

Third Quarter Financial Statements and Dividend Announcement  
for the Period Ended 30 September 2011

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

1(a)(i) An income statement (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 2011

Consolidated Income Statement

	Group			Group		
	Quarter ended 30 Sept			9 months ended 30 Sept		
	Q3 2011	Q3 2010	Inc/(dec)	2011	2010	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	<b>3,251</b>	<b>4,246</b>	<b>(23)</b>	<b>10,440</b>	<b>12,078</b>	<b>(14)</b>
Cost of sales	(1,431)	(2,434)	(41)	(5,049)	(6,452)	(22)
<b>Gross profit</b>	<b>1,820</b>	<b>1,812</b>	<b>0</b>	<b>5,391</b>	<b>5,626</b>	<b>(4)</b>
Other operating income	282	317	(11)	661	1,153	(43)
Expenses:						
Technical support expenses	(771)	(752)	3	(2,184)	(2,043)	7
Distribution costs	(460)	(568)	(19)	(1,387)	(1,556)	(11)
Administrative expenses	(606)	(532)	14	(1,638)	(1,530)	7
Other operating expenses	56	(38)	(247)	(90)	(791)	(89)
Finance costs	-	-	(100)	-	(1)	(100)
Share of profit from an equity-accounted associate	295	285	3	856	886	(3)
<b>Profit before income tax</b>	<b>616</b>	<b>524</b>	<b>18</b>	<b>1,609</b>	<b>1,744</b>	<b>(8)</b>
Income tax expenses	(95)	(21)	352	(127)	(51)	149
<b>Profit for the period</b>	<b>521</b>	<b>503</b>	<b>4</b>	<b>1,482</b>	<b>1,693</b>	<b>(12)</b>
<b>Profit attributable to:</b>						
Owners of the Company	452	565	(20)	1,190	1,402	(15)
Non-controlling interest	69	(62)	(211)	292	291	0
<b>Profit for the period</b>	<b>521</b>	<b>503</b>	<b>4</b>	<b>1,482</b>	<b>1,693</b>	<b>(12)</b>

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 Sept			9 months ended 30 Sept		
	Q3 2011	Q3 2010	Inc/(dec)	2011	2010	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>521</b>	<b>503</b>	<b>4</b>	<b>1,482</b>	<b>1,693</b>	<b>(12)</b>
Other comprehensive income:						
Exchange difference on translating foreign operations	83	(295)	(128)	(598)	1,115	(154)
<b>Total comprehensive income for the period</b>	<b>604</b>	<b>208</b>	<b>191</b>	<b>884</b>	<b>2,808</b>	<b>(69)</b>
<b>Total comprehensive income/(expense) attributable to:</b>						
Owners of the Company	532	284	87	608	2,491	(76)
Non-controlling interest	72	(76)	(195)	276	317	(13)
<b>Total comprehensive income for the period</b>	<b>604</b>	<b>208</b>	<b>191</b>	<b>884</b>	<b>2,808</b>	<b>(69)</b>

**1(a)(ii) Notes to income statement**

The following items have been included in arriving at profit before income tax:

	Group			Group		
	Quarter ended 30 Sept			9 months ended 30 Sept		
	Q3 2011	Q3 2010	Inc/(dec)	2011	2010	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<b>Other operating income, comprising:</b>						
Write back of allowance for impairment of receivables - trade	-	182	(100)	-	182	(100)
Write back of allowance for impairment of receivables - non-trade	-	49	(100)	-	49	(100)
Foreign exchange gain/(loss)	23	(10)	(332)	138	513	(73)
Write back of allowance for inventories obsolescence	-	-	-	8	-	100
Interest income	258	68	280	410	342	20
Gain on disposal of property, plant and equipment	-	1	(100)	-	1	(100)
Gain on disposal of a subsidiary	-	-	100	83	-	100
<b>Other operating expenses, comprising:</b>						
Allowance for inventories obsolescence	-	-	-	-	3	100
Amortisation of development costs and intellectual property	(180)	(167)	8	(511)	(462)	11
Depreciation of property, plant and equipment	(121)	(150)	(19)	(426)	(441)	(3)
Foreign exchange gain/(loss)	59	(35)	(269)	(77)	(665)	(88)
Loss on disposal of property, plant and equipment	-	-	-	(1)	-	100
Allowance for impairment loss on property, plant and equipment	-	1	(100)	-	(115)	(100)
Property, plant and equipment written off	-	-	-	-	(1)	(100)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**Balance Sheets**

