Third Quarter Financial Statements and Dividend announcement for the period ended 30th September 2014 (Unaudited)*

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year:

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Turnover (Note 1)	92,654	119,185	-22.3%	267,277	353,545	-24.4%
Cost of goods sold and direct service fees incurred (Note 2)	(85,962)	(108,987)	-21.1%	(246,824)	(322,953)	-23.6%
Commissions and other selling expenses (Note 3)	(220)	(1,207)	-81.8%	(1,030)	(3,724)	-72.3%
Gross margin	**6,472**	**8,991**	**-28.0%**	**19,423**	**26,868**	**-27.7%**
Other income - operating (Note 4)	413	222	86.0%	1,597	1,671	-4.4%
Operating expenses (Note 5)	(6,770)	(10,567)	-35.9%	(25,286)	(34,677)	-27.1%
EBITDA - Operating- from continuing operations	**115**	**(1,354)**	**-108.5%**	**(4,266)**	**(6,138)**	**-30.5%**
Other income - non operating (Note 14)	67	-	N.M.	2,068	8,018	**-74.2%**
Other expenses - non operating (Note 17)	(22)	9	N.M.	(54)	(7,197)	-99.2%
Interest income from deposits and investment securities (Note 19)	149	162	-8.0%	536	443	21.0%
Finance costs (Note 20)	(297)	(275)	8.0%	(908)	(1,204)	-24.6%
Depreciation of property, plant and equipment (Note 21)	(435)	(601)	-27.6%	(1,354)	(2,057)	-34.2%
Amortisation of intangible assets	(1,055)	(984)	7.2%	(3,174)	(2,974)	6.7%
Loss before taxation	**(1,478)**	**(3,043)**	**-51.4%**	**(7,152)**	**(11,109)**	**-35.6%**
Taxation (Note 22)	121	32	278.1%	203	(1,872)	N.M.
Loss for the period from continuing operations	**(1,357)**	**(3,011)**	**-54.9%**	**(6,949)**	**(12,981)**	**-46.5%**
Operation related to disposal group classified as held for sale						
Loss for the period from discontinued operations, net of tax (Note 23)	-	-	-	-	(104)	-100.0%
Net loss for the period	**(1,357)**	**(3,011)**	**-54.9%**	**(6,949)**	**(13,085)**	**-46.9%**
(Loss)/profit attributable to:						
Owners of the parent	(1,365)	(3,006)	-54.6%	(6,901)	(12,990)	-46.9%
Non-controlling interest (Note 24)	8	(5)	N.M.	(48)	(95)	-49.5%
Total	**(1,357)**	**(3,011)**	**-54.9%**	**(6,949)**	**(13,085)**	**-46.9%**

N.M. - Not Meaningful

* Starting financial year from 1st January 2014 ("FY 2014"), presentation format has been changed: 1) Operating segments have been redefined to facilitate better understanding of current businesses 2) Segment turnover has been shown separately 3) Gross margin and Operating EBITDA have been shown separately . Accordingly, certain prior period figures have been rearranged/reclassified to conform with current year's presentation and improve overall readability of the results.

Note 1

Turnover

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Distribution of operator products and services	75,051	81,949	-8.4%	213,232	245,115	-13.0%
ICT distribution and managed services	10,466	15,537	-32.6%	28,132	49,592	-43.3%
Mobile devices distribution & retail	7,137	21,699	-67.1%	25,913	58,838	-56.0%
Total (Note 2)	**92,654**	**119,185**	**-22.3%**	**267,277**	**353,545**	**-24.4%**

Note 2

Distribution of Operator products and services in Indonesia grew in local currency terms both during the quarter ended 30th September 2014 ("Q3 2014") and nine months ended 30th September 2014 ("YTD 2014"), however depreciation of approximately 17% in IDR vs US Dollar led to significant translation differences against results of corresponding period for the quarter ended 30 September 2013 ("Q5 2013") and nine months ended 30th September 2013 ("YTD 2013"). Demand and margins of Mobile devices and products in major market of Indonesia had also been affected due to increased inflation, reduced GDP and consequent tighter liquidity and stronger competition. During quarter ended 30th June 2014 ("Q2 2014") & Q3 2014, the company has launched new smart phone portfolio in Indonesia. Initial response for the products is encouraging. Results in Q3 2014 are lower as the company ramps up its supply chain system. Demand and margin in ICT distribution and managed services continues to be under pressure due to increased competition and reduced capital expenditure by industries. In addition, during YTD 2013, there were also relatively larger project sales with one of the institutional buyers of ICT distribution and managed services.

