

Financial Statements and Related Announcement: Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	CAPTII LIMITED
Securities	CAPTII LIMITED - SG1BA0000004 - AWW
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	10-Aug-2016 17:08:01
Status	New
Announcement Sub Title	Second Quarter and/ or Half Yearly Results
Announcement Reference	SG1608100THRKEYF
Submitted By (Co./ Ind. Name)	ANTON SYAZI AHMAD SEBI
Designation	CHIEF EXECUTIVE OFFICER
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

For Financial Period Ended	30/06/2016
Attachments	<p>📎 Financial Results Q2 2016.pdf</p> <p>Total size =77K</p>

Second Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 June 2016

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 2016

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2016	Q2 2015	Incl/(dec)	2016	2015	Incl/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	5,444	5,383	1.1	9,375	10,367	(9.6)
Cost of Sales	(2,166)	(2,369)	(8.6)	(3,678)	(4,656)	(21.0)
Gross profit	3,278	3,014	8.8	5,697	5,711	(0.3)
Other Items of Income:						
Interest Income	74	67	10.3	148	133	11.6
Other Gains	5	4	25.0	7	38	(80.9)
Other Items of Expense:						
Technical Support Expenses	(836)	(883)	(5.4)	(1,622)	(1,748)	(7.2)
Distribution Costs	(463)	(565)	(18.1)	(903)	(1,065)	(15.2)
Administrative Expenses	(632)	(544)	16.2	(1,176)	(1,161)	1.3
Other Losses	18	(57)	(132.4)	(251)	(8)	3,043.7
Shared of Result from Jointly-Controlled Entity	(2)	(3)	(33.3)	(3)	(4)	(14.7)
Profit Before Income Tax	1,442	1,033	39.5	1,897	1,896	0.0
Income Tax Expenses	(271)	(200)	35.6	(366)	(320)	14.4
Profit, Net of Tax	1,171	833	40.6	1,531	1,576	(2.8)
Profit, Net of Tax Attributable to:						
Owners of the Company	984	662	48.7	1,216	1,314	(7.4)
Non-Controlling Interests	187	171	9.4	315	262	20.4
Profit, Net of Tax	1,171	833	40.6	1,531	1,576	(2.8)

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2016	Q2 2015	Incl/(dec)	2016	2015	Incl/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit, Net of Tax	1,171	833	40.6	1,531	1,576	(2.8)
Other Comprehensive Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(888)	(966)	(8.1)	575	(1,597)	(136.0)
Total Comprehensive Income / (Loss) for the period	283	(133)	(312.9)	2,106	(21)	(10,130.4)
Total Comprehensive Income for the period Attributable to:						
Owners of the Company	140	(261)	(153.7)	1,767	(217)	(914.3)
Non-Controlling interest	143	128	11.7	339	196	73.1
Total Comprehensive Income / (Loss) for the period	283	(133)	(312.9)	2,106	(21)	(10,130.4)

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

	Group			Group		
	Quarter ended 30 June			6 months ended 30 June		
	Q2 2016	Q2 2015	Incl/(dec)	2016	2015	Incl/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit before income tax is stated after (charging)/crediting the following items:						
Gain on Disposal of Plant and Equipment	-	5	100.0	-	4	(100.0)
Foreign Exchange Gain/(Loss), net	26	(54)	(147.6)	(240)	26	(1021.5)
Amortisation of Intangible Assets	(171)	(273)	(37.4)	(352)	(531)	(33.7)
Depreciation of Plant and Equipment	(135)	(138)	(2.2)	(271)	(282)	(3.9)
Components of tax expense recognised in profit and loss include:						
Current Tax Expenses	(212)	(44)	382.7	(271)	(107)	153.6
Over adjustments in respect of prior years	8	-	100.0	8	18	(57.7)
Overseas Withholding Tax Expenses	(67)	(156)	(56.8)	(103)	(231)	(55.2)

