

**Challenger  
Technologies Limited**



**THIRD QUARTER UNAUDITED FINANCIAL STATEMENT  
FOR THE FINANCIAL PERIOD ENDED  
30 SEPTEMBER 2018**

Co Reg No: 198400182 K

## UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

Consolidated Statement of Comprehensive Income

	Group					
	3 months ended		Change	9 months ended		Change
	30.09.2018	30.09.2017 (Restated*)		30.09.2018	30.09.2017 (Restated*)	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	82,470	77,806	6	236,309	232,898	1
<b>Other Items of Income</b>						
Interest Income	255	137	86	577	422	37
Other Gains [note (A)]	23	27	(15)	389	388	0
<b>Other Items of Expense</b>						
Changes in Inventories of Finished Goods	2,003	(3,465)	N.M.	3,246	(1,767)	N.M.
Purchase of Goods and Consumables	(67,093)	(57,813)	16	(187,524)	(180,969)	4
Other Consumables Used	(55)	(82)	(33)	(134)	(481)	(72)
Depreciation Expense	(642)	(871)	(26)	(2,144)	(2,594)	(17)
Employee Benefits Expense	(5,835)	(5,951)	(2)	(16,964)	(17,965)	(6)
Other Expenses [Note (B)]	(5,333)	(5,691)	(6)	(16,236)	(17,022)	(5)
Other Losses [Note (A)]	(277)	(190)	46	(478)	(569)	(16)
<b>Profit Before Tax from Continuing Operations</b>	5,516	3,907	41	17,041	12,341	38
Income Tax Expense	(1,000)	(797)	25	(3,256)	(2,148)	52
<b>Profit from Continuing Operations, Net of Tax</b>	4,516	3,110	45	13,785	10,193	35
<b>Other Comprehensive Income:</b>						
<b>Items that May Be Reclassified Subsequently to Profit or Loss:</b>						
Exchange Differences on Translating Foreign Operations,						
Net of tax	(15)	2	N.M.	(11)	(21)	N.M.
Available-for-sale Financial Assets, Net of tax	-	66	N.M.	-	66	N.M.
<b>Other Comprehensive Income (Loss) for the Period,</b>						
<b>Net of Tax</b>	(15)	68	N.M.	(11)	45	N.M.
<b>Total Comprehensive Income</b>	4,501	3,178	42	13,774	10,238	35
<b>Profit Attributable to Owners of the Parent,</b>						
<b>Net of Tax</b>	4,504	3,130	44	13,721	10,137	35
<b>Profit Attributable to Non-Controlling Interests,</b>						
<b>Net of Tax</b>	12	(20)	N.M.	64	56	14
<b>Profit Net of Tax</b>	4,516	3,110	45	13,785	10,193	35
<b>Total Comprehensive Income Attributable to</b>						
<b>Owners of the Parent</b>	4,489	3,198	40	13,710	10,182	35
<b>Total Comprehensive Income Attributable to</b>						
<b>Non-Controlling Interests</b>	12	(20)	N.M.	64	56	14
<b>Total Comprehensive Income</b>	4,501	3,178	42	13,774	10,238	35
<b>Note:</b>						
<b>Profit before income tax is arrived after (charging) / crediting the followings:</b>						
<b>Note (A) - Other (Losses) / Gains</b>						
Foreign exchange adjustment gains/ (losses)	(48)	18	N.M.	(2)	12	N.M.
Sundry income	23	9	156	389	376	3
Losses on disposal of plant and equipment	-	(25)	N.M.	-	(85)	N.M.
Provision for bad debts - trade	-	-	N.M.	(7)	-	N.M.
Losses on disposal of available-for-sale financial assets	(1)	(45)	(98)	(1)	(124)	(99)
Inventories written off	(1)	-	N.M.	(15)	-	N.M.
Provision for inventories	(227)	(120)	89	(453)	(360)	26
	(254)	(163)	56	(89)	(181)	(51)
<b>Presented in profit or loss as:</b>						
Other Gains	23	27	(15)	389	388	0
Other Losses	(277)	(190)	46	(478)	(569)	(16)
	(254)	(163)	56	(89)	(181)	(51)
<b>Note (B) - Other Expenses</b>						
Rental expenses	(3,665)	(3,615)	1	(11,016)	(10,981)	0
Other operating expenses	(1,031)	(1,132)	(9)	(2,924)	(3,444)	(15)
Selling and distribution costs	(637)	(944)	(33)	(2,296)	(2,597)	(12)
	(5,333)	(5,691)	(6)	(16,236)	(17,022)	(5)

N.M. = not meaningful

\* The 9M2017 and 3Q2017 comparative figures have been restated from what was previously announced in the previous announcement, to take into account (i) the retrospective adjustments arising from the adoption of SFRS(I) 15 – Revenue From Contracts With Customers (“SFRS(I) 15”).