	Group		Company	
	As at		As at	
	9/30/2011		12/31/2010	
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and equipment	6,890	3,799	-	-
Intangible assets	3,745	3,286	-	-
Investments in subsidiaries	-	-	32,734	32,734
Investment in an associate	620	1,449	-	-
Deferred income tax assets	42	43	-	-
Trade and other receivables	875	2,672	-	-
<b>Total non-current assets</b>	<b>12,172</b>	<b>11,249</b>	<b>32,734</b>	<b>32,734</b>
<b>Current assets</b>				
Inventories	244	158	-	-
Trade and other receivables	6,491	7,043	6,226	6,354
Cash and cash equivalents	15,781	17,220	88	9
<b>Total current assets</b>	<b>22,516</b>	<b>24,421</b>	<b>6,314</b>	<b>6,363</b>
<b>Total assets</b>	<b>34,688</b>	<b>35,670</b>	<b>39,048</b>	<b>39,097</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	31,948	31,948	31,948	31,948
(Accumulated losses)/retained earnings	(1,351)	(2,221)	6,959	6,708
Foreign currency translation reserve	(1,963)	(1,381)	-	-
<b>Equity attributable to owners of the Company</b>	<b>28,634</b>	<b>28,346</b>	<b>38,907</b>	<b>38,656</b>
Non-controlling interest	1,302	1,029	-	-
<b>Total equity</b>	<b>29,936</b>	<b>29,375</b>	<b>38,907</b>	<b>38,656</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	25	25	-	-
<b>Total non-current liabilities</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Current income tax liabilities	57	39	-	-
Trade and other payables	4,670	6,231	141	441
<b>Total current liabilities</b>	<b>4,727</b>	<b>6,270</b>	<b>141</b>	<b>441</b>
<b>Total liabilities</b>	<b>4,752</b>	<b>6,295</b>	<b>141</b>	<b>441</b>
<b>Total equity and liabilities</b>	<b>34,688</b>	<b>35,670</b>	<b>39,048</b>	<b>39,097</b>

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 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Amount repayable after one year**

Group		Group	
As at 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

Not applicable

1(c) A cash flow statement (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 2011	Q3 2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities:</b>				
Profit before income tax	616	524	1,609	1,744
Adjustments for:				
Amortisation of development costs and intellectual property	180	167	511	462
Depreciation of property, plant and equipment	121	150	426	441
Gain on disposal of a subsidiary	-	-	(83)	-
Property, plant and equipment written off	-	-	-	1
Write back of allowance for impairment of receivables - trade	-	(182)	-	(182)
Write back of allowance for impairment of receivables - non-trade	-	(49)	-	(49)
Allowance for inventory obsolescence	-	-	-	(3)
Allowance for impairment loss on property, plant and equipment	-	(1)	-	115
Write back of allowance for inventories obsolescence	-	-	(8)	-
(Gain)/Loss on disposals of property, plant and equipment	-	(1)	1	(1)
Interest expense	-	-	-	1
Interest income	(258)	(68)	(410)	(342)
Share of profit from an equity-accounted associate	(295)	(285)	(856)	(886)
<b>Operating cash flow before movement in working capital</b>	<b>364</b>	<b>255</b>	<b>1,190</b>	<b>1,301</b>
Changes in operating assets and liabilities				
Inventories	(125)	61	(66)	(19)
Trade and other receivables	985	(82)	2,344	4,890
Trade and other payables	(893)	482	(1,359)	(1,870)
<b>Cash generated from operations</b>	<b>331</b>	<b>716</b>	<b>2,109</b>	<b>4,302</b>
Income tax paid	(42)	(18)	(61)	(44)
<b>Net cash from operating activities</b>	<b>289</b>	<b>698</b>	<b>2,048</b>	<b>4,258</b>
<b>Investing activities:</b>				
Purchase of property, plant and equipment	(255)	(180)	(3,611)	(1,167)
Proceeds from disposals of property, plant and equipment	6	2	6	8
Disposal of subsidiary, net of cash disposed	-	-	(4)	-
Development costs paid	(246)	(446)	(964)	(1,287)
Deposits withdrawal from a licensed bank	-	-	26	-
Deposits placement with a licensed bank	-	-	(181)	-
Interest received	258	68	410	342
Dividend received from an equity-accounted associate	569	2	1,643	510
<b>Net cash from/(used in) investing activities</b>	<b>332</b>	<b>(554)</b>	<b>(2,675)</b>	<b>(1,594)</b>
<b>Financing activities:</b>				
Dividend paid by a subsidiary to non-controlling interest	-	-	(81)	(42)
Dividend paid to equity holders of the Company	(320)	(320)	(320)	(320)
Repayments of finance leases	-	(2)	-	(5)
<b>Net cash used in financing activities</b>	<b>(320)</b>	<b>(322)</b>	<b>(401)</b>	<b>(367)</b>