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
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	1,268	1,403	-	-
Investment Property	2,999	2,940	-	-
Intangible Assets	12,316	12,140	-	-
Investments in Subsidiaries	-	-	32,734	32,734
Investment in Jointly-Controlled Entity	-	3	-	-
Investment in an Associate	627	-	-	-
Other Financial Assets	1,720	1,517	-	-
Total Non-Current Assets	18,930	18,003	32,734	32,734
Current assets				
Inventories	139	48	-	-
Income Tax Recoverable	-	74	-	-
Trade and Other Receivables	7,803	6,310	4,000	4,321
Other Assets	265	318	24	4
Cash and Cash Equivalents	13,059	13,450	763	786
Total Current Assets	21,266	20,200	4,787	5,111
Total Assets	40,196	38,203	37,521	37,845
EQUITY AND LIABILITIES				
Equity				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	9,743	8,527	5,180	5,397
Foreign Currency Translation Reserve	(7,651)	(8,202)	-	-
Equity, Attributable to Owners of the Parent	34,040	32,273	37,128	37,345
Non-Controlling Interest	1,707	1,368	-	-
Total Equity	35,747	33,641	37,128	37,345
Non-Current Liabilities				
Deferred Tax Liabilities	31	30	-	-
Total Non-Current Liabilities	31	30	-	-
Current Liabilities				
Income Tax Payables	120	106	-	-
Trade and Other Payables	3,520	3,905	393	500
Other Liabilities	778	521	-	-
Total Current Liabilities	4,418	4,532	393	500
Total Liabilities	4,449	4,562	393	500
Total Equity and Liabilities	40,196	38,203	37,521	37,845

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

As at 30 June 2016, 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 \$295,000 and covered by a personal guarantee of a director of the subsidiary and corporate guarantee of the company of \$517,000 (2015: \$507,000). As at the end of the financial period, the outstanding facilities covered by the guarantee were Nil (2015: 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 2016	Q2 2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit Before Income Tax	1,442	1,033	1,897	1,896
Adjustments for:				
Amortisation of Intangible Assets	171	273	352	531
Depreciation of Plant and Equipment	135	138	271	282
Gain on Disposal of Plant and Equipment	-	(5)	-	(4)
Interest Income	(74)	(67)	(148)	(133)
Shared of Result from Jointly-Controlled Entity	2	3	3	4
Operating Cash Flow before Changes in Working Capital	1,676	1,375	2,375	2,576
Inventories	(81)	(5)	(97)	2
Trade and Other receivables	(944)	(1,084)	(1,493)	(876)
Other Assets	161	93	53	115
Trade and Other payables	54	(579)	(395)	(855)
Other Liabilities	(691)	1,586	256	1,343
Net Cash Flows From Operations	175	1,386	699	2,305
Income Tax Paid	(149)	(82)	(273)	(196)
Net Cash Flows From Operating Activities	26	1,304	426	2,109
Cash Flows From Investing Activities:				
Purchase of Plant and Equipment	(65)	(83)	(135)	(261)
Investment in an Associate	(206)	-	(420)	-
Other Financial Assets	(240)	(696)	(409)	(696)
Proceeds From Disposal of Plant and Equipment	-	5	-	5
Payment for Development Costs	(146)	(90)	(270)	(182)
Interest Income Received	74	67	148	133
Net Cash Flows Used in Investing Activities	(583)	(797)	(1,086)	(1,001)
Cash Flows From Financing Activities:				
Cash Restricted in Use	(2)	(2)	(30)	(5)
Net Cash Flows Used in Financing Activities	(2)	(2)	(30)	(5)

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 2016	Q2 2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Net Change in Cash and Cash Equivalents	(559)	505	(690)	1,103
Cash and Cash Equivalents at Beginning of the Financial Year (Note 1)	13,682	11,808	13,110	11,480
Effect of Exchange Rate Changes On Cash and Cash Equivalents	(437)	(442)	266	(712)
Cash and Cash Equivalents At End of the Financial Period (Note 1)	12,686	11,871	12,686	11,871