Note 3

The decrease in commissions and other selling expenses was mainly due to decrease in ICT distribution and managed services and sale of mobile devices.

Note 4

Other operating income mainly includes performance incentive from principals, management support/ services fee, government subsidy and write back of certain prior period payables no longer required.

Note 5

The operating expenses during Q3 2014 given below showed significant reduction over Q5 2013 and YTD 2013 on account of cost control measures undertaken by management and also translation effect on account of US$ being stronger against corresponding period.

	Quarter Ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Personnel costs (Note 6)	(4,298)	(5,578)	-22.9%	(13,168)	(17,538)	-24.9%
Infrastructure costs (Note 7)	(1,026)	(1,049)	-2.2%	(3,281)	(5,190)	-36.8%
Marketing expenses (Note 8)	62	(591)	-110.5%	(564)	(2,236)	-74.8%
Other expenses - operating (Note 9)	(1,508)	(3,349)	-55.0%	(8,273)	(9,713)	-14.8%
Total operating overheads	**(6,770)**	**(10,567)**	**-35.9%**	**(25,286)**	**(34,677)**	**-27.1%**

Note 6

The decrease in personnel costs in Q3 2014 and YTD 2014 was mainly due to lower headcount.

Note 7

The reduction in infrastructure costs in Q3 2014 and YTD 2014 was mainly due to rationalisation of infrastructure requirements.

Note 8

Marketing expenses during YTD 2014 had been lower on account of gradual introduction of new mobility products.In Q3 2014, certain accruals in past now considered as not required have been written back during the quarter.

Note 9

Other expenses- operating include the following:

	Quarter ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Bank charges	(54)	(127)	-57.5%	(128)	(281)	-54.4%
Collection service fees	(85)	(141)	-39.7%	(253)	(503)	-49.7%
Equipment maintenance	(94)	(79)	19.0%	(262)	(254)	3.1%
Equipment rental	(59)	(75)	-21.3%	(183)	(160)	14.4%
Foreign exchange gain/ (loss) (Note 10)	300	(630)	-147.6%	483	(706)	N.M.
Freight and postage charges	(21)	(35)	-40.0%	(60)	(112)	-46.4%
Printing & stationery	(24)	(22)	9.1%	(100)	(119)	-16.0%
Professional fees (Note 11)	(522)	(631)	-17.3%	(1,866)	(1,868)	-0.1%
(Provision)/write back of allowance for doubtful non-trade debts & write off of non-trade debts	(17)	-	N.M.	(18)	(8)	125.0%
Provision/(write-back) of allowance of doubtful trade debts and write off of trade debts (Note 12)	6	116	-94.8%	(93)	380	N.M.
Provision/(write-back) of allowance of stock obsolescence and write off of stocks (Note 13)	(145)	(662)	-78.1%	(3,253)	(2,398)	35.7%
Telecommunication expenses	(147)	(174)	-15.5%	(477)	(646)	-26.2%
Travelling & entertainment expenses	(390)	(601)	-35.1%	(1,277)	(1,874)	-31.9%
Others	(256)	(288)	-11.1%	(786)	(1,164)	-32.5%
Total other expenses - operating	**(1,508)**	**(3,349)**	**-55.0%**	**(8,273)**	**(9,713)**	**-14.8%**

Note 10

The foreign exchange movement recognised in Q3 2014 and YTD 2014 was mainly due to unrealised and realised foreign exchange gain/ loss incurred on fluctuation of USD against SGD, MYR, THB, IDR and INR.

Note 11

The professional fees during YTD 2014 also included costs incurred with respect to special audit procedures undertaken consequent to emphasis of matters reported by auditors in respect of accounts for the year ended 31st December 2013 (Please refer to announcement dated 25th March 2014) and also expenses incurred for a litigation matter which is now settled.

