

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

Issuer/Manager

CAPTII LIMITED

Securities

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Designation

Executive Chairman

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

30/09/2020

Attachments

[CL Financial Results Q3 2020.pdf](#)

Total size =171KMB

**Third Quarter Financial Statements and Dividend Announcement
for the Period Ended 30 September 2020**

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 2020

Consolidated Statement of Comprehensive Income

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2020	Q3 2019	Inc/(dec)	2020	2019	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,980	5,479	(9.1)	15,753	17,286	(8.9)
Cost of Sales	(2,288)	(2,699)	(15.2)	(7,705)	(8,234)	(6.4)
Gross profit	2,692	2,780	(3.0)	8,048	9,052	(11.1)
Other Items of Income:						
Interest Income	33	23	43.5	114	71	60.6
Other Gains	(112)	36	(411.1)	111	502	(77.9)
Other Items of Expense:						
Technical Support Expenses	(1,024)	(1,178)	(13.1)	(3,036)	(3,356)	(9.5)
Distribution Costs	(350)	(436)	(19.7)	(1,026)	(1,284)	(20.1)
Administrative Expenses	(485)	(562)	(13.7)	(1,558)	(1,733)	(10.1)
Other Losses	(644)	187	(444.4)	(2,178)	(86)	2,432.6
Finance Costs	(28)	(33)	(15.1)	(93)	(100)	(7.0)
Profit Before Income Tax	82	817	(90.2)	382	3,066	(87.5)
Income Tax Expenses	(86)	112	(176.8)	(435)	(208)	109.1
(Loss)/Profit, Net of Tax	(4)	929	(100.4)	(53)	2,858	(101.9)
(Loss)/Profit, Net of Tax Attributable to:						
Owners of the Company	(176)	936	(118.8)	(616)	2,587	(123.8)
Non-Controlling Interests	172	(7)	(2,557.1)	563	271	107.7
(Loss)/Profit, Net of Tax	(4)	929	(100.4)	(53)	2,858	(101.9)

Consolidated Statement of Comprehensive Income/(Expense)

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2020	Q3 2019	Inc/(dec)	2020	2019	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/Profit, Net of Tax	(4)	929	(100.4)	(53)	2,858	(101.9)
Other Comprehensive (Expenses)/Income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	371	198	(87.4)	9	120	(92.5)
Total Comprehensive(Expenses)/Income for the period	367	1,127	(68.3)	(44)	2,978	(101.5)
Total Comprehensive Income/(Expenses) for the period Attributable to:						
Owners of the Company	154	1,110	(86.0)	(607)	2,702	(122.5)
Non-Controlling interest	213	17	1152.9	563	276	103.9
Total Comprehensive(Expenses)/Income for the period	367	1,127	(68.3)	(44)	2,978	(101.5)

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

	Group			Group		
	Quarter ended 30 September			9 months ended 30 September		
	Q3 2020	Q3 2019	Inc/(dec)	2020	2019	Inc/(dec)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Profit before income tax is stated after (charging)/crediting the following items:						
Fair Value (Loss)/Gain on Investments	(643)	-	100.0	(2,170)	466	(565.6)
Loss on Disposal of Plant and Equipment	0	-	100.0	(1)	-	100.0
Foreign Exchange (Loss)/Gain, net	(150)	190	179.0	8	(72)	(111.1)
Amortisation of Intangible Assets	(118)	(122)	(3.3)	(333)	(359)	(7.2)
Depreciation of Plant and Equipment	(163)	(166)	(1.8)	(483)	(509)	(5.1)
Depreciation of Right-of-use assets	(39)	-	100.0	(108)	-	100.0
Plant and Equipment Written-Off	0	-	0.0	(3)	-	100.0
Components of tax expense recognised in profit and loss include:						
Current Tax Expenses	27	17	61.6	(289)	(385)	(24.9)
Deferred Tax Income	(93)	120	(177.8)	(93)	231	(140.3)
Over adjustments in respect of prior years	-	(4)	0.0	-	16	(100.0)
Overseas Withholding Tax Expenses	(21)	(21)	(1.7)	(54)	(70)	(22.8)

