

THIRD QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

* Asterisks denote mandatory information

Name of Announcer *	UNIFIED COMMUNICATIONS HLDGLTD
Company Registration No.	200211129W
Announcement submitted on behalf of	UNIFIED COMMUNICATIONS HLDGLTD
Announcement is submitted with respect to *	UNIFIED COMMUNICATIONS HLDGLTD
Announcement is submitted by *	ANTON SYAZI AHMAD SEBI
Designation *	CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2013
Description	Please see attached.
Attachments	<p>@ UCHL_Q3_2013Results.pdf</p> <p>Total size =82K (2048K size limit recommended)</p>

Third Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 September 2013

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 2013

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2013	Q3 2012	Inc/(dec)	2013	2012	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,188	3,604	16	13,135	11,938	10
Direct costs	(1,747)	(1,337)	31	(5,630)	(4,931)	14
Gross profit	2,441	2,267	8	7,505	7,007	7
Other operating income	108	169	(36)	501	5,897	(92)
Expenses:						
Technical support expenses	(867)	(710)	22	(2,478)	(2,366)	5
Distribution costs	(698)	(560)	25	(2,028)	(1,556)	30
Administrative expenses	(544)	(537)	1	(1,633)	(1,713)	(5)
Other operating expenses	(193)	(117)	65	(303)	(470)	(36)
Finance costs	-	-	(100)	(1)	-	100
Share of profit from an equity-accounted associate	-	-	-	-	48	(100)
Profit before income tax	247	512	(52)	1,563	6,847	(77)
Income tax expenses	(191)	(67)	119	(433)	(229)	89
Profit for the period	56	425	(87)	1,130	6,618	(83)
Profit attributable to:						
Equity holders of the Company	114	379	(70)	916	6,399	(86)
Non-controlling interest	(58)	46	(225)	214	219	(2)
Profit for the period	56	425	(87)	1,130	6,618	(83)

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2013	Q3 2012	Inc/(dec)	2013	2012	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	56	425	(87)	1,130	6,618	(83)
Other comprehensive income:						
Exchange differences on translating foreign operations	(1,042)	46	(2365)	(890)	(393)	(126)
Total comprehensive income/(expenses) for the period	(986)	471	(309)	240	6,225	(96)
Total comprehensive income/(expenses) attributable to:						
Equity holders of the Company	(928)	425	(318)	26	5,983	(100)
Non-controlling interest	(58)	46	(225)	214	242	(12)
Total comprehensive income/(expenses) for the period	(986)	471	(309)	240	6,225	(96)

1(a)(ii) Notes to income statement

Profit after tax is stated after (charging)/crediting the following items:

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2013	Q3 2012	Inc/(dec)	2013	2012	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Other operating income, comprising:						
Foreign exchange gain	21	42	(49)	150	309	(52)
Interest income	85	127	(33)	343	196	75
Fair value gain on re-measurement of the Group's 40% equity interest in an associate	-	-	-	-	5,339	100
(Loss)/Gain on disposal of plant and equipment	-	(3)	100	-	33	100
Other operating expenses, comprising:						
Impairment loss on receivables	-	-	-	(2)	-	(100)
Amortisation of development costs and intellectual property	(294)	(218)	35	(871)	(695)	25
Depreciation of plant and equipment	(224)	(239)	(6)	(690)	(750)	(8)
Foreign exchange losses	(184)	(105)	75	(285)	(436)	(35)
Loss on disposal of property, plant and equipment	(1)	-	-	(2)	-	100
Plant and equipment written off	(4)	1	(474)	(4)	(3)	48
Income tax expenses:						
Current income tax	80	73	10	245	215	14
Under provision in preceding financial years	39	14	176	36	14	154
Overseas withholding tax	73	-	100	153	-	100

