

CAPTII LIMITED*(Formerly known as Unified Communications Holdings Limited)*

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

**Third Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 September 2014****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 2014

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2014	Q3 2013	Inc/(dec)	2014	2013	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,779	4,188	14.1	16,116	13,135	22.7
Cost of Sales	(1,917)	(1,747)	9.8	(8,316)	(5,630)	47.7
Gross profit	2,862	2,441	17.2	7,800	7,505	3.9
Other Items of Income:						
Interest Income	67	85	(20.9)	199	343	(41.9)
Other Credits	1	2	(54.2)	67	8	732.2
Other Items of Expense:						
Technical Support Expenses	(932)	(867)	7.5	(2,725)	(2,478)	10.0
Distribution Costs	(550)	(698)	(21.2)	(1,765)	(2,028)	(13.0)
Administrative Expenses	(623)	(544)	14.6	(1,690)	(1,633)	3.5
Other Charges	(36)	(172)	(79.2)	(51)	(153)	(66.6)
Finance Costs	(1)	-	100.0	(1)	(1)	0.0
Profit Before Income Tax	788	247	218.9	1,834	1,563	17.3
Income Tax Expenses	(96)	(191)	(49.7)	(294)	(433)	(32.2)
Profit, Net of Tax	692	56	1,135.2	1,540	1,130	36.3
Profit, Net of Tax, Attributable to:						
Owners of the Company	631	114	453.5	1,415	916	54.5
Non-Controlling Interest	61	(58)	(204.6)	125	214	(41.6)
Profit, Net of Tax	692	56	1,135.2	1,540	1,130	36.3

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2014	Q3 2013	Inc/(dec)	2014	2013	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit, Net of Tax	692	56	1135.2	1,540	1,130	36.3
Other Comprehensive Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	43	(1,042)	(104.1)	240	(889)	(127.0)
Total Comprehensive Income/(Loss) for the Period	735	(986)	(174.6)	1,780	241	638.6
Total Comprehensive Income/(Loss) for the Period Attributable to:						
Owners of the Company	674	(928)	(172.6)	1,655	26	6265.3
Non-Controlling interest	61	(58)	(204.6)	125	215	(41.9)
Total Comprehensive Income/(Loss) for the Period	735	(986)	(174.6)	1,780	241	638.6

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

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2014	Q3 2013	Inc/(dec)	2014	2013	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit before income tax is stated after (charging)/crediting the following items:						
Foreign Exchange Loss, net	(30)	(162)	(81.4)	(32)	(135)	(76.4)
Amortisation of Intangible Assets	(290)	(294)	(1.4)	(865)	(871)	(0.7)
Depreciation of Plant and Equipment	(126)	(224)	(43.7)	(366)	(690)	(46.9)
Impairment Loss on Receivables	-	-	0.0	-	(2)	(100.0)
Loss on Disposal of Plant and Equipment	-	(1)	-	-	(2)	(100.0)
Plant and Equipment Written-Off	(2)	(4)	(47.9)	(8)	(4)	99.6
Components of tax expense recognised in profit and loss include:						
Current Tax Expenses	(82)	(79)	3.8	(208)	(244)	(14.8)
Over/(Under) adjustments in respect of prior years	33	(39)	(184.1)	19	(36)	(152.2)
Overseas Withholding Tax Expenses	(47)	(73)	(35.3)	(107)	(153)	(29.9)

