

## 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

**13-May-2019 17:32:17**

Status

**New**

Announcement Sub Title

**First Quarter Results**

Announcement Reference

**SG190513OTHR9X2D**

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

**31/03/2019**

### Attachments

[CL\\_Financial%20Results%20Q1%202019.pdf](#)

Total size =341K MB

First Quarter Financial Statements and Dividend Announcement  
for the Period Ended 31 March 2019

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 2019

Consolidated Statement of Comprehensive Income

	Group		
	Quarter ended 31 March		
	2019	2018	Inc/(dec)
	S\$'000	S\$'000	%
<b>Revenue</b>	5,160	6,035	(14.5)
Cost of Sales	(2,166)	(3,364)	(35.6)
<b>Gross profit</b>	<b>2,994</b>	<b>2,671</b>	<b>12.1</b>
Other Items of Income:			
Interest Income	17	13	30.8
Other Gains	25	2	1,150.0
Other Items of Expense:			
Technical Support Expenses	(1,008)	(750)	34.4
Distribution Costs	(436)	(432)	0.9
Administrative Expenses	(614)	(590)	4.1
Other Losses	(127)	(186)	(31.7)
Finance Costs	(34)	(1)	3,300.0
<b>Profit Before Income Tax</b>	<b>817</b>	<b>727</b>	<b>12.4</b>
Income Tax Expenses	(234)	(237)	(1.3)
<b>Profit, Net of Tax</b>	<b>583</b>	<b>490</b>	<b>19.0</b>
<b>Profit, Net of Tax Attributable to:</b>			
Owners of the Company	357	237	50.6
Non-Controlling Interests	226	253	(10.6)
<b>Profit, Net of Tax</b>	<b>583</b>	<b>490</b>	<b>19.0</b>

Consolidated Statement of Comprehensive Income

	Group		
	Quarter ended 31 March		
	2019	2018	Inc/(dec)
	S\$'000	S\$'000	%
<b>Profit, Net of Tax</b>	583	490	19.0
Other Comprehensive Income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	241	892	(73.0)
<b>Total Comprehensive Income for the period</b>	<b>824</b>	<b>1,382</b>	<b>(40.4)</b>
<b>Total Comprehensive Income for the period Attributable to:</b>			
Owners of the Company	569	1,047	(45.7)
Non-Controlling interest	255	335	(23.8)
<b>Total Comprehensive Income for the period</b>	<b>824</b>	<b>1,382</b>	<b>(40.4)</b>

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

	Group		
	Quarter ended 31 March		
	2019	2018	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	25	-	100.0
Foreign Exchange Loss, net	(118)	(183)	(35.5)
Amortisation of Intangible Assets	(118)	(127)	(7.1)
Depreciation of Plant and Equipment	(171)	(144)	18.9
<b>Components of tax expense recognised in profit and loss include:</b>			
Current Tax Expenses	(226)	(211)	6.9
Over adjustments in respect of prior years	20	-	100.0
Overseas Withholding Tax Expenses	(28)	(26)	7.9

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
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Plant and Equipment	1,821	1,825	-	-
Investment Property	2,323	2,305	-	-
Intangible Assets	11,106	11,050	-	-
Investments in Subsidiaries	-	-	33,892	33,892
Investment in an Associate	765	2,255	-	-
Other Financial Assets	10,292	8,948	-	-
Deferred Tax assets	1,322	1,313	-	-
<b>Total Non-Current Assets</b>	<b>27,629</b>	<b>27,696</b>	<b>33,892</b>	<b>33,892</b>
<b>Current assets</b>				
Inventories	490	488	-	-
Trade and Other Receivables	11,966	16,549	9,115	9,205
Other Assets	2,619	2,330	49	4
Cash and Cash Equivalents	9,168	8,686	1,038	1,150
<b>Total Current Assets</b>	<b>24,243</b>	<b>28,053</b>	<b>10,202</b>	<b>10,359</b>
<b>Total Assets</b>	<b>51,872</b>	<b>55,749</b>	<b>44,094</b>	<b>44,251</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	31,948	31,948	31,948	31,948
Retained Earnings	15,728	15,371	9,970	10,055
Foreign Currency Translation Reserve	(8,081)	(8,293)	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>39,595</b>	<b>39,026</b>	<b>41,918</b>	<b>42,003</b>
Non-Controlling Interest	4,286	4,080	-	-
<b>Total Equity</b>	<b>43,881</b>	<b>43,106</b>	<b>41,918</b>	<b>42,003</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	53	53	-	-
<b>Total Non-Current Liabilities</b>	<b>53</b>	<b>53</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Income Tax Payables	29	102	-	-
Trade and Other Payables	3,512	7,047	2,176	2,248
Other Liabilities	2,901	3,423	-	-
Borrowings	1,496	2,018	-	-
<b>Total Current Liabilities</b>	<b>7,938</b>	<b>12,590</b>	<b>2,176</b>	<b>2,248</b>
<b>Total Liabilities</b>	<b>7,991</b>	<b>12,643</b>	<b>2,176</b>	<b>2,248</b>
<b>Total Equity and Liabilities</b>	<b>51,872</b>	<b>55,749</b>	<b>44,094</b>	<b>44,251</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 31/3/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,496	-	2,018	-