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
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Plant and equipment	2,285	2,888	-	-
Investment property	3,447	3,540	-	-
Intangible assets	15,800	16,357	-	-
Investments in subsidiaries	-	-	32,734	32,734
Deferred income tax assets	14	13	-	-
Trade and other receivables	-	965	-	-
Total non-current assets	21,546	23,763	32,734	32,734
Current assets				
Inventories	92	38	-	-
Trade and other receivables	9,267	7,867	5,353	5,114
Cash and cash equivalents	10,382	11,942	205	13
Total current assets	19,741	19,847	5,558	5,127
Total assets	41,287	43,610	38,292	37,861
EQUITY AND LIABILITIES				
Equity				
Share capital	31,948	31,948	31,948	31,948
Retained earnings	5,129	4,852	6,103	5,355
Foreign currency translation reserve	(3,485)	(2,595)	-	-
Equity attributable to equity holders of the Company	33,592	34,205	38,051	37,303
Non-controlling interest	1,514	1,494	-	-
Total equity	35,106	35,699	38,051	37,303
Non-current liabilities				
Other payables	-	2,293	-	-
Deferred income tax liabilities	29	29	-	-
Total non-current liabilities	29	2,322	-	-
Current liabilities				
Trade and other payables	6,100	5,309	241	558
Current income tax liabilities	52	280	-	-
Total current liabilities	6,152	5,589	241	558
Total liabilities	6,181	7,911	241	558
Total equity and liabilities	41,287	43,610	38,292	37,861

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

Details of any collateral

The Company has issued a financial guarantee to a bank for banking facilities granted to its subsidiary. The banking facilities are secured by fixed deposits of the subsidiary amounting to approximately \$362,000, a personal guarantee of a director of the subsidiary and corporate guarantee of the Company of RM1,530,000 (equivalent to \$595,000 (2012: \$611,000)). 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, the outstanding facilities covered by the guarantee are \$Nil (2012: \$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 2013	Q3 2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit before income tax	247	512	1,563	6,847
Adjustments for:				
Amortisation of development costs and intellectual property	294	218	871	695
Depreciation of plant and equipment	224	239	690	750
Plant and equipment written off	4	(1)	4	3
Impairment loss on receivables	-	-	2	-
Loss/(Gain) on disposals of plant and equipment	1	3	2	(33)
Interest expense	-	-	1	-
Interest income	(85)	(127)	(343)	(196)
Fair value gain on re-measurement of the Group's 40% equity interest in an associate	-	-	-	(5,339)
Share of profit from an equity-accounted associate	-	-	-	(48)
Operating cash flow before movements in working capital	685	844	2,790	2,679
Changes in operating assets and liabilities				
Inventories	83	103	(41)	(9)
Trade and other receivables	(1,300)	725	(435)	1,650
Trade and other payables	196	(719)	(195)	(1,957)
Cash (used in) / generated from operations	(424)	953	2,119	2,372
Income tax paid	(448)	(68)	(652)	(248)
Interest paid	-	-	(1)	-
Net cash (used in) / generated from operating activities	(872)	885	1,466	2,124
Investing activities:				
Purchase of plant and equipment	(96)	(135)	(187)	(355)
Proceeds from disposal of plant and equipment	2	-	3	41
Acquisition of a subsidiary, net of cash acquired	-	-	-	(4,047)
Payment of contingent consideration	-	-	(1,306)	-
Development costs paid	(226)	(258)	(680)	(678)
Deposits withdrawal / (placement) with licensed banks	(67)	173	1,375	(3,431)
Interest received	85	127	343	196
Net cash used in investing activities	(302)	(93)	(452)	(8,274)
Financing activities:				
Dividend paid by a subsidiary to non-controlling interest	(195)	(60)	(195)	(60)
Dividend paid to equity holders of the Company	(639)	(479)	(639)	(479)
Proceeds from interest bearing borrowings	-	-	234	-
Repayment of interest bearing borrowings	-	-	(234)	-
Net cash used in financing activities	(834)	(539)	(834)	(539)

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

	Group			
	Q3 2013		Q3 2012	
	S\$'000	S\$'000	S\$'000	S\$'000
Net change in cash and cash equivalents	(2,008)	253	180	(6,689)
Cash and cash equivalents at beginning of the financial year (Note 1)	9,917	7,129	7,755	14,303
Effect of exchange rate changes on cash and cash equivalents	(282)	49	(308)	(183)
Cash and cash equivalents at end of the financial period (Note 1)	7,627	7,431	7,627	7,431

