

**Second Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 June 2017**

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 second quarter ended 30 June 2017

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2017	Q2 2016	Inc/(dec)	2017	2016	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,352	5,444	(20.1)	9,351	9,375	(0.3)
Cost of Sales	(2,016)	(2,166)	(6.9)	(4,393)	(3,678)	19.4
Gross profit	2,336	3,278	(28.7)	4,958	5,697	(13.0)
Other Items of Income:						
Interest Income	40	74	(45.8)	73	148	(50.7)
Other Gains	3	5	(48.0)	3	7	(59.9)
Other Items of Expense:						
Technical Support Expenses	(733)	(836)	(12.4)	(1,513)	(1,622)	(6.7)
Distribution Costs	(442)	(463)	(4.5)	(888)	(903)	(1.7)
Administrative Expenses	(657)	(632)	4.0	(1,223)	(1,176)	4.0
Other Losses	(129)	18	(817.8)	(180)	(251)	(28.7)
Shared of Result from Jointly-Controlled Entity	-	(2)	0.0	-	(3)	(100.0)
Profit Before Income Tax	418	1,442	(71.0)	1,230	1,897	(35.1)
Income Tax Expenses	(106)	(271)	(60.8)	(304)	(366)	(17.1)
Profit, Net of Tax	312	1,171	(73.4)	926	1,531	(39.5)
Profit, Net of Tax Attributable to:						
Owners of the Company	216	984	(78.1)	626	1,216	(48.5)
Non-Controlling Interests	96	187	(48.7)	300	315	(4.6)
Profit, Net of Tax	312	1,171	(73.4)	926	1,531	(39.5)

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2017	Q2 2016	Inc/(dec)	2017	2016	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit, Net of Tax	312	1,171	(73.4)	926	1,531	(39.5)
Other Comprehensive Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	639	(888)	(172.0)	(79)	575	(113.7)
Total Comprehensive Income for the period	951	283	236.0	847	2,106	(59.8)
Total Comprehensive Income for the period Attributable to:						
Owners of the Company	808	140	477.0	556	1,767	68.6
Non-Controlling interest	143	143	(0.0)	291	339	(14.1)
Total Comprehensive Income for the period	951	283	236.0	847	2,106	(59.8)

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

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2017	Q2 2016	Inc/(dec)	2017	2016	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit before income tax is stated after (charging)/crediting the following items:						
Loss on Disposal of Plant and Equipment	-	-	0.0	(1)	-	(100.0)
Foreign Exchange (Loss)/Gain, net	(120)	26	(561.7)	(166)	(240)	(30.8)
Amortisation of Intangible Assets	(150)	(171)	(12.3)	(297)	(352)	(15.6)
Depreciation of Plant and Equipment	(137)	(135)	1.5	(259)	(271)	(4.4)
Components of tax expense recognised in profit and loss include:						
Current Tax Expenses	(64)	(212)	(69.8)	(232)	(271)	(14.4)
Over adjustments in respect of prior years	-	8	(100.0)	-	8	(100.0)
Overseas Withholding Tax Expenses	(42)	(67)	(36.6)	(72)	(103)	(29.6)

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
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	1,613	1,288	-	-
Investment Property	2,580	2,588	-	-
Intangible Assets	11,389	11,582	-	-
Investments in Subsidiaries	-	-	32,734	32,734
Investment in an Associate	1,819	1,819	-	-
Other Financial Assets	6,138	5,370	-	-
Deferred Tax assets	435	436	-	-
Total Non-Current Assets	23,974	23,083	32,734	32,734
Current assets				
Inventories	30	26	-	-
Trade and Other Receivables	12,325	17,346	6,465	5,886
Other Assets	260	339	24	4
Cash and Cash Equivalents	9,002	9,055	1,249	768
Total Current Assets	21,617	26,766	7,738	6,658
Total Assets	45,591	49,849	40,472	39,392
EQUITY AND LIABILITIES				
Equity				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	13,688	13,062	7,769	6,644
Foreign Currency Translation Reserve	(9,196)	(9,126)	-	-
Equity, Attributable to Owners of the Parent	36,440	35,884	39,717	38,592
Non-Controlling Interest	2,229	2,405	-	-
Total Equity	38,669	38,289	39,717	38,592
Non-Current Liabilities				
Deferred Tax Liabilities	500	500	-	-
Total Non-Current Liabilities	500	500	-	-
Current Liabilities				
Income Tax Payables	323	241	-	-
Trade and Other Payables	3,171	8,818	755	800
Other Liabilities	2,928	2,001	-	-
Total Current Liabilities	6,422	11,060	755	800
Total Liabilities	6,922	11,560	755	800
Total Equity and Liabilities	45,591	49,849	40,472	39,392