1(c) A cash flow statement (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 2011	Q3 2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Net change in cash and cash equivalents	301	(178)	(1,028)	2,297
Cash and cash equivalents at beginning of the financial year (Note 1)	15,247	18,825	17,195	14,991
Effect of exchange rate changes on cash and cash equivalents	52	(275)	(567)	1,084
Cash and cash equivalents at end of the financial period (Note 1)	15,600	18,372	15,600	18,372

Explanatory Notes:

**Note 1**

	Group	
	9 months ended 30 September	
	2011	2010
	S\$'000	S\$'000
Cash and cash equivalents	15,781	18,398
Restricted deposits	(181)	(26)
Cash and cash equivalents per consolidated cash flow statement	15,600	18,372

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 quarter ended 30 September 2011**

	Issued and fully paid		Foreign currency translation reserve	(Accumulated losses) / retained earnings	Sub-Total	Non-Controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Period ended 30/9/2011</b>							
<b>Group</b>							
Balance at 1/7/2011	319,572,675	31,948	(2,043)	(1,483)	28,422	1,230	29,652
Total comprehensive income/ (expenses) for the financial period	-	-	80	452	532	72	604
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2011</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(1,963)</b>	<b>(1,351)</b>	<b>28,634</b>	<b>1,302</b>	<b>29,936</b>
<b>Company</b>							
Balance at 1/7/2011	319,572,675	31,948	-	6,278	38,226	-	38,226
Total comprehensive income/ (expenses) for the financial period	-	-	-	1,001	1,001	-	1,001
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2011</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>6,959</b>	<b>38,907</b>	<b>-</b>	<b>38,907</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 quarter ended 30 September 2010**

	Issued and fully paid		Foreign currency translation reserve	(Accumulated losses) / retained earnings	Sub-Total	Non-Controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Period ended 30/9/2010</b>							
<b>Group</b>							
Balance at 1/7/2010	319,572,675	31,948	(572)	(3,131)	28,245	1,011	29,256
Total comprehensive income/ (expenses) for the financial period	-	-	(281)	565	284	(76)	208
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2010</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(853)</b>	<b>(2,886)</b>	<b>28,209</b>	<b>935</b>	<b>29,144</b>
<b>Company</b>							
Balance at 1/7/2010	319,572,675	31,948	-	7,457	39,405	-	39,405
Total comprehensive income/ (expenses) for the financial period	-	-	-	(112)	(112)	-	(112)
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2010</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>7,025</b>	<b>38,973</b>	<b>-</b>	<b>38,973</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.

**Statement of Changes in Equity for the 9 month period ended 30 September 2011**

	Issued and fully paid		Foreign currency translation reserve	(Accumulated losses) / retained earnings	Equity attributable to owners of the Company	Non-controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial period ended 30/9/2011</b>							
<b>Group</b>							
Balance at 1/1/2011	319,572,675	31,948	(1,381)	(2,221)	28,346	1,029	29,375
Total comprehensive income/ (expenses) for the financial period	-	-	(582)	1,190	608	276	884
Disposal of subsidiary	-	-	-	-	-	78	78
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
Dividend paid to Non-controlling interest	-	-	-	-	-	(81)	(81)
<b>Balance at 30/9/2011</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(1,963)</b>	<b>(1,351)</b>	<b>28,634</b>	<b>1,302</b>	<b>29,936</b>
<b>Company</b>							
Balance at 1/1/2011	319,572,675	31,948	-	6,708	38,656	-	38,656
Total comprehensive income/ (expenses) for the financial period	-	-	-	571	571	-	571
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2011</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>6,959</b>	<b>38,907</b>	<b>-</b>	<b>38,907</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 9 month period ended 30 September 2010**

