

**Third Quarter Financial Statements and Dividend Announcement  
for the Period Ended 30 September 2016**

**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 2016

**Consolidated Statement of Comprehensive Income**

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2016	Q3 2015	Inc/(dec)	2016	2015	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>4,174</b>	<b>5,043</b>	<b>(17.2)</b>	<b>13,549</b>	<b>15,410</b>	<b>(12.1)</b>
Cost of Sales	(1,791)	(1,754)	2.1	(5,469)	(6,410)	(14.7)
<b>Gross profit</b>	<b>2,383</b>	<b>3,289</b>	<b>(27.6)</b>	<b>8,080</b>	<b>9,000</b>	<b>(10.2)</b>
Other Items of Income:						
Interest Income	62	73	(15.7)	210	205	2.4
Other Gains	1	49	(98.2)	8	88	(90.7)
Other Items of Expense:						
Technical Support Expenses	(749)	(942)	(20.5)	(2,371)	(2,690)	(11.9)
Distribution Costs	(436)	(441)	(1.1)	(1,339)	(1,506)	(11.1)
Administrative Expenses	(583)	(691)	(15.6)	(1,759)	(1,852)	(5.0)
Other Losses	46	(12)	(480.5)	(205)	(20)	924.2
Shared of Result from Jointly-Controlled Entity	-	-	0.0	(3)	(4)	(25.1)
<b>Profit Before Income Tax</b>	<b>724</b>	<b>1,325</b>	<b>(45.3)</b>	<b>2,621</b>	<b>3,221</b>	<b>(18.6)</b>
Income Tax Expenses	(185)	(201)	(7.8)	(551)	(521)	5.7
<b>Profit, Net of Tax</b>	<b>539</b>	<b>1,124</b>	<b>(52.1)</b>	<b>2,070</b>	<b>2,700</b>	<b>(23.3)</b>
<b>Profit, Net of Tax Attributable to:</b>						
Owners of the Company	398	1,050	(62.1)	1,614	2,364	(31.7)
Non-Controlling Interests	141	74	89.9	456	336	35.7
<b>Profit, Net of Tax</b>	<b>539</b>	<b>1,124</b>	<b>(52.1)</b>	<b>2,070</b>	<b>2,700</b>	<b>(23.3)</b>

**Consolidated Statement of Comprehensive Income**

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2016	Q3 2015	Inc/(dec)	2016	2015	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit, Net of Tax</b>	<b>539</b>	<b>1,124</b>	<b>(52.1)</b>	<b>2,070</b>	<b>2,700</b>	<b>(23.3)</b>
Other Comprehensive Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(475)	(3,218)	(85.2)	100	(4,815)	(102.1)
<b>Total Comprehensive Income / (Loss) for the period</b>	<b>64</b>	<b>(2,094)</b>	<b>(103.0)</b>	<b>2,170</b>	<b>(2,115)</b>	<b>(202.6)</b>
<b>Total Comprehensive Income for the period Attributable to:</b>						
Owners of the Company	(49)	(2,027)	(97.6)	1,718	(2,244)	(176.5)
Non-Controlling interest	113	(67)	(267.9)	452	129	250.3
<b>Total Comprehensive Income / (Loss) for the period</b>	<b>64</b>	<b>(2,094)</b>	<b>(103.0)</b>	<b>2,170</b>	<b>(2,115)</b>	<b>(202.6)</b>

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

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2016	Q3 2015	Inc/(dec)	2016	2015	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<b>Profit before income tax is stated after (charging)/crediting the following items:</b>						
Gain on Disposal of Plant and Equipment	-	-	0.0	-	4	(100.0)
Foreign Exchange Gain/(Loss), net	55	48	13.7	(185)	75	(346.7)
Amortisation of Intangible Assets	(155)	(230)	(32.8)	(507)	(761)	(33.4)
Depreciation of Plant and Equipment	(143)	(142)	0.5	(414)	(424)	(2.4)
<b>Components of tax expense recognised in profit and loss include:</b>						
Current Tax Expenses	(146)	(204)	(28.4)	(417)	(311)	34.1
Over adjustments in respect of prior years	6	(10)	(156.0)	14	8	70.1
Overseas Withholding Tax Expenses	(45)	13	(447.5)	(148)	(218)	(32.0)