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

As at 30 June 2017, 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 \$288,000 and covered by a personal guarantee of a director of the subsidiary, and corporate guarantee of the company of \$490,000 (2016: \$491,000). As at the end of the financial period, the outstanding facilities covered by the guarantee were Nil (2016: 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			
	6 months ended 30 June			
	Q2 2017	Q2 2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit Before Income Tax	418	1,442	1,230	1,897
Adjustments for:				
Amortisation of Intangible Assets	150	171	297	352
Depreciation of Plant and Equipment	137	135	259	271
Loss/(Gain) on Disposal of Plant and Equipment	-	-	1	-
Interest Income	(40)	(74)	(73)	(148)
Shared of Result from Jointly-Controlled Entity	-	2	-	3
Operating Cash Flow before Changes in Working Capital	665	1,676	1,714	2,375
Inventories	(23)	(81)	(3)	(97)
Trade and Other receivables	(2,612)	(944)	5,021	(1,493)
Other Assets	44	161	79	53
Trade and Other payables	(607)	54	(5,659)	(395)
Other Liabilities	1,451	(691)	927	256
Net Cash Flows (Used in)/From Operations	(1,082)	175	2,079	699
Income Tax Paid	(97)	(149)	(211)	(273)
Net Cash Flows (Used in)/From Operating Activities	(1,179)	26	1,868	426
Cash Flows From Investing Activities:				
Purchase of Plant and Equipment	(299)	(65)	(612)	(135)
Investment in an Associate	-	(206)	-	(420)
Other Financial Assets	(150)	(240)	(768)	(409)
Payment for Development Costs	(64)	(146)	(127)	(270)
Interest Income Received	40	74	73	148
Net Cash Flows Used in Investing Activities	(473)	(583)	(1,434)	(1,086)
Cash Flows From Financing Activities:				
Dividend Paid by a Subsidiary to Non-Controlling Interest	(313)	-	(467)	-
Cash Restricted in Use	(4)	(2)	(600)	(30)
Net Cash Flows Used in Financing Activities	(317)	(2)	(1,067)	(30)

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			
			6 months ended 30 June	
	Q2 2017	Q2 2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net Change in Cash and Cash Equivalents	(1,969)	(559)	(633)	(690)
Cash and Cash Equivalents at Beginning of the Financial Period/Year (Note 1)	9,105	13,682	8,096	13,110
Effect of Exchange Rate Changes On Cash and Cash Equivalents	310	(437)	(17)	266
Cash and Cash Equivalents At End of the Financial Period (Note 1)	7,446	12,686	7,446	12,686

Explanatory Notes:

Note 1

	Group	
	6 months ended 30 June	
	2017	2016
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	9,002	13,059
Less: Restricted Deposits	(1,556)	(373)
Cash and cash equivalents per consolidated statement of cash flows	7,446	12,686

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 Second Quarter ended 30 June 2017

	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 April 2017	38,031	35,632	31,948	13,472	(9,788)	2,399
Total Comprehensive Income for the financial period	951	808	-	216	592	143
Dividend Paid	(313)	-	-	-	-	(313)
Closing Balance at 30 June 2017	38,669	36,440	31,948	13,688	(9,196)	2,229
Company						
Opening Balance at 1 April 2017	39,369	39,369	31,948	7,421	-	-
Total Comprehensive Income for the financial period	348	348	-	348	-	-
Closing Balance at 30 June 2017	39,717	39,717	31,948	7,769	-	-

