

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group Third Quarter			Group Period ended 30 September		
	2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %	2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
<b>Turnover</b>	<b>32,065</b>	<b>42,196</b>	<b>(24.0)</b>	<b>121,079</b>	<b>136,555</b>	<b>(11.3)</b>
Cost of sales	(22,589)	(30,173)	(25.1)	(88,603)	(101,468)	(12.7)
<b>Gross profit</b>	<b>9,476</b>	<b>12,023</b>	<b>(21.2)</b>	<b>32,476</b>	<b>35,087</b>	<b>(7.4)</b>
<b>Gross margin %</b>	<b>29.6%</b>	<b>28.5%</b>	<b>1.1 pt</b>	<b>26.8%</b>	<b>25.7%</b>	<b>1.1 pt</b>
Other operating income	28	69	(59.4)	121	589	(79.5)
Distribution and selling expenses	(5,100)	(5,754)	(11.4)	(16,296)	(16,437)	(0.9)
Administrative expenses	(1,791)	(2,805)	(36.1)	(6,563)	(7,863)	(16.5)
Other operating expenses	(356)	(510)	(30.2)	(1,338)	(1,284)	4.2
<b>Profit from operating activities</b>	<b>2,257</b>	<b>3,023</b>	<b>(25.3)</b>	<b>8,400</b>	<b>10,092</b>	<b>(16.8)</b>
Financial income	78	23	239.1	239	95	151.6
Financial expenses	(67)	(49)	36.7	(180)	(147)	22.4
<b>Profit before tax</b>	<b>2,268</b>	<b>2,997</b>	<b>(24.3)</b>	<b>8,459</b>	<b>10,040</b>	<b>(15.7)</b>
<b>% of turnover</b>	<b>7.1%</b>	<b>7.1%</b>	<b>0.0 pt</b>	<b>7.0%</b>	<b>7.4%</b>	<b>(0.4) pt</b>
Tax	(792)	(1,018)	(22.2)	(2,133)	(3,779)	(43.6)
<b>Profit after tax</b>	<b>1,476</b>	<b>1,979</b>	<b>(25.4)</b>	<b>6,326</b>	<b>6,261</b>	<b>1.0</b>
<b>% of turnover</b>	<b>4.6%</b>	<b>4.7%</b>	<b>(0.1) pt</b>	<b>5.2%</b>	<b>4.6%</b>	<b>0.6 pt</b>
<b>Other comprehensive (expense) / income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation of financial statements of foreign operations	(422)	150	nm	23	194	(88.1)
<b>Items that may not be reclassified subsequently to profit or loss:</b>						
Re-measurement of defined benefit obligation	1	(3)	nm	(5)	(84)	(94.0)
	(421)	147	nm	18	110	(83.6)
<b>Total comprehensive income for the period</b>	<b>1,055</b>	<b>2,126</b>	<b>(50.4)</b>	<b>6,344</b>	<b>6,371</b>	<b>(0.4)</b>

nm: not meaningful

		Group Third Quarter			Group Period ended 30 September		
		2018 S\$'000	2017 S\$'000	Increase / (Decrease) %	2018 S\$'000	2017 S\$'000	Increase / (Decrease) %
Profit for the period is arrived after (charging) / crediting the following:	Note						
Under provision of tax in respect of prior years		(159)	(277)	(42.6)	(91)	(1,311)	(93.1)
Amortisation of intangible asset		(16)	(16)	–	(48)	(48)	–
Depreciation of property, plant and equipment	(1)	(132)	(172)	(23.3)	(422)	(556)	(24.1)
Foreign exchange loss	(2)	(339)	(412)	(17.7)	(1,280)	(1,065)	20.2
Interest expense	(3)	(67)	(49)	36.7	(180)	(147)	22.4
Interest income	(4)	78	23	239.1	239	95	151.6
Net (loss) / gain on disposal / write-off of property, plant and equipment		–	(68)	(100.0)	1	(64)	nm
Net writeback for doubtful debts	(5)	44	499	(91.2)	71	584	(87.8)
Net writeback / (provision) for warranty	(6)	28	(286)	nm	(94)	(766)	(87.7)

nm: not meaningful

**Notes :**

(1) Decrease in depreciation of property, plant and equipment in Q3 2018 and 9M 2018 was due to certain assets being fully depreciated.