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
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Plant and Equipment	1,340	1,403	-	-
Investment Property	2,950	2,940	-	-
Intangible Assets	12,096	12,140	-	-
Investments in Subsidiaries	-	-	32,734	32,734
Investment in Jointly-Controlled Entity	-	3	-	-
Investment in an Associate	627	-	-	-
Other Financial Assets	1,909	1,517	-	-
<b>Total Non-Current Assets</b>	<b>18,922</b>	<b>18,003</b>	<b>32,734</b>	<b>32,734</b>
<b>Current assets</b>				
Inventories	46	48	-	-
Income Tax Recoverable	-	74	-	-
Trade and Other Receivables	9,184	6,310	4,015	4,321
Other Assets	413	318	29	4
Cash and Cash Equivalents	11,678	13,450	1,555	786
<b>Total Current Assets</b>	<b>21,321</b>	<b>20,200</b>	<b>5,599</b>	<b>5,111</b>
<b>Total Assets</b>	<b>40,243</b>	<b>38,203</b>	<b>38,333</b>	<b>37,845</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	9,342	8,527	6,183	5,397
Foreign Currency Translation Reserve	(8,098)	(8,202)	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>33,192</b>	<b>32,273</b>	<b>38,131</b>	<b>37,345</b>
Non-Controlling Interest	1,820	1,368	-	-
<b>Total Equity</b>	<b>35,012</b>	<b>33,641</b>	<b>38,131</b>	<b>37,345</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	30	30	-	-
<b>Total Non-Current Liabilities</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Income Tax Payables	119	106	-	-
Trade and Other Payables	3,660	3,905	202	500
Other Liabilities	1,422	521	-	-
<b>Total Current Liabilities</b>	<b>5,201</b>	<b>4,532</b>	<b>202</b>	<b>500</b>
<b>Total Liabilities</b>	<b>5,231</b>	<b>4,562</b>	<b>202</b>	<b>500</b>
<b>Total Equity and Liabilities</b>	<b>40,243</b>	<b>38,203</b>	<b>38,333</b>	<b>37,845</b>

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

As at 30 September 2016, 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 \$293,000 and covered by a personal guarantee of a director of the subsidiary and corporate guarantee of the company of \$509,000 (2015: \$507,000). As at the end of the financial period, the outstanding facilities covered by the guarantee were Nil (2015: 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 2016	Q3 2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities:</b>				
Profit Before Income Tax	724	1,325	2,621	3,221
Adjustments for:				
Amortisation of Intangible Assets	155	230	507	761
Depreciation of Plant and Equipment	143	142	414	424
Gain on Disposal of Plant and Equipment	-	-	-	(4)
Interest Income	(62)	(73)	(210)	(205)
Shared of Result from Jointly-Controlled Entity	-	-	3	4
<b>Operating Cash Flow before Changes in Working Capital</b>	<b>960</b>	<b>1,624</b>	<b>3,335</b>	<b>4,201</b>
Inventories	98	10	1	12
Trade and Other receivables	(1,382)	3,996	(2,875)	3,120
Other Assets	(148)	(194)	(95)	(79)
Trade and Other payables	165	(200)	(230)	(1,056)
Other Liabilities	645	(1,453)	901	(111)
<b>Net Cash Flows From Operations</b>	<b>338</b>	<b>3,783</b>	<b>1,037</b>	<b>6,087</b>
Income Tax Paid	(206)	(361)	(479)	(557)
<b>Net Cash Flows From Operating Activities</b>	<b>132</b>	<b>3,422</b>	<b>558</b>	<b>5,530</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of Plant and Equipment	(229)	(89)	(364)	(349)
Investment in an Associate	-	-	(420)	-
Other Financial Assets	(189)	(148)	(598)	(844)
Proceeds From Disposal of Plant and Equipment	-	-	-	5
Payment for Development Costs	(129)	(36)	(399)	(218)
Interest Income Received	62	73	210	205
<b>Net Cash Flows Used in Investing Activities</b>	<b>(485)</b>	<b>(200)</b>	<b>(1,571)</b>	<b>(1,201)</b>
<b>Cash Flows From Financing Activities:</b>				
Dividend Paid by a Subsidiary to Non-Controlling Interest	-	(88)	-	(88)
Dividend Paid to Equity Owners	(799)	(799)	(799)	(799)
Cash Restricted in Use	(1)	-	(31)	(4)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(800)</b>	<b>(887)</b>	<b>(830)</b>	<b>(891)</b>

