

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER 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

**12-May-2020 17:19:01**

Status

**New**

Announcement Sub Title

**First Quarter Results**

Announcement Reference

**SG200512OTHRPMFA**

Submitted By (Co./ Ind. Name)

**Wong Tze Leng**

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

**31/03/2020**

### Attachments

[CL\\_Financial%20Results%20Q1%202020.pdf](#)

Total size =149K MB

**CAPTI LIMITED**

(Incorporated in the Republic of Singapore)  
(Company registration no.: 200211129W)

**First Quarter Financial Statements and Dividend Announcement  
for the Period Ended 31 March 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 first quarter ended 31 March 2020

**Consolidated Statement of Comprehensive Income**

	Group		
	Quarter ended 31 March		
	2020	2019	Inc/(dec)
	S\$'000	S\$'000	%
<b>Revenue</b>	<b>4,670</b>	<b>5,160</b>	<b>(9.5)</b>
Cost of Sales	(2,267)	(2,166)	4.7
<b>Gross profit</b>	<b>2,403</b>	<b>2,994</b>	<b>(19.7)</b>
Other Items of Income:			
Interest Income	40	17	135.3
Other Gains	331	25	1,224.0
Other Items of Expense:			
Technical Support Expenses	(1,065)	(1,008)	5.7
Distribution Costs	(373)	(436)	(14.4)
Administrative Expenses	(545)	(614)	(11.2)
Other Losses	(2)	(127)	(98.4)
Finance Costs	(35)	(34)	3.0
<b>Profit Before Income Tax</b>	<b>754</b>	<b>817</b>	<b>(7.7)</b>
Income Tax Expenses	(157)	(234)	(32.9)
<b>Profit, Net of Tax</b>	<b>597</b>	<b>583</b>	<b>2.4</b>
<b>Profit, Net of Tax Attributable to:</b>			
Owners of the Company	552	357	54.6
Non-Controlling Interests	45	226	(80.1)
<b>Profit, Net of Tax</b>	<b>597</b>	<b>583</b>	<b>2.4</b>

**Consolidated Statement of Comprehensive Income**

	Group		
	Quarter ended 31 March		
	2020	2019	Inc/(dec)
	S\$'000	S\$'000	%
<b>Profit, Net of Tax</b>	<b>597</b>	<b>583</b>	<b>2.4</b>
Other Comprehensive Income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	79	241	(67.2)
<b>Total Comprehensive Income for the period</b>	<b>677</b>	<b>824</b>	<b>(19.0)</b>
<b>Total Comprehensive Income for the period Attributable to:</b>			
Owners of the Company	623	569	9.4
Non-Controlling interest	54	255	(78.8)
<b>Total Comprehensive Income for the period</b>	<b>677</b>	<b>824</b>	<b>(19.0)</b>

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

	Group		
	Quarter ended 31 March		
	2020	2019	Inc/(dec)
	S\$'000	S\$'000	%
<b>Profit before income tax is stated after (charging)/crediting the following items:</b>			
Fair Value Gain on Investments	(0)	25	(100.0)
Foreign Exchange Gain/(Loss), net	315	(118)	(367.0)
Amortisation of Intangible Assets	(106)	(118)	(10.2)
Depreciation of Plant and Equipment	(158)	(171)	(7.6)
Depreciation of Right-of-use assets	(28)	-	100.0
<b>Components of tax expense recognised in profit and loss include:</b>			
Current Tax Expenses	(140)	(226)	(38.1)
Over adjustments in respect of prior years	-	20	(100.0)
Overseas Withholding Tax Expenses	(17)	(28)	(39.3)