(2) Foreign exchange loss in Q3 2018 was mainly due to weakening of Australian Dollar (“AUD”) and Indonesian Rupiah (“IDR”) against the Singapore Dollar (“SGD”), thus resulting in an unrealised exchange loss upon revaluation of AUD and IDR financial assets to SGD.

Foreign exchange loss in 9M 2018 was mainly due to weakening of EURO against the SGD, thus resulting in an unrealised exchange loss upon revaluation of receivables to SGD. In addition, there was also exchange loss from the strengthening of USD against the Philippines Peso (“PHP”), Pakistani Rupee (“PKR”), IDR and AUD, thus resulting in an unrealised exchange loss upon revaluation of USD payables to PHP, PKR, IDR and AUD.

(3) Increase in interest expense in Q3 2018 was largely due to an increase in interest rate. On the other hand, the increase in interest expense in 9M 2018 was mainly due to higher bank borrowings.

(4) Increase in interest income in Q3 2018 and 9M 2018 was mainly due to higher interest accretion from long term receivables and interest income from bank.

(5) Net writeback for doubtful debts in Q3 2018 and 9M 2018 was lower mainly due to one off doubtful debts recovery from a customer in Q3 2017.

(6) Decrease in provision for warranty in 9M 2018 was due to reversal of warranty provision in view of the expiry of warranty period.

**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.**

Balance sheet as at	Group		Company	
	30/09/2018 S\$'000	31/12/2017 S\$'000	30/09/2018 S\$'000	31/12/2017 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,569	1,376	305	457
Intangible asset	790	838	790	838
Investment in subsidiaries	—	—	4,668	4,668
Long term trade receivables	769	784	730	762
Deferred tax assets	2,665	2,618	1,025	1,024
	<b>5,793</b>	<b>5,616</b>	<b>7,518</b>	<b>7,749</b>
<b>Current assets</b>				
Stocks	332	61	289	—
Contract assets	43,538	36,921	22,388	17,860
Trade receivables	74,538	87,778	20,382	22,633
Other receivables, deposits and prepayments	5,408	6,213	576	683
Amounts due from subsidiaries				
- trade	—	—	15,853	16,522
- non-trade	—	—	5,819	8,523
Fixed deposits	5,287	1,249	2,525	—
Cash and bank balances	12,611	19,450	1,708	7,103
	<b>141,714</b>	<b>151,672</b>	<b>69,540</b>	<b>73,324</b>
<b>Current liabilities</b>				
Trade payables	51,631	53,063	17,932	18,590
Other payables and accruals	18,917	16,663	12,852	8,519
Amounts due to subsidiaries (trade)	—	—	33	7
Short term borrowings	6,436	11,300	5,890	11,300
Provision for taxation	2,090	3,363	1,015	1,618
Provision for warranty	2,549	2,660	1,347	1,410
	<b>81,623</b>	<b>87,049</b>	<b>39,069</b>	<b>41,444</b>
<b>Net current assets</b>	<b>60,091</b>	<b>64,623</b>	<b>30,471</b>	<b>31,880</b>
<b>Non-current liabilities</b>				
Defined benefit obligation	392	422	—	—
	<b>392</b>	<b>422</b>	<b>—</b>	<b>—</b>
<b>Net assets</b>	<b>65,492</b>	<b>69,817</b>	<b>37,989</b>	<b>39,629</b>
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	29,909	29,909	29,909	29,909
Revenue reserve	39,536	43,879	8,080	9,720
Translation reserve	(4,144)	(4,167)	—	—
Other reserve	191	196	—	—
	<b>65,492</b>	<b>69,817</b>	<b>37,989</b>	<b>39,629</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	6,436	–	11,300