Note 12

Sale of Specified Assets of mobility subsidiaries of the company in Malaysia ("Spice Malaysia") in the preceding quarter ended 30th June 2014 also included assignment of certain trade receivables. Consequently, write off against such assignment had been recognised under write off of trade debts. Allowances recognised in past in respect of these receivables had been written back. Please also refer to announcement dated 17th June 2014.

Note 13

The amount mainly represents allowances to adjust carrying value of inventories and write off of certain stocks in retail business in Indonesia.

Note 14

Other income- non operating

	Quarter ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Gain on disposal of subsidiaries (Note 15)	-	-	-	-	7,874	100.0%
Others (Note 16)	67	-	-	2,068	144	1336.1%
Total other income - non operating	**67**	**-**	**N.M.**	**2,068**	**8,018**	**-74.2%**

Note 15

As disclosed previously, gain on disposal of subsidiary during YTD 2013 arose mainly due to sale of one of its subsidiaries Spice BPO Services Limited ("SBPO") on 24 January 2013. (Please refer to announcement 00033 dated 24th January 2013.)

Note 16

The amount in YTD 2014 represents consideration against settlement of certain arbitration proceedings in preceding quarter ended 30th June 2014.

Note 17

Other expenses- non operating include the following:

	Quarter ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Fair value gain/ (loss) on investment securities	-	-	-	-	(207)	-100.0%
Gain/ (loss) on disposal of property, plant and equipment	(12)	9	N.M.	6	(163)	N.M.
Impairment of intangible assets (Note 18)	-	-	-	-	3	-100.0%
(Impairment)/ write back of property, plant and equipment	-	-	-	(12)	165	N.M.
Write off of goodwill (Note 18)	-	-	-	-	(6,603)	-100.0%
Others	(10)	-	N.M.	(48)	(392)	-87.8%
Total other expenses - non operating	**(22)**	**9**	**N.M.**	**(54)**	**(7,197)**	**-99.2%**

Note18

In accordance with FRS 36 "Impairment of Assets", the group had carried out impairment testing as at 30th June 2013 (the group later decided to change the financial year to December '13). Resultantly, Goodwill in case of Affinity Group had been impaired by US$ 6.6 million to the extent of carrying amounts exceeded the recoverable amounts.

Note 19

The increase in interest income during YTD 2014 was mainly on account of Interest accrual starting from 30th April 2013 on 7 years term loan disbursed in year 2008, that came with certain warrants. The loan was interest free for first 5 years and payable on 30th April 2015. During Q3 2014, the company has entered into a deed of addendum dated 24th September 2014, whereby, the interest will cease to accrue hereinafter. (Please refer to announcement dated 24th September 2014). Fair value assessment is carried out at the end of each financial period. The amount is shown as part of investment securities in statement of financial position.

Note 20

The reduction in finance cost during YTD 2014 against corresponding period YTD 2013 was mainly on account of reduced loans and bank borrowings by Affinity group.

Note 21

The reduction in depreciation during Q3 2014 and YTD 2014 against corresponding quarter/period was mainly on account of Cavu group, where certain assets had since been fully depreciated/ impaired up to 31st December 2013.

Note 22

The movement in taxation for YTD 2014 was mainly due to lower provision for taxes in Affinity Group and Bharat IT. There is no change in reversal of deferred tax liabilities, consequent to amortisation of intangible assets recognised as part of acquisitions in earlier years.

Note 23

In Q2 2013, the Group had decided to dispose of its investment in Spice BPO Services Limited ("SBPO") for a consideration of US$1. The disposal of SBPO was subsequently completed on 24th January 2013. (Please refer to announcement 00033 dated 24th January 2013.)