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
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	1,740	1,690	-	-
Investment Property	2,301	2,301	-	-
Intangible Assets	10,867	10,888	-	-
Investments in Subsidiaries	-	-	34,778	34,778
Other Financial Assets	9,891	12,073	-	-
Deferred Tax assets	1,268	1,362	-	-
Trade and Other Receivables	599	599	-	-
Total Non-Current Assets	26,666	28,913	34,778	34,778
Current assets				
Inventories	4	4	-	-
Trade and Other Receivables	9,766	11,861	8,959	9,678
Other Assets	2,259	3,073	26	4
Cash and Cash Equivalents	12,124	10,173	139	282
Total Current Assets	24,153	25,111	9,124	9,964
Total Assets	50,819	54,024	43,902	44,742
EQUITY AND LIABILITIES				
Equity				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	16,033	17,048	10,001	10,501
Foreign Currency Translation Reserve	(8,233)	(8,242)	-	-
Equity, Attributable to Owners of the Parent	39,748	40,754	41,949	42,449
Non-Controlling Interest	4,897	4,655	-	-
Total Equity	44,645	45,409	41,949	42,449
Non-Current Liabilities				
Lease Liabilities	137	-	-	-
Total Non-Current Liabilities	137	-	-	-
Current Liabilities				
Income Tax Payables	270	344	-	-
Trade and Other Payables	2,766	4,615	1,953	2,293
Other Liabilities	1,878	1,931	-	-
Lease Liabilities	127	73	-	-
Borrowings	996	1,652	-	-
Total Current Liabilities	6,037	8,615	1,953	2,293
Total Liabilities	6,174	8,615	1,953	2,293
Total Equity and Liabilities	50,819	54,024	43,902	44,742

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 30/9/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
996	-	1,652	-

Amount repayable after one year

Group		Group	
As at 30/9/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The company has issued financial guarantee to the financial institutions for the following facilities granted to the Group's subsidiaries:-

- 1) A facility with outstanding amount of S\$996,000 (2019: S\$1,479,000), that is secured by an asset of the subsidiary and corporate guarantee of the company of S\$2,927,000 (2019: S\$2,959,000);
- 2) A facility with outstanding amount of Nil (2019: Nil), that is secured by fixed deposits of the subsidiary amounting to approximately S\$2,301,000 and covered by a personal guarantee of a director of the subsidiary, and corporate guarantee of the company of S\$1,990,000 (2019: S\$2,012,000); and
- 3) A facility with outstanding amount of Nil (2019: S\$173,000), that is secured by an asset of the subsidiary and corporate guarantee of the company of S\$1,301,000 (2019: S\$1,315,000).

As at the end of the financial period/year, the outstanding facilities covered by the guarantee were S\$996,000 (2019: S\$1,652,000).

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 2020	Q3 2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit Before Income Tax	82	817	382	3,066
Adjustments for:				
Amortisation of Intangible Assets	118	122	333	359
Depreciation of Plant and Equipment	163	166	483	509
Depreciation of Right-of-use assets	39	-	108	-
Loss on Disposal of Plant and Equipment	(0)	-	1	-
Plant and Equipment Written-Off	(0)	-	3	-
Fair Value Loss/(Gain) on Investments	643	-	2,170	(466)
Interest Expense	28	33	93	100
Interest Income	(33)	(23)	(114)	(71)
Operating Cash Flow before Changes in Working Capital	1,040	1,115	3,459	3,497
Inventories	(2)	(2)	1	482
Trade and Other receivables	201	762	2,092	440
Other Assets	632	239	813	1,083
Trade and Other payables	(1,055)	(362)	(1,843)	(2,731)
Other Liabilities	43	(371)	(53)	(1,157)
Net Cash Flows From Operations	859	1,381	4,469	1,614
Income Tax Paid	(59)	104	(420)	(426)
Net Cash Flows From Operating Activities	800	1,485	4,049	1,188
Cash Flows From Investing Activities:				
Purchase of Plant and Equipment	(56)	(228)	(365)	(465)
Investment in an Associate	-	-	-	-
Redemption of Investment	70	-	173	116
Other Financial Assets	-	(554)	(72)	(620)
Proceeds From Disposal of Plant and Equipment	-	-	0	-
Payment for Development Costs	(137)	(76)	(313)	(218)
Cash Restricted in Use	-	-	-	-
Interest Income Received	33	23	114	71
Net Cash Flows Used in Investing Activities	(90)	(835)	(463)	(1,116)
Cash Flows From Financing Activities:				
Dividend Paid by a Subsidiary to Non-Controlling Interest	1	(162)	(321)	(210)
Dividend Paid to Equity Owners	(399)	(399)	(399)	(399)
Cash Restricted in Use	152	(2)	157	293
Proceeds from Interest Bearing Borrowings	-	127	-	276
Repayment of Interest Bearing Borrowings	(106)	(291)	(482)	(822)
Lease liabilities principal portion paid	(38)	-	(106)	-
Interest Expenses Paid	(28)	(33)	(93)	(100)
Net Cash Flows Used in Financing Activities	(418)	(760)	(1,244)	(962)
Net Change in Cash and Cash Equivalents	292	(110)	2,342	(890)
Cash and Cash Equivalents at Beginning of the Financial Period/Year (Note 1)	9,090	5,322	7,398	6,011
Effect of Exchange Rate Changes On Cash and Cash Equivalents	302	(61)	(56)	30
Cash and Cash Equivalents At End of the Financial Period (Note 1)	9,684	5,151	9,684	5,151