**Amount repayable after one year**

As at 30/09/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
–	–	–	–

**Details of any collateral**

Nil.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group Third Quarter		Group Period ended 30 September	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	2,268	2,997	8,459	10,040
<u>Adjustments for :</u>				
Amortisation of intangible assets	16	16	48	48
Depreciation of property, plant and equipment	132	172	422	556
Interest expense	67	49	180	147
Interest income	(78)	(23)	(239)	(95)
Net loss / (gain) on disposal / write-off of property, plant and equipment	–	68	(1)	64
Net writeback for doubtful debts	(44)	(499)	(71)	(584)
Net (writeback) / provision for warranty	(28)	286	94	766
Pension costs / (income)	1	(3)	(5)	(84)
<b>Operating profit before working capital changes</b>	<b>2,334</b>	<b>3,063</b>	<b>8,887</b>	<b>10,858</b>
(Increase) / Decrease in :				
Stocks	(236)	2	(271)	(78)
Contract assets	107	(5,629)	(6,970)	(10,039)
Trade receivables	12,626	(739)	13,305	(12,969)
Other receivables, deposits and prepayments	(140)	945	854	9,977
Deferred tax assets	–	(518)	–	(518)
(Decrease) / increase in :				
Trade payables	(8,755)	(8,867)	(1,432)	2,556
Other payables and accruals	(1,059)	4,284	2,254	2,945
Provision for warranty	(6)	(72)	(205)	(489)
Effect of exchange rate changes	(393)	322	204	922
<b>Cash flows from operations</b>	<b>4,478</b>	<b>(7,209)</b>	<b>16,626</b>	<b>3,165</b>
Income taxes paid	(1,101)	(1,054)	(3,543)	(2,462)
Interest paid	(67)	(49)	(180)	(147)
<b>Net cash flows from / (used in) operating activities</b>	<b>3,310</b>	<b>(8,312)</b>	<b>12,903</b>	<b>556</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	–	22	–	22
Purchase of property, plant and equipment	(121)	(102)	(302)	(202)
Interest received	(30)	24	102	79
(Increase) / Decrease of deposit pledged	–	(6)	34	(3)
<b>Net cash flows used in investing activities</b>	<b>(151)</b>	<b>(62)</b>	<b>(166)</b>	<b>(104)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to ordinary shareholders	(3,619)	(3,619)	(9,047)	(5,428)
Dividend paid to preference shareholder by a subsidiary	–	–	(1,464)	–
Refund of unclaimed dividends	–	–	2	–
Proceeds from bank loans	207	10,867	11,546	11,691
Repayment of bank loans	(1,500)	(131)	(16,410)	(9,810)
<b>Net cash flows (used in) / from financing activities</b>	<b>(4,912)</b>	<b>7,117</b>	<b>(15,373)</b>	<b>(3,547)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,753)</b>	<b>(1,257)</b>	<b>(2,636)</b>	<b>(3,095)</b>
Effect of exchange rate changes on cash and bank balances	7	(127)	(131)	(586)
Cash and cash equivalents at beginning of the period/year	19,549	20,454	20,570	22,751
<b>Cash and cash equivalents at end of the period</b>	<b>17,803</b>	<b>19,070</b>	<b>17,803</b>	<b>19,070</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	12,611	19,070	12,611	19,070
Fixed deposits	5,287	137	5,287	137
	17,898	19,207	17,898	19,207
Less: Deposits pledged	(95)	(137)	(95)	(137)
	<b>17,803</b>	<b>19,070</b>	<b>17,803</b>	<b>19,070</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.