Explanatory Notes:

Note 1

	Group	
	9 months ended 30 September	
	2013	2012
Cash and bank balances per statement of financial position	10,382	11,636
Less: Restricted deposits	(2,755)	(4,205)
Cash and cash equivalents per consolidated statement of cash flows	7,627	7,431

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 2013

	Issued and fully paid		Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-Controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial period ended 30/9/2013							
Group							
Balance at 1/7/2013	319,572,675	31,948	(2,443)	5,654	35,159	1,767	36,926
Total comprehensive income for the financial period	-	-	(1,042)	114	(928)	(58)	(986)
Dividend paid to equity holders of the Company	-	-	-	(639)	(639)	-	(639)
Dividend paid to non-controlling interest	-	-	-	-	-	(195)	(195)
Balance at 30/9/2013	319,572,675	31,948	(3,485)	5,129	33,592	1,514	35,106
Company							
Balance at 1/7/2013	319,572,675	31,948	-	6,649	38,597	-	38,597
Total comprehensive expenses for the financial period	-	-	-	93	93	-	93
Dividend paid to equity holders of the Company	-	-	-	(639)	(639)	-	(639)
Balance at 30/9/2013	319,572,675	31,948	-	6,103	38,051	-	38,051

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 2012

	Issued and fully paid		Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-Controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial period ended 30/9/2012							
Group							
Balance at 1/7/2012	319,572,675	31,948	(2,292)	5,397	35,053	1,469	36,522
Total comprehensive income/ financial period	-	-	46	379	425	46	471
Dividend paid to equity holders of the Company	-	-	-	(479)	(479)	-	(479)
Dividend paid to non-controlling interest	-	-	-	-	-	(60)	(60)
Balance at 30/9/2012	319,572,675	31,948	(2,246)	5,297	34,999	1,455	36,454
Company							
Balance at 1/7/2012	319,572,675	31,948	-	6,643	38,591	-	38,591
Total comprehensive income for the financial period	-	-	-	571	571	-	571
Dividend paid to equity holders of the Company	-	-	-	(479)	(479)	-	(479)
Balance at 30/9/2012	319,572,675	31,948	-	6,735	38,683	-	38,683

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 months ended 30 September 2013

	Issued and fully paid		Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial period ended 30/9/2013							
Group							
Balance at 1/1/2013	319,572,675	31,948	(2,595)	4,852	34,205	1,494	35,699
Total comprehensive income for the financial period	-	-	(890)	916	26	214	240
Dividend paid to equity holders of the Company	-	-	-	(639)	(639)	-	(639)
Dividend paid to non-controlling interest	-	-	-	-	-	(195)	(195)
Balance at 30/9/2013	319,572,675	31,948	(3,485)	5,129	33,592	1,514	35,106
Company							
Balance at 1/1/2013	319,572,675	31,948	-	5,355	37,303	-	37,303
Total comprehensive income for the financial period	-	-	-	1,387	1,387	-	1,387
Dividend paid to equity holders of the Company	-	-	-	(639)	(639)	-	(639)
Balance at 30/9/2013	319,572,675	31,948	-	6,103	38,051	-	38,051

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 2012

	Issued and fully paid		Foreign currency translation reserve	(Accumulated losses) / retained earnings	Equity attributable to equity holders of the Company	Non-controlling Interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial period ended 30/9/2012							
Group							
Balance at 1/1/2012	319,572,675	31,948	(1,830)	(623)	29,495	1,273	30,768
Total comprehensive income for the financial period	-	-	(416)	6,399	5,983	242	6,225
Dividend paid to equity holders of the Company	-	-	-	(479)	(479)	-	(479)
Dividend paid to non-controlling interest	-	-	-	-	-	(60)	(60)
Balance at 30/9/2012	319,572,675	31,948	(2,246)	5,297	34,999	1,455	36,454
Company							
Balance at 1/1/2012	319,572,675	31,948	-	6,704	38,652	-	38,652
Total comprehensive expenses for the financial period	-	-	-	510	510	-	510
Dividend paid to equity holders of the Company	-	-	-	(479)	(479)	-	(479)
Balance at 30/9/2012	319,572,675	31,948	-	6,735	38,683	-	38,683

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 30/9/2013	As at 31/12/2012
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 2012.

