,702	6,141
Decrease/(Increase) in other receivables and deposits	70	(702)	515	(222)
(Increase)/Decrease in prepayments	(349)	8,165	(1,068)	(16)
Decrease in trade creditors	(1,537)	(2,324)	(1,873)	(9,473)
Increase/(Decrease) in other creditors and accruals	507	(188)	(3,994)	(1,258)
(Decrease)/Increase in deferred revenue	(46)	94	(151)	740
Cash generated from/ (used in) operating activities	**3,470**	**11,575**	**(5,109)**	**4,253**
Interest paid	(76)	(258)	(233)	(617)
Income tax refunded/(paid)	252	504	(31)	2,344
Net cash generated from/ (used in) operating activities	**3,646**	**11,821**	**(5,373)**	**5,980**
Cash flows from investing activities				
Interest income received from bonds, deposits and investment securities	134	115	574	370
Proceeds from disposal of property, plant and equipment (Note 35)	177	13	1,346	80
Proceeds from investment securities	-	-	-	1,200
Purchase of property, plant and equipment	(947)	(149)	(1,109)	(440)
Net cash (used in)/ generated from investing activities	**(636)**	**(21)**	**811**	**1,210**
Cash flows from financing activities				
Capital reduction (Note 44)	-	-	(9,996)	-
Withdrawal/(placement) of cash and bank deposits pledged	3,772	(1,297)	7,322	(1,932)
Repayment of loans and bank borrowings (Note 42)	(4,974)	(12,546)	(1,778)	(9,736)
Repayment of obligations under finance leases	(220)	(43)	(405)	(359)
Net cash used in financing activities	**(1,422)**	**(13,886)**	**(4,857)**	**(12,027)**
Net increase/(decrease) in cash and cash equivalents	**1,588**	**(2,086)**	**(9,419)**	**(4,837)**
Cash and cash equivalents at beginning of the period	21,795	34,302	32,802	37,053
Cash and cash equivalents at end of the period	**23,383**	**32,216**	**23,383**	**32,216**

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 2016	**590,515**	**(458,390)**	**(5,361)**	**(68,864)**	**57,900**	**(69)**	**57,831**
Total comprehensive income/ (loss) for the period	-	1,793	2,157	(1,225)	**2,725**	(50)	**2,675**
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**
Total comprehensive (loss)/ income for the period	**-**	**464**	**(12)**	**742**	**1,194**	**10**	**1,204**
Minority interest in share capital	**-**	-	**-**	**-**	**-**	**1**	**1**
Balance as at 30 September 2016	**580,518**	**(455,721)**	**(3,612)**	**(69,347)**	**51,838**	**(108)**	**51,730**
Balance as at 1 January 2015	**590,515**	**(459,350)**	**(5,277)**	**(67,521)**	**58,367**	**(26)**	**58,341**
Total comprehensive (loss)/ income for the period	-	(3,693)	(2)	(767)	**(4,462)**	(109)	**(4,571)**
Balance as at 30 June 2015	**590,515**	**(463,043)**	**(5,279)**	**(68,288)**	**53,905**	**(135)**	**53,770**
Total comprehensive (loss)/ income for the period	-	1,433	(29)	454	**1,858**	(34)	**1,824**
Balance as at 30 September 2015	**590,515**	**(461,610)**	**(5,308)**	**(67,834)**	**55,763**	**(169)**	**55,594**

	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 2016	590,515	(482,029)	(8,750)	(54,489)	**45,247**
Total comprehensive (loss)/ income for the period	-	347	87	(1,564)	**(1,130)**
Capital reduction	(9,997)	-	-	-	**(9,997)**
Balance as at 30 June 2016	**580,518**	**(481,682)**	**(8,663)**	**(56,053)**	**34,120**
Total comprehensive (loss)/ income for the period	**-**	(4,253)	(11)	306	**(3,958)**
Balance as at 30 September 2016	**580,518**	**(485,935)**	**(8,674)**	**(55,747)**	**30,162**
Balance as at 1 January 2015	590,515	(486,761)	(8,666)	(56,504)	**38,584**
Total comprehensive (loss)/ income for the period	-	4	(4)	(927)	**(927)**
Balance as at 30 June 2015	**590,515**	**(486,757)**	**(8,670)**	**(57,431)**	**37,657**
Total comprehensive (loss)/ income for the period	-	4,699	(29)	1,933	**6,603**
Balance as at 30 September 2015	**590,515**	**(482,058)**	**(8,699)**	**(55,498)**	**44,260**

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 Sep 16	**30 Jun 16**
Issued shares at the beginning of the period	13,712,452	13,712,452
Total issued shares at the end of the period	13,712,452	13,712,452

Share consolidation was completed on 30th June 2015 (please refer to announcement dated 30th June 2015).

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 Sep 16	**30 Sep 15**
Options granted under 1999 S i2i Employees' Share Option Scheme II	-	785
Options granted under 2014 S i2i Employees' Stock Option plan *	-	685,500

* These options have lapsed on 15th July 2016 (please refer to announcement dated 15th July 2016).

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 September 2016 is 13,712,452 (31st December 2015 : 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 2015, except as disclosed in Para 5, below.

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.

(a) Starting current financial period from 1.1.2015 (FY 2015), presentation currency has been changed from United States dollar ("US$") to Singapore dollar ("S$') (Please refer to announcement dated 27th March 2015) and accordingly prior period figures have also been restated.

(b) Affinity Group owns certain building properties in Indonesia. It had carried out valuation of its building properties and it was observed that there is significant difference in the value of these building properties as against carrying value in the books.