For Third Quarter and Nine Months ended 30 September	Share Capital S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Other Reserve S\$'000	Total S\$'000
<b>Group</b>					
<b>Balance as at 01.07.2018</b>	29,909	41,679	(3,722)	190	68,056
Total comprehensive income for the period	–	1,476	(422)	1	1,055
Dividend paid to ordinary shareholders	–	(3,619)	–	–	(3,619)
<b>Balance as at 30.09.2018</b>	<b>29,909</b>	<b>39,536</b>	<b>(4,144)</b>	<b>191</b>	<b>65,492</b>
<b>Balance as at 01.01.2018 (as previously stated)</b>	29,909	43,879	(4,167)	196	69,817
Effect of adoption of SFRS (I) 9	–	(160)	–	–	(160)
<b>Balance as at 01.01.2018 (as restated)</b>	29,909	43,719	(4,167)	196	69,657
Total comprehensive income for the period	–	6,326	23	(5)	6,344
Dividend paid	–	(9,047)	–	–	(9,047)
Dividend paid to preference shareholder by a subsidiary	–	(1,464)	–	–	(1,464)
Refund of unclaimed dividends	–	2	–	–	2
<b>Balance as at 30.09.2018</b>	<b>29,909</b>	<b>39,536</b>	<b>(4,144)</b>	<b>191</b>	<b>65,492</b>
<b>Balance as at 01.07.2017</b>	29,909	43,240	(4,576)	143	68,716
Total comprehensive income for the period	–	1,979	150	(3)	2,126
Dividend paid	–	(3,619)	–	–	(3,619)
<b>Balance as at 30.09.2017</b>	<b>29,909</b>	<b>41,600</b>	<b>(4,426)</b>	<b>140</b>	<b>67,223</b>
<b>Balance as at 01.01.2017</b>	29,909	40,767	(4,620)	224	66,280
Total comprehensive income for the period	–	6,261	194	(84)	6,371
Dividend paid	–	(5,428)	–	–	(5,428)
<b>Balance as at 30.09.2017</b>	<b>29,909</b>	<b>41,600</b>	<b>(4,426)</b>	<b>140</b>	<b>67,223</b>
<b>Company</b>					
<b>Balance as at 01.07.2018</b>	29,909	7,419	–	–	37,328
Total comprehensive income for the period	–	4,280	–	–	4,280
Dividend paid	–	(3,619)	–	–	(3,619)
<b>Balance as at 30.09.2018</b>	<b>29,909</b>	<b>8,080</b>	–	–	<b>37,989</b>
<b>Balance as at 01.01.2018</b>	29,909	9,720	–	–	39,629
Total comprehensive income for the period	–	7,405	–	–	7,405
Dividend paid	–	(9,047)	–	–	(9,047)
Refund of unclaimed dividends	–	2	–	–	2
<b>Balance as at 30.09.2018</b>	<b>29,909</b>	<b>8,080</b>	–	–	<b>37,989</b>
<b>Balance as at 01.07.2017</b>	29,909	11,959	–	–	41,868
Total comprehensive income for the period	–	(234)	–	–	(234)
Dividend paid	–	(3,619)	–	–	(3,619)
<b>Balance as at 30.09.2017</b>	<b>29,909</b>	<b>8,106</b>	–	–	<b>38,015</b>
<b>Balance as at 01.01.2017</b>	29,909	10,877	–	–	40,786
Total comprehensive income for the period	–	2,657	–	–	2,657
Dividend paid	–	(5,428)	–	–	(5,428)
<b>Balance as at 30.09.2017</b>	<b>29,909</b>	<b>8,106</b>	–	–	<b>38,015</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 period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed, 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**

There has been no change in the Company's share capital since 30 June 2018. As at 30 September 2018, there was no share options granted (30 September 2017: Nil). There was also no treasury share in issue as at the end of the current financial period (30 September 2017: Nil).

The Company does not have any subsidiary holdings as at 30 September 2018 (30 September 2017: Nil).

- 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 immediately preceding financial year.**

The total number of issued shares excluding treasury shares as at the end of the current financial period was 361,897,000 shares (31 December 2017: 361,897,000).

- (1)(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- (1)(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2017, except for the adoption of Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards.

The Group adopted SFRS(I) on 1 January 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018, and in the third quarter ended 30 September 2018, where applicable.

The Group expects that the adoptions of the SFRS(I) will have no material impact on the financial statements in the year of initial application.

The adoption of these new / revised standards and interpretations applicable for the financial year beginning 1 January 2018 did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results.

**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.**

Please refer to item 4 above.

**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 Third Quarter		Group Period ended 30 September	
	2018	2017	2018	2017
Earnings per Ordinary Share attributable to shareholders for the period:				
(i) Basic (cents)	0.41	0.55	1.75	1.73
(ii) Fully diluted (cents)	0.41	0.55	1.75	1.73
Weighted average number of shares for the period:				
(i) Basic ('000)	361,897	361,897	361,897	361,897
(ii) Fully diluted ('000)	361,897	361,897	361,897	361,897

**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.**

	Group		Company	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents) :	18.10	19.29	10.50	10.95



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Consolidated Statement of Comprehensive Income**

#### **(a) Turnover**

On a year-on-year ("YOY") basis, the Group's turnover for Q3 2018 decreased by 24.0% (\$10.1 million) to \$32.1 million in Q3 2018 from \$42.2 million in Q3 2017. Both the Network Infrastructure and Wireless Infrastructure Network business segments reported lower turnover. The decrease in turnover was largely due to delays in project completion for both segments.