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		Company	
	As at		As at	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Plant and Equipment	2,058	1,690	-	-
Investment Property	2,306	2,301	-	-
Intangible Assets	10,910	10,888	-	-
Investments in Subsidiaries	-	-	34,778	34,778
Other Financial Assets	12,294	12,073	-	-
Deferred Tax assets	1,364	1,362	-	-
Trade and Other Receivables	600	599	-	-
<b>Total Non-Current Assets</b>	<b>29,532</b>	<b>28,913</b>	<b>34,778</b>	<b>34,778</b>
<b>Current assets</b>				
Inventories	4	4	-	-
Trade and Other Receivables	10,042	11,861	9,607	9,678
Other Assets	2,977	3,073	46	4
Cash and Cash Equivalents	11,930	10,173	302	282
<b>Total Current Assets</b>	<b>24,953</b>	<b>25,111</b>	<b>9,955</b>	<b>9,964</b>
<b>Total Assets</b>	<b>54,485</b>	<b>54,024</b>	<b>44,734</b>	<b>44,742</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	17,600	17,048	10,446	10,501
Foreign Currency Translation Reserve	(8,172)	(8,242)	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>41,376</b>	<b>40,754</b>	<b>42,394</b>	<b>42,449</b>
Non-Controlling Interest	4,709	4,655	-	-
<b>Total Equity</b>	<b>46,085</b>	<b>45,409</b>	<b>42,394</b>	<b>42,449</b>
<b>Non-Current Liabilities</b>				
Lease Liabilities	187	-	-	-
<b>Total Non-Current Liabilities</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Income Tax Payables	200	344	-	-
Trade and Other Payables	4,036	4,615	2,339	2,293
Other Liabilities	2,574	1,931	-	-
Lease Liabilities	96	73	-	-
Borrowings	1,307	1,652	-	-
<b>Total Current Liabilities</b>	<b>8,213</b>	<b>8,615</b>	<b>2,339</b>	<b>2,293</b>
<b>Total Liabilities</b>	<b>8,400</b>	<b>8,615</b>	<b>2,339</b>	<b>2,293</b>
<b>Total Equity and Liabilities</b>	<b>54,485</b>	<b>54,024</b>	<b>44,734</b>	<b>44,742</b>

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 31/3/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,307	-	1,652	-

Amount repayable after one year

Group		Group	
As at 31/3/2020		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\$1,307,000 (2019: S\$1,479,000), that is secured by an asset of the subsidiary and corporate guarantee of the company of S\$2,965,000 (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 \$2,303,000 and covered by a personal guarantee of a director of the subsidiary, and corporate guarantee of the company of \$2,016,000 (2019: \$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\$1,318,000 (2019: S\$1,315,000).

As at the end of the financial period/year, the outstanding facilities covered by the guarantee were S\$1,307,000 (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	
	Quarter ended 31 March	
	2020	2019
	S\$'000	S\$'000
<b>Operating activities:</b>		
Profit Before Income Tax	754	817
Adjustments for:		
Amortisation of Intangible Assets	106	118
Depreciation of Plant and Equipment	158	171
Depreciation of Right-of-use assets	28	-
Fair Value Gain on Investments	-	(25)
Interest Expense	35	34
Interest Income	(40)	(17)
<b>Operating Cash Flow before Changes in Working Capital</b>	<b>1,041</b>	<b>1,098</b>
Inventories	(1)	(4)
Trade and Other receivables	1,818	4,584
Other Assets	95	(290)
Trade and Other payables	(570)	(3,525)
Other Liabilities	643	(522)
<b>Net Cash Flows From Operations</b>	<b>3,026</b>	<b>1,341</b>
Income Tax Paid	(310)	(320)
<b>Net Cash Flows From Operating Activities</b>	<b>2,716</b>	<b>1,021</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Plant and Equipment	(262)	(159)
Redemption of Investment	103	116
Payment for Development Costs	(92)	(72)
Interest Income Received	40	17
<b>Net Cash Flows Used in Investing Activities</b>	<b>(211)</b>	<b>(98)</b>
<b>Cash Flows From Financing Activities:</b>		
Dividend Paid by a Subsidiary to Non-Controlling Interest	-	(49)
Cash Restricted in Use	4	298
Repayment of Interest Bearing Borrowings	(175)	(538)
Lease liabilities principal portion paid	(88)	-
Interest Expenses Paid	(35)	(34)
<b>Net Cash Flows Used In Financing Activities</b>	<b>(294)</b>	<b>(323)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,211</b>	<b>600</b>
<b>Cash and Cash Equivalents at Beginning of the Financial Year (Note 1)</b>	<b>7,398</b>	<b>6,011</b>
<b>Effect of Exchange Rate Changes On Cash and Cash Equivalents</b>	<b>(286)</b>	<b>163</b>
<b>Cash and Cash Equivalents At End of the Financial Period (Note 1)</b>	<b>9,323</b>	<b>6,774</b>

**Explanatory Notes:**

**Note 1**

	Group	
	Quarter ended 31 March	
	2020	2019
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	11,930	9,168
Less: Restricted Deposits	(2,607)	(2,394)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>9,323</b>	<b>6,774</b>

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 quarter ended 31 March 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
<b>Current Period:</b>						
<b>Group</b>						
Opening Balance at 1 January 2020	45,409	40,754	31,948	17,048	(8,242)	4,655
Total Comprehensive Income for the financial period	676	622	-	552	70	54
<b>Closing Balance at 31 March 2020</b>	<b>46,085</b>	<b>41,376</b>	<b>31,948</b>	<b>17,600</b>	<b>(8,172)</b>	<b>4,709</b>
<b>Company</b>						
Opening Balance at 1 January 2020	42,449	42,449	31,948	10,501	-	-
Total Comprehensive expense for the financial period	(55)	(55)	-	(55)	-	-
<b>Closing Balance at 31 March 2020</b>	<b>42,394</b>	<b>42,394</b>	<b>31,948</b>	<b>10,446</b>	<b>-</b>	<b>-</b>