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. (continued)

			Group	
	Q3 2016	Q3 2015	9 months ended 30 September	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Net Change in Cash and Cash Equivalents	(1,153)	2,335	(1,843)	3,438
Cash and Cash Equivalents at Beginning of the Financial Period / Year (Note 1)	12,686	11,871	13,110	11,480
Effect of Exchange Rate Changes On Cash and Cash Equivalents	(226)	(1,471)	40	(2,183)
Cash and Cash Equivalents At End of the Financial Period (Note 1)	11,307	12,735	11,307	12,735

Explanatory Notes:

**Note 1**

	Group	
	9 months ended 30 September	
	2016	2015
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	11,678	13,094
Less: Restricted Deposits	(371)	(359)
Cash and cash equivalents per consolidated statement of cash flows	11,307	12,735

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
<b>Current Quarter</b>						
<b>Group</b>						
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)	-	-
<b>Closing Balance at 30 September 2016</b>	<b>35,012</b>	<b>33,192</b>	<b>31,948</b>	<b>9,342</b>	<b>(8,098)</b>	<b>1,820</b>
<b>Company</b>						
Opening Balance at 1 July 2016	37,128	37,128	31,948	5,180	-	-
Total Comprehensive Income for the financial period	1,802	1,802	-	1,802	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
<b>Closing Balance at 30 September 2016</b>	<b>38,131</b>	<b>38,131</b>	<b>31,948</b>	<b>6,183</b>	<b>-</b>	<b>-</b>

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)

**Statement of Changes in Equity for the Third Quarter ended 30 September 2015**

	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
<b>Previous Quarter</b>						
<b>Group</b>						
Opening Balance at 1 July 2015	35,905	34,339	31,948	8,068	(5,677)	1,566
Total Comprehensive (Loss) / Income for the financial period	(2,094)	(2,027)	-	1,050	(3,077)	(67)
Dividend Paid	(887)	(799)	-	(799)	-	(88)
<b>Closing Balance at 30 September 2015</b>	<b>32,924</b>	<b>31,513</b>	<b>31,948</b>	<b>8,319</b>	<b>(8,754)</b>	<b>1,411</b>
<b>Company</b>						
Opening Balance at 1 July 2015	36,135	36,135	31,948	4,187	-	-
Total Comprehensive Income for the financial period	1,284	1,284	-	1,284	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
<b>Closing Balance at 30 September 2015</b>	<b>36,620</b>	<b>36,620</b>	<b>31,948</b>	<b>4,672</b>	<b>-</b>	<b>-</b>

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 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
<b>Current Period:</b>						
<b>Group</b>						
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)	-	-
<b>Closing Balance at 30 September 2016</b>	<b>35,012</b>	<b>33,192</b>	<b>31,948</b>	<b>9,342</b>	<b>(8,098)</b>	<b>1,820</b>
<b>Company</b>						
Opening Balance at 1 January 2016	37,345	37,345	31,948	5,397	-	-
Total Comprehensive Income for the financial period	1,585	1,585	-	1,585	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
<b>Closing Balance at 30 September 2016</b>	<b>38,131</b>	<b>38,131</b>	<b>31,948</b>	<b>6,183</b>	<b>-</b>	<b>-</b>