	Issued and fully paid		Foreign currency translation reserve	(Accumulated losses) / retained earnings	Equity attributable to owners of the Company	Non-controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial period ended 30/9/2010</b>							
<b>Group</b>							
Balance at 1/1/2010	319,572,675	31,948	(1,942)	(3,968)	26,038	660	26,698
Total comprehensive income/ (expenses) for the financial period	-	-	1,089	1,402	2,491	317	2,808
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
Dividend paid to Non-controlling interest	-	-	-	-	-	(42)	(42)
<b>Balance at 30/9/2010</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(853)</b>	<b>(2,886)</b>	<b>28,209</b>	<b>935</b>	<b>29,144</b>
<b>Company</b>							
Balance at 1/1/2010	319,572,675	31,948	-	(82)	31,866	-	31,866
Total comprehensive income/ (expenses) for the financial period	-	-	-	7,427	7,427	-	7,427
Dividend paid to equity holders of the Company	-	-	-	(320)	(320)	-	(320)
<b>Balance at 30/9/2010</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>7,025</b>	<b>38,973</b>	<b>-</b>	<b>38,973</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 30/09/2011	As at 31/12/2010
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 2010.

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 9 months ended 30 September	
	Q3 2011	Q3 2010	2011	2010
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	0.14	0.18	0.37	0.44
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 net profit after 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 2011 and 2010.

<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 30/09/2011		As at 31/12/2010	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share <sup>(1)</sup>	8.96	12.17	8.87	12.10

<sup>(1)</sup> 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 2011 as compared to corresponding quarter ended 30 September 2010**

*Group Revenue*

The Group recorded consolidated revenue of S\$3.2 million for the quarter ended 30 September 2011 ("Q3 2011"), representing a decrease of 23% against revenue recorded in the corresponding quarter of 2010 ("Q3 2010"). The decline in revenue recorded was mainly due to the lower revenue recorded by both OSS BU and VAS BU.

The decline in VAS BU revenue from S\$1.3 million in Q3 2010 to \$0.8 million in Q3 2011 was the result of lower system sale contract revenues being secured this quarter. The significantly lower revenue generated by the Group and VAS BU from the 'Others' region in Q3 2011 meanwhile, is directly related to the subsidiary in Hong Kong that was disposed of in the previous quarter, which now, no longer contributes to VAS BU and Group revenue. In contrast to the decline in SEA and MEA revenues, VAS BU's revenue from the SA region showed encouraging growth of 52% against Q3 2010 results – an improvement driven by a sharp rise in managed service contract revenues.

OSS BU, which also posted lower revenue for the quarter, recorded revenue of S\$0.8 million in Q3 2011, a decline of 47% from the S\$1.5 million achieved in Q3 2010. Like VAS BU, OSS BU's decline in Q3 2011 revenue was due to significantly lower system sale revenues being secured this quarter compared to Q3 2010.

As a result of the significantly lower system sale revenues of VAS BU and OSS BU, and with the latter operating primarily in the SEA region, the contribution made by the SEA region to the Group's Q3 2011 revenue is almost 22% lower compared to Q3 2010. SEA nevertheless remains the largest contributing region to Group revenue in Q3 2011, followed by MEA and SA respectively.

OHQ BU recorded considerably higher revenue of S\$0.06 million in the current quarter versus nearly nil in Q3 2010, owing to the rental income contribution from the Group's property investment which was completed earlier this year being assigned to this BU.

*Group Gross Profit and Gross Profit Margins*

The Group achieved gross profit of S\$1.8 million and a gross profit margin of 56% in the current quarter, as compared to the S\$1.8 million and 43% realised in Q3 2010 respectively. Gross profit in absolute terms was maintained this quarter in spite of lower total revenue being recorded, arising from the higher overall gross profit margin achieved by the Group.

The improvement in overall gross profit margin of the Group is attributable to the more favourable sales mix achieved for system sale contract revenues in Q3 2011, which saw TECH BU and VAS BU system sale contracts - that yield higher gross profit margins than their OSS BU counterparts - constitute the majority of the Group's system sale contract revenues. This sales mix resulted in the gross profit margin on system sale contract revenues rising from 21% in Q3 2010 to 60% in Q3 2011. Gross profit margin on managed service contract revenues, in contrast, decreased marginally from 63% in Q3 2010 to 54% in Q3 2011, due to higher direct costs incurred in the operation and support of these contracts during Q3 2011. This decline in margin on managed service contract revenues, however, did not more than offset the positive effect on overall Group gross profit margin, of the significantly higher system sale contract gross profit margin in Q3 2011.