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	
	As at		As at	
	30/9/2014		31/12/2013	
	S\$'000		S\$'000	
ASSETS				
Non-Current Assets				
Plant and Equipment	1,680	1,334	-	-
Investment Property	3,463	3,438	-	-
Intangible Assets	15,334	15,753	-	-
Investments in Subsidiaries	-	-	32,734	32,734
Deferred Tax assets	19	19	-	-
Total Non-Current Assets	20,496	20,544	32,734	32,734
Current assets				
Inventories	19	3	-	-
Trade and Other Receivables	8,928	7,909	4,500	4,529
Other Assets	557	536	29	3
Cash and Cash Equivalents	12,339	11,254	23	22
Total Current Assets	21,843	19,702	4,552	4,554
Total Assets	42,339	40,246	37,286	37,288
EQUITY AND LIABILITIES				
Equity				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	6,010	5,234	5,126	4,630
Foreign Currency Translation Reserve	(3,369)	(3,609)	-	-
Equity, Attributable to Owners of the Parent	34,589	33,573	37,074	36,578
Non-Controlling Interest	1,517	1,392	-	-
Total Equity	36,106	34,965	37,074	36,578
Non-Current Liabilities				
Deferred Tax Liabilities	16	16	-	-
Total Non-Current Liabilities	16	16	-	-
Current Liabilities				
Income Tax Payables	57	108	-	-
Trade and Other Payables	5,749	4,803	212	710
Other Liabilities	248	354	-	-
Borrowings	163	-	-	-
Total Current Liabilities	6,217	5,265	212	710
Total Liabilities	6,233	5,281	212	710
Total Equity and Liabilities	42,339	40,246	37,286	37,288

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
163	-	-	-

Amount repayable after one year

Group		Group	
As at 30/9/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The Group's borrowings represent trade lines banking facilities which are secured by fixed deposits of the subsidiary amounting to approximately S\$324,000 (2013: S\$364,000), a personal guarantee of a director of the subsidiary and corporate guarantee of the Company of RM1,530,000 (equivalent to S\$597,000 (2013: S\$590,000)).

The Company has not recognised any liability in respect of the guarantee given to the bank for banking facilities granted to its subsidiary as the management has assessed that the likelihood of the subsidiary defaulting on repayment of its facility is remote.

As at the end of the financial period, there were no outstanding facilities covered by the guarantee (2013: Nil). The financial guarantee requires the guarantor to reimburse the bank if the subsidiary fails to make principal or interest repayments when due in accordance with the terms of the facility. There has been no default or non-repayment since the utilisation of the banking facilities.

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 2014	Q3 2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit Before Income Tax	788	247	1,834	1,563
Adjustments for:				
Amortisation of Intangible Assets	290	294	865	871
Depreciation of Plant and Equipment	126	224	366	690
Plant and Equipment Written-Off	2	4	8	4
Impairment Loss on Receivables	-	-	-	2
Loss on disposals of plant and equipment	-	1	-	2
Interest Expense	1	-	1	1
Interest Income	(67)	(85)	(199)	(343)
Operating Cash Flow before Changes in Working Capital	1,140	685	2,875	2,790
Inventories	6	83	(19)	(41)
Trade and Other receivables	1,052	(842)	(1,019)	(371)
Other Assets	(203)	(334)	(21)	(447)
Trade and Other payables	227	196	1,978	(195)
Other Liabilities	(69)	(212)	(106)	383
Net Cash Flows From / (Used in) Operations	2,153	(424)	3,688	2,119
Income Tax Paid	(192)	(448)	(452)	(652)
Net Cash Flows From / (Used in) Operating Activities	1,961	(872)	3,236	1,467
Cash Flows From Investing Activities:				
Purchase of Plant and Equipment	(359)	(96)	(733)	(187)
Proceeds From Disposal of Plant and Equipment	-	2	-	3
Payment of Contingent Consideration	(1)	-	(924)	(1,306)
Payment for Development Costs	(124)	(226)	(300)	(680)
Cash Restricted in Use	(14)	(67)	2,419	1,375
Interest Income Received	67	85	199	343
Net Cash Flows (Used in) / From Investing Activities	(431)	(302)	661	(452)
Cash Flows From Financing Activities:				
Dividend Paid by a Subsidiary to Non-Controlling Interest	-	(195)	-	(195)
Dividend Paid to Equity Owners	(639)	(639)	(639)	(639)
Cash Restricted in Use	(47)	-	(3)	-
Proceeds from Interest Bearing Borrowings	163	-	163	234
Repayment of Interest Bearing Borrowings	-	-	-	(234)
Interest Expenses Paid	(1)	-	(1)	(1)
Net Cash Flows Used in Financing Activities	(524)	(834)	(480)	(835)