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 Second Quarter ended 30 June 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
Previous Quarter						
Group						
Opening Balance at 1 April 2016	35,464	33,900	31,948	8,759	(6,807)	1,564
Total Comprehensive Income/(Loss) for the financial period	283	140	-	984	(844)	143
Closing Balance at 30 June 2016	35,747	34,040	31,948	9,743	(7,651)	1,707
Company						
Opening Balance at 1 April 2016	37,213	37,213	31,948	5,265	-	-
Total Comprehensive Loss for the financial period	(85)	(85)	-	(85)	-	-
Closing Balance at 30 June 2016	37,128	37,128	31,948	5,180	-	-

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 six months ended 30 June 2017

	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 2017	38,289	35,884	31,948	13,062	(9,126)	2,405
Total Comprehensive Income/(Loss) for the financial period	847	556	-	626	(70)	291
Dividend Paid	(467)	-	-	-	-	(467)
Closing Balance at 30 June 2017	38,669	36,440	31,948	13,688	(9,196)	2,229
Company						
Opening Balance at 1 January 2017	38,592	38,592	31,948	6,644	-	-
Total Comprehensive Income for the financial period	1,125	1,125	-	1,125	-	-
Closing Balance at 30 June 2017	39,717	39,717	31,948	7,769	-	-

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 six months ended 30 June 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
Previous Quarter:						
Group						
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	2,106	1,767	-	1,216	551	339
Closing Balance at 30 June 2016	35,747	34,040	31,948	9,743	(7,651)	1,707
Company						
Opening Balance at 1 January 2016	37,345	37,345	31,948	5,397	-	-
Total Comprehensive Loss for the financial period	(217)	(217)	-	(217)	-	-
Closing Balance at 30 June 2016	37,128	37,128	31,948	5,180	-	-

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 30/6/2017	As at 31/12/2016
Ordinary share	31,957,264	31,957,264

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 2016.

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 June		6 months ended 30 June	
	2017	2016	2017	2016
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	0.68	3.08	1.96	3.81
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 31,957,264 shares for financial period ended 30 June 2017 and 2016.

⁽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 30/6/2017		As at 31/12/2016	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	114.03	124.28	112.29	120.76

⁽¹⁾ 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 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 second quarter ended 30 June 2017 as compared to corresponding quarter ended 30 June 2016

Group Revenue

The Group recorded consolidated revenue of S\$4.352 million for the quarter ended 30 June 2017 ("Q2 2017"), a decrease of 20.1% against the revenue recorded in the corresponding quarter ended 30 June 2016 ("Q2 2016"). The decline in Group revenue for Q2 2017 is attributable to lower revenue recorded by both Unifiedcomms and GlobeOSS.

Unifiedcomms recorded revenue of S\$2.945 million in Q2 2017, a decrease of 17.8% from the S\$3.583 million recorded in Q2 2016. This decrease in revenue was due to lower system sale contract revenues following delays in award of new system sale contracts and slower than expected delivery of system sale contracts in-hand.

GlobeOSS recorded revenue of S\$1.407 million in Q2 2017, a decline of 22.2% from the S\$1.808 million recorded in Q2 2016. This decline in revenue is attributable to the slower-than-expected delivery of system sale contracts in Q2 2017.

The Group's Others segment received nil rental revenue in Q2 2017, following the expiry of tenancy agreement on the Group's investment property.

The Group's sales mix in Q2 2017 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 73.7% of the Group's total revenue in Q2 2017 as compared to 57.3% in Q2 2016. The higher contribution of managed service contracts to the Group's sales mix in Q2 2017 is mainly attributable to the decrease in system sale contract revenues of the Group, which had declined 50.8% from S\$2.326 million in Q2 2016 to S\$1.143 million in Q2 2017.