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	
	Q3 2013	Q3 2012	9 months ended 30 September	
			2013	2012
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	0.04	0.12	0.29	2.00
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 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 2013 and 2012.

⁽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 30/9/2013		As at 31/12/2012	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	10.51	11.91	10.70	11.67

⁽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 2013 as compared to corresponding quarter ended 30 September 2012

Group Revenue

The Group achieved consolidated revenue of S\$4.2 million for the quarter ended 30 September 2013 ("Q3 2013"), an increase of 16% against revenue recorded in the quarter ended 30 September 2012 ("Q3 2012"). The increase in Group revenue for Q3 2013 reflects the improved revenue performance of TECH, VAS and OSS BUs.

TECH BU recorded revenue of S\$1.6 million in Q3 2013, a marginal improvement on the S\$1.5 million achieved in Q3 2012. This 3% increase was driven by the higher system sale contract revenues achieved by TECH BU in the SEA region.

VAS BU closed the quarter with higher revenue of S\$1.8 million in Q3 2013 as compared to S\$1.5 million for Q3 2012. This 20% increase was primarily driven by higher system sale and managed service revenues from the SEA and MEA regions in the current quarter.

OSS BU contributed improved revenue of S\$0.7 million in Q3 2013, an increase of 35% from the S\$0.5 million recorded in Q3 2012. The increase in OSS BU revenue was due to higher managed service revenues from the SEA region.

OHQ BU continued to contribute to Group revenue with S\$0.06 million in rental income from the investment property acquired in early 2011.

The Group's sales mix for the current quarter shows a decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 82% of the Group's total revenue for Q3 2013 as compared to 87% for Q3 2012. The lower contribution of managed service contracts to the Group's revenue mix is mainly attributable to the improvement in system sale revenue from S\$0.5 million in Q3 2012 to S\$0.8 million in Q3 2013, arising from the higher system sale revenues achieved by TECH and VAS BUs.

Group Gross Profit and Gross Profit Margins

The Group recorded gross profit of S\$2.4 million and a gross profit margin of 58% in Q3 2013, as compared to the S\$2.3 million and 63% realised respectively in Q3 2012.

Gross profit for the quarter did not improve significantly in spite of the 16% rise in revenue for the quarter under review. This was due to the higher proportion of system sales recorded in Q3 2013 and an overall decline in gross profit margin for both the system sale and managed service contract revenues of the Group.

The Group's system sale contracts typically have higher third-party cost components and therefore yield relatively lower gross profit margin compared to the managed service contracts. The higher proportion of system sales recorded in Q3 2013 coupled with higher system sales contribution from OSS BU which system sale contracts typically have an even higher proportion of third party costs compared to TECH and VAS BUs, weighed down the overall gross profit margin of the Group for the quarter under review.

The gross profit margin recorded by the Group on managed service contract revenues decreased marginally to 57% in Q3 2013 from 59% in Q2 2012. This lower gross profit margin had arisen due to higher amortisation and depreciation costs relating to intellectual properties and equipment that have been commissioned for use in managed service contracts, amounting to S\$0.5 million in Q3 2013 (Q3 2012: S\$0.4 million) and a decline in the revenue contribution of certain mature, higher-margin managed service contracts.

Group Other Operating Income

The Group recorded other operating income of S\$0.1 million in Q3 2013, a decrease of 36% on the S\$0.2 million recorded in Q3 2012. This decline in the other operating income of the Group was mainly due to the absence of interest income relating to one of the Group's major receivables that was subject to an installment payment scheme. This instalment payment scheme was fully settled in the first half of 2013.