CHALLENGER TECHNOLOGIES LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

- 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		Company	
	30.09.2018	31.12.2017 (Restated)	30.09.2018	31.12.2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Investment in Associate	-	-	-	-
Investments in Subsidiaries	-	-	5,524	5,524
Other Financial Assets	6,390	3,886	6,081	3,577
Property, Plant and Equipment	7,572	9,375	7,368	9,173
<b>Total Non-Current Assets</b>	<b>13,962</b>	<b>13,261</b>	<b>18,973</b>	<b>18,274</b>
<b>Current Assets</b>				
Cash and Cash Equivalents	61,870	63,232	54,040	52,985
Trade and Other Receivables	9,553	8,232	9,077	8,324
Other Assets	5,631	5,148	5,474	5,053
Inventories	36,200	33,407	36,001	33,259
<b>Total Current Assets</b>	<b>113,254</b>	<b>110,019</b>	<b>104,592</b>	<b>99,621</b>
<b>Total Assets</b>	<b>127,216</b>	<b>123,280</b>	<b>123,565</b>	<b>117,895</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Owners of the Parent</b>				
Share Capital	18,775	18,775	18,775	18,775
Retained Earnings	67,682	65,354	67,299	65,166
Other Reserves	(155)	(136)	48	56
<b>Equity, Attributable to Owners of the Parent</b>	<b>86,302</b>	<b>83,993</b>	<b>86,122</b>	<b>83,997</b>
Non-Controlling Interests	253	339	-	-
<b>Total Equity</b>	<b>86,555</b>	<b>84,332</b>	<b>86,122</b>	<b>83,997</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	22	22	-	-
Other Liabilities, Non-Current	3,029	3,834	1,451	2,146
<b>Total Non-Current Liabilities</b>	<b>3,051</b>	<b>3,856</b>	<b>1,451</b>	<b>2,146</b>
<b>Current Liabilities</b>				
Trade and Other Payables	24,569	22,272	24,356	20,497
Provisions	1,825	1,886	1,825	1,886
Income Tax Payable	3,706	3,141	3,352	2,728
Other Liabilities, Current	7,510	7,793	6,459	6,641
<b>Total Current Liabilities</b>	<b>37,610</b>	<b>35,092</b>	<b>35,992</b>	<b>31,752</b>
<b>Total Liabilities</b>	<b>40,661</b>	<b>38,948</b>	<b>37,443</b>	<b>33,898</b>
<b>Total Equity and Liabilities</b>	<b>127,216</b>	<b>123,280</b>	<b>123,565</b>	<b>117,895</b>

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

Amount repayable in one year or less, or on demand

Nil.

Amount repayable after one year

Nil.

Details of any collateral

Nil.