Group Gross Profit and Gross Profit Margins

With the lower revenue in Q2 2017, the Group recorded gross profit of S\$2.336 million in Q2 2017, a decrease of 28.7% from the S\$3.278 million recorded in Q2 2016.

Group gross profit margin was also lower at 53.7% as compared to 60.2% in Q2 2016. This was primarily due to lower gross profit margin realised on the Group's system sale contract revenues, which declined from 60.1% in Q2 2016 to 53.6% in Q2 2017. The decline in gross profit margin is mainly attributable to the higher proportionate contribution of system sale contract revenues by GlobeOSS, which generally deliver lower gross profit margin as a result of its typically higher third party costs.

Gross profit margin recorded by the Group on its managed service contract revenues also decreased to 53.7% in Q2 2017 from 60.3% in Q2 2016. This decrease in gross profit margin was primarily due to higher third-party costs on certain managed service contracts.

Interest Income

The Group recorded interest income of S\$0.04 million in Q2 2017, 45.8% lower against the S\$0.074 million recorded in Q2 2016. This is mainly attributable to lower cash and cash equivalents as a result of on-going investment in other financial assets.

Other Items of Expense

The Group recorded total expenses of S\$1.961 million in Q2 2017, 2.4% higher than the S\$1.915 million incurred in Q2 2016. This was primarily due to higher foreign exchange loss as a result of unfavourable exchange rate movements of USD, PKR and MYR against the Group's reporting currency in SGD.

The increase in the above-mentioned expense was partly offset by lower technical support expenses recorded in Q2 2017.

Group Net Profit and EBITDA

The Group recorded lower net profit of S\$0.312 million and EBITDA of S\$0.665 million in Q2 2017 as compared to the S\$1.171 million in net profit and S\$1.674 million in EBITDA recorded by the Group in Q2 2016. The lower net profit and EBITDA results recorded in Q2 2017 are mainly attributable to the flow-down effects of lower revenue and lower gross profit margin, coupled with higher operating expenses recorded in Q2 2017.

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 second quarter ended 30 June 2017 as compared to corresponding quarter ended 30 June 2016 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q2 2017, together with comparative results for Q2 2016 is provided below:

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

	Q2 2017 S\$'000	Sales mix %	Q2 2016 S\$'000	Sales mix %
Unifiedcomms	2,945	67.7	3,583	65.8
GlobeOSS	1,407	32.3	1,808	33.2
Others	-	-	53	1.0
Total	4,352	100.0	5,444	100.0

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 June

External Sales	Q2 2017			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,669	1,404	-	4,073
South Asia (SA)	193	-	-	193
Middle East & Africa (MEA)	83	-	-	83
Others	-	3	-	3
Total	2,945	1,407	-	4,352

External Sales	Q2 2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	3,098	1,808	53	4,959
SA	205	-	-	205
MEA	280	-	-	280
Others	-	-	-	-
Total	3,583	1,808	53	5,444

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

External Sales	Q2 2017			Q2 2016		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	1,143	3,209	4,352	2,326	3,118	5,444
Gross Profit	613	1,723	2,336	1,398	1,880	3,278
Gross Profit (%)	53.6%	53.7%	53.7%	60.1%	60.3%	60.2%

(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 six months ended 30 June 2017 as compared to corresponding financial period ended 30 June 2016

Revenue

The Group recorded consolidated revenue of S\$9.351 million for the six months ended 30 June 2017 ("6M 2017"), flat against the revenue of S\$9.375 million recorded in the corresponding period ended 30 June 2016 ("6M 2016").

Unifiedcomms recorded revenue of S\$5.903 million in 6M 2017, a decrease of 8.0% from the S\$6.416 million recorded in 6M 2016. This decrease in revenue was due to delays in the award of new system sale contracts.

GlobeOSS posted revenue of S\$3.448 million in 6M 2017, an increase of 20.9% from the S\$2.852 million recorded in 6M 2016. This improvement in revenue was driven by new system sale contracts delivered in Q1 2017.

