

IMPORTANT CAUTIONARY NOTE:

The financial results disclosed in this announcement include finance information provided by the Company's subsidiaries, namely DMX Technologies (Hong Kong) Limited and DMX Technologies (Macao Commercial Offshore) Limited (collectively, the "**Affected Subsidiaries**").

As disclosed in the announcement made by the Company on 24 March 2015 in relation to the Company's request for suspension of trading in its shares (the "**March Announcement**"), the findings (the "**Findings**") of the Company's Hong Kong legal counsel (the "**HK Counsel**") appointed to conduct an investigation into the subject matter of the ongoing investigations by the Commercial Crime Bureau of the Hong Kong Police Force (the "**Initial Investigations**") brought up certain issues which affect the completion and audit of the Company's financial statements for the year ended 31 December 2014 (the "**FY2014 Financial Statements**"). The Initial Investigations revealed that there were irregular accounting practices at the Affected Subsidiaries in 2008 and 2009.

In addition to the above, the Company wishes to highlight that the financial results disclosed in this announcement are subject to the background and limitations relating to the preparation of the financial statements as set out below ("**Limitations**"):

- (a) The Company highlighted the following issues (the "**Accounting Issues**") in the announcement dated 12 May 2015:
 - (i) there is uncertainty in relation to account receivables arising from past transactions amongst the Company, and its clients and vendors, and the possibility of such account receivables not being collectible; and
 - (ii) there is uncertainty in relation to the asset values recorded in respect of supplies, tangible and intangible fixed assets of the Company in connection with such transactions.
- (b) As such, the Company further expanded the scope of the Initial Investigations (the "**Expanded Investigations**") and in addition to HK Counsel, engaged an independent, external accounting investigation team to conduct independent forensic investigative procedures relating to the Expanded Investigations.
- (c) As disclosed in the announcement dated 22 April 2016 (the "**April Announcement**"), the Company released a report (the "**Disclosure Report**") based on the findings of the HK Counsel. As stated on page R-12 of the Disclosure Report, the unaudited account receivables and other receivables for the financial year ended 31 December 2014 ("**FY2014**") amounted to approximately US\$378 million, of which US\$140 million and US\$190 million is due to the Company from Beijing Hantz Development and Winscom Guangzhou Technologies Company Limited, respectively. Despite the best efforts of the Company, the Company is uncertain as to the collectability of these account receivables. Further, the unaudited tangible and intangible fixed assets attributable to the Transactions in Question (as defined in the Disclosure Report) for FY2014 amounting to US\$28 million remains unsubstantiated due to the lack of documentary evidence of the Transactions in Question (as defined in the Disclosure Report).
- (d) As disclosed in the announcement dated 19 May 2016, due to the substantial costs of the Expanded Investigations and the fees for completing the audit on the Company relating to the FY2014 Financial

Statements (the "**FY2014 Audit**"), the board of directors of the Company suspended the Expanded Investigations and the FY2014 Audit.

- (e) As disclosed in the announcement dated 20 October 2016, the Company is exploring alternative options with the Group's auditor, PricewaterhouseCoopers LLP Singapore ("**PwC**"), to undertake an extended scope audit in respect of the FY2014 Financial Statements, the financial statements for the year ended 31 December 2015 (the "**FY2015 Financial Statements**") and the financial statements for the year ended 31 December 2016 (the "**Extended Scope Audit**").
- (f) Pursuant to the findings of Initial Investigations as disclosed in the April Announcement, the Company made corresponding adjustments to the FY2014 Financial Statements, the FY2015 Financial Statements and the financial statements for the first quarter ended 31 March 2015 ("**1Q15 Financial Statements**"), financial statements for the second quarter ended 30 June 2015 ("**2Q15 Financial Statements**") and financial statements for the third quarter ended 30 September 2015 ("**3Q15 Financial Statements**", and together with the 1Q15 Financial Statements and the 2Q15 Financial Statements, the "**Quarterly FY2015 Financial Statements**") to reflect the impact of the Transactions in Question ("**TIQ**") (as defined in the "Disclosure Report" released with the April Announcement) on the Group's results and financial position based on the Group accounting policies which follow the relevant international accounting standards (the "**Accounting Adjustments**"). The key financial statement line items affected by the Accounting Adjustments include revenue, accounts receivable, costs of sales, accounts payable, property, plant and equipment, and intangible assets. The Accounting Adjustments are subject to the audit by PwC and may change as a result of the Extended Scope Audit.
- (g) Given the revisions to the FY2014 Financial Statements and the FY2015 Financial Statements in view of the Accounting Issues, it would not be meaningful for shareholders, investors and other stakeholders to rely on the comparative statements required by the following comparative statement requirements in Appendix 7.2 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the FY2014 Financial Statements and the Quarterly FY2015 Financial Statements:
 - (i) Paragraph 1(a)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present an income statement and statement of comprehensive income, or only a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year;
 - (ii) Paragraph 1(b)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present 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;
 - (iii) Paragraph 1(c) of Appendix 7.2 of the Listing Manual requiring the Company to present a statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year;
 - (iv) Paragraph 1(d)(i) of Appendix 7.2 of the Listing Manual requiring the Company to present 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;
 - (v) Paragraph 6 of Appendix 7.2 of the Listing Manual requiring the Company to present the 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 (i) based on the weighted average number of ordinary shares on issue and (ii) on a fully diluted basis (dealing any adjustment made to the earnings);

- (vi) Paragraph 7 of Appendix 7.2 of the Listing Manual requiring the Company to present the 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 (i) current financial period reported on and (ii) the immediately preceding financial year;
- (vii) in respect of full year announcements:
 - (A) Paragraph 16 of Appendix 7.2 of the Listing Manual requiring the Company to additionally present the segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year; and
 - (B) Paragraph 18 of Appendix 7.2 of the Listing Manual requiring the Company to additionally present a breakdown of sales in the latest financial year in the format provided therein, with a comparison showing a breakdown of sales in the previous financial year.
- (h) The Company applied to the SGX-ST for a waiver of the comparative statement requirements as described in sub-paragraph (g) above (the "**Comparative Statement Waiver**"). The SGX-ST had on 29 December 2016 granted the Comparative Statement Waiver, subject to the fulfilment of the following certain conditions as disclosed in the announcement dated 30 December 2016.
- (i) The financial results disclosed in this announcement have not been reviewed or audited by PwC. As such, the Company would like to remind shareholders of the Company that the financial results disclosed in this announcement may be subject to further adjustments and revisions after the completion of the Expanded Investigations and the Extended Scope Audit.

GIVEN THE ABOVE AND PENDING COMPLETION OF THE EXPANDED INVESTIGATIONS AND THE EXTENDED SCOPE AUDIT, THE BOARD OF DIRECTORS WISHES TO CAUTION INVESTORS AND TO ADVISE THAT INVESTORS SHOULD NOT RELY ON THE FINANCIAL RESULTS DISCLOSED IN THIS ANNOUNCEMENT.

UNAUDITED FULL YEAR 2015 FINANCIAL STATEMENTS

1(a) Statements of Comprehensive Income (for the group)

	Group		
	Full Yr 2015 US\$'000	Full Yr 2014 US\$'000	Change %
Revenue	103,097	125,660	-17.96%
Cost of sales	(80,165)	(96,996)	17.35%
Gross profit	22,932	28,664	-20.00%
Gross profit %	22.24%	22.81%	-0.57%
Other operating income	331	616	-46.27%
Distribution costs	(15,475)	(20,422)	24.22%
Administrative expenses	(18,208)	(15,682)	-16.11%
Other operating expenses	(7,122)	(23,758)	70.02%
Finance costs	(796)	(745)	-6.85%
Loss before income tax	(18,338)	(31,327)	41.46%
Income tax expense	(899)	(3,190)	71.82%
Loss for the year	(19,237)	(34,517)	44.27%
Loss attributable to:			
Owners of the company	(18,182)	(