CHALLENGER TECHNOLOGIES LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

**Consolidated Statement of Cash Flows**

	<b>3 months ended</b>		<b>9 months ended</b>	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	\$'000	(Restated) \$'000	\$'000	(Restated) \$'000
<b>Cash Flow From Operating Activities</b>				
Profit Before Tax	5,516	3,907	17,041	12,341
Adjustments for:				
Depreciation Expense	642	871	2,144	2,594
Losses on Disposal of Plant and Equipment	-	25	-	85
Losses on Disposal of Available-For-Sale Financial Assets	1	45	1	124
Interest Income	(255)	(137)	(577)	(422)
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(15)	2	(11)	(21)
Operating Cash Flows Before Working Capital Changes	5,889	4,713	18,598	14,701
Trade and Other Receivables	(2,554)	690	(1,321)	419
Other Assets	(619)	(8)	(483)	166
Inventories	(1,775)	3,801	(2,793)	2,127
Trade and Other Payables	4,498	(4,586)	2,297	(8,135)
Other Liabilities	(315)	373	(1,088)	(394)
Net Cash Flows From Operations	5,124	4,983	15,210	8,884
Income Taxes Paid	(1,144)	(1,385)	(2,691)	(3,020)
Net Cash Flows From Operating Activities	3,980	3,598	12,519	5,864
<b>Cash Flows From Investing Activities</b>				
Interest Received	255	137	577	422
Increase in Other Financial Assets	(2,015)	-	(2,763)	-
Proceeds from Disposal of Available-For-Sale Financial Assets	250	750	250	2,250
Purchase of Plant and Equipment	(384)	(320)	(402)	(1,942)
Net Cash Flows (Used in) / From Investing Activities	(1,894)	567	(2,338)	730
<b>Cash Flows From Financing Activities</b>				
Dividends paid to equity owners	(3,798)	(3,798)	(11,393)	(9,321)
Dividends Paid to Non-Controlling Interests	-	-	(150)	(180)
Net Cash Flows Used in Financing Activities	(3,798)	(3,798)	(11,543)	(9,501)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	(1,712)	367	(1,362)	(2,907)
Cash and Cash Equivalents, Consolidated Statement of Cash Flow, Beginning Balance	63,582	48,999	63,232	52,273
<b>Cash and Cash Equivalents, Consolidated Statement of Cash Flow, Ending Balance</b>	<b>61,870</b>	<b>49,366</b>	<b>61,870</b>	<b>49,366</b>

**UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

- 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

**Statements of Changes in Equity**

	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Non-controlling Interests \$'000
<b>Group</b>						
<b>Current Period:</b>						
<b>Opening Balance at 1 January 2018</b>	86,442	86,103	18,775	67,464	(136)	339
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
<b>Balance at 1 January 2018, as restated</b>	<b>84,332</b>	<b>83,993</b>	<b>18,775</b>	<b>65,354</b>	<b>(136)</b>	<b>339</b>
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,273	9,221	-	9,217	4	52
Dividends paid	(7,745)	(7,595)	-	(7,595)	-	(150)
<b>Closing Balance at 30 June 2018</b>	<b>85,860</b>	<b>85,619</b>	<b>18,775</b>	<b>66,976</b>	<b>(132)</b>	<b>241</b>
Total Comprehensive Income for the Period	4,501	4,489	-	4,504	(15)	12
Dividends paid	(3,798)	(3,798)	-	(3,798)	-	-
Reclassification adjustment on sale of available -for-sale investment from reserves	(8)	(8)	-	-	(8)	-
<b>Closing Balance at 30 September 2018</b>	<b>86,555</b>	<b>86,302</b>	<b>18,775</b>	<b>67,682</b>	<b>(155)</b>	<b>253</b>
<b>Previous Period:</b>						
<b>Opening Balance at 1 January 2017</b>	79,508	79,100	18,775	60,567	(242)	408
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2016	(1,878)	(1,878)	-	(1,878)	-	-
<b>Balance at 1 January 2017, as restated</b>	<b>77,630</b>	<b>77,222</b>	<b>18,775</b>	<b>58,689</b>	<b>(242)</b>	<b>408</b>
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	7,099	7,023	-	7,046	(23)	76
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 30 June 2017	(39)	(39)	-	(39)	-	-
Dividends paid	(5,703)	(5,523)	-	(5,523)	-	(180)
Reclassification adjustment on sale of available -for-sale investment from reserves	51	51	-	-	51	-
<b>Closing Balance at 30 June 2017, as restated</b>	<b>79,038</b>	<b>78,734</b>	<b>18,775</b>	<b>60,173</b>	<b>(214)</b>	<b>304</b>
Total Comprehensive Income for the Period	3,364	3,384	-	3,316	68	(20)
Impact of adoption of SFRS(I) 15 on previously reported results for the quarter ended 30 September 2017	(186)	(186)	-	(186)	-	-
Dividends paid	(3,798)	(3,798)	-	(3,798)	-	-
Reclassification adjustment on sale of available -for-sale investment from reserves	29	29	-	-	29	-
<b>Closing Balance at 30 September 2017, as restated</b>	<b>78,447</b>	<b>78,163</b>	<b>18,775</b>	<b>59,505</b>	<b>(117)</b>	<b>284</b>

CHALLENGER TECHNOLOGIES LIMITED

UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1(d)(i) **Statements of Changes in Equity (Continued)**