The results of Spice BPO for the period ended 24th January 2013 were as follows:

	1/01/2013 - 24/01/2013
	US$'000
Turnover	**20**
Other income	4
Direct service fees incurred and cost of goods sold	-
Commissions and other selling expenses	-
Personnel costs	(22)
Infrastructure costs	(11)
Depreciation of property, plant and equipment	(2)
Amortisation of intangible assets	-
Marketing expenses	-
Foreign exchange gain/ (loss)	-
Finance costs	(1)
Other expenses	(92)
Loss before taxation	**(104)**
Taxation	-
Loss for the period from discontinued operations, net of tax	**(104)**

The major classes of assets and liabilities of SBPO as at 24th January 2013, gain on its disposal and net cash outflow are as follows:

	24/01/2013
	US$'000
Property, plant and equipment	302
Intangible assets	1
Stocks	-
Trade debtors, current	590
Other debtors and deposits, current	978
Cash and cash equivalents	902
Tax recoverable	112
Trade creditors	(648)
Other creditors and accruals, current	(859)
Loans and borrowings	(8,781)
Hire Purchase	(24)
Translation reserve	(443)
Net assets attributable to owners of the parent	**(7,870)**
Gain on disposal of a subsidiary	7,870
Less: Cash and cash equivalents	(902)
Net cash	**(902)**

Note 24
Movement in loss attributable to Non controlling interest during YTD 2014 had been mainly on account of sale of 21% stake in one of the subsidiaries of the company. (Please refer to announcement no. 00107 dated 8 January 2014). Correspondingly, the loss attributable to owners of the parent has gone down. In addition, it has also affected the movement in non-controlling interest in statement of financial position. The company continues to consolidate subsidiary's accounts, as part of its results.

A statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 30 Sep		%	Nine months ended 30 Sep		%
	2014	2013		2014	2013	
	US$'000	US$'000	Change	US$'000	US$'000	Change
Loss for the period	**(1,357)**	**(3,011)**	**-54.9%**	**(6,949)**	**(13,085)**	**-46.9%**
Other comprehensive income:						
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation (Note 25)	(744)	(2,957)	-74.8%	(318)	(5,455)	-94.2%
Net gain on available-for-sale financial assets	71	37	91.9%	51	43	18.6%
Other comprehensive loss for the period	**(673)**	**(2,920)**	**-77.0%**	**(267)**	**(5,412)**	**-95.1%**
Total comprehensive loss for the period	**(2,030)**	**(5,931)**	**-65.8%**	**(7,216)**	**(18,497)**	**-61.0%**
Total comprehensive loss attributable to:						
Owners of the parent	(2,038)	(5,926)	-65.6%	(7,166)	(18,405)	-61.1%
Non-controlling interest	8	(5)	N.M.	(50)	(92)	-45.7%
Total	**(2,030)**	**(5,931)**	**-65.8%**	**(7,216)**	**(18,497)**	**-61.0%**

N.M. - Not Meaningful

Note 25
The movement in foreign currency translation was mainly due to movement of SGD, MYR, THB, INR and IDR against USD in Q4 2013 and YTD 2013.

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.