Explanatory Notes:

Note 1

	Group	
	6 months ended 30 June	
	2016	2015
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	13,059	12,260
Less: Restricted Deposits	(373)	(389)
Cash and cash equivalents per consolidated statement of cash flows	12,686	11,871

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 2016

	Total Equity S\$'000	Attributable to Parent Sub-total S\$'000	Share Capital S\$'000	Retained earnings S\$'000	Foreign Currency Translation Reserve S\$'000	Non-Controlling Interests S\$'000
Current 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. (continued)

Statement of Changes in Equity for the Second Quarter ended 30 June 2015

	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 2015	36,038	34,600	31,948	7,406	(4,754)	1,438
Total Comprehensive (Loss) / Income for the financial period	(133)	(261)	-	662	(923)	128
Closing Balance at 30 June 2015	35,905	34,339	31,948	8,068	(5,677)	1,566
Company						
Opening Balance at 1 April 2015	36,191	36,191	31,948	4,243	-	-
Total Comprehensive Loss for the financial period	(56)	(56)	-	(56)	-	-
Closing Balance at 30 June 2015	36,135	36,135	31,948	4,187	-	-

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 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
Current Period:						
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)(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 2015

	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 2015	35,926	34,556	31,948	6,754	(4,146)	1,370
Total Comprehensive (Loss) / Income for the financial period	(21)	(217)	-	1,314	(1,531)	196
Closing Balance at 30 June 2015	35,905	34,339	31,948	8,068	(5,677)	1,566
Company						
Opening Balance at 1 January 2015	36,282	36,282	31,948	4,334	-	-
Total Comprehensive Loss for the financial period	(147)	(147)	-	(147)	-	-
Closing Balance at 30 June 2015	36,135	36,135	31,948	4,187	-	-

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 30/6/2016	As at 31/12/2015
Ordinary share ⁽¹⁾	31,957,264	31,957,264

⁽¹⁾ The Company had on 14 May 2015 completed the share consolidation of every then (10) ordinary share into one (1) consolidated share. Accordingly, the issued share capital of the Company now comprises 31,957,264 consolidated shares.

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 2015.

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	
	2016	2015	2016	2015
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	3.08	2.07	3.81	4.11
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 2016 and 2015.

⁽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 30/6/2016		As at 31/12/2015	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	106.52	116.18	100.99	116.86

⁽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 period/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 2016 as compared to corresponding quarter ended 30 June 2015

Group Revenue

The Group recorded consolidated revenue of S\$5.444 million for the quarter ended 30 June 2016 ("Q2 2016"), a slight increase of 1.1% against the revenue recorded in the corresponding quarter ended 30 June 2015 ("Q2 2015"). The increase in Group revenue for Q2 2016 is attributable to the improved revenue performance of Unifiedcomms.

Unifiedcomms posted revenue of S\$3.583 million, an increase of 3.6% from the S\$3.457 million recorded in Q2 2015. This increase was driven primarily by the higher system sale contract revenues.

GlobeOSS recorded revenue of S\$1.808 million in Q2 2016, a decrease of 3.2% from the S\$1.868 million recorded in Q2 2015. This decline in revenue was due to lower system sale contract revenues.

The Group's Others segment meanwhile contributed S\$0.053 million in income from investments.

The Group's sales mix in Q2 2016 showed a decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 57.3% of the Group's total revenue in Q2 2016 as compared to 65.1% in Q2 2015. The lower relative contribution of managed service contracts to the Group's sales mix in Q2 2016 is mainly attributable to the increase in system sale contract revenues of the Group, which had improved 23.9% from S\$1.877 million in Q2 2015 to S\$2.326 million in Q2 2016.