The Group's Others segment received nil rental revenue in 6M 2017, following the expiry of tenancy agreement on the Group's investment property.

The Group's sales mix in 6M 2017 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 67.0% of the Group's total revenue in 6M 2017 as compared to 64.5% in 6M 2016. The higher contribution of managed service contracts to the Group's sales mix in 6M 2017 is mainly attributable to the decrease in system sale contract revenues of the Group, which had declined 7.3% from S\$3.329 million in 6M 2016 to S\$3.085 million in 6M 2017.

Gross Profit and Gross Profit Margins

The Group recorded gross profit of S\$4.958 million in 6M 2017, a decrease of 13.0% from the S\$5.697 million recorded in 6M 2016, as a result of lower gross profit margin of 53.0% as compared to 60.8% in 6M 2016. This was primarily due to lower gross profit margin realised on Group's system sale contract revenues, which declined from 61.8% in 6M 2016 to 48.9% in 6M 2017. The decline in gross profit margin is mainly attributable to the higher proportionate contribution of system sale contract revenues by GlobeOSS, which generally deliver lower gross profit margin as a result of its typically higher third party costs.

Gross profit margin recorded by the Group on its managed service contract revenues also decreased to 55.1% in 6M 2017 from 60.2% in 6M 2016. This decrease in gross profit margin was mainly 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.

Interest Income

The Group recorded interest income of S\$0.073 million in 6M 2017, 50.7% lower against the S\$0.148 million recorded in 6M 2016. This is mainly attributable to lower cash and cash equivalents as a result of on-going investment in other financial assets.

Other Items of Expense

The Group recorded total expenses of S\$3.804 million in 6M 2017, 3.8% lower than the S\$3.955 million incurred in 6M 2016. This was primarily due to :-

- * Lower foreign exchange loss as a result of favourable exchange rate movements of MYR against the Group's reporting currency in SGD; and
- * Lower technical support expenses recorded in 6M 2017, as compared to 6M 2016. This is mainly attributable to higher rate of capitalisation of technical support resource costs into intellectual property that related to new managed service contracts.

Net Profit and EBITDA

The Group recorded lower net profit of S\$0.926 million and EBITDA of S\$1.713 million in 6M 2017 as compared to the S\$1.531 million in net profit and S\$2.372 million in EBITDA recorded by the Group in 6M 2016. The lower net profit and EBITDA results recorded in 6M 2017 are mainly attributable to the flow-down effects of lower revenue and lower gross profit margin recorded in 6M 2017.

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 six months ended 30 June 2017 as compared to corresponding financial period ended 30 June 2016 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 6M 2017, together with comparative results for 6M 2016 is provided below:

Table 8.4: Group revenue as analysed by business unit for the six months ended 30 June

	2017 S\$'000	Sales mix %	2016 S\$'000	Sales mix %
Unifiedcomms	5,903	63.1	6,416	68.4
GlobeOSS	3,448	36.9	2,852	30.4
Others	-	-	107	1.2
Total	9,351	100.0	9,375	100.0

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 six months ended 30 June

External Sales	2017			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	5,344	3,441	-	8,785
South Asia (SA)	394	-	-	394
Middle East & Africa (MEA)	165	-	-	165
Others	-	7	-	7
Total	5,903	3,448	-	9,351

External Sales	2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	5,553	2,835	107	8,495
SA	421	-	-	421
MEA	442	-	-	442
Others	-	17	-	17
Total	6,416	2,852	107	9,375

Table 8.6: Group revenue as analysed by contract type for the six months ended 30 June

External Sales	2017			2016		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	3,085	6,266	9,351	3,329	6,046	9,375
Gross Profit	1,508	3,450	4,958	2,058	3,639	5,697
Gross Profit (%)	48.9%	55.1%	53.0%	61.8%	60.2%	60.8%

(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 June 2017 as compared to the Group's financial position as at 31 December 2016

Non-cash current assets of the Group decreased from \$17.711 million as at 31 December 2016 to S\$12.615 million as at 30 June 2017. This 28.8% decrease in non-cash current assets was mainly due to the decrease in trade and other receivables of the Group, as a result of higher collections relating to trade receivables from late 2016.