Explanatory Notes:

Note 1

	Group	
	9 months ended 30 September	
	2020	2019
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	12,124	7,536
Less: Restricted Deposits	(2,440)	(2,385)
Cash and cash equivalents per consolidated statement of cash flows	9,684	5,151

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 2020

	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 Quarter						
Group						
Opening Balance at 1 July 2020	44,676	39,993	31,948	16,608	(8,563)	4,683
Total Comprehensive income/(expenses) for the financial period	367	154	-	(176)	330	213
Dividend Paid	(398)	(399)	-	(399)	-	1
Closing Balance at 30 September 2020	44,645	39,748	31,948	16,033	(8,233)	4,897
Company						
Opening Balance at 1 July 2020	42,308	42,308	31,948	10,360	-	-
Total Comprehensive income for the financial period	39	39	-	39	-	-
Dividend Paid	(399)	(399)	-	(399)	-	-
Closing Balance at 30 September 2020	41,949	41,949	31,948	10,001	-	-

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 2019

	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 July 2019	44,909	40,618	31,948	17,022	(8,352)	4,291
Total Comprehensive income for the financial period	1,127	1,110	-	936	174	17
Dividend Paid	(561)	(399)	-	(399)	-	(162)
Closing Balance at 30 September 2019	45,475	41,329	31,948	17,559	(8,178)	4,146
Company						
Opening Balance at 1 July 2019	41,856	41,856	31,948	9,908	-	-
Total Comprehensive income for the financial period	2,204	2,204	-	2,204	-	-
Dividend Paid	(399)	(399)	-	(399)	-	-
Closing Balance at 30 September 2019	43,661	43,661	31,948	11,713	-	-

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 nine months ended 30 September 2020

	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 Period:						
Group						
Opening Balance at 1 January 2020	45,409	40,754	31,948	17,048	(8,242)	4,655
Total Comprehensive income/(expenses) for the financial period	(44)	(607)	-	(616)	9	563
Dividend Paid	(720)	(399)	-	(399)	-	(321)
Closing Balance at 30 September 2020	44,645	39,748	31,948	16,033	(8,233)	4,897
Company						
Opening Balance at 1 January 2020	42,449	42,449	31,948	10,501	-	-
Total Comprehensive expenses for the financial period	(101)	(101)	-	(101)	-	-
Dividend Paid	(399)	(399)	-	(399)	-	-
Closing Balance at 30 September 2020	41,949	41,949	31,948	10,001	-	-

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 nine months ended 30 September 2019

	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
Previous Period:						
Group						
Opening Balance at 1 January 2019	43,106	39,026	31,948	15,371	(8,293)	4,080
Total Comprehensive income for the financial period	2,978	2,702	-	2,587	115	276
Dividend Paid	(609)	(399)	-	(399)	-	(210)
Closing Balance at 30 September 2019	45,475	41,329	31,948	17,559	(8,178)	4,146
Company						
Opening Balance at 1 January 2019	42,003	42,003	31,948	10,055	-	-
Total Comprehensive income for the financial period	2,057	2,057	-	2,057	-	-
Dividend Paid	(399)	(399)	-	(399)	-	-
Closing Balance at 30 September 2019	43,661	43,661	31,948	11,713	-	-

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 30/9/2020	As at 31/12/2019
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 2019, except as disclosed in paragraph 5 below.