*Group Net Profit and EBITDA*

On the back of higher overall gross profit margin, and in spite of lower consolidated revenue, the Group recorded net profit of S\$0.5 million and EBITDA of S\$0.8 million in Q3 2011. These net profit and EBITDA results are flat against Q3 2010 net profit and EBITDA results of S\$0.5 million and S\$0.8 million respectively.

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2011, together with comparative results for Q3 2010, is provided below:

Table 8.1: Group consolidated revenue as analysed by business unit for the quarter ended 30 September 2011

	Q3 2011 S\$'000	Sales mix %	Q3 2010 S\$'000	Sales mix %
Mobile Technology (TECH BU)	1,504	46	1,506	35
Mobile Value-Added-Services (VAS BU)	846	26	1,266	30
Operation Support Systems (OSS BU)	834	26	1,469	35
Operational Headquarters (OHQ BU)	67	2	5	0
<b>Total</b>	<b>3,251</b>	<b>100</b>	<b>4,246</b>	<b>100</b>

Table 8.2: Group consolidated revenue analysed by geographical segment for the quarter ended 30 September 2011

External Sales	Q3 2011				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	1,497	109	826	67	2,499
South Asia (SA)	7	346	8	-	361
Middle East & Africa (MEA)	-	390	-	-	390
Others	-	1	-	-	1
<b>Total</b>	<b>1,504</b>	<b>846</b>	<b>834</b>	<b>67</b>	<b>3,251</b>

  

External Sales	Q3 2010				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	1,492	240	1,460	5	3,197
South Asia (SA)	14	228	11	-	253
Middle East & Africa (MEA)	-	587	-	-	587
Others	-	211	(2)	-	209
<b>Total</b>	<b>1,506</b>	<b>1,266</b>	<b>1,469</b>	<b>5</b>	<b>4,246</b>

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 2011 as compared to corresponding quarter ended 30 September 2010 (continued)**

Table 8.3: Group consolidated revenue analysed by contract type for the quarter ended 30 September 2011

External Sales	Q3 2011			Q3 2010		
	System Sale <sup>(1)</sup>	Managed Service <sup>(2)</sup>	Group	System Sale <sup>(1)</sup>	Managed Service <sup>(2)</sup>	Group
Revenue	1,115	2,136	3,251	2,076	2,170	4,246
Gross Profit	667	1,153	1,820	440	1,372	1,811
Gross Profit (%)	60%	54%	56%	21%	63%	43%

(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.

**Review of results for the nine months period ended 30 September 2011 as compared to corresponding period ended 30 September 2010**

*Group Revenue*

The Group recorded consolidated revenue of S\$10.4 million for the 9 month period ended 30 September 2011 ("9M 2011"), a decrease of 14%, against revenue achieved in the corresponding period ended 30 September 2010 ("9M 2010"). The decline in revenue recorded for 9M 2011 is attributable to lower revenue recorded by both VAS and OSS BU, which combined, achieved S\$5.9 million in revenue versus S\$8.0 million in 9M 2010. TECH BU and OHQ BU, in contrast, showed a small improvement in revenue amounting to S\$0.4 million, that partly offset the decline in VAS BU and OSS BU revenues. TECH BU secured higher system sale revenues (mainly from SEA region) in 9M 2011 while OHQ BU benefited from the rental income generated by the investment property acquired by the Group earlier in the year.

VAS BU's revenue for 9M 2011 of S\$2.2 million, as compared S\$2.9 million for 9M 2010, is due to lower system sale contract revenues. The lower revenue generated by the Group and VAS BU from the 'Others' region in 9M 2011 meanwhile, is directly related to the subsidiary in Hong Kong that was disposed of in the previous quarter, which now, no longer contributes to VAS BU and Group revenue. In contrast to the decline in SEA and MEA revenues, VAS BU's revenue from the SA region for 9M 2011 showed encouraging growth of 82% against 9M 2010 results – an improvement driven by a sharp rise in managed service contract revenues.