Group Gross Profit and Gross Profit Margins

The Group's gross profit was higher at S\$3.278 million in Q2 2016 as compared to S\$3.014 million in Q2 2015. This was primarily due to the higher gross profit margin of 60.2% in Q2 2016 against 56.0% in Q2 2015. This improvement was contributed by the system sale contract revenues of Unifiedcomms, which delivered higher gross profit margin as a result of lower third-party component costs in Q2 2016.

The gross profit margin recorded by the Group on its managed service contracts also increased to 60.3% in Q2 2016 from 58.0% in Q2 2015. This increase in gross profit margin is mainly attributable to the lower amortisation of intellectual property in Q2 2016, as a result of certain intellectual properties having reached the end of their estimated useful lives in late 2015, coupled with lower revenue contribution from certain managed service contracts with higher third party costs.

Interest Income

The Group recorded interest income of S\$0.074 million in Q2 2016, an increase of 10.3% on the S\$0.067 recorded in Q2 2015.

Other gains

The Group recorded other gains of S\$0.005 million in Q2 2016, 25.0% higher than the S\$0.004 million recorded in Q2 2015.

Other Items of Expense

The Group recorded total expenses of S\$1.915 million in Q2 2016, 6.7% lower than the S\$2.052 million incurred in Q2 2015. This was mainly due to:-

- * Lower technical support expenses recorded in Q2 2016, attributable to a reduction in the technical support headcount of the Group;
- * Lower distribution expenses recorded in Q2 2016, as a result of favourable foreign exchange translation on MYR denominated expenses; and
- * Lower foreign exchange loss primarily caused by favourable exchange rate movements of MYR against the Group's reporting currency, SGD.

The saving in the above mentioned expenses was however partly offset by the higher administrative expenses recorded in Q2 2016, mainly due to higher personnel-related costs.

Group Net Profit and EBITDA

The Group achieved higher net profit of S\$1.171 million and EBITDA of S\$1.674 million in Q2 2016 as compared to the S\$0.833 million in net profit and S\$1.377 million in EBITDA recorded by the Group in Q2 2015. The higher net profit and EBITDA results recorded in Q2 2016 are mainly attributable to the flow-down effects of higher gross profit margin and lower operating expenses recorded in Q2 2016.

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 2016 as compared to corresponding quarter ended 30 June 2015 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q2 2016, together with comparative results for Q2 2015 is provided below:

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

	Q2 2016 S\$'000	Sales mix %	Q2 2015 S\$'000	Sales mix %
Unifiedcomms	3,583	65.8	3,457	64.2
GlobeOSS	1,808	33.2	1,868	34.7
Others	53	0.9	58	1.1
Total	5,444	100.0	5,383	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 2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	3,098	1,808	53	4,959
South Asia (SA)	205	-	-	205
Middle East & Africa (MEA)	280	-	-	280
Others	-	-	-	-
Total	3,583	1,808	53	5,444

External Sales	Q2 2015			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	2,599	1,863	58	4,520
SA	178	-	-	178
MEA	680	-	-	680
Others	-	5	-	5
Total	3,457	1,868	58	5,383

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

External Sales	Q2 2016			Q2 2015		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	2,326	3,118	5,444	1,877	3,506	5,383
Gross Profit	1,398	1,880	3,278	982	2,032	3,014
Gross Profit (%)	60.1%	60.3%	60.2%	52.3%	58.0%	56.0%

(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 2016 as compared to corresponding financial period ended 30 June 2015

Revenue

The Group recorded consolidated revenue of S\$9.375 million for the six months ended 30 June 2016 ("6M 2016"), a decrease of 9.6% against the revenue recorded in the corresponding period of 2015 ("6M 2015"). The decline in Group revenue for 6M 2015 is attributable to lower revenue recorded by both Unifiedcomms and GlobeOSS.

Unifiedcomms recorded revenue of S\$6.416 million, a decrease of 6.0% from the S\$6.825 million recorded in 6M 2015. This decline in revenue was mainly due to lower managed service contract revenues.