Amount repayable after one year

Group		Group	
As at 31/3/2019		As at 31/12/2018	
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\$1,496,000 (2018: S\$1,722,000), that is secured by an asset of the subsidiary and corporate guarantee of the company of S\$2,987,000 (2018: S\$2,973,000); and
- 2) A facility with outstanding amount of Nil (2018: S\$296,000), that is secured by fixed deposits of the subsidiary amounting to approximately \$2,254,000 and covered by a personal guarantee of a director of the subsidiary, and corporate guarantee of the company of \$2,031,000 (2018: \$2,016,000).

As at the end of the financial period/year, the outstanding facilities covered by the guarantee were S\$1,496,000 (2018: S\$2,018,000).

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	
	3 months ended 31 March	
	2019	2018
	S\$'000	S\$'000
<b>Operating activities:</b>		
Profit Before Income Tax	817	727
Adjustments for:		
Amortisation of Intangible Assets	118	127
Depreciation of Plant and Equipment	171	144
Fair Value Gain on Investments	(25)	-
Interest Expense	34	1
Interest Income	(17)	(13)
<b>Operating Cash Flow before Changes in Working Capital</b>	<b>1,098</b>	<b>986</b>
Inventories	(4)	25
Trade and Other receivables	4,584	2,928
Other Assets	(290)	36
Trade and Other payables	(3,525)	(4,997)
Other Liabilities	(522)	1,479
<b>Net Cash Flows From Operations</b>	<b>1,341</b>	<b>457</b>
Income Tax Paid	(320)	(400)
<b>Net Cash Flows From Operating Activities</b>	<b>1,021</b>	<b>57</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Plant and Equipment	(159)	(143)
Investment in an Associate	-	(229)
Redemption of Investment	116	-
Other Financial Assets	-	(550)
Payment for Development Costs	(72)	(125)
Interest Income Received	17	13
<b>Net Cash Flows Used in Investing Activities</b>	<b>(98)</b>	<b>(1,034)</b>
<b>Cash Flows From Financing Activities:</b>		
Dividend Paid by a Subsidiary to Non-Controlling Interest	(49)	-
Cash Restricted in Use	298	(515)
Proceeds from Interest Bearing Borrowings	-	502
Repayment of Interest Bearing Borrowings	(538)	(502)
Interest Expenses Paid	(34)	(1)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(323)</b>	<b>(516)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>600</b>	<b>(1,493)</b>
Cash and Cash Equivalents at Beginning of the Financial Year (Note 1)	6,011	5,266
Effect of Exchange Rate Changes On Cash and Cash Equivalents	163	534
<b>Cash and Cash Equivalents At End of the Financial Period (Note 1)</b>	<b>6,774</b>	<b>4,307</b>

Explanatory Notes:

**Note 1**

	Group	
	3 months ended 31 March	
	2019	2018
	S\$'000	S\$'000
Cash and bank balances per statement of financial position	9,168	6,991
Less: Restricted Deposits	(2,394)	(2,684)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>6,774</b>	<b>4,307</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 first 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>Current Period:</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 Loss 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)(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 first quarter ended 31 March 2018**

	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 Period:</b>						
<b>Group</b>						
Opening Balance at 1 January 2018	40,206	37,055	31,948	13,429	(8,322)	3,151
Total Comprehensive Income for the financial period	1,382	1,047	-	237	810	335
<b>Closing Balance at 31 March 2018</b>	<b>41,588</b>	<b>38,102</b>	<b>31,948</b>	<b>13,666</b>	<b>(7,512)</b>	<b>3,486</b>
<b>Company</b>						
Opening Balance at 1 January 2018	40,732	40,732	31,948	8,784	-	-
Total Comprehensive Income for the financial period	418	418	-	418	-	-
<b>Closing Balance at 31 March 2018</b>	<b>41,150</b>	<b>41,150</b>	<b>31,948</b>	<b>9,202</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 31/3/2019	As at 31/12/2018
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 2018, 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 2019. 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	
	2019	2018
	cents	cents
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	1.12	0.74
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 period ended 31 December 2018 and 2017.