Group Operating Expenses

The Group recorded operating expenses of S\$2.3 million in Q3 2013, an increase of 20% on the S\$1.9 million of operating expenses in Q3 2012. This increase is attributable primarily to a 23% rise in technical support expenses and distribution costs from S\$1.3 million in Q3 2012 to S\$1.6 million in Q3 2013 in connection with the expansion of the technical, sales and business development headcount of the Group, and a higher foreign exchange loss of S\$0.2 million recorded in Q3 2013 as compared to S\$0.1 million in Q3 2012. This increase in foreign exchange loss was mainly a result of the unfavourable exchange rate movement of the PKR against SGD during Q3 2013.

Group Net Profit and EBITDA

In spite of the higher revenue achieved, the Group recorded net profit of S\$0.06 million in Q3 2013, significantly lower than the S\$0.4 million recorded by the Group in Q3 2012. This decline in net profit is attributable to the higher operating expenses recorded by the Group in Q3 2013, which could not be offset completely by the relatively smaller improvement in Group gross profit. By extension of their net profit result delivered, the Group also recorded lower EBITDA of S\$0.7 million in Q3 2013 as compared to the S\$0.8 million achieved in Q3 2012.

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 September 2013 as compared to corresponding quarter ended 30 September 2012 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2013, together with comparative results for Q3 2012, is provided below:

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

	Q3 2013 S\$'000	Sales mix %	Q3 2012 S\$'000	Sales mix %
Mobile Technology (TECH BU)	1,599	38	1,556	43
Mobile Value-Added-Services (VAS BU)	1,814	44	1,457	40
Operation Support Systems (OSS BU)	713	17	528	15
Operational Headquarters (OHQ BU)	62	1	63	2
Total	4,188	100	3,604	100

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

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

External Sales	Q3 2012				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
SEA	1,500	893	518	63	2,974
SA	-	377	10	-	387
MEA	53	187	-	-	240
Others	3	-	-	-	3
Total	1,556	1,457	528	63	3,604

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

External Sales	Q3 2013			Q3 2012		
	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group
Revenue	757	3,431	4,188	451	3,153	3,604
Gross Profit	488	1,953	2,441	405	1,862	2,267
Gross Profit (%)	64%	57%	58%	90%	59%	63%

(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 2013 as compared to corresponding period ended 30 September 2012

Group Revenue

The Group achieved consolidated revenue of S\$13.1 million for the nine-month period ended 30 September 2013 ("9M 2013"), an increase of 10% against the revenue recorded in the corresponding period of 2012 ("9M 2012"). The increase in Group revenue for 9M 2013 is attributable to the improved revenue performance of TECH, VAS and OSS BUs.

TECH BU achieved revenue of S\$4.8 million in 9M 2013, an increase of 4% from the S\$4.7 million recorded in 9M 2012. This improvement in revenue was mainly due to the higher system sale contract revenues realised by TECH BU in the SEA region.

VAS BU closed the nine-month period with revenue of S\$5 million, an increase of 13% on the S\$4.4 million recorded in 9M 2012. This increase was driven primarily by the higher system sale and managed service contract revenues generated by VAS BU in the SEA region.

OSS BU recorded revenue of S\$3.1 million in 9M 2013, an increase of 17% from the S\$2.7 million recorded in 9M 2012. This increase in revenue was largely due to the higher managed service contract revenues realised by OSS BU in the SEA region.

OHQ BU continued to contribute to Group revenue with S\$0.2 million in rental income from the investment property acquired in early 2011.

The Group's sales mix in 9M 2013 showed a slight decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 78% of the Group's total revenue in 9M 2013 as compared to 80% in 9M 2012. The lower contribution of managed service contracts to the Group's sales mix is mainly attributable to the improvement in system sale contract revenues of the Group, which had risen 21% from S\$2.4 million in 9M 2012 to S\$2.9 million in 9M 2013. This rise in system sale contract revenues of the Group is a result of the higher system sale contract revenues achieved by TECH and VAS BU.