<u>Company</u>	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Non-controlling Interests \$'000
<b>Current Period:</b>						
<b>Opening Balance at 1 January 2018</b>	86,107	86,107	18,775	67,276	56	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
<b>Balance at 1 January 2018, as restated</b>	<b>83,997</b>	<b>83,997</b>	<b>18,775</b>	<b>65,166</b>	<b>56</b>	<b>-</b>
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	9,204	9,204	-	9,204	-	-
Dividends paid	(7,595)	(7,595)	-	(7,595)	-	-
<b>Closing Balance at 30 June 2018</b>	<b>85,606</b>	<b>85,606</b>	<b>18,775</b>	<b>66,775</b>	<b>56</b>	<b>-</b>
Total Comprehensive Income for the Period	4,322	4,322	-	4,322	-	-
Dividends paid	(3,798)	(3,798)	-	(3,798)	-	-
Reclassification adjustment on sale of available -for-sale investment from reserves	(8)	(8)	-	-	(8)	-
<b>Closing Balance at 30 September 2018</b>	<b>86,122</b>	<b>86,122</b>	<b>18,775</b>	<b>67,299</b>	<b>48</b>	<b>-</b>
<b>Previous Period:</b>						
<b>Opening Balance at 1 January 2017</b>	82,580	82,580	18,775	63,876	(71)	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2016	(1,878)	(1,878)	-	(1,878)	-	-
<b>Balance at 1 January 2017, as restated</b>	<b>80,702</b>	<b>80,702</b>	<b>18,775</b>	<b>61,998</b>	<b>(71)</b>	<b>-</b>
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Period	6,696	6,696	-	6,646	50	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 30 June 2017	(39)	(39)	-	(39)	-	-
Dividends paid	(5,523)	(5,523)	-	(5,523)	-	-
<b>Closing Balance at 30 June 2017, as restated</b>	<b>81,836</b>	<b>81,836</b>	<b>18,775</b>	<b>63,082</b>	<b>(21)</b>	<b>-</b>
Total Comprehensive Income for the Period	2,943	2,943	-	2,876	67	-
Impact of adoption of SFRS(I) 15 on previously reported results for the quarter ended 30 September 2017	(186)	(186)	-	(186)	-	-
Dividends paid	(3,798)	(3,798)	-	(3,798)	-	-
Reclassification adjustment on sale of available -for-sale investment from reserves	29	29	-	-	29	-
<b>Closing Balance at 30 September 2017, as restated</b>	<b>80,824</b>	<b>80,824</b>	<b>18,775</b>	<b>61,974</b>	<b>75</b>	<b>-</b>

- 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 or cash as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital of the Company in the third quarter of 2018. As at 30 September 2018, the Company's issued and paid up capital comprises 345,207,961 (31 December 2017: 345,207,961) ordinary shares and \$18,775,054 (31 December 2017: \$18,775,054) respectively.

There were no outstanding convertibles issued or treasury shares held by the Company or subsidiary as at 30 September 2018 and 30 September 2017.

- 1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2018	31.12.2017
Total number of issued shares (excluding treasury shares)	345,207,961	345,207,961

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

Not applicable.

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

Not applicable.

- 2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Group auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

**UNAUDITED QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018****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 and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with those described in the Audited Financial Statements for the year ended 31 December 2017, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which becomes effective from annual periods beginning on or after 1 January 2018.

The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 15 - Revenue from Contracts with Customers.

**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**

The 3Q 2017 comparative figures have been restated from what was previously announced in the 3Q 2017 announcement, to take into account (i) the retrospective adjustments arising from the adoption of SFRS(I) 15 – Revenue From Contracts With Customers ("SFRS(I) 15").

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

	3 months ended		9 months ended	
	30.09.2018	30.09.2017 (Restated)	30.09.2018	30.09.2017 (Restated)
	cents	cents	cents	cents
<u>Group</u>				
Earnings per share based on consolidated profit after taxation and non-controlling interests				
- on weighted average number of shares	1.31	0.91	3.97	2.94
- on a fully diluted basis	1.31	0.91	3.97	2.94

Earnings per ordinary share is computed based on the weighted average number of 345,207,961 issued shares.

**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 period reported on and (b) immediately preceding financial year**

	Group		Company	
	30.09.2018	31.12.2017 (Restated)	30.09.2018	31.12.2017 (Restated)
	cents	cents	cents	cents
Net asset value per share based on existing issued share capital as at the end of the respective period	25.00	24.33	24.95	24.33

The net asset value per ordinary share of the Group and the Company as at 30 September 2018 and 31 December 2017 is computed based on the total number of issued shares of 345,207,961.