	Group		Company	
	30 Sep 14	**31 Dec 13**	**30 Sep 14**	**31 Dec 13**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Share capital	410,663	410,663	410,663	410,663
Accumulated losses	(323,619)	(316,768)	(326,406)	(327,642)
Other reserves	(3,499)	(3,550)	(6,669)	(6,720)
Translation reserve (Note 25)	(525)	(209)	46	33
Equity attributable to the owners of the parent	**83,020**	**90,136**	**77,634**	**76,334**
Non-controlling interest (Note 24)	(20)	83	-	-
Total Equity	**83,000**	**90,219**	**77,634**	**76,334**
Property, plant and equipment (Note 26)	**5,906**	**5,984**	**306**	**394**
Intangible assets (Note 27)	**37,705**	**40,745**	**414**	**501**
Investments in subsidiaries	**-**	**-**	**38,946**	**38,946**
Investment securities	**2,783**	**2,747**	**2,783**	**2,747**
Long-term loans and advances to subsidiaries	**-**	**-**	**24,612**	**20,127**
Deferred tax assets	**71**	**61**	**-**	**-**
Trade debtors, non-current	**192**	**215**	**-**	**-**
Tax recoverable, non-current (Note 28)	**4,161**	**3,782**	**-**	**-**
Other debtors and deposits, non-current	**56**	**64**	**-**	**-**
Current assets	**73,356**	**85,140**	**28,912**	**29,561**
Stocks (Note 29)	10,930	20,992	32	195
Trade debtors, current (Note 30)	12,902	24,458	1,276	843
Other debtors and deposits, current	4,606	5,666	1,170	810
Prepayments (Note 31)	8,891	4,078	467	381
Due from subsidiaries	-	-	2,473	10,657
Cash and bank deposits pledged	2,835	6,424	711	3,448
Cash and cash equivalents	32,438	22,633	22,783	13,227
Tax recoverable, current (Note 28)	754	889	-	-
Current liabilities	**34,652**	**41,520**	**18,185**	**15,789**
Trade creditors (Note 32)	10,728	11,416	2,317	1,683
Other creditors and accruals (Note 33)	10,031	11,669	2,759	2,705
Deferred revenue (Note 34)	1,869	1,174	219	293
Lease obligations, current (Note 35)	663	2,470	5	21
Loans and bank borrowings (Note 36)	10,084	13,609	-	-
Due to subsidiaries	-	-	12,885	11,087
Tax payable	1,277	1,182	-	-
Net current assets	**38,704**	**43,620**	**10,727**	**13,772**
Non-current liabilities	**6,578**	**6,999**	**154**	**153**
Deferred tax liabilities	5,190	5,836	-	-
Provision for employee benefits	667	714	-	-
Lease obligations, non-current (Note 35)	525	251	154	153
Loans and bank borrowings, non-current (Note 36)	196	198	-	-
Net Assets	**83,000**	**90,219**	**77,634**	**76,334**

Note 26
The movement in property, plant and equipment was mainly due to addition of US$ 1.4 million during YTD 2014, primarily meant for annuity income in ICT business. Increase was offset by depreciation of US$1.4 million recognised in YTD 2014.

Note 27
The decrease in intangible assets was mainly due to the amortisation of US$3.2 million in YTD 2014.

Note 28
The movement in tax recoverable was mainly on account of advance tax deposited by Affinity Group and refund received by Spice, Malaysia.

Note 29
The decrease in Stocks of US$10.0 million was mainly due to stock reduction in Mobile devices and bulk sale of certain stocks in Malaysia (please refer to announcement dated 17th June 2014).

Note 30
The decrease in trade receivables was mainly due to reduction in volumes and assignment of certain trade receivables in Spice Malaysia (please refer to announcement dated 17th June 2014) and realisation of certain sales proceeds of previous year in case of ICT distribution & managed services and Spice, Malaysia.

Note 31
The increase in prepayments was mainly on account of payment made by Affinity group for purchase of operator products on 30th September 2014.This is normal payment made on every Tuesday, the scheduled day for payment for supplies for the week ahead.

Note 32
The decrease in trade creditors was mainly due to lower purchases, resulting also from decrease in revenue.

Note 33
The decrease in other creditors and accruals was mainly due to lower accruals corresponding to reduction in volumes.

Note 34
The increase in deferred revenue is mainly in case of Cavu Group, part of ICT distribution and managed services.

Note 35
The decrease in lease obligations is mainly on account of repayment of scheduled instalments by Cavu group.

Note 36
The decrease in loans and borrowings was mainly on account of repayments and utilisation of credit facilities with the banks, corresponding to the level of operations.

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

Amount repayable in one year or less, or on demand

As at 30/9/2014		As at 31/12/2013	
Secured (US$'000)	Unsecured (US$'000)	Secured (US$'000)	Unsecured (US$'000)
7,746	**3,001**	**13,204**	**2,875**

Amount repayable after one year

525	**196**	**251**	**198**

Details of any collateral

a) Current assets of US$13.9 million (31/12/2013: US$25.3 million) and property, plant and equipment with carrying amount of US$1.5 million (31/12/2013: US$1.5 million) are pledged as security for bank guarantees, standby letters of credit and other bank services.

b) Corporate guarantees of US$7.3 million (31/12/2013 : US$7.3 million) were given by the Company to enable a subsidiary to obtain credit facility from suppliers.

c) Corporate guarantees of US$4.5 million (31/12/2013 : US$4.6 million) were given by a subsidiary to enable its subsidiaries to obtain credit facility from various suppliers.

d) Corporate guarantees of US$2.4 million (31/12/2013 : US$2.4 million) were given by a subsidiary to enable its subsidiaries to obtain banking facilities.