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	
			9 months ended 30 September	
	Q3 2014	Q3 2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Net Change in Cash and Cash Equivalents	1,006	(2,008)	3,417	180
Cash and Cash Equivalents at Beginning of the Financial Year (Note 1)	10,894	9,917	8,453	7,755
Effect of Exchange Rate Changes On Cash and Cash Equivalents	33	(282)	63	(308)
Cash and Cash Equivalents At End of the Financial Period (Note 1)	11,933	7,627	11,933	7,627

Explanatory Notes:

Note 1

	Group	
	9 months ended 30 September	
	2014	2013
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	12,339	10,382
Less: Restricted Deposits	(406)	(2,755)
Cash and cash equivalents per consolidated statement of cash flows	11,933	7,627

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 2014

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
Current Quarter						
Group						
Opening Balance at 1 July 2014	36,010	34,554	31,948	6,018	(3,412)	1,456
Total Comprehensive Income for the financial period	735	674	-	631	43	61
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2014	36,106	34,589	31,948	6,010	(3,369)	1,517
Company						
Opening Balance at 1 July 2014	36,418	36,418	31,948	4,470	-	-
Total Comprehensive Income for the financial period	1,295	1,295	-	1,295	-	-
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2014	37,074	37,074	31,948	5,126	-	-

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 2013

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Previous Quarter						
Group						
Opening Balance at 1 July 2013	36,926	35,159	31,948	5,654	(2,443)	1,767
Total Comprehensive (Loss)/Income for the financial period	(986)	(928)	-	114	(1,042)	(58)
Dividend Paid	(834)	(639)	-	(639)	-	(195)
Closing Balance at 30 September 2013	35,106	33,592	31,948	5,129	(3,485)	1,514
Company						
Opening Balance at 1 July 2013	38,597	38,597	31,948	6,649	-	-
Total Comprehensive Income for the financial period	93	93	-	93	-	-
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2013	38,051	38,051	31,948	6,103	-	-

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 2014

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non-Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Period:						
Group						
Opening Balance at 1 January 2014	34,965	33,573	31,948	5,234	(3,609)	1,392
Total Comprehensive Income for the financial period	1,780	1,655	-	1,415	240	125
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2014	36,106	34,589	31,948	6,010	(3,369)	1,517
Company						
Opening Balance at 1 January 2014	37,303	37,303	31,948	5,355	-	-
Total Comprehensive Income for the financial period	410	410	-	410	-	-
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2014	37,074	37,074	31,948	5,126	-	-

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 2013

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained earnings	Foreign Currency Translation Reserve	Non- Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Previous Period:						
Group						
Opening Balance at 1 January 2013	35,699	34,205	31,948	4,852	(2,595)	1,494
Total Comprehensive Income/(Loss) for the financial period	241	26	-	916	(890)	215
Dividend Paid	(834)	(639)	-	(639)	-	(195)
Closing Balance at 30 September 2013	35,106	33,592	31,948	5,129	(3,485)	1,514
Company						
Opening Balance at 1 January 2013	37,303	37,303	31,948	5,355	-	-
Total Comprehensive Income for the financial period	1,387	1,387	-	1,387	-	-
Dividend Paid	(639)	(639)	-	(639)	-	-
Closing Balance at 30 September 2013	38,051	38,051	31,948	6,103	-	-

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 30/9/2014	As at 31/12/2013
Ordinary shares	319,572,675	319,572,675

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 2013.

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	
	2014	2013	2014	2013
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	0.20	0.04	0.44	0.29
On fully diluted basis (detailing any adjustments made to the earnings) ⁽²⁾	n.a	n.a	n.a	n.a

n.a.: not applicable

⁽¹⁾ For comparative purposes, the earnings per ordinary share of the Group has been computed based on the profit, net of tax from the financial statements of the relevant financial period and the weighted average number of ordinary shares issued of 319,572,675 shares for quarter ended 30 September 2014 and 2013.