OSS BU, which also posted lower revenue for the period, recorded revenue of S\$3.7 million in 9M 2011, a decline of 26% from the S\$5.0 million achieved in 9M 2010. Like VAS BU, OSS BU's decline in 9M 2011 revenue was due to significantly lower system sale revenues being secured in this period, compared to 9M 2010.

As a result of the lower system sale revenues of VAS BU and OSS BU, and with the latter operating primarily in the SEA region, the contribution made by the SEA region to the Group's 9M 2011 revenues is 12% lower compared to 9M 2010. SEA nevertheless remains the largest contributing region to Group revenue in 9M 2011, followed by MEA and SA respectively.

OHQ BU recorded considerably higher revenue of S\$0.19 million in the current period versus nearly nil in 9M 2010, owing to the rental income contribution from the Group's property investment which was completed earlier this year being assigned to this BU.

*Group Gross Profit and Gross Profit Margins*

The Group achieved gross profit of S\$5.4 million and a gross profit margin of 52% in the current period, as compared to the S\$5.6 million and 47% realised in 9M 2010 respectively. Group gross profit in 9M 2011 did not decline by the same magnitude as consolidated revenue, arising from the higher overall gross profit margin achieved by the Group.

The improvement in overall gross profit margin of the Group is attributable to the more favourable sales mix achieved for system sale contract revenues in 9M 2011, which saw TECH BU and VAS BU system sale contracts - that yield higher gross profit margins than their OSS BU counterparts - constitute the majority of the Group's system sale contract revenues. This sales mix resulted in the gross profit margin on system sale contract revenues rising from 25% in 9M 2010 to 33% in 9M 2011. Gross profit margin on managed service contract revenues, in contrast, decreased marginally from 66% in 9M 2010 to 63% in 9M 2011, due to higher direct costs incurred in the operation and support of these contracts during 9M 2011. This decline in margin on managed service contract revenues, however, did not more than offset the positive effect on overall Group gross profit margin, of the significantly higher system sale contract gross profit margin in 9M 2011.

*Group Net Profit and EBITDA*

On the back of higher overall gross profit margin, and in spite of lower consolidated revenue, the Group recorded net profit of S\$1.5 million and EBITDA of S\$2.2 million in 9M 2011. These net profit and EBITDA results are marginally lower compared to 9M 2010 net profit and EBITDA results of S\$1.7 million and S\$2.3 million respectively.

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 month ended 30 September 2011 as compared to corresponding quarter ended 30 September 2010 (continued)**

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2011, together with comparative results for 9M 2010, is provided below:

Table 8.4: Group consolidated revenue as analysed by business unit for 9 months ended 30 September

	2011 S\$'000	Sales mix %	2010 S\$'000	Sales mix %
Mobile Technology (TECH BU)	4,331	41	4,088	34
Mobile Value-Added-Services (VAS BU)	2,250	22	2,988	25
Operation Support Systems (OSS BU)	3,670	35	4,995	41
Operational Headquarters (OHQ BU)	189	2	7	0
<b>Total</b>	<b>10,440</b>	<b>100</b>	<b>12,078</b>	<b>100</b>

Table 8.5: Group consolidated revenue analysed by geographical segment for 9 months ended 30 September

External Sales	2011				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	4,308	582	3,623	189	8,702
South Asia (SA)	23	892	26	-	941
Middle East & Africa (MEA)	-	735	-	-	735
Others	-	41	21	-	62
<b>Total</b>	<b>4,331</b>	<b>2,250</b>	<b>3,670</b>	<b>189</b>	<b>10,440</b>

External Sales	2010				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
South East Asia (SEA)	4,048	849	4,940	7	9,844
South Asia (SA)	40	491	32	-	563
Middle East & Africa (MEA)	-	1,244	-	-	1,244
Others	-	404	23	-	427
<b>Total</b>	<b>4,088</b>	<b>2,988</b>	<b>4,995</b>	<b>7</b>	<b>12,078</b>

Table 8.6: Group consolidated revenue as analysed by contract type for 9 months ended 30 September

External Sales	2011			2010		
	System Sale <sup>(1)</sup>	Managed Service <sup>(2)</sup>	Group	System Sale <sup>(1)</sup>	Managed Service <sup>(2)</sup>	Group
Revenue	3,840	6,600	10,440	5,739	6,339	12,078
Gross Profit	1,265	4,126	5,391	1,460	4,166	5,625
Gross Profit (%)	33%	63%	52%	25%	66%	47%

(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.

