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Responses to SGX Queries :: On Financial Statements :: RESPONSE TO COMMENTS FROM SGX DATED 20 NOVEMBER 2013

* 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
Date & Time of Broadcast	21-Nov-2013 17:28:53
Announcement No.	00052

>> Announcement Details
 The details of the announcement start here ...

Announcement Title *	RESPONSE TO COMMENTS FROM SGX DATED 20 NOVEMBER 2013
Subject of Query *	On Financial Statements
Description	Please see attached.

Attachments

 UCHL_ResponsetoSGXComments.pdf
 Total size = **186K**
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UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Company Registration No. 200211129W

RESPONSE TO COMMENTS FROM SGX REGARDING THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

The Board of Directors of Unified Communications Holdings Limited ("the Company" or "the Group") wishes to announce the following in response to comments received from Singapore Exchange Securities Trading Limited on 20 November 2013 ("SGX Query") regarding the Company's third quarter financial statements and dividend announcement for the period ended 30 September 2013:

SGX Query

We note that current Trade and Other Receivables increased 58.7 % from S\$5.8 million as at 30 September 2012 to S\$9.3 million as at 30 September 2013 despite an increase in Revenue of 10% during the same period. In this regard, please explain the reasons for the increase in current Trade and Other Receivables and whether the Company foresees any issues with the collectability of these debts.

Company's Response

The increase in current Trade and Other receivables is attributable primarily to the following factors:

- (i) A delay in collection of Trade Receivables from one of the Group's major customers. As a consequence of this delay, the Group's receivables as at 30 September 2013 was S\$1.3 million higher than the receivables balance as at 30 September 2012. This collection delay was temporary as payment from the said customer for the overdue receivable was received subsequent to 30 September 2013;
- (ii) A (non-trade) other receivable amounting to approximately S\$1 million that was on the Group's balance sheet as at 30 September 2013 but was absent as at 30 September 2012. This substantial non-trade receivable relates to the fair value gain on contingent consideration of the acquisition of Ahead Mobile Sdn Bhd ("AMSB"), and had arisen due to the foreseeable lower balance consideration that is expected to be paid in 2014. As the AMSB purchase price allocation for determining the fair value of net assets and goodwill acquired was completed after 30 September 2012, the said receivable account was only recorded in the quarter ended 31 December 2012. This receivable is expected to be fully settled in 2014 by the application of the deposit presently held by an escrow agent towards the balance consideration due; and
- (iii) An increase in certain trade receivables by S\$1.2 million, in line with the improvement in Group revenue by the same quantum of S\$1.2 million - from S\$11.9 million for the nine months ended 30 September 2012 to S\$13.1 million for corresponding period ended 30 September 2013.

If the effect of factors (i) and (ii) above which are temporary or exceptional are excluded, the current Trade and Other Receivables of the Group as at 30 September 2013 would have amounted to S\$7.1 million, corresponding to a debtor turnover ratio of 5 months as compared to a ratio of 4.4 months realized as at 30 September 2012.

In the view of above, the Company does not foresee any issues with the collectability of its debts as reported in its third quarter financial statements and dividend announcement for the period ended 30 September 2013.