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 2015**

	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
<b>Previous Quarter:</b>						
<b>Group</b>						
Opening Balance at 1 January 2015	35,926	34,556	31,948	6,754	(4,146)	1,370
Total Comprehensive (Loss) / Income for the financial period	(2,115)	(2,244)	-	2,364	(4,608)	129
Dividend Paid	(887)	(799)	-	(799)	-	(88)
<b>Closing Balance at 30 September 2015</b>	<b>32,924</b>	<b>31,513</b>	<b>31,948</b>	<b>8,319</b>	<b>(8,754)</b>	<b>1,411</b>
<b>Company</b>						
Opening Balance at 1 January 2015	36,282	36,282	31,948	4,334	-	-
Total Comprehensive Income for the financial period	1,137	1,137	-	1,137	-	-
Dividend Paid	(799)	(799)	-	(799)	-	-
<b>Closing Balance at 30 September 2015</b>	<b>36,620</b>	<b>36,620</b>	<b>31,948</b>	<b>4,672</b>	<b>-</b>	<b>-</b>

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 30/9/2016	As at 31/12/2015
	Ordinary share <sup>(1)</sup>	31,957,264

<sup>(1)</sup> The Company had on 14 May 2015 completed the share consolidation of every then (10) ordinary share into one (1) consolidated share. Accordingly, the issued share capital of the Company now comprises 31,957,264 consolidated shares.

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 2015.

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	
	2016	2015	2016	2015
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	1.25	3.29	5.05	7.40
On fully diluted basis (detailing any adjustments made to the earnings) <sup>(2)</sup>	n.a	n.a	n.a	n.a

n.a.: not applicable

<sup>(1)</sup> 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 2016 and 2015.

<sup>(2)</sup> 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 30/9/2016		As at 31/12/2015	
	Group cents	Company cents	Group cents	Company cents
	Net asset value per ordinary share <sup>(1)</sup>	103.86	119.32	100.99

<sup>(1)</sup> 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 period/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 2016 as compared to corresponding quarter ended 30 September 2015**

*Group Revenue*

The Group recorded consolidated revenue of S\$4.174 million for the quarter ended 30 September 2016 ("Q3 2016"), a decrease of 17.2% against the revenue recorded in the corresponding quarter ended 30 September 2015 ("Q3 2015"). The decrease in Group revenue for Q3 2016 is attributable to lower revenue recorded by Unifiedcomms.

Unifiedcomms recorded revenue of S\$2.742 million, a decrease of 29.9% from the S\$3.916 million recorded in Q3 2015. This decline in revenue was due to lower revenues from both system sale and managed service contracts.

In contrast, GlobeOSS posted revenue of S\$1.379 million in Q3 2016, an increase of 28.4% from the S\$1.074 million recorded in Q3 2015. This increase was driven primarily by the higher revenues from both system sale and managed service contracts.

The Group's Others segment meanwhile contributed S\$0.053 million in income from investments.

The Group's sales mix in Q3 2016 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 70.9% of the Group's total revenue in Q3 2016 as compared to 62.3% in Q3 2015. The higher relative contribution of managed service contracts to the Group's sales mix in Q3 2016 is mainly attributable to the decrease in system sale contract revenues of the Group, which had declined 36.0% from S\$1.899 million in Q3 2015 to S\$1.215 million in Q3 2016.

*Group Gross Profit and Gross Profit Margins*

With the lower revenue in Q3 2016, the Group recorded gross profit of S\$2.383 million, a decrease of 27.6% from the S\$3.289 million achieved in Q3 2015. In addition, gross profit margin declined from 65.2% in Q3 2015 to 57.1% in Q3 2016. The decline was mainly due to lower gross profit margin realised on Group's system sale contract revenues, which declined from 75.6% in Q3 2015 to 50.1% in Q3 2016. This is mainly attributable to the higher proportionate contribution of system sale contracts by GlobeOSS, which generally deliver lower gross profit margin as a result of its typically higher third-party component costs.