**Review of the Group's financial position as at 30 September 2011 as compared to the Group's financial position as at 31 December 2010**

Current assets decreased to S\$22.5 million as at 30 September 2011 (a decline of S\$1.9 million or 8%) from S\$24.4 million as at 31 December 2010. This decrease was mainly due to the decrease in cash and cash equivalents of S\$1.4 million arising from payment of consideration amounting to S\$3.2 million for the investment property acquired earlier in the year.

Total non-current assets of the Group increased by S\$0.9 million or 8%, from S\$11.2 million as at 31 December 2010 to S\$12.2 million as at 30 September 2011. This increase is attributable mainly to the acquisition of the above-mentioned investment property. This increase is however offset by the decrease in non-current receivables as a result of collection of receivables and the reclassification of a trade receivable from non-current to current.

Total liabilities of the Group decreased by S\$1.5 million (or 24%) from S\$6.3 million as at 31 December 2010 to S\$4.7 million as at 30 September 2011. The decrease was mainly due to a reduction in trade and other payables.

**Review of the Group's cash flow for the quarter and nine months period ended 30 September 2011 as compared to the corresponding periods ended 30 September 2010**

The Group's cash from operations for Q3 2011 was S\$0.3 million, a decrease of 54% as compared to cash generated from operations of S\$0.7 million in Q3 2010. This decrease is attributable mainly to payment made against the Group's account payables. The Group's cash from operations for 9M 2011 was S\$2.1 million, a decrease of 51% as compared to cash from operations of S\$4.3 million in 9M 2010. This decrease was primarily due to lower account receivables of the Group at the beginning of period under review as compared to the prior year.

Operating cash flow before working capital changes for Q3 2011 increased to S\$0.4 million as compared to S\$0.2 million for Q3 2010. This increase in operating cash flow was mainly due to higher profit before tax of the Group in Q3 2011 of S\$0.6 million as compared to profit before tax of S\$0.5 million in Q3 2010. Operating cash flow before working capital changes for 9M 2011 decreased to S\$1.2 million as compared to S\$1.3 million for 9M 2010. This decrease in operating cash flow was mainly due to lower profit before tax of the Group in 9M 2011 of S\$1.5 million as compared to profit before tax of S\$1.7 million in 9M 2010.

**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 Group will continue to execute its key strategies to achieve the objectives as described below:

**\* Defend Existing Businesses**

The market position of the existing businesses of the Group will be defended by nurturing further growth in managed service revenues. This will be driven by the continued enhancement of our capabilities in value-added-service creation, development and management. The Group's sales and distribution infrastructure to originate and secure these managed service opportunities in all our regions of focus will also continue to be strengthened.

**\* Re-Establish Growth Path**

The Group will re-establish its growth path organically, and by way of acquisition of and/or strategic investment in complementary businesses. Building up a larger base of recurring revenue will continue to be a key focus of the Group's development strategy to ensure sustainable profitability and profit growth. The proposed acquisition of a further 60% interest in the Group's associate, Ahead Mobile Sdn Bhd - the completion of which is subject to shareholders' approval - is expected to further the Group's strategy to drive future growth and profitability through growth in managed service revenue.

The Directors and management are optimistic of extending the Group's track record of profitable performance, but expect the final quarter of 2011 to continue to be challenging due to the following factors:

- (a) Intensified competition for many of the Group's more mature products and technologies;
- (b) Pressure on the Group's capacity to recruit and retain suitable human capital to support growth and development plans partly due to increased competition for talent in all its regions of focus; and
- (c) Changes in management and ownership of and/or the strategic emphasis at the Group's existing and prospective mobile network operator customers, potentially affecting their technology investment plans, or hampering the progress of imminent or existing system implementation projects.

**11. Dividend**

**(a) Current Financial Period 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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 30 September 2011.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. 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.

**14. 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.

**15. A breakdown of sales.**

Not applicable.

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

Not applicable.

**17. 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	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
AESBI Power System Sdn Bhd *	206	231	Nil	Nil

\* A wholly-owned subsidiary of Advance Synergy Capital Sdn. Bhd. (a subsidiary of Advance Synergy Berhad)

**BY ORDER OF THE BOARD**

Anton Syazi Ahmad Sebi  
 Chief Executive Officer  
 10 November 2011