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

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

	As at 30/9/2014		As at 31/12/2013	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	10.82	11.60	10.51	11.45

⁽¹⁾ 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 at the relevant financial period/year end and the existing issued share capital of 319,572,675 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 2014 as compared to corresponding quarter ended 30 September 2013

Group Revenue

The Group achieved consolidated revenue of S\$4.779 million for the quarter ended 30 September 2014 ("Q3 2014"), an increase of 14.1% against the revenue recorded in the corresponding quarter ended 30 September 2013 ("Q3 2013"). The increase in Group revenue for Q3 2014 is attributable to the improved revenue performance of OSS and VAS BUs.

OSS BU closed the quarter with revenue of S\$1.196 million in Q3 2014, an increase of 67.7% from the S\$0.713 million recorded in Q3 2013. This increase in revenue was largely due to the higher system sale contract revenues realised by OSS BU in the SEA region.

VAS BU posted revenue of S\$1.999 million, an increase of 10.2% on the S\$1.814 million recorded in Q3 2013. This increase was driven primarily by the higher system sale and managed service contract revenues generated by VAS BU in the MEA and SEA regions respectively.

TECH BU recorded revenue of S\$1.522 million in Q3 2014, a slight decline of 4.8% on the S\$1.599 million recorded in Q3 2013. This decline in revenue is mainly attributable to the lower system sale and managed service contract revenues recorded in the SEA region.

OHQ BU continued to contribute to Group revenue with S\$0.062 million in rental income from the investment property acquired in early 2011.

The Group's sales mix in Q3 2014 showed a decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 76.5% of the Group's total revenue in Q3 2014 as compared to 81.9% in Q3 2013. The lower contribution of managed service contracts to the Group's sales mix in the current quarter is mainly attributable to the improvement in system sale contract revenues of the Group, which had risen 48.2% from S\$0.757 million in Q3 2013 to S\$1.122 million in Q3 2014.

Group Gross Profit and Gross Profit Margins

The Group's gross profit was higher at S\$2.862 million in Q3 2014 as compared to S\$2.441 million in Q3 2013. This was primarily due to the higher revenue achieved from both system sale and managed service contracts as explained above. In addition, higher gross profit margin was realised on the Group's system sale contract revenues, which showed an increase from 64.5% in Q3 2013 to 67.7% in Q3 2014. This increase in gross profit margin was mainly contributed by the improved gross profit margin of system sale contracts of both OSS and VAS BUs in Q3 2014.

The gross profit margin recorded by the Group on its managed service contract revenues also increased but only marginally, to 57.5% in Q3 2014 from 56.9% recorded in Q3 2013. This increase in gross profit margin was primarily due to a decline in depreciation costs, following the full impairment provision being set aside on certain managed service contract assets in late 2013.

Interest Income

The Group recorded interest income of S\$0.067 million in Q3 2014, 20.9% lower than the S\$0.085 million achieved in Q3 2013, mainly attributable to the withdrawal of interest-bearing deposits held in escrow in connection with contingent consideration for the acquisition of Ahead Mobile Sdn Bhd ("AMSB"). The withdrawal of interest-bearing deposits relates to payment of tranche 3 of contingent consideration being made in Q2 2014.

Other Items of Expense

The Group recorded total expenses of S\$2.142 million in Q3 2014, 6.1% lower than the S\$2.281 million incurred in Q3 2013. This decline in total expenses is attributable mainly to:-

- * A 21.2% decline in distribution costs from S\$0.698 million in Q3 2013 to S\$0.55 million in Q3 2014. The decline in distribution costs is a result of reduction of sales and business development expenses of the Group; and
- * Lower foreign exchange loss of S\$0.03 million, as compared to S\$0.162 million in Q3 2013. This lower in foreign exchange loss was mainly due to the favourable exchange rate movement of the PKR against SGD during Q3 2014.

The reduction in the above-mentioned expenses was however partly offset by the higher technical support and administrative expenses recorded in Q3 2014, which related to an expansion in technical and administrative staff headcount, through both external recruitment and internal transfer of personnel.