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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and the related Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these SFRS(I) and SFRS(I) INT did not result in any significant impact on the financial statements of the Group.

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 September		9 months ended 30 September	
	2020	2019	2020	2019
	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	(0.55)	2.93	(1.93)	8.10
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 year ended 31 December 2019 and 31 December 2018.

⁽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 30/9/2020		As at 31/12/2019	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share ⁽¹⁾	124.38	131.27	127.53	132.83

⁽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 third quarter ended 30 September 2020 as compared to corresponding quarter ended 30 September 2019

Group Revenue

The Group recorded consolidated revenue of S\$4.98 million for the quarter ended 30 September 2020 ("Q3 2020"), a decrease of 9.1% against the revenue achieved in the corresponding quarter ended 30 September 2019 ("Q3 2019"). The decline in Group revenue for Q3 2020 is attributable to lower revenue recorded by GlobeOSS.

GlobeOSS recorded revenue of S\$1.968 million in Q3 2020, a decrease of 31.5% from the S\$2.874 million recorded in Q3 2019. This decline in revenue was due to lower revenues from system sale contracts.

In contrast, Unifiedcomms posted revenue of S\$3.012 million in Q3 2020, an increase of 15.6% from the S\$2.605 million recorded in Q3 2019. This improvement in revenue was driven by higher revenues from both system sale and managed service contracts.

The Group's sales mix in Q3 2020 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 77.4% of the Group's total revenue in Q3 2020 as compared to 66.8% in Q3 2019. The shift in the Group's sales mix in Q3 2020 is mainly attributable to a 38.4% drop in system sale contract revenue contribution from GlobeOSS from S\$1.820 million in Q3 2019 to S\$1.122 million in the current quarter.

Group Gross Profit and Gross Profit Margins

With the lower revenue achieved in Q3 2020, the Group recorded gross profit of S\$2.692 million, a decrease of 3.2% from the S\$2.780 million realised in Q3 2019. This impact was partly mitigated by higher gross profit margin of 54.1% in Q3 2020 against 50.7% in Q3 2019. This improvement in gross profit margin is mainly attributable to the lower proportionate contribution to system sale contract revenues by GlobeOSS, which generally deliver lower gross profit margin as a result of its typically higher third party cost.

In addition, gross profit margin recorded by the Group on its managed service contract revenues also increased to 52% in Q3 2020 from 49.4% in Q3 2019. This increase in managed service gross profit margin was mainly due to lower third-party cost being incurred on certain contracts.

Interest Income

The Group recorded higher interest income of S\$0.033 million as compared to S\$0.023 million recorded in Q3 2019, in line with higher bank balances in current reporting quarter.

Other gains

The Group had not recorded any other gain in Q3 2020, as compared to other gain of S\$0.036 million in Q3 2019 mainly due to foreign exchange loss of S\$0.15 million in current quarter as a result of unfavourable exchange movements of USD against SGD in Q3 2020.

Other Items of Expense

The Group recorded total expenses of S\$2.531 million in Q3 2020, 26.4% higher than the S\$2.002 million incurred in Q3 2019. This is mainly attributable to a fair value loss of \$0.643 million assessed on the Group's venture investment portfolio in the current quarter, as certain investees' businesses and capital raising activities were severely impacted by the CoViD-19 pandemic.

The increase in other losses resulting from the above fair value loss was partly mitigated by lower expenses recorded in overall operating expenses as a result of lower payroll related cost, stemming from CoViD 19 related government subsidy allowances received, and a reduction in administrative expenses.

Group Net Profit and EBITDA

The Group recorded a net loss of S\$0.004 million and lower EBITDA of S\$0.397 million in Q3 2020, as compared to S\$0.929 million in net profit and S\$1.115 million in EBITDA recorded by the Group in Q3 2019. The net loss and lower EBITDA recorded in Q3 2020 are mainly attributable to the flow-down effects of the lower revenue, lower other income and higher other losses due to fair value losses on the Group's venture investments.