Group Gross Profit and Gross Profit Margins

The Group achieved gross profit of S\$7.5 million in 9M 2013, corresponding to a gross profit margin of 57%. In comparison, the Group recorded 7% lower gross profit of S\$7 million in 9M 2012 but at a marginally higher gross profit margin of 59%. The higher gross profit recorded by the Group in 9M 2013 is directly attributable to the improvement in Group revenue performance which was only partly offset by the decline in gross profit margin.

Although Group gross profit was higher in 9M 2013, gross profit margin was lower at 57% versus 59% of 9M 2012. This was primarily due to the lower gross profit margin realised on the Group's managed service contract revenues, which showed a decline from 59% in 9M 2012 to 56% in 9M 2013. This decline in gross profit margin had arisen due to the higher amortisation and depreciation costs incurred relating to intellectual properties and equipment that have been commissioned for use in managed service contracts, amounting to S\$1.4 million in 9M 2013 (9M 2012: S\$1.2 million).

Group Other Operating Income

The Group recorded other operating income of S\$0.5 million in 9M 2013, 92% lower than the S\$5.9 million achieved in 9M 2012, mainly due to the absence of the S\$5.3 million fair value gain recorded in 9M 2012 in relation to the Group's pre-existing, pre-acquisition 40% equity interest in Ahead Mobile Sdn Bhd ("AMSB").

In 9M 2013, the Group's interest income increased to S\$0.3 million versus the S\$0.2 million recorded in 9M 2012. This increase in interest income is attributable mainly to the interest earned on deposits held in escrow in connection with contingent consideration payable for the AMSB acquisition. The additional interest income in 9M 2013 was however offset by lower foreign exchange gain recorded as compared to 9M 2012 because of the unfavourable foreign exchange rate movement of the EUR against MYR within 9M 2013.

Group Operating Expenses

The Group recorded operating expenses of S\$6.4 million in 9M 2013, 6% higher than the S\$6.1 million in operating expenses for 9M 2012. This increase in operating expenses is attributable mainly to a 15% rise in technical support expenses and distribution costs from S\$3.9 million in 9M 2012 to S\$4.5 million in 9M 2013 in connection with the expansion of the technical, sales and business development headcount of the Group.

Group Net Profit and EBITDA

The Group recorded lower net profit of S\$1.1 million and EBITDA of S\$2.8 million in 9M 2013 as compared to the S\$6.6 million in net profit and S\$8.2 million in EBITDA achieved by the Group for 9M 2012. The lower net profit and EBITDA results recorded in 9M 2013 are attributable to the absence of the S\$5.3 million fair value gain recorded in 9M 2012 in relation to the Group's pre-existing, pre-acquisition 40% equity interest in AMSB.

Excluding the effect of the said fair value gain, the Group recorded a 12% and 3% decrease in net profit and EBITDA for 9M 2013 respectively, as compared to the adjusted net profit of S\$1.3 million and adjusted EBITDA of S\$2.9 million for 9M 2012. The decrease in both adjusted net profit and EBITDA is attributable to higher operating expenses recorded in 9M 2013 which could only be partly offset by the increase in gross profit of the Group in 9M 2013.

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 2013 as compared to corresponding period ended 30 September 2012 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2013, together with comparative results for 9M 2012 is provided below:

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

	2013 S\$'000	Sales mix %	2012 S\$'000	Sales mix %
Mobile Technology (TECH BU)	4,843	37	4,679	39
Mobile Value-Added-Services (VAS BU)	4,991	38	4,398	37
Operation Support Systems (OSS BU)	3,113	24	2,670	22
Operational Headquarters (OHQ BU)	188	1	191	2
Total	13,135	100	11,938	100

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

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

External Sales	2012				
	TECH S\$'000	VAS S\$'000	OSS S\$'000	OHQ S\$'000	Group S\$'000
SEA	4,572	2,665	2,642	191	10,070
SA	-	999	28	-	1,027
MEA	100	732	-	-	832
Others	7	2	-	-	9
Total	4,679	4,398	2,670	191	11,938