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 quarter ended 31 March 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
<b>Previous Quarter:</b>						
<b>Group</b>						
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	824	569	-	357	212	255
Dividend Paid	(49)	-	-	-	-	(49)
<b>Closing Balance at 31 March 2019</b>	<b>43,881</b>	<b>39,595</b>	<b>31,948</b>	<b>15,728</b>	<b>(8,081)</b>	<b>4,286</b>
<b>Company</b>						
Opening Balance at 1 January 2019	42,003	42,003	31,948	10,055	-	-
Total Comprehensive expense for the financial period	(85)	(85)	-	(85)	-	-
<b>Closing Balance at 31 March 2019</b>	<b>41,918</b>	<b>41,918</b>	<b>31,948</b>	<b>9,970</b>	<b>-</b>	<b>-</b>

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 31/3/2020	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	
	3 months ended 31 March	
	2020	2019
	cents	cents
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	1.73	1.11
On fully diluted basis (detailing any adjustments made to the earnings) <sup>(2)</sup>	n.a	n.a

n.a.: not applicable

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 31/3/2020		As at 31/12/2019	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share <sup>(1)</sup>	129.47	132.66	127.53	132.83

<sup>(1)</sup> 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 financial period ended 31 March 2020 as compared to corresponding financial period ended 31 March 2019**

*Group Revenue*

The Group recorded consolidated revenue of S\$4.67 million for the quarter ended 31 March 2020 ("Q1 2020"), a decrease of 9.5% against the revenue achieved in the corresponding quarter ended 31 March 2019 ("Q1 2019"). The decline in Group revenue for Q1 2020 is attributable to lower revenue recorded by both GlobeOSS and Unifiedcomms.

GlobeOSS recorded revenue of S\$1.855 million in Q1 2020, a decrease of 16% from the S\$2.208 million achieved in Q1 2019. This decrease in revenue was due to lower system sale contract revenues as a result of uncertainty and lumpiness in the contribution of system sale contracts, coupled by slower than expected delivery of system sale contracts in-hand.

Unifiedcomms recorded revenue of S\$2.815 million in Q1 2020, a slight decrease of 4.6% from the S\$2.952 million recorded in Q1 2019. This decline in revenue was due to lower system sale contract revenues recorded in Q1 2020.

The Group's sales mix in Q1 2020 showed a higher proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 86% of the Group's total revenue in Q1 2020 as compared to 62.6% in Q1 2019. The higher contribution of managed service contracts to the Group's sales mix in Q1 2020 was mainly due to lower system sale contract revenues from both GlobeOSS and Unifiedcomms, which had decreased 66.1% from S\$1.931 million in Q1 2019 to S\$0.654 million in Q1 2020.

*Gross Profit and Gross Profit Margins*

With the lower revenue in Q1 2020, the Group recorded lower gross profit of S\$2.403 million, a decrease of 19.7% from the S\$2.994 million achieved in Q1 2019. In addition, gross profit margin declined from 58% in Q1 2019 to 51.5% in Q1 2020. The decline was mainly due to lower gross profit margin realised on the Group's managed service contract revenues, which declined from 48.7% in Q1 2019 to 46.9% in Q1 2020. This decrease in managed service gross profit margin was mainly due to higher third-party cost being incurred on certain contracts.

Gross profit margin recorded by the Group on its system sale contract revenues increased to 79.2% in Q1 2020 from 73.7% in Q1 2019. This improvement in gross profit margin on system sales was mainly attributable to the lower proportionate contribution of GlobeOSS contracts, which generally deliver lower gross profit margin as a result of its typically higher third-party component costs.

*Interest Income*

The Group recorded interest income of S\$0.04 million in Q1 2020, 135.3% higher against the S\$0.017 million recorded in Q1 2019, as a result of higher bank balances in this reporting quarter.

*Other gains*

The Group recorded other gains of S\$0.331 million in Q1 2020, 1,224% higher against the S\$0.025 million recorded in Q1 2019. This is mainly contributed by the foreign exchange gain of S\$0.315 million in Q1 2020 as a result of a favourable exchange rate movement of USD against SGD, the Group's reporting currency.

*Other Items of Expense*

The Group recorded total expenses of S\$2.020 million in Q1 2020, 9% lower than the S\$2.219 million incurred in Q1 2019. This decrease in total expenses was a result of the following movements:-

- \* Net decrease in technical support, distribution and administrative expenses due to headcount changes; and
- \* Absence of foreign exchange loss recorded in Q1 2019.