GlobeOSS recorded revenue of S\$2.852 million in 6M 2016, a decrease of 16.7% from the S\$3.425 million recorded in 6M 2015. This decline in revenue was due to lower system sale contract revenues.

The Group's Others segment meanwhile contributed S\$0.107 million in income from investments.

The Group's sales mix in 6M 2016 showed a slight decrease in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 64.5% of the Group's total revenue in 6M 2016 as compared to 66.0% in 6M 2015. The lower relative contribution of managed service contracts to the Group's sales mix in 6M 2016 is mainly attributable to the decrease in managed service contract revenues of the Group, which had declined by 11.7% from S\$6.846 million in 6M 2015 to S\$6.046 million in 6M 2016.

Gross Profit and Gross Profit Margins

The Group recorded gross profit of S\$5.697 million in 6M 2016, a marginal decrease of 0.3% from the S\$5.711 million achieved in 6M 2015. The flow-down impact of lower revenue on the absolute gross profit of group was mitigated by the higher gross profit margin achieved of 60.8% in 6M 2016 against 55.1% in 6M 2015. This improvement in gross profit margin is mainly attributable to the higher proportionate contribution of system sale contract revenues by Unifiedcomms, which generally delivers higher gross profit margins. In addition, GlobeOSS system sale contracts delivered higher gross profit margin in 6M 2016 as a result of lower third-party component costs being incurred in the period.

The gross profit margin recorded by the Group on its managed service contract revenues also increased to 60.2% in 6M 2016 from 58.3% in 6M 2015. This increase in gross profit margin was contributed by the lower amortisation of intellectual property in 6M 2016, as a result of certain intellectual properties having reached the end of their estimated useful lives in late 2015, coupled with lower revenue contribution from certain managed service contracts with higher third party cost.

Interest Income

The Group recorded interest income of S\$0.148 million in 6M 2016, an increase of 11.6% on the S\$0.133 million recorded in 6M 2015.

Other gains

The Group recorded other gains of S\$0.007 million in 6M 2016, 80.9% lower than the S\$0.038 million recorded in 6M 2015. This is mainly attributable to the absence of foreign exchange gain of S\$0.026 million arising from the favorable exchange rate movement of MYR against the Group's reporting currency, SGD.

Other Items of Expense

The Group recorded total expenses of S\$3.955 million in 6M 2016, 0.8% marginally lower than the S\$3.986 million incurred in 6M 2015. This was mainly due to:-

- * Lower technical support expenses recorded in 6M 2016, attributable to a reduction of technical support headcount of the Group; and
- * Lower distribution expenses recorded in 6M 2016, as a result of a favourable foreign exchange translation on MYR denominated expenses.

The saving in the above mentioned expenses was however partly offset by a foreign exchange loss of S\$0.240 million which was primarily caused by the unfavourable exchange rate movements of MYR and USD against the Group's reporting currency, SGD.

Net Profit and EBITDA

The Group recorded lower net profit of S\$1.531 million and EBITDA of S\$2.372 million in 6M 2016 as compared to the S\$1.576 million in net profit and S\$2.576 million in EBITDA recorded by the Group in 6M 2015. The lower net profit and EBITDA results recorded in Q1 2016 are mainly attributable to the flow-down effect of lower revenue recorded in 6M 2016.

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 2016 as compared to corresponding financial period ended 30 June 2015 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 6M 2016, together with comparative results for 6M 2015 is provided below:

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

	2016 S\$'000	Sales mix %	2015 S\$'000	Sales mix %
Unifiedcomms	6,416	68.3	6,825	65.8
GlobeOSS	2,852	30.4	3,425	33.0
Others	107	1.1	117	1.1
Total	9,375	100.0	10,367	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	2016			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	5,553	2,835	107	8,495
South Asia (SA)	421	-	-	421
Middle East & Africa (MEA)	442	-	-	442
Others	-	17	-	17
Total	6,416	2,852	107	9,375