The gross profit margin recorded by the Group on its managed service contracts increased marginally to 59.9% in Q3 2016 from 59.0% in Q3 2015. This increase in gross profit margin is mainly attributable to the lower amortisation of intellectual property in Q3 2016, as a result of certain intellectual properties having reached the end of their estimated useful lives in late 2015, coupled with lower revenue contribution from certain managed service contracts with higher third party costs.

*Interest Income*

The Group recorded interest income of S\$0.062 million in Q3 2016, a decrease of 15.7% on the S\$0.073 recorded in Q3 2015.

*Other Items of Expense*

The Group recorded total expenses of S\$1.722 million in Q3 2016, 17.4% lower than the S\$2.086 million incurred in Q3 2015. This was mainly due to:-

- \* Lower technical support expenses recorded in Q3 2016, attributable to a reduction in the technical support headcount of the Group; and
- \* Lower administrative expenses recorded in Q3 2016, as a result of lower professional fees incurred.

*Group Net Profit and EBITDA*

The Group recorded lower net profit of S\$0.539 million and EBITDA of S\$0.960 million in Q3 2016 as compared to the S\$1.124 million in net profit and S\$1.624 million in EBITDA recorded by the Group in Q3 2015. The lower net profit and EBITDA results recorded in Q3 2016 are mainly attributable to the flow-down effects of lower revenue and gross profit margin recorded in Q3 2016.

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 2016 as compared to corresponding quarter ended 30 September 2015 (continued)**

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2016, together with comparative results for Q3 2015 is provided below:

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

	Q3 2016 S\$'000	Sales mix %	Q3 2015 S\$'000	Sales mix %
Unifiedcomms	2,742	65.7	3,916	77.7
GlobeOSS	1,379	33.0	1,074	21.3
Others	53	1.3	53	1.1
<b>Total</b>	<b>4,174</b>	<b>100.0</b>	<b>5,043</b>	<b>100.0</b>

*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 2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,333	1,379	53	3,765
South Asia (SA)	199	-	-	199
Middle East & Africa (MEA)	210	-	-	210
Others	-	-	-	-
<b>Total</b>	<b>2,742</b>	<b>1,379</b>	<b>53</b>	<b>4,174</b>

External Sales	Q3 2015			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	3,501	1,070	53	4,624
SA	176	-	-	176
MEA	239	-	-	239
Others	-	4	-	4
<b>Total</b>	<b>3,916</b>	<b>1,074</b>	<b>53</b>	<b>5,043</b>

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

External Sales	Q3 2016			Q3 2015		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	1,215	2,959	4,174	1,899	3,144	5,043
Gross Profit	609	1,774	2,383	1,435	1,854	3,289
Gross Profit (%)	50.1%	59.9%	57.1%	75.6%	59.0%	65.2%

(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 2016 as compared to corresponding financial period ended 30 September 2015**

##### *Revenue*

The Group recorded consolidated revenue of S\$13.549 million for the nine months ended 30 September 2016 ("9M 2016"), a decrease of 12.1% against the revenue recorded in the corresponding period of 2015 ("9M 2015"). The decline in Group revenue for 9M 2016 is attributable to lower revenue recorded by both Unifiedcomms and GlobeOSS.

Unifiedcomms recorded revenue of S\$9.158 million, a decrease of 14.7% from the S\$10.741 million recorded in 9M 2015. This decline in revenue was due to lower revenues from both system sale and managed service contracts.

GlobeOSS recorded revenue of S\$4.231 million in 9M 2016, a decrease of 5.9% from the S\$4.499 million recorded in 9M 2015. This decline in revenue was due to lower system sale contract revenues.

The Group's Others segment meanwhile contributed S\$0.160 million in income from investments.