Compared to 9M 2017, the Group's turnover for 9M 2018 decreased by 11.3% (\$15.5 million) from \$136.6 million to \$121.1 million, due to lower turnover from both the Network Infrastructure and Wireless Infrastructure Network business segments. The lower turnover was mainly due to lower order in-take from the Middle East and Africa markets and delays in project completion for both segments.

#### **Network Infrastructure ("NI")**

On a YOY basis, turnover for Q3 2018 decreased by 12.5% (\$3.1 million) to \$21.7 million from \$24.8 million, mainly due to lower turnover recorded in Singapore and Australia, partially offset by higher turnover in Philippines, Indonesia and Myanmar.

Compared to 9M 2017, turnover for 9M 2018 decreased by 6.3% (\$5.4 million) to \$80.8 million from \$86.2 million, mainly due to lower turnover booked from Service Provider markets in Australia and Philippines, partially offset by higher turnover in Myanmar and Pakistan.

#### **Wireless Infrastructure Network ("WIN")**

On a YOY basis, turnover for Q3 2018 decreased by 40.2% (\$7.0 million) to \$10.4 million from \$17.4 million, mainly due to lower turnover in the Middle East and Africa markets, partially offset by higher turnover in Singapore and Indonesia.

Compared to 9M 2017, turnover for 9M 2018 decreased by 20.0% (\$10.1 million) to \$40.3 million from \$50.4 million. The decrease in turnover was mainly due to lower turnover in the Middle East and Africa markets, partially offset by higher turnover in Singapore and Philippines.

#### **(b) Gross Profit**

On a YOY basis, gross profit for Q3 2018 decreased by 21.2% (\$2.5 million) to \$9.5 million from \$12.0 million mainly due to lower turnover. The gross profit margin increased to 29.6% from 28.5% due to a positive net movement from warranty provision.

Compared to 9M 2017, gross profit for 9M 2018 decreased by 7.4% (\$2.6 million) to \$32.5 million from \$35.1 million mainly due to lower turnover. The gross profit margin increased to 26.8% from 25.7% due to higher writeback from project closures and a positive net movement for warranty provision.

#### **(c) Other operating income**

On a YOY basis, other operating income for Q3 2018 and 9M 2018 decreased by \$0.1 million and \$0.5 million respectively. Higher other operating income in Q3 2017 and 9M 2017 was largely due to income generated from services rendered to Ingenico to facilitate a smooth transition after the divestiture of the Payment Solutions business.

**(d) Operating Expenses**

On a YOY basis, total operating expenses for Q3 2018 decreased by 20.9% (\$1.9 million) to \$7.2 million from \$9.1 million. The decrease in operating expenses for Q3 2018 was mainly due to lower distribution and selling expenses, administrative expenses and other operating expenses.

Compared to 9M 2017, total operating expenses for 9M 2018 decreased by 5.5% (\$1.4 million) to \$24.2 million from \$25.6 million. The decrease in operating expenses for 9M 2018 was mainly due to lower distribution and selling expenses and administrative expenses, partially offset by higher other operating expenses.

Distribution and selling expenses decreased by 11.4% (\$0.7 million) YOY for the quarter and 0.9% (\$0.1 million) for 9M 2018 mainly due to lower payroll and staff related costs.

Administrative expenses decreased by 36.1% (\$1.0 million) YOY for the quarter and 16.5% (\$1.3 million) YOY for 9M 2018 mainly due to lower payroll and staff related costs.

Other operating expenses decreased by 30.2% (\$0.15 million) YOY for the quarter largely due to lower foreign exchange loss in Q3 2018. Compared to 9M 2017, other operating expenses for 9M 2018 increased by 4.2% (\$0.05 million) was largely due to higher foreign exchange loss.

**(e) Profit before tax ("PBT")**

The Group registered a profit before tax of \$2.3 million in Q3 2018, a decrease of 24.3% (\$0.7 million) YOY. This was mainly due to lower gross profit, partially offset by lower operating expenses.