Group Net Profit and EBITDA

The Group recorded higher net profit of S\$0.692 million and EBITDA of S\$1.139 million in Q3 2014 as compared to the S\$0.056 million in net profit and S\$0.68 million in EBITDA achieved by the Group in Q3 2013. The higher net profit and EBITDA results recorded in Q3 2014 are mainly attributable to the flow-down effect of higher gross profit margin and lower operating expenses recorded in Q3 2014.

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 2014 as compared to corresponding quarter ended 30 September 2013 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2014, together with comparative results for Q3 2013, is provided below:

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

	Q3 2014 S\$'000	Sales mix %	Q3 2013 S\$'000	Sales mix %
Mobile Technology (TECH BU)	1,522	31.9	1,599	38.2
Mobile Value-Added-Services (VAS BU)	1,999	41.8	1,814	43.3
Operation Support Systems (OSS BU)	1,196	25.0	713	17.0
Operational Headquarters (OHQ BU)	62	1.3	62	1.5
Total	4,779	100.0	4,188	100.0

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

External Sales	Q3 2014				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	1,521	1,326	1,190	62	4,099
South Asia (SA)	-	296	-	-	296
Middle East & Africa (MEA)	-	377	-	-	377
Others	1	-	6	-	7
Total	1,522	1,999	1,196	62	4,779

External Sales	Q3 2013				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
SEA	1,597	1,268	706	62	3,633
SA	-	315	-	-	315
MEA	-	231	-	-	231
Others	2	-	7	-	9
Total	1,599	1,814	713	62	4,188

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

External Sales	Q3 2014			Q3 2013		
	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group
Revenue	1,122	3,657	4,779	757	3,431	4,188
Gross Profit	760	2,102	2,862	488	1,953	2,441
Gross Profit (%)	67.7%	57.5%	59.9%	64.5%	56.9%	58.3%

(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 2014 as compared to corresponding period ended 30 September 2013

Revenue

The Group achieved consolidated revenue of S\$16.116 million for the nine months ended 30 September 2014 ("9M 2014"), an increase of 22.7% against the revenue recorded in the corresponding period of 2013 ("9M 2013"). The increase in Group revenue for 9M 2014 is attributable to the improved revenue performance of OSS and VAS BUs.

OSS BU achieved revenue of S\$5.823 million in 9M 2014, an increase of 87.1% from the S\$3.113 million recorded in 9M 2013. This increase in revenue was largely due to the higher system sale contract revenues realised by OSS BU in the SEA region.

VAS BU posted revenue of S\$5.622 million, an increase of 12.6% on the S\$4.991 million recorded in 9M 2013. This increase was driven primarily by the higher system sale and managed service contract revenues generated by VAS BU in the MEA and SEA regions respectively.

TECH BU recorded revenue of S\$4.487 million in 9M 2014, a decline of 7.4% from the S\$4.843 million recorded in 9M 2013. This decline in revenue is mainly attributable to the lower system sale and managed service contract revenues in the SEA region.

OHQ BU continued to contribute to Group revenue with S\$0.18 million in rental income from the investment property acquired in early 2011.

The Group's sales mix in 9M 2014 showed a decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 64.8% of the Group's total revenue in 9M 2014 as compared to 77.9% in 9M 2013. The lower contribution of managed service contracts to the Group's sales mix in the current quarter is mainly attributable to the improvement in system sale contract revenues of the Group, which had risen 95.5% from S\$2.901 million in 9M 2013 to S\$5.671 million in 9M 2014.