*Net Profit and EBITDA*

The Group recorded net profit of S\$0.597 million in Q1 2020, 2.4% higher than the S\$0.583 million recorded in Q1 2019.

In contrast with the above, the Group recorded EBITDA of S\$1.042 million in Q1 2020, 7.2% lower than the S\$1.123 million recorded in Q1 2019. This is mainly attributable to the lower revenue and gross profit recorded in Q1 2020.



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 financial period ended 31 March 2020 as compared to corresponding financial period ended 31 March 2019 (continued)**

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for Q1 2020, together with comparative results for Q1 2019 is provided below:

**Table 8.1: Group revenue as analysed by business unit for the quarter ended 31 March**

	2020 S\$'000	Sales mix %	2019 S\$'000	Sales mix %
Unifiedcomms	2,815	60.3	2,952	57.2
GlobeOSS	1,855	39.7	2,208	42.8
Captii Ventures	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>4,670</b>	<b>100.0</b>	<b>5,160</b>	<b>100.0</b>

*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 8.2: Group revenue as analysed by geographical segment for the quarter ended 31 March**

External Sales	2020			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,665	1,851	-	4,516
South Asia (SA)	108	-	-	108
Middle East & Africa (MEA)	42	-	-	42
Others	-	4	-	4
<b>Total</b>	<b>2,815</b>	<b>1,855</b>	<b>-</b>	<b>4,670</b>

External Sales	2019			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	2,798	2,205	-	5,003
SA	154	-	-	154
MEA	-	-	-	-
Others	-	3	-	3
<b>Total</b>	<b>2,952</b>	<b>2,208</b>	<b>-</b>	<b>5,160</b>

**Table 8.3: Group revenue as analysed by contract type for the quarter ended 31 March**

External Sales	2020			2019		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	654	4,016	4,670	1,931	3,229	5,160
Gross Profit	518	1,885	2,403	1,423	1,571	2,994
Gross Profit (%)	79.2%	46.9%	51.5%	73.7%	48.7%	58.0%

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

Non-cash current assets of the Group decreased from \$14.938 million as at 31 December 2019 to S\$13.023 million as at 31 March 2020. This 12.8% decrease in non-cash current assets was mainly due to a decrease in trade and other receivables as a result of lower revenue recorded.

Total non-current assets of the Group increased from S\$28.913 million as at 31 December 2019 to S\$29.532 million as at 31 March 2020 representing an increase of 2.1%. This increase consists of:-

- \* An increase in investment in plant and equipment; and
- \* The effect of foreign exchange movements on the Group's USD denominated other financial assets, namely a favorable foreign exchange translation rate of USD to SGD.

Total liabilities of the Group decreased from S\$8.615 million as at 31 December 2019 to S\$8.4 million as at 31 March 2020. This 2.5% decrease in total liabilities is attributable to a decrease in trade and other payables and borrowings, following repayments in the reporting period. This was however, partly offset by an increase in other liabilities.

**Review of the Group's cash flow for the quarter ended 31 March 2020 as compared to the corresponding quarter ended 31 March 2019**

The Group's net cash flow from operations for Q1 2020 was S\$3.026 million, as compared to S\$1.341 million for Q1 2019, an increase of 125.7%. This significant increase was primarily due to a favourable change in working capital of S\$1.985 million for Q1 2020, as compared to S\$0.243 million for Q1 2019.

The Group's net cash flow used in investing activities for Q1 2020 was S\$0.211 million, as compared to S\$0.098 million for Q1 2019. The higher net cash used in investing activities was mainly due to the higher investment in plant and equipment for new managed service contracts in Q1 2020, as compared to Q1 2019.

The Group's net cash flow used in financing activities for Q1 2020 was S\$0.294 million, as compared to S\$0.323 million for Q1 2019. This decrease was mainly due to lower repayment of borrowings. This reduction was partly offset by the absence of proceeds from restricted deposit withdrawal in the current quarter.

**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 imposing movement and travel restrictions, including the movement control order in Malaysia and the 'circuit-breaker' lockdown in Singapore. 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 the Group has fortunately been minimal in the year to-date. This is because the Group's businesses operate primarily in the field of telecommunications, an essential service in any economy today. In addition, the Group's 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 the 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. If the adverse microeconomic and funding environment persists to the end of the year, some of the investees in the venture investment portfolio may face difficulty in raising further capital, while those that successfully raise may be faced with 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 any potential 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. Interest in 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 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)	
	3 months ended 31 March		3 months ended 31 March	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Nil	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 31 March 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  
12 May 2020