Compared to 9M 2017, the PBT for 9M 2018 decreased by 15.7% (\$1.5 million) from \$10.0 million to \$8.5 million, mainly due to lower gross profit and lower other operating income. Lower operating expenses partially offset the impact.

Consequently, PBT as a percentage of turnover for Q3 2018 and Q3 2017 was maintained at 7.1%, whilst PBT as a percentage of turnover for 9M 2018 was lower at 7.0% compared to 7.4% in 9M 2017.

**(f) Tax**

On a YOY basis, tax expenses for Q3 2018 decreased by \$0.2 million. Compared to 9M 2017, tax expense decreased by \$1.6 million. The decreases were due to differences in tax assessment and tax estimates made in prior years for foreign subsidiaries.

**Statement of Financial Position**

**(g) Current assets**

The Group's current assets decreased by \$10.0 million mainly due to lower trade receivables and cash and bank balances, partially offset by higher contract assets arising from delays in project completion.

**(h) Current liabilities**

The Group's current liabilities decreased by \$5.4 million mainly due to lower trade payables and repayment of short term bank borrowings, partially offset by higher other payables.

**(j) Cash flow**

For Q3 2018, the decrease in cash and cash equivalents of \$1.8 million was mainly due to:

- payment of FY2018 interim dividend of \$3.6 million; and
- repayment of net bank loans of \$1.3 million; partially offset by
- positive cash flow from operating activities of \$3.3 million as a result of decrease in trade receivables offset by decrease in trade and other payables.

For 9M 2018, the decrease in cash and cash equivalents of \$2.6 million mainly due to:

- payment of dividends of \$9.0 million;
- payment of dividend to preference shareholder by a subsidiary of \$1.5 million; and
- repayment of net bank loans of \$4.9 million; partially offset by
- positive cash flow from operating activities of \$12.9 million as a result of positive change in working capital from decrease in trade and other receivables, offset by increase in contract assets.

As a result of the above, the Group's cash and cash equivalents stood at \$17.8 million as at 30 September 2018, compared to \$19.1 million as at 30 September 2017.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**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.**

In 9M 2018, the Group secured approximately \$143.2 million in order in-take, a decrease of 15.1% (\$25.5 million) compared to \$168.7 million in 9M 2017. Of the \$143.2 million of order in-take secured, \$105.6 million, or 73.7%, was contributed by the Network Infrastructure ("NI") segment while \$37.6 million, or 26.3%, was contributed by the Wireless Infrastructure Network ("WIN") segment. On a year-on-year basis, order in-take for NI decreased by 3.0% due mainly to lower order in-take from the Service Provider markets while WIN recorded a 37.1% decrease due mainly to intense competition as well as cancellation of some key projects in Middle East and Africa markets.

The Group has identified new growth verticals within the NI segment as key growth drivers namely Network Security and Digitisation, data centre/cloud and software defined networking.

Notably, the Group had announced today that it has won a \$7.8 million NI contract to supply, install, commission, and provide managed services to a Wi-Fi Infrastructure Network from a major Government entity in Southeast Asia. This not only marks a new customer win for the Group, but also demonstrates the Group's efforts to broaden its customer base beyond telecommunication operators.

This contract win also follows \$11.8 million of new NI contracts secured in August 2018 and \$11.7 million worth of NI and WIN contracts announced in July 2018.

The Group will continue to capitalise on growth opportunities brought about by the digitisation wave through the vertical extension of its value chain.

**11. Dividend**

**(a) Current Financial Period 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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the financial period.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no IPT mandate obtained.

**14. Negative Confirmation pursuant to Rule 705(5) of the SGX-ST.**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter and nine months financial statements for the period ended 30 September 2018, to be false or misleading in any material respect.

On behalf of the Board

Wong Su-Yen  
Chairman

Beck Tong Hong  
Director

**15. 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 has procured the revised undertakings from all directors and from executive officers in the format set out in Appendix 7.7 under Rule 720(1).

**BY ORDER OF THE BOARD**

Chan Wan Mei and Gan Lee Teng  
Joint Company Secretary

9 November 2018