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

	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities				
Loss before taxation from continuing operations	**(1,478)**	**(3,043)**	**(7,152)**	**(11,109)**
Loss before taxation from discontinued operations (Note 1(a) 23)	-	-	-	(104)
Total loss before taxation	**(1,478)**	**(3,043)**	**(7,152)**	**(11,213)**
Adjustments for:				
Depreciation and amortisation	1,490	1,585	4,528	5,033
Allowance for/ write off of doubtful non-trade debts	17	-	18	(8)
Provision/(write-back) of allowance/ write off of doubtful trade debts	(6)	(116)	93	(380)
Provision/(write-back) of allowance/ write off of stock obsolescence	66	284	(881)	(2,034)
Gain on disposal of a subsidiary	-	-	-	(7,874)
Interest income from bonds, deposits and investment securities	(149)	(162)	(536)	(447)
Impairment of intangible assets	-	-	-	6,600
Finance cost	297	275	908	1,205
Translation differences	(720)	(2,808)	(223)	(3,941)
Other items	(47)	(23)	(86)	282
Operating loss before working capital changes	**(530)**	**(4,008)**	**(3,331)**	**(12,777)**
Changes in working capital	(2,398)	2,269	17,138	13,792
Cash generated from/ (used in) operating activities	**(2,928)**	**(1,739)**	**13,807**	**1,015**
Interest paid	(297)	(275)	(908)	(1,206)
Tax paid	(258)	(378)	(631)	(904)
Net cash generated from/ (used in) operating activities	**(3,483)**	**(2,392)**	**12,268**	**(1,095)**
Cash flows from investing activities				
Interest income received from bonds, deposits and investment securities	107	78	355	375
Disposal of subsidiary Spice BPO, net of cash disposed	-	-	-	(902)
Proceeds from disposal of intangible assets	-	-	-	32
Proceeds from disposal of property, plant and equipment	59	131	159	481
Purchase of property, plant and equipment	(147)	(174)	(1,432)	(613)
Additions to intangible assets	(40)	(11)	(169)	(151)
Net cash (used in)/ generated from investing activities	**(21)**	**24**	**(1,087)**	**(778)**
Cash flows from financing activities				
Decrease/ (increase) in cash and bank deposits pledged	904	(4,565)	3,590	(3,890)
(Repayment of)/proceeds from loans and bank borrowings (Note 37)	4,862	(290)	(3,432)	(29,558)
(Repayment of)/ proceeds from obligations under finance leases	(482)	(58)	(1,534)	(216)
Net cash used in financing activities	**5,284**	**(4,913)**	**(1,376)**	**(33,664)**
Net increase/(decrease) in cash and cash equivalents	**1,780**	**(7,281)**	**9,805**	**(35,537)**
Cash and cash equivalents at beginning of the period	30,658	28,363	22,633	56,619
Cash and cash equivalents at end of the period	**32,438**	**21,082**	**32,438**	**21,082**