The Group's sales mix in 9M 2016 showed a slight increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 66.5% of the Group's total revenue in 9M 2016 as compared to 64.8% in 9M 2015. The higher relative contribution of managed service contracts to the Group's sales mix in 9M 2016 is mainly attributable to the decrease in system sale contract revenues of the Group, which had declined 16.2% from S\$5.420 million in 9M 2015 to S\$4.544 million in 9M 2016.

##### *Gross Profit and Gross Profit Margins*

The Group recorded gross profit of S\$8.080 million in 9M 2016, a decrease of 10.2% from the S\$9.000 million achieved in 9M 2015. The flow-down impact of lower revenue on the absolute gross profit of group was mitigated by the higher gross profit margin achieved of 59.6% in 9M 2016 against 58.4% in 9M 2015. This improvement in gross profit margin is mainly attributable to the lower proportionate contribution of system sale contract revenues by GlobeOSS, which generally delivers lower gross profit margin as a result of its typical higher third party cost.

The gross profit margin recorded by the Group on its managed service contract revenues also increased to 60.1% in 9M 2016 from 58.5% in 9M 2015. This increase in gross profit margin was contributed by the lower amortisation of intellectual property in 9M 2016, as a result of certain intellectual properties having reached the end of their estimated useful lives in late 2015, coupled with lower revenue contribution from certain managed service contracts with higher third party cost.

##### *Interest Income*

The Group recorded interest income of S\$0.210 million in 9M 2016, 2.4% higher than the S\$0.205 million recorded in 9M 2015.

##### *Other gains*

The Group recorded other gains of S\$0.008 million in 9M 2016, 90.7% lower than the S\$0.088 million recorded in 9M 2015. This is mainly attributable to the absence of foreign exchange gain of S\$0.075 million arising from the favorable exchange rate movement of USD against the Group's reporting currency, SGD.

##### *Other Items of Expense*

The Group recorded total expenses of S\$5.677 million in 9M 2016, 6.5% lower than the S\$6.072 million incurred in 9M 2015. This was mainly due to:-

- \* Lower technical support expenses recorded in 9M 2016, attributable to a reduction of technical support headcount of the Group;
- \* Lower distribution expenses recorded in 9M 2016, as a result of a favourable foreign exchange translation on MYR denominated expenses, coupled with lower sales related expenses due to lower revenue recorded in 9M 2016; and
- \* Lower administrative expenses recorded in 9M 2016, as a result of lower professional fees incurred.

The reduction in the above mentioned expenses was however partly offset by a foreign exchange loss of S\$0.185 million which was primarily caused by unfavourable exchange rate movements of MYR and USD against the Group's reporting currency, SGD.

##### *Net Profit and EBITDA*

The Group recorded lower net profit of S\$2.070 million and EBITDA of S\$3.332 million in 9M 2016 as compared to the S\$2.700 million in net profit and S\$4.201 million in EBITDA recorded by the Group in 9M 2015. The lower net profit and EBITDA results recorded in 9M 2016 are mainly attributable to the flow-down effect of lower revenue recorded in 9M 2016.

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 2016 as compared to corresponding financial period ended 30 September 2015 (continued)**

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2016, together with comparative results for 9M 2015 is provided below:

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

	2016 S\$'000	Sales mix %	2015 S\$'000	Sales mix %
Unifiedcomms	9,158	67.6	10,741	69.7
GlobeOSS	4,231	31.2	4,499	29.2
Others	160	1.2	170	1.1
<b>Total</b>	<b>13,549</b>	<b>100.0</b>	<b>15,410</b>	<b>100.0</b>

*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	2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	7,886	4,214	160	12,260
South Asia (SA)	620	-	-	620
Middle East & Africa (MEA)	652	-	-	652
Others	-	17	-	17
<b>Total</b>	<b>9,158</b>	<b>4,231</b>	<b>160</b>	<b>13,549</b>

External Sales	2015			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	8,950	4,484	170	13,604
SA	572	-	-	572
MEA	1,213	-	-	1,213
Others	6	15	-	21
<b>Total</b>	<b>10,741</b>	<b>4,499</b>	<b>170</b>	<b>15,410</b>