External Sales	2015			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	5,449	3,414	117	8,980
SA	396	-	-	396
MEA	974	-	-	974
Others	6	11	-	17
Total	6,825	3,425	117	10,367

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

External Sales	2016			2015		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	3,329	6,046	9,375	3,521	6,846	10,367
Gross Profit	2,058	3,639	5,697	1,718	3,993	5,711
Gross Profit (%)	61.8%	60.2%	60.8%	48.8%	58.3%	55.1%

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

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

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 2016 as compared to the Group's financial position as at 31 December 2015

Non-cash current assets of the Group increased from \$6.750 million as at 31 December 2015 to S\$8.207 million as at 30 June 2016. This 21.6% increase in non-cash current assets was mainly due to the increase in trade and other receivables.

Total non-current assets of the Group increased from S\$18.003 million as at 31 December 2015 to S\$18.930 million as at 30 June 2016. This 5.1% increase in non-current assets is mainly attributable to:-

- * An increase in investments in other financial assets and an associate, made by the Group's subsidiary, Captii Ventures Pte Ltd; and
- * The effect of foreign exchange movements on the Group's MYR denominated intangible assets.

The above impact was however partly offset by the on-going depreciation charges on plant and equipment.

Total liabilities of the Group decreased from S\$4.562 million as at 31 December 2015 to S\$4.449 million as at 30 June 2016. This 2.5% decrease in total liabilities is attributable to the decrease in trade and other payables.

Review of the Group's cash flow for the quarter and six months ended 30 June 2016 as compared to the corresponding period ended 30 June 2015

The Group's net cash flow from operations for Q2 2016 was S\$0.175 million, as compared to S\$1.386 million for Q2 2015, a decrease of 87.4%. This decrease was primarily due to unfavourable working capital changes of S\$1.501 million for Q2 2016, in contrast with favourable working capital changes of S\$0.011 million for Q2 2015. These movements in working capital in Q2 2016 had more than offset the improvement in profit before tax of S\$1.442 million for the current quarter against S\$1.033 million for Q2 2015.

The Group's net cash flow from operations for 6M 2016 was S\$0.699 million, as compared to S\$2.305 million for 6M 2015, a decrease of 69.7%. This decrease was primarily due to unfavourable working capital changes where an increase of S\$1.676 million in working capital was required for 6M 2016 as compared to S\$0.271 million for 6M 2015.

The Group's net cash flow used in investing activities for Q2 2016 was S\$0.583 million, as compared to S\$0.797 million for Q2 2015. The lower net cash used in investing activities is mainly attributable to the lower investments on certain technology companies (classified as other financial assets and an associate).

The Group's net cash flow used in investing activities for 6M 2016 was S\$1.086 million, as compared to S\$1.001 million for 6M 2015. The marginally higher net cash used in investing activities was mainly due to the higher investment cost on intangible assets and investments on certain technology companies (classified as other financial assets and an associate). The higher net cash used in investing activities was partly mitigated by lower investment cost on plant and equipment.

The Group's net cash flow used in financing activities for 6M 2016 amounted to S\$0.030 million as compared to S\$0.005 million for 6M 2015. The higher net cash used in financing activities was mainly due to restricted deposits placed as a performance bond in connection with a system sale contract.

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 2016 to remain challenging.

Although 2015 proved to be a fair year for business generated from system sale contracts, management does not expect this to be a trend that can be readily extended into 2016. 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. The Group's need to continue strengthening its managed service contract portfolio for delivering steady and sustainable growth remains.

The Group's managed service contract portfolio therefore remains the focus for growth in 2016. Management will continue to work on improving execution in respect of strategies and tactics to grow Group revenues and profit.

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 investment plan in the year ahead will continue to focus primarily on these growth businesses in the SEA and SA regions and will complement the growth plans of the 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
AESBI Power Systems Sdn Bhd *	125	134	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 2016 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
10 August 2016