Note 37

Increase in loans and bank borrowings during Q3 2014 had mainly been on account of new loan taken by Cavu for execution of an order and also higher utilisation of bank facilities by Affinity for payment for operator products and services for the week ahead.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity attributable to the owner of the parent					Non-controlling interest	Total Equity
	Share capital US$'000	Accumulated losses US$'000	Other reserves US$'000	Translation reserve US$'000	Total US$'000	US$'000	US$'000
The Group							
Balance as at 1 January 2014	**410,663**	**(316,768)**	**(3,550)**	**(209)**	**90,136**	**83**	**90,219**
Total comprehensive income/ (loss) for the period	-	(5,537)	(20)	428	**(5,129)**	(60)	**(5,189)**
Partial disposal of interest in a subsidiary (Note 24)	-	51	-	-	**51**	(51)	**-**
Balance as at 30 June 2014	**410,663**	**(322,254)**	**(3,570)**	**219**	**85,058**	**(28)**	**85,030**
Total comprehensive (loss)/ income for the period	**-**	(1,365)	71	(744)	**(2,038)**	8	**(2,030)**
Balance as at 30 September 2014	**410,663**	**(323,619)**	**(3,499)**	**(525)**	**83,020**	**(20)**	**83,000**
Balance as at 1 January 2013	410,663	(280,555)	(3,596)	5,941	**132,453**	194	**132,647**
Total comprehensive (loss)/ income for the period	-	(9,983)	6	(1,938)	**(11,915)**	(87)	**(12,002)**
Translation reserve of disposal company classified as held for sale	-	-	-	(563)	**(563)**	-	**(563)**
Balance as at 30 June 2013	**410,663**	**(290,538)**	**(3,590)**	**3,440**	**119,975**	**107**	**120,082**
Total comprehensive (loss)/ income for the period	-	(3,006)	37	(2,957)	**(5,926)**	(5)	**(5,931)**
Balance as at 30 September 2013	**410,663**	**(293,544)**	**(3,553)**	**483**	**114,049**	**102**	**114,151**

	Share capital US$'000	Accumulated losses US$'000	Other reserves US$'000	Translation reserve US$'000	Total US$'000
The Company					
Balance as at 1 January 2014	410,663	(327,642)	(6,720)	33	**76,334**
Total comprehensive (loss)/ income for the period	-	1,343	(19)	(11)	**1,313**
Balance as at 30 June 2014	**410,663**	**(326,299)**	**(6,739)**	**22**	**77,647**
Total comprehensive (loss)/ income for the period	-	(107)	70	24	**(13)**
Balance as at 30 September 2014	**410,663**	**(326,406)**	**(6,669)**	**46**	**77,634**
Balance as at 1 January 2013	410,663	(252,788)	(6,765)	18	**151,128**
Total comprehensive (loss)/ income for the period	-	(44,351)	5	-	**(44,346)**
Balance as at 30 June 2013	**410,663**	**(297,139)**	**(6,760)**	**18**	**106,782**
Total comprehensive (loss)/ income for the period	-	(599)	37	15	**(547)**
Balance as at 30 September 2013	**410,663**	**(297,738)**	**(6,723)**	**33**	**106,235**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back , 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 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 period.

	No. of Shares	
	30 Sep 14	30 Jun 14
Issued shares at the beginning of the period	5,484,980,836	5,484,980,836
Total issued shares at the end of the period	5,484,980,836	5,484,980,836

The details of the outstanding share options and share awards granted under the Employees' Share Option Schemes and Share Plans respectively are as follows:

	No. of Shares	
	30 Sep 14	30 Sep 13
Options granted under 1999 S i2i Employees' Share Option Scheme II	547,645	797,374

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 year.

Total number of issued shares as at 30th September 2014 is 5,484,980,836 (31st December 2013 : 5,484,980,836).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/ or use of treasury shares 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 or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditor's 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 as the audited financial statements for the year ended 31 December 2013, except as disclosed in Para 5, below.

5. If there are any changes in the accounting policies and method 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 or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. The adoption of these FRS does not have any significant impact on the financial statements.

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			
	Quarter ended 30 Sep		Nine months ended 30 Sep	
	2014	2013	2014	2013
Earning per ordinary share for the period after deducting any provision for preference dividends:-				
i) Based on weighted average number of ordinary share in issue (US cent)	(0.02 cent)	(0.05 cents)	(0.13 cent)	(0.24 cent)
ii) On a fully diluted basis (US cent)	(0.02 cent)	(0.05 cents)	(0.13 cent)	(0.24 cent)

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 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
Net asset backing per ordinary share is calculated based on 5,484,980,836 (31/12/2013 : 5,484,980,836) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (US cent).	1.51 cent	1.64 cent	1.42 cent	1.39 cent

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.