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

Review of results for the third quarter ended 30 September 2020 as compared to corresponding quarter ended 30 September 2019 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for Q3 2020, together with comparative results for Q3 2019 is provided below:

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

	Q3 2020 S\$'000	Sales mix %	Q3 2019 S\$'000	Sales mix %
Unifiedcomms	3,012	60.5	2,605	47.5
GlobeOSS	1,968	39.5	2,874	52.5
Capti Ventures	-	-	-	-
Others	-	-	-	-
Total	4,980	100.0	5,479	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 September

External Sales	Q3 2020			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,800	1,968	-	4,768
South Asia (SA)	73	-	-	73
Middle East & Africa (MEA)	139	-	-	139
Others	-	-	-	-
Total	3,012	1,968	-	4,980

External Sales	Q3 2019			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	2,339	2,873	-	5,212
SA	138	-	-	138
MEA	128	-	-	128
Others	-	1	-	1
Total	2,605	2,874	-	5,479

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

External Sales	Q3 2020			Q3 2019		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	1,122	3,858	4,980	1,820	3,659	5,479
Gross Profit	684	2,008	2,692	973	1,807	2,780
Gross Profit (%)	61.0%	52.0%	54.1%	53.5%	49.4%	50.7%

(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

Review of results for the nine months ended 30 September 2020 as compared to corresponding financial period ended 30 September 2019

Group Revenue

The Group recorded consolidated revenue of S\$15.753 million for the nine months ended 30 September 2020 ("9M 2020"), a decrease of 8.9% against the revenue achieved in the corresponding period ended 30 September 2019 ("9M 2019"). The decline in Group revenue for 9M 2020 is mainly attributable to lower revenue recorded by Unifiedcomms.

Unifiedcomms recorded revenue of S\$8.679 million in 9M 2020, a decrease of 14.4% from the S\$10.135 million recorded in 9M 2019. This decline in revenue was due to lower revenues from system sale contracts.

GlobeOSS recorded revenue of S\$7.074 million in 9M 2020, marginal decrease of 1.1% from the S\$7.151 million recorded in 9M 2019.

The Group's sales mix in 9M 2020 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 74% of the Group's total revenue in 9M 2020 as compared to 59.7% in 9M 2019. The shift in the Group's sales mix in 9M 2020 is mainly attributable to a 41.3% drop in system sales contract revenue contribution from Unifiedcomms and GlobeOSS, which declined from S\$6.967 million in 9M 2019 to S\$4.090 million.

Gross Profit and Gross Profit Margins

With the lower revenue achieved in 9M 2020, the Group recorded lower gross profit of S\$8.048 million, a decrease of 11.1% from the S\$9.052 million realised in 9M 2019. In addition, gross profit margin declined from 52.4% in 9M 2019 to 51.1% in 9M 2020. The decline in gross profit margin is mainly attributable to the lower proportionate contribution to system sale contract revenues by Unifiedcomms, which generally deliver higher gross profit margin. As a result, gross profit margin on the Group's system sale contract revenues decreased from 55.7% in 9M 2019 to 53.2% in 9M 2020.

The Group recorded gross profit margin on its managed service contract revenues of 50.4% in 9M 2020, marginally higher against 50.1% recorded in 9M 2019.

Interest Income

The Group recorded higher interest income of S\$0.114 million as compared to S\$0.071 million recorded in 9M 2019, in line with higher bank balances in current reporting period.

Other gains

The Group recorded other gains of S\$0.111 million in 9M 2020, 78% lower than the S\$0.502 million recorded in 9M 2019. This was mainly due to an absence of fair value gain on the Group's venture investment portfolio.

Other Items of Expense

The Group recorded total expenses of S\$7.891 million in 9M 2020, 20.3% higher than the S\$6.559 million incurred in 9M 2019. This is mainly attributable to a fair value loss of \$2.17 million assessed on the Group's venture investment portfolio in the current quarter, as certain investees' businesses and capital raising activities were severely impacted by the CoViD-19 pandemic.

The increase in other losses resulting from the above fair value loss was partly mitigated by lower expenses recorded in overall operating expenses as a result of lower payroll related cost, stemming from CoViD 19 related government subsidy allowances received, a reduction in headcounts and an absence of foreign exchange loss.