Gross Profit and Gross Profit Margins

Although Group gross profit was higher at S\$7.8 million in 9M 2014 as compared to S\$7.505 million in 9M 2013, gross profit margin was lower at 48.4% as compared to 57.1% in 9M 2013. This was primarily due to the lower gross profit margin realised on the Group's system sale contract revenues, which showed a decline from 60.6% in 9M 2013 to 35.3% in 9M 2014. This decline in gross profit margin is mainly attributable to the higher proportionate contribution of system sale contracts by OSS BU, 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 contract revenues decreased marginally to 55.5% in 9M 2014 from 56.2% in 9M 2013. This decrease in gross profit margin was primarily due to higher third-party costs on certain managed service contracts, coupled with the lower revenue contribution of certain mature, higher-margin managed service contracts. This impact of lower gross profit margin on managed service contract revenues was however partly mitigated by the decline in depreciation costs, following the full impairment provision being set aside on certain managed service contract assets in late 2013.

Interest Income

The Group recorded interest income of S\$0.199 million in 9M 2014, 41.9% lower than the S\$0.343 million achieved in 9M 2013, mainly attributable to the withdrawal of interest-bearing deposits held in escrow in connection with contingent consideration for the acquisition of AMSB. The withdrawal of interest-bearing deposits is a result of payment of tranche 2 and 3 of contingent consideration in 2013 and 2014 respectively.

Other Credits

The Group achieved higher other credits of S\$0.067 million in 9M 2014, an increase of 732.2% on the S\$0.008 million recorded in 9M 2013. This increase is mainly attributable to a cash incentive received from the Singapore tax authority on certain plant and equipment invested by a subsidiary in Singapore.

Other Items of Expense

The Group recorded total expenses of S\$6.232 million in 9M 2014, 1% lower than the S\$6.293 million incurred in 9M 2013. This decrease in total expenses is attributable mainly to lower distribution costs recorded in 9M 2014, which related to the reduction of sales and business development headcount of the Group and lower foreign exchange loss of S\$0.032 million, as compared to S\$0.135 million in Q3 2013. This decline in foreign exchange loss was mainly a result of the favourable exchange rate movement of the PKR against SGD during 9M 2014.

The reduction in the above-mentioned expenses was however partly offset by a 10% increase in technical support expenses from S\$2.478 million in 9M 2013 to S\$2.725 million in 9M 2014. The increase in technical support expenses is a result of an expansion in the technical staff headcount of the Group, coupled with reduced investment in product development that is reflected in the lower rate of capitalisation of technical support resource costs into intellectual property.

Net Profit and EBITDA

The Group recorded higher net profit of S\$1.540 million and EBITDA of S\$2.867 million in 9M 2014 as compared to the S\$1.13 million in net profit and S\$2.782 million in EBITDA achieved by the Group in 9M 2013. The higher net profit and EBITDA results recorded in 9M 2014 are mainly attributable to the flow-down effect of higher revenue and lower operating expenses recorded in 9M 2014.

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 2014 as compared to corresponding period ended 30 September 2013 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2014, together with comparative results for 9M 2013 is provided below:

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

	2014 S\$'000	Sales mix %	2013 S\$'000	Sales mix %
Mobile Technology (TECH BU)	4,487	27.8	4,843	36.9
Mobile Value-Added-Services (VAS BU)	5,622	34.9	4,991	38.0
Operation Support Systems (OSS BU)	5,823	36.1	3,113	23.7
Operational Headquarters (OHQ BU)	184	1.2	188	1.4
Total	16,116	100.0	13,135	100.0

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

External Sales	2014				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	4,481	3,631	5,806	184	14,102
South Asia (SA)	-	859	-	-	859
Middle East & Africa (MEA)	-	1,132	-	-	1,132
Others	6	-	17	-	23
Total	4,487	5,622	5,823	184	16,116

External Sales	2013				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
SEA	4,832	3,233	3,087	188	11,340
SA	-	1,008	9	-	1,017
MEA	4	750	-	-	754
Others	7	-	17	-	24
Total	4,843	4,991	3,113	188	13,135

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

External Sales	2014			2013		
	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group
Revenue	5,671	10,445	16,116	2,901	10,234	13,135
Gross Profit	2,004	5,796	7,800	1,758	5,747	7,505
Gross Profit (%)	35.3%	55.5%	48.4%	60.6%	56.2%	57.1%

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

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

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Review of the Group's financial position as at 30 September 2014 as compared to the Group's financial position as at 31 December 2013

Non-cash current assets of the Group increased to S\$9.504 million as at 30 September 2014 from S\$8.448 million as at 31 December 2013. This 12.5% increase of S\$1.056 million was mainly due to the increase in trade and other receivables as a result of the 22.7% rise in revenue being achieved by the Group.