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

External Sales	2013			2012		
	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group	System Sale ⁽¹⁾	Managed Service ⁽²⁾	Group
Revenue	2,901	10,234	13,135	2,400	9,538	11,938
Gross Profit	1,758	5,747	7,505	1,413	5,594	7,007
Gross Profit (%)	61%	56%	57%	59%	59%	59%

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

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

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)

Review of the Group's financial position as at 30 September 2013 as compared to the Group's financial position as at 31 December 2012

Non-cash current assets of the Group increased to S\$9.4 million as at 30 September 2013 from S\$7.9 million as at 31 December 2012. This 18% increase of S\$1.5 million was mainly due to an increase in trade and other receivables which includes a reclassification of certain receivables from non-current to current.

Total non-current assets of the Group decreased from S\$23.8 million as at 31 December 2012 to S\$21.5 million as at 30 September 2013. This was mainly due to ongoing depreciation and amortisation charges on plant and equipment and intangible assets, coupled with the above-mentioned reclassification of certain receivables from non-current to current.

Total liabilities of the Group decreased from S\$7.9 million as at 31 December 2012 to S\$6.2 million as at 30 September 2013. This 22% decrease of S\$1.7 million was mainly due to a reduction in trade and other payables.

Review of the Group's cash flow for the quarter and nine months ended 30 September 2013 as compared to the corresponding periods ended 30 September 2012

The Group's cash used in operations for Q3 2013 was S\$0.4 million, as compared to cash generated from operations of S\$1.0 million recorded for Q3 2012. This significant decline was primarily due to the lower collections from trade receivables in Q3 2013.

The Group's net cash used in investing activities for Q3 2013 amounted to S\$0.3 million as compared to S\$0.1 million for Q3 2012. This increase was due to a restricted deposit placed in Q3 2013 for trade finance facilities.

The Group's net cash used in financing activities for Q3 2013 and 9M 2012 amounted to S\$0.8 million as compared to S\$0.5 million for Q3 2012 and 9M 2012. This increase was mainly due to a higher dividend payout in the 2013 to both non-controlling interest and equity holders of the Company.

The Group's cash generated from operations for 9M 2013 was S\$2.1 million, a decrease of 11% as compared to the S\$2.4 million recorded for 9M 2012. This decrease is attributable mainly to the significantly lower collections from trade receivables in 9M 2013.

The Group's net cash used in investing activities for 9M 2013 amounted to S\$0.5 million as compared to S\$8.3 million for 9M 2012. The significantly higher net cash used in investing activities in 9M 2012 was due to the payment of the first tranche of purchase consideration amounting to S\$4.0 million, and the placement of S\$3.6 million in deposits relating to contingent consideration with an escrow agent, all in connection with the acquisition of AMSB.

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 2013 financial year to remain challenging, largely due to the persistent downward pressure on the pricing of solutions that are delivered on a system sale model. All of the Group's BUs experienced an intensification of competitive pressure in all regions of focus in 2012 and for the 2013 year-to-date. This is expected to continue in the remainder of the 2013 financial year.

The relatively soft system sale market conditions are however expected to be countervailed in future reporting periods by progress in growing the managed services contract portfolio of the Group. With a significant number of new application services on a managed service model due for launch in 2013, the contribution that was made by AMSB in growing 2012 revenue-sharing contract revenues of the Group is expected to be substantially bolstered by income from VAS BU's own new contracts. 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 that have undergone research and development in recent years and that have been well-received by the market. Given the typical two-to-three year gestation period for application services to achieve steady-state revenues, the full impact of these new contracts on Group financial performance is expected to be realised by 2014 and 2015.

The Group will continue to search for opportunities for strategic investment and acquisition in the remainder of the 2013 financial year. 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 persist as mobile internet devices become more affordable, the directors and management of the Group anticipate that internet-delivered application services will experience a resurgence in growth, as should the market for mobile and digital advertising solutions. The Group's growth by 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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
AESBI Power Systems Sdn Bhd *	204	205	Nil	Nil

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

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 2013 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
14 November 2013