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

External Sales	2016			2015		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	4,544	9,005	13,549	5,420	9,990	15,410
Gross Profit	2,667	5,413	8,080	3,154	5,846	9,000
Gross Profit (%)	58.7%	60.1%	59.6%	58.2%	58.5%	58.4%

(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 2016 as compared to the Group's financial position as at 31 December 2015**

Non-cash current assets of the Group increased from \$6.750 million as at 31 December 2015 to S\$9.643 million as at 30 September 2016. This 42.8% increase in non-cash current assets was mainly due to the increase in trade and other receivables.

Total non-current assets of the Group increased from S\$18.003 million as at 31 December 2015 to S\$18.922 million as at 30 September 2016. This 5.1% increase in non-current assets is mainly attributable to the increase in investments in other financial assets and an associate, made by the Group's subsidiary, Captii Ventures Pte Ltd. The increase was however partly offset by the on-going depreciation charges on plant and equipment.

Total liabilities of the Group increased from S\$4.562 million as at 31 December 2015 to S\$5.231 million as at 30 September 2016. This 14.7% increase in total liabilities is attributable to the increase in other liabilities.

**Review of the Group's cash flow for the quarter and nine months ended 30 September 2016 as compared to the corresponding period ended 30 September 2015**

The Group's net cash flow from operations for Q3 2016 was S\$0.338 million, as compared to S\$3.783 million for Q3 2015, a decrease of 91.1%. This decrease was primarily due to an unfavourable working capital change of S\$0.622 million for Q3 2016, in contrast with a favourable working capital change of S\$2.159 million for Q3 2015. Further, the Group recorded lower profit before tax of S\$0.724 million for the current quarter against S\$1.325 million for Q3 2015 has also contributed to the decrease.

The Group's net cash flow from operations for 9M 2016 was S\$1.037 million, as compared to S\$6.087 million for 9M 2015, a decrease of 82.9%. This decrease was primarily due to an unfavourable working capital change of S\$2.298 million for 9M 2016, in contrast with the favourable working capital change of S\$1.886 million for 9M 2015, and the lower profit before tax of S\$2.621 million in 9M 2016 against S\$3.221 million in 9M 2015.

The Group's net cash flow used in investing activities for Q3 2016 was S\$0.485 million, as compared to S\$0.200 million for Q3 2015. The higher net cash used in investing activities is mainly attributable to the higher investment cost on intangible assets and plant and equipment.

The Group's net cash flow used in investing activities for 9M 2016 was S\$1.571 million, as compared to S\$1.201 million for 9M 2015. The higher net cash used in investing activities was mainly due to the higher investment cost on intangible assets and investments on certain technology companies (classified as other financial assets and an associate).

The Group's net cash flow used in financing activities for Q3 2016 amounted to S\$0.800 million as compared to S\$0.887 million for Q3 2015. The lower net cash used in financing activities was mainly due to absence of dividend payout to Non-controlling interest.

The Group's net cash flow used in financing activities for 9M 2016 amounted to S\$0.830 million as compared to S\$0.891 million for 9M 2015. The higher net cash used in financing activities was mainly due to the same factor as explained above.

**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 2016 to remain challenging.

Although 2015 proved to be a fair year for business generated from system sale contracts, management does not expect this to be a trend that can be readily extended into 2016. 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. The Group's need to continue strengthening its managed service contract portfolio for delivering steady and sustainable growth remains.

The Group's managed service contract portfolio therefore remains the focus for growth in 2016. Management will continue to work on improving execution in respect of strategies and tactics to grow Group revenues and profit.

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 investment plan in the year ahead will continue to focus primarily on these growth businesses in the SEA and SA regions and will complement the growth plans of the 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
AESBI Power Systems Sdn Bhd *	186	194	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 2016 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  
Chief Executive Officer

**BY ORDER OF THE BOARD**

Anton Syazi Ahmad Sebi  
Chief Executive Officer  
10 November 2016