Total non-current assets of the Group decreased from S\$20.544 million as at 31 December 2013 to S\$20.496 million as at 30 September 2014. This marginal 0.2% decrease is attributable to the effect of ongoing depreciation and amortisation charges on plant and equipment and the intangible assets of the Group.

Total liabilities of the Group increased from S\$5.281 million as at 31 December 2013 to S\$6.233 million as at 30 September 2014. This 18% increase of S\$0.952 million was mainly due to an increase in trade and other payables corresponding to the higher cost of sales incurred by the Group in 9M 2014.

Review of the Group's cash flow for the quarter and nine months ended 30 September 2014 as compared to the corresponding period ended 30 September 2013

The Group's net cash flows from operations for Q3 2014 was S\$2.153 million, as compared to cash used in operations of S\$0.424 million for Q3 2013, an increase of 607.8%. This increase was mainly contributed by:-

- * Favourable working capital changes, in particular a positive receivables movement in Q3 2014; and
- * Higher operating cash flow before changes in working capital of S\$1.140 million for Q3 2014 versus S\$0.685 million for Q3 2013. This 66.4% improvement in operating cash flow is mainly attributable to the higher operating profit recorded.

The Group's net cash flows from operations for 9M 2014 was S\$3.688 million, an increase of 74% as compared to S\$2.119 million for 9M 2013. This increase was mainly due to the favourable working capital changes, mainly positive payables movement in 9M 2014.

The Group's net cash flows used in investing activities for Q3 2014 amounted to S\$0.431 million as compared to S\$0.302 million for Q3 2013. This higher net cash used in investing activities is mainly attributable to higher investment cost on plant and equipment.

The Group's net cash flows from investing activities for 9M 2014 was S\$0.661 million, in contrast with the net cash flows used in investing activities of S\$0.452 million for 9M 2013. This significant change is mainly attributable to withdrawal of interest-bearing deposit amounting to S\$2.419 million in 9M 2014, as compared to the lower withdrawal amount of S\$1.375 million in 9M 2013. Both of these withdrawals are related to the deposit in an escrow account that served as contingent consideration payable for the acquisition of AMSB. The higher withdrawal amount in 9M 2014 is in connection with the final payment of contingent consideration (tranche 3) made in Q2 2014.

The Group's net cash flows used in financing activities for Q3 2014 amounted to S\$0.524 million as compared to S\$0.834 million for Q3 2013. This lower net cash used in financing activities is mainly attributable to the absence of dividend payout to non-controlling interests, and proceeds from bank borrowings.

The Group's net cash flows used in financing activities for 9M 2014 amounted to S\$0.48 million as compared to S\$0.835 million for 9M 2013. This lower net cash used in financing activities was mainly due to the same factors 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 the 2014 financial year to continue to be challenging.

The relatively soft system sale market conditions for TECH and VAS BUs is anticipated to persist in the final quarter of 2014. This is however expected to be countervailed by progress in growing the managed services contract portfolio of the Group. The number of revenue sharing contracts under VAS BU is expected to increase substantially over the next two financial years, driven by utility-focused application services. The full impact of these new contracts on Group financial performance is expected to be realised in first half of 2015 and beyond.

With the ramping up of internet usage - especially the mobile broadband variety - in the SEA and SA regions over the past two years expected to continue as mobile internet devices become more affordable, the directors and management of the Group anticipate that internet-delivered application services and mobile and digital advertising solutions will continue to offer strong growth potential. The Group's acquisition and strategic investment plan in the year ahead will focus primarily on these growth businesses in the SEA and SA regions.

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	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
AESBI Power Systems Sdn Bhd *	203	204	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 2014 to be false or misleading.

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
13 November 2014