Net Profit and EBITDA

The Group recorded a net loss of S\$0.053 million and EBITDA of S\$1.285 million in 9M 2020 as compared to S\$2.858 million in net profit and S\$3.963 million in EBITDA recorded by the Group in 9M 2019. The net loss and lower EBITDA recorded in 9M 2020 are mainly attributable to the flow-down effects of the lower revenue, gross profit margin, other income and higher other losses due to fair value losses on the Group's venture investments.

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 2020 as compared to corresponding financial period ended 30 September 2019 (continued)

Detailed Segmental Breakdown of Group Revenue and Gross Profit

The detailed segmental breakdown of the Group's revenue and gross profit for 9M 2020, together with comparative results for 9M 2019 is provided below:

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

	2020 S\$'000	Sales mix %	2019 S\$'000	Sales mix %
Unifiedcomms	8,679	55.1	10,135	58.6
GlobeOSS	7,074	44.9	7,151	41.4
Captii Ventures	-	-	-	-
Others	-	-	-	-
Total	15,753	100.0	17,286	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.

Captii Ventures - Segment for strategic investment in early and late-stage technology ventures.

Others - Segment for operational headquarters of the Group and investment holding.

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

External Sales	2020			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	7,974	7,070	-	15,044
South Asia (SA)	266	-	-	266
Middle East & Africa (MEA)	439	-	-	439
Others	-	4	-	4
Total	8,679	7,074	-	15,753

External Sales	2019			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	9,357	7,147	-	16,504
SA	426	-	-	426
MEA	352	-	-	352
Others	-	4	-	4
Total	10,135	7,151	-	17,286

Table 8.6: Group revenue as analysed by contract type for the quarter ended 30 September

External Sales	2020			2019		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	4,090	11,663	15,753	6,967	10,319	17,286
Gross Profit	2,175	5,873	8,048	3,881	5,171	9,052
Gross Profit (%)	53.2%	50.4%	51.1%	55.7%	50.1%	52.4%

(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 2020 as compared to the Group's financial position as at 31 December 2019

Non-cash current assets of the Group decreased from S\$14.938 million as at 31 December 2019 to S\$12.029 million as at 30 September 2020. This 19.5% decrease in non-cash current assets was mainly due to a decrease in trade and other receivables as a result of lower revenue recorded and collection received.

Total non-current assets of the Group decreased from S\$28.913 million as at 31 December 2019 to S\$26.666 million as at 30 September 2020 representing a decrease of 7.8%. This decrease was mainly due to a reduction in fair value of S\$2.17 million in the Group's venture investment portfolio recorded as other financial assets. The fair value movements assessed on the Group's venture investment portfolio, which are unrealised, is a result of changes in estimated fair valuation of the Group's venture investments as certain investees of the Group's venture investment portfolio were impacted by the CoViD-19 pandemic on both their businesses and capital raising activities.

Total liabilities of the Group decreased from S\$8.615 million as at 31 December 2019 to S\$6.174 million as at 30 September 2020. This 28.3% decrease in total liabilities is attributable to a decrease in trade and other payables and borrowings, following repayments in the reporting period.

Review of the Group's cash flow for the quarter and nine months ended 30 September 2020 as compared to the corresponding period ended 30 September 2019

The Group's net cash flow from operations for Q3 2020 was S\$0.859 million, as compared to S\$1.381 million for Q3 2019, a decrease of 37.8%. This decrease was primarily due to a unfavourable change in working capital of S\$0.181 million for Q3 2020, in contrast with the favourable working capital change of S\$0.266 million for Q3 2019, which was due to higher repayment to trade payables.

The Group's net cash flow from operations for 9M 2020 was S\$4.469 million, as compared to S\$1.614 million for 9M 2019, an increase of 176.9%. This significant increase was primarily due to a favourable change in working capital of S\$1.010 million for 9M 2020, in contrast with the unfavourable working capital change of S\$1.883 million for 9M 2019, which was contributed by higher collection from trade receivables.