Total non-current assets of the Group increased from S\$23.083 million as at 31 December 2016 to S\$23.974 million as at 30 June 2017. This 3.9% increase in non-current assets is mainly attributable to:-

- * An increase in investment in other financial assets, made by the Group's subsidiary, Captii Ventures Pte Ltd; and
- * An increase in investment in plant and equipment.

Total liabilities of the Group decreased from S\$11.560 million as at 31 December 2016 to S\$6.922 million as at 30 June 2017. This 40.1% decrease in total liabilities is attributable to the decrease in trade and other payables, associated with the higher collection relating to receivables from late 2016.

Review of the Group's cash flow for the quarter and six months ended 30 June 2017 as compared to the corresponding period ended 30 June 2016

The Group's net cash flow used in operations for Q2 2017 was S\$1.082 million, in contrast with the net cash flows from operations of S\$0.175 million for Q2 2016. This significant decrease was primarily due lower profit before tax of S\$0.418 million for Q2 2017 versus S\$1.442 million for Q2 2016.

The Group's net cash flow from operations for 6M 2017 was S\$2.079 million, as compared to S\$0.699 million for 6M 2016, an increase of 197.4%. This significant increase was primarily due to a favourable working capital change of S\$0.365 million for 6M 2017, in contrast with the unfavourable working capital change of S\$1.676 million for 6M 2016, which was mainly contributed by higher collection related to trade receivables from late 2016. The higher net cash from operations was partly offset by the lower profit before tax of S\$1.230 million for 6M 2017 from S\$1.897 million for 6M 2016.

The Group's net cash flow used in investing activities for Q2 2017 was S\$0.474 million, as compared to S\$0.583 million for Q2 2016. The lower net cash used in investing activities was mainly due to the lower venture investments completed in the quarter, also lower investment in intangible assets. The lower net cash used in investing activities was partly offset by higher investment cost on plant and equipment, related to new managed service contracts.

The Group's net cash flow used in investing activities for 6M 2017 was S\$1.434 million, as compared to S\$1.086 million for 6M 2016. The higher net cash used in investing activities was mainly due to the higher investment cost on plant and equipment, related to new managed service contracts.

The Group's net cash flow used in financing activities for Q2 2017 amounted to S\$0.316 million as compared to S\$0.002 million for Q2 2016. The significant higher net cash used in financing activities was mainly due to dividend payout by a subsidiary to Non-Controlling Interest in Q2 2017.

The Group's net cash flow used in financing activities for 6M 2017 amounted to S\$1.067 million as compared to S\$0.030 million for 6M 2016. The higher net cash used in financing activities was mainly due to:-

- * Restricted deposits placed as performance bond in connection with system sale contracts; and
- * Dividend payout by a subsidiary to a Non-Controlling Interest in 6M 2017.

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 2017 to be challenging but remain optimistic about growth prospects.

Although 2016 proved to be another unexpectedly good year for business generated from system sale contracts, management does not expect this to be a trend that can be readily extended into 2017. 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. This has been made apparent in the current quarter's result where system sale contracts revenue for both businesses have shown a sizeable decline against the prior quarter this year and the corresponding quarter last year. The Group will need to continue to strengthen its managed service contract portfolio to deliver steady and sustainable growth.

Management will continue to work on improving execution in respect of strategies and tactics to grow Group managed service contract revenues and profit and further build on the improvement achieved so far this year.

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 and venture investment plans in the year ahead will continue to focus primarily on these growth businesses in the SEA and SA regions and will complement the growth initiatives of existing businesses.

11. Dividend**(a) Current Financial Year Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in cents)	2.5 Singapore Cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in cents)	2.5 Singapore Cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

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)	
	6 months ended 30 June		6 months ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
AESBI Power Systems Sdn Bhd *	111	125	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 June 2017 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
8 August 2017