- 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

**Revenue**

The Group achieved revenue of \$82.5 M for the three months ended 30 September ("3Q2018"), an increase of 6.0% or \$4.7 M compared to the revenue of \$77.8 M registered for the three months ended 30 September 2017 ("3Q2017").

Higher revenue was primarily due to higher contribution from IT products and services which increased by 6.7% to \$80.9 M in 3Q2018, from \$75.8 M in 3Q2017. This was mainly attributable to revenue growth in both corporate sales and tradeshow divisions, partially offset by lower contribution from retail and online sales.

Revenue from the electronic signage services business segment decreased to \$0.4 M from \$1.1 M, mainly due to partial completion of a major project in 3Q2017.

Revenue from the telephonic call centre and data management services improved by 33.3% or \$0.3 M to \$1.1 M in 3Q2018 compared to 3Q2017 as more marketing projects were secured in 3Q2018 compared to the corresponding period last year.

**Profit after taxation ("PAT")**

The Group registered higher PAT of \$4.5 M in 3Q2018, as compared to \$3.1 M in 3Q2017.

The increase in PAT was mainly due to the following:

- a) increase in overall gross profit by about \$0.9 M in line with higher revenue;
- b) increase in interest income from SGD fixed deposits by \$0.1 M;
- c) decrease employee benefits expenses by \$0.1 M;
- d) decrease in depreciation expenses by \$0.2 M; and
- e) decrease in operating expenses by \$0.6 M.

The above items have been offset by:

- f) increase in rental expenses by \$0.2 M;
- g) increase in provision for obsolete inventories by \$0.1 M; and
- h) increase in income tax provision by \$0.2 M.

**Working capital, assets and liabilities**

For the third quarter ended 30 September 2018, the Group has cash of approximately \$61.9 M.

The Group recorded an operating cash inflow of about \$4.0 M in 3Q2018. This has resulted mainly from the following:

- a) operating profit derived for 3Q2018 of \$5.9 M;
- b) increase of trade, other receivables and other assets of \$3.2 M;
- c) increase in inventory of \$1.8 M;
- d) increase of trade, other payables and accrued liabilities of \$4.5 M;
- e) decrease of other liabilities of \$0.3 M; and
- f) income tax paid of \$1.1 M.

The net cash outflow for investing activities was mainly due to increased bond investment of \$2.0 M and acquisitions of equipment and renovations of \$0.4 M. These were partially offset by proceeds arising from disposal of a bond investment of \$0.2 M and interest receipts from fixed deposits and bonds of \$0.3 M. In addition, a net cash outflow of \$3.8 M was used to pay as dividend to shareholders. Hence, cash and cash equivalents decreased by about \$1.7 M for the period ended 30 September 2018.

Other than the above, no significant difference was noted for other working capital, assets and liabilities, except for the increased inventory level and trade payables as a result of the new Iphone launch and to cater for higher purchases for corporate sales.

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

No specific forecast was previously provided.

**10 A commentary at the date of the announcement of the 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**

**a. IT products and services**

The Group continues to remain cautious about the outlook and condition of the overall retail business environment. As such, we will continue to execute the ongoing cost management measures across the Group.

Meanwhile, the Group will continue to provide good value to our customers so as to increase our revenue from our omnichannel retailing and further strengthen our market position. As of today, the Group has a total retail network of 38 stores in Singapore.

**b. Electronic signage services**

We will continue to explore business opportunity with strategic partners to continue to grow our business in architectural and commercial lighting projects.

**11 Dividend**

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

None.

**(b) 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/recommendeded, a statement to that effect.**

Not applicable.

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

There is no IPT mandate obtained.

**14 Confirmation By the Company Pursuant to Rule 720(1) of the SGX Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

**15 CONFIRMATION BY THE BOARD**

On behalf of the Board of Directors of the Company, Loo Leong Thye and Tan Wee Ko being two directors of the Company, do hereby confirm to the best of our knowledge, that nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for the third quarter ended 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

LOO LEONG THYE  
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

TAN WEE KO  
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

**BY ORDER OF THE BOARD**

LOO LEONG THYE  
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER  
DATE: 2 November 2018