The Group's net cash flow used in investing activities for Q3 2020 was S\$0.09 million, as compared to S\$0.835 million for Q3 2019. The lower net cash used in investing activities was mainly due to the absence of venture investments and lower investment in plant and equipment in Q3 2020, as compared to Q3 2019.

The Group's net cash flow used in investing activities for 9M 2020 was S\$0.463 million, as compared to S\$1.116 million for 9M 2019. The lower net cash used in investing activities was mainly due to the lower volume of venture investments made in 9M 2020, as compared to 9M 2019.

The Group's net cash flow used in financing activities for Q3 2020 was S\$0.418 million, as compared to S\$0.76 million for Q3 2019. This decrease was mainly due to i) Absence of dividend payout to Non-Controlling Interest in Q3 2020; and ii) Withdrawal of restricted deposits placed as performance bond.

The Group's net cash flow used in financing activities for 9M 2020 was S\$1.244 million, as compared to S\$0.962 million for 9M 2019. This increase was mainly due to i) Higher dividend payout to Non-Controlling Interest; and ii) Leases repayment.

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 CoViD-19 pandemic has resulted in many countries in our Group's regions of focus continuing to impose movement and travel restrictions. Such restrictions have adversely affected many businesses that are prohibited to trade, or that have been asked to significantly alter the scope of their operations within government-prescribed safety limits. The uncertainty of economic recovery from the shock caused by COVID-19 and the prospect of a protracted economic slowdown globally, especially in the Group's regions of focus, have weighed on the minds of management and the directors of the Group when considering the outlook for the remainder of financial year.

The impact of CoViD-19 on Unifiedcomms and GlobeOSS has fortunately been minimal in the year to-date. This is because these businesses operate primarily in the field of telecommunications, an essential service in any economy today. In addition, Unifiedcomms and GlobeOSS businesses have been made capable of fully-functioning under a work-from-home mode of operation, well ahead of movement control restrictions or lockdown orders being enforced. The Group's primary customers in the Unifiedcomms and GlobeOSS businesses are telecommunications network operators and service providers that have continued to operate normally throughout CoViD-19 restrictions, albeit remotely and through digital engagement, rather than face-to-face interaction. Contracts in-hand continue to be progressed and management of the Group are hopeful that new projects and initiatives requiring our products and services, will continue to be pursued by customers in the months ahead. The possibility remains however, that larger system sale contracts that have yet to be committed this year, may be deferred by customers to next year, or even abandoned entirely if macroeconomic and industry conditions deteriorate significantly. Some managed service contracts of the Group which are impacted by government restrictions or directives arising from CoViD-19 policy measures, may meanwhile continue to show weaker performance than before.

At Captii Ventures, the Group's venture investment business, the climate for either business development or funding has become more challenging since the CoViD-19 pandemic set in. As a result, certain investees in the Group's venture investment portfolio have been affected with dampened valuations in the year to-date, culminating in a fair value loss of S\$2.17 million being recorded in 9M 2020. If the adverse microeconomic and funding environment persists to the end of the year, other investees in the venture investment portfolio may face difficulty in raising further capital, while those that successfully raise may be faced with further dampened valuations. Management has taken active, early measures to perform impact assessment as well as in assisting investees to plan and manage through a more hostile environment for both business and funding. Investment management activities to assist investees and protect our investments will be the priority at Captii Ventures for the remainder of the year.

Against this negative macroeconomic backdrop for the future, the Group remains optimistic and will continue to work closely with customers and investees, to minimise the negative impact of CoViD-19-related developments on Group financial performance. Management of the Group has in recent months taken an active and measured approach to managing risks to protect the Group's people and assets, and will sustain these efforts until the pandemic resolves.

Management will further the work it has been doing to strengthen the Group's managed service contract portfolio and will invest even more selectively in the venture investment business. Demand for internet-driven application services for enterprises, in the broad domain of fintech, as well as in internet and handset-app delivered digital media, have been heightened in the current environment. These areas will continue to be the focus for the Group's venture investment activities, and is expected to complement the organic growth strategies of the Unifiedcomms and GlobeOSS businesses.

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	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
AESBI Power Systems Sdn Bhd *	110	183	Nil	Nil

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 our 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 2020 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
Executive Director

BY ORDER OF THE BOARD

Wong Tze Leng
Executive Chairman
11 November 2020