The group recorded a turnover of US$92.6 million and US$267.2 million during Q3 2014 and YTD 2014 respectively. Distribution of Operator products and services in Indonesia grew in local currency terms both during the quarter ended 30th September 2014 ("Q3 2014") and nine months ended 30th September 2014 ("YTD 2014"), however depreciation of approximately 17% in IDR vs US Dollar led to significant translation differences against results of corresponding period for the quarter ended 30 September 2013 ("Q5 2013") and nine months ended 30th September 2013 ("YTD 2013"). Demand and margins of Mobile devices and products in major market of Indonesia had also been affected due to increased inflation, reduced GDP and consequent tighter liquidity and stronger competition. During quarter ended 30th June 2014 ("Q2 2014") & Q3 2014, the company has launched new smart phone portfolio in Indonesia. Initial response for the products is encouraging. Results in Q3 2014 are lower as the company ramps up its supply chain system. Demand and margin in ICT distribution and managed services continues to be under pressure due to increased competition and reduced capital expenditure by industries. In addition, during YTD 2013, there were also relatively larger project sales with one of the institutional buyers of ICT distribution and managed services.

There was decrease in overheads mainly due to continued cost rationalization by the group. This continued focus on costs had resulted in significant improvement in EBITDA for Q3 2014 and YTD 2014 against corresponding period.

During preceding quarter ended 30th June 2014, the group reached settlement of certain arbitration proceedings and received one time settlement amount. (Please refer to announcement dated 8th April 2014) and also sold Specified Assets in Spice Malaysia and received the sales consideration. (Please refer to announcement dated 17th June 2014).

In accordance with FRS 36 "Impairment of Assets", the group had carried out impairment testing as at 30th June 2013 (the group later decided to change the financial year to December). Resultantly, in corresponding period YTD 2013 Goodwill in case of Affinity Group had been impaired by US$ 6.6 million to the extent of Carrying Amounts exceeded the Recoverable Amounts. The company had also recognised gain of approximately US$7.8 million during YTD 2013 due to sale of one of its subsidiaries Spice BPO Services Limited ("SBPO") on 24 January 2013. (Please refer to announcement 00033 dated 24th January 2013.)

Resultantly, the Group incurred a loss before tax of US$1.5 million during Q3 2014 and US$7.2 million during YTD 2014 as against the US$3.0 million and US$11.1 million in the corresponding quarter and period in previous year.

With sale of specified assets in Malaysia (please refer to announcement dated 17th June 2014) and increased focus on operating efficiencies, there had been reduction mainly in stocks, trade debtors, trade creditors and loans and borrowings. Cash in hand as at 30th September 2014 had been US$32.4 million against US$22.6 million as at 31 December 2013.

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

There was no forecast or prospect statement disclosed to shareholders previously.

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 Company will continue to focus on Distribution of operator products & services business in Indonesia and also assist all other business units. The company continues to work closely with operators to grow the existing clusters for distribution and Card voucher business. The company has managed the cash flow well in the reported period and managed to cut cost. The postpaid voucher and card business is a stable business which follows rigorous parameters and timelines set by operators. The Company has managed to work well with the parameters set. In Indonesia there are 8 operators in the air time business selling prepaid cards, vouchers, starter packs. Infrastructure is still developing and the country is slowly evolving into a 3G market.

The Information Communication and Technology (ICT) continues to work very closely with the partners like HP, IBM and other MNC partners. The company is putting focus on solutions and services oriented business and also on project based business rather than only hardware sales. The ICT business has built strength in system integration and new solutions aligned with strategy with key principals. The market has moved towards solution sales, from initially being a hardware and software point sales driven market.

Mobile Device business in Indonesia continues to see severe competition in both local brands and MNC brands, and the company will monitor the situation and competition spends closely. The company continues to focus on Android low end smart phones led business model and moves towards data bundles through operators.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended

13. Utilisation of Rights Issue proceeds

Not Applicable.

14. Interested persons transactions disclosure

	Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 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 SGD100,000)**
	Quarter ended 30 Sep 2014	**Quarter ended 30 Sep 2014**
Name of interested person	**US$'000**	**US$'000**
Spice Retail Limited	96	-

There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 15th April 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. 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.

16. 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.

17. A breakdown of sales.

Not Applicable.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

19. Statement Pursuant to Rule 705(5) of The Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the quarter ended 30th September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Maneesh Tripathi
Chief Executive Officer

13 November 2014