Accordingly, starting current financial period from 1.1.2016 (FY 2016), the company has changed its policy in respect of measurement of buildings, whereby, while buildings will continue to be initially recorded at cost, however, subsequently, it will be carried at revalued amounts. Revaluation will be based on valuation by professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. Increases in carrying amounts arising from revaluation, including currency translation differences, will be recognised in other comprehensive income. On revaluation, any accumulated depreciation at the date of revaluation will be eliminated against the gross carrying amount of the asset. The net amount will then be restated to the revalued amount of the asset. Consequently, an amount of S$ 2.1 million in property, plant and equipment was recognised on account of gain on revaluation of buildings. Correspondingly, provision for tax of S$0.08 million has also been recognized. Consequently, an amount of S$ 2.0 million had been recognized as Revaluation reserve as part of other reserves.

(c) The Group has adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. The adoption of these FRS does not have any significant impact on the financial statements.

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 Sep		Nine months ended 30 Sep	
	2016	**2015**	**2016**	**2015**
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)	3.39 cents	10.46 cents	16.46 cents	(16.47 cents)
ii) On a fully diluted basis (S$ cent)	3.39 cents	10.46 cents	16.46 cents	(16.47 cents)

Share consolidation was completed on 30th June 2015 (please refer to announcement dated 30th June 2015). Accordingly, the number of consolidated shares have been used for arriving earning per share for all periods covered above.

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

	Group		Company	
	30 Sep 16	**31 Dec 15**	**30 Sep 16**	**31 Dec 15**
Net asset backing per ordinary share is calculated based on 13,712,452 (31/12/2015 : 13,712,452) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year **(S$ cent)**.	378.03 cents	422.24 cents	219.96 cents	329.97 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$78.9 million - a decrease of 30.3% over revenue of corresponding quarter. As announced on 2nd October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the company in Indonesia. Consequently, as anticipated, this resulted in significant reduction in revenue from Distribution of Operator products & services during the quarter ("Q3 2016") and nine months ("YTD 2016") ended 30 September 2016 against corresponding quarter ("Q3 2015") and nine months ("YTD 2015") ended 30 September 2015 of preceding year respectively. Revenue from ICT distribution & managed services has shown a decline in Q3 2016 & YTD 2016 over corresponding Q3 2015 and YTD 2015. The company continues to move away from Device led business, which is not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

There was a decrease in overheads on account of ongoing cost optimisation measures taken by the company.

Inspite of reduction in revenue, with improvement in margin, other income and reduction in operating overheads, the group generated Earnings (before interest, depreciation, amortisation and taxation) from continuing operations of S$0.8 million during Q3 2016 against S$0.7 million during corresponding quarter. During YTD 2016, the group generated Earnings (before interest, depreciation, amortisation and taxation) of S$2.3 million against Loss (before interest, depreciation, amortisation and taxation) of S$2.0 million in corresponding period YTD 2015.

During YTD 2016 and YTD 2015, certain accruals including 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, was written back during Q1 2016.

Resultantly, the Group earned profit before tax of S$0.6 million and S$3.1 million from continuing operations during Q3 2016 and YTD 2016 respectively as against the profit before tax of S$1.6 million during corresponding quarter Q3 2015 and loss before tax of S$2.3 million during YTD 2015 respectively.

The company has continued its focus on operating efficiencies and management of working capital in terms of stocks, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements.

During Q2 2016. the company has completed distribution of cash of S$0.729 per share totaling to approximately S$10 million to its shareholders. It has also sold certain properties in Indonesia as no longer required. During Q1 2016, a gain of S$2.0 million (net) was recognised on account of revaluation of buildings under property, plant & equipment. During Q3 2016, the company has also incurred capital expenditure of S$0.8 million in respect of its advent in electrical vehicles. The net assets as of 30 September 2016 were S$51.7 million against S$57.8 million as of 31st December 2015. Cash in hand (net of borrowings) as at 30 September 2016 was S$25.4 million against S$40.0 million as at 31 December 2015.

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 keeps its focus on sustaining existing operator business in Indonesia and also growing the clusters in some areas. Stringent Cash flow management, cluster based and focused marketing as per operator guidelines and professional execution over a large geographic area is the key to success to this business. The company continuing its strategy to hold on to existing clusters, fulfil the KPIs and also win new clusters in future to grow business.

The ICT distribution & managed services is a highly competitive business primarily based out of Singapore. The industry continues to face the challenge in the System integration and services space. The hardware business margin keeps diminishing every year due to stiff competition. The hardware sales and hardware related sales is not growing as expected and mostly hardware is being replaced by alternatives like Cloud and Servers consolidation type of offerings. The company continuously faces challenges in the IT services and system integration business. The company is now focusing on Key new offerings aligned to IBM and HP strategy and also on Cloud related service oriented sales strategy to improve margins. This is a new growth area and being an early starter will help the company in the long run. The company will continue to work very closely with the partners like HP, IBM and other MNC partners and consolidate and grow the business with focus on service led solutions which has higher margins.

The company is moving towards a strategy of 'Information' to 'Innovation'. 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 electric vehicles (EV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. Continuous progress is being made on this front.

The company is working on a time bound plan to cut down all loss making business and moving towards coming out of watch list.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended

13. Utilisation of Rights Issue proceeds

Not Applicable.

14. Interested persons transactions disclosure

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	Quarter ended 30 Sep 2016	Quarter ended 30 Sep 2016
	S$'000	S$'000
	-	-

There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 29th April 2016.

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 September 2016 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
Group Chief Executive Officer

Chada Anitha Reddy
Director

9 November 2016