<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 31/3/2019		As at 31/12/2018	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share <sup>(1)</sup>	123.90	131.17	122.12	131.43

<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 2019 as compared to corresponding financial period ended 31 March 2018

##### *Group Revenue*

The Group recorded consolidated revenue of S\$5.16 million for the quarter ended 31 March 2019 ("Q1 2019"), a decrease of 14.5% against the revenue achieved in the corresponding quarter ended 31 March 2018 ("Q1 2018"). The decline in Group revenue for Q1 2019 is attributable to lower revenue recorded by GlobeOSS.

GlobeOSS recorded revenue of S\$2.208 million in Q1 2019, a decrease of 30.3% from the S\$3.170 million recorded in Q1 2018. This decrease in revenue was due to lower system sale contract revenues as a result of delay in award of new system sale contracts and slower than expected delivery of system sale contract in-hand.

In contrast, Unifiedcomms posted revenue of S\$2.952 million in Q1 2019, an increase of 3% from the S\$2.865 million recorded in Q1 2018. This improvement in revenue was driven by higher revenue from system sale contract.

The Group's sales mix in Q1 2019 showed an increase in the proportionate contribution of revenue of a recurring nature, with revenue from managed service contracts representing 62.6% of the Group's total revenue in Q1 2019 as compared to 57.6% in Q1 2018. The higher contribution of managed service contracts to the Group's sales mix in Q1 2019 was mainly due to lower system sale contract revenues contribution from GlobeOSS, which had decreased 24.5% from S\$2.556 million in Q1 2018 to S\$1.931 million in Q1 2019.

##### *Gross Profit and Gross Profit Margins*

Although Group revenue was lower in Q1 2019, gross profit was higher at S\$2.994 million as compared to S\$2.671 million recorded in Q1 2018. This is attributable to the higher gross profit margin of 58% in Q1 2019 against 44.3% in Q1 2018, which was driven by the improvement in gross profit margin on system sale contract revenues. This was primarily contributed by lower proportionate contribution of system sale contract revenues by GlobeOSS, which generally delivers lower gross profit margin, coupled with its lower third party costs in Q1 2019. In addition, higher proportionate contribution of system sale contract revenues by Unifiedcomms, which generally delivers higher gross profit margins.

Gross profit margin recorded by the Group on its managed service contract revenues decreased to 48.7% in Q1 2019 from 54.6% in Q1 2018. This decrease in gross profit margin was mainly due to higher third-party costs on certain managed service contracts.

##### *Interest Income*

The Group recorded interest income of S\$0.017 million in Q1 2019, 31% higher against the S\$0.013 million recorded in Q1 2018.

##### *Other gains*

The Group recorded other gains of S\$0.025 million in Q1 2019, 1,150% higher against the S\$0.002 million recorded in Q1 2018. This is mainly attributable to fair value gain assessed on the Group's venture investment portfolio.

##### *Other Items of Expense*

The Group recorded total expenses of S\$2.219 million in Q1 2019, 13.3% higher than the S\$1.959 million incurred in Q1 2018. This is mainly attributable to higher technical support expenses recorded in Q1 2019, due to an increase in technical support headcounts of GlobeOSS.

The increase in operating expenses was partly mitigated by lower net foreign exchange loss recorded in Q1 2019, as a result of a favourable exchange rate movement of PKR and MYR against SGD, the Group's reporting currency.

##### *Net Profit and EBITDA*

The Group recorded higher net profit of S\$0.583 million and EBITDA of S\$1.123 million in Q1 2019 as compared to S\$0.49 million in net profit and S\$0.986 million in EBITDA recorded by the Group in Q1 2018. The higher net profit and EBITDA results recorded in Q1 2019 are mainly attributable to the flow-down effects of higher GP margin in Q1 2019, though partly offset by higher operating expenses.



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 2019 as compared to corresponding financial period ended 31 March 2018 (continued)**

*Detailed Segmental Breakdown of Group Revenue and Gross Profit*

The detailed segmental breakdown of the Group's revenue and gross profit for Q1 2019, together with comparative results for Q1 2018 is provided below:

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

	2019 S\$'000	Sales mix %	2018 S\$'000	Sales mix %
Unifiedcomms	2,952	57.2	2,865	47.5
GlobeOSS	2,208	42.8	3,170	52.5
Captii Ventures	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>5,160</b>	<b>100.0</b>	<b>6,035</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	2019			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
South East Asia (SEA)	2,798	2,205	-	5,003
South Asia (SA)	154	-	-	154
Middle East & Africa (MEA)	-	-	-	-
Others	-	3	-	3
<b>Total</b>	<b>2,952</b>	<b>2,208</b>	<b>-</b>	<b>5,160</b>

External Sales	2018			
	Unifiedcomms S\$'000	GlobeOSS S\$'000	Others S\$'000	Group S\$'000
SEA	2,604	3,166	-	5,770
SA	190	-	-	190
MEA	71	-	-	71
Others	-	4	-	4
<b>Total</b>	<b>2,865</b>	<b>3,170</b>	<b>-</b>	<b>6,035</b>

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

External Sales	2019			2018		
	System Sale (1)	Managed Service (2)	Group	System Sale (1)	Managed Service (2)	Group
Revenue	1,931	3,229	5,160	2,556	3,479	6,035
Gross Profit	1,423	1,571	2,994	770	1,901	2,671
Gross Profit (%)	73.7%	48.7%	58.0%	30.1%	54.6%	44.3%

(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 2019 as compared to the Group's financial position as at 31 December 2018**

Non-cash current assets of the Group decreased from \$19.367 million as at 31 December 2018 to \$15.075 million as at 31 March 2019. This 22.2% decrease in non-cash current assets was mainly due to decrease in trade and other receivables, as a result of collection received in relation to trade receivables from late 2018.

Total non-current assets of the Group decreased slightly from S\$27.696 million as at 31 December 2018 to S\$27.629 million as at 31 March 2019 representing a marginal decrease of 0.2%. This marginal decrease comprises mainly i) a reduction in fair value of S\$1.469 million in the Group's investment in an associate; and ii) an increase in fair value of S\$1.494 million in the Group's other financial assets. The said associate and other financial assets are investees in the Group's venture investment portfolio. The net effect of their fair value movements is reflected under the fair value gain on investments amounting to S\$0.025 million for the current quarter. These 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 following the adoption of the most appropriate valuation techniques for each investment and may not be reflective of the actual return upon disposal of these investments in the medium to long term.

Total liabilities of the Group decreased from S\$12.643 million as at 31 December 2018 to S\$7.991 million as at 31 March 2019. This 36.8% decrease in total liabilities is attributable to:-

- \* Decrease in trade and other payables, following repayment made to the vendors in relation to trade payables from late 2018; and
- \* Decrease in borrowings, as a result of repayment made.

**Review of the Group's cash flow for the quarter ended 31 March 2019 as compared to the corresponding quarter ended 31 March 2018**

The Group's net cash flow from operations for Q1 2019 was S\$1.341 million, as compared to S\$0.457 million for Q1 2018, an increase of 193.4%. This significant increase was primarily due to favourable working capital change of S\$0.243 million for Q1 2019, in contrast with an unfavourable working capital change of S\$0.529 million for Q1 2018, which was mainly contributed by higher collection of trade receivables for Q1 2019 as compared to corresponding quarter in 2018.

The Group's net cash flow used in investing activities for Q1 2019 was S\$0.098 million, as compared to S\$1.034 million for Q1 2018. The lower net cash used in investing activities was mainly due absence of investment cost on venture investment portfolio companies (classified as other financial assets and associate).

The Group's net cash flow used in financing activities for Q1 2019 was S\$0.323 million, as compared to S\$0.516 million for Q1 2018. This decrease was mainly due to withdrawal of restricted deposits placed as performance bond in connection with new system sale contracts requirement, in contrast with additional restricted deposits placed in Q1 2018.

**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 financial year 2019 to be challenging but remain optimistic about growth prospects.

Although the growth in system sale business of GlobeOSS in 2017 and 2018 had significantly augmented the slower than desired growth of the Group's managed service contract portfolio, uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts to the Group's future results.

The need for management to continue to strengthen the Group's managed service contract portfolio and to continue to grow its venture investment portfolio as the basis for delivering steady, if not rapid yet sustainable future growth, remains.

The growing interest and opportunity in internet-driven application services for enterprises, fintech as well as internet and handset-app delivered digital media will guide the Group's venture investment activities. The Group's venture investment plans in the year ahead will continue to focus primarily on these growth businesses in the SEA region and will complement the organic growth strategy in place for 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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 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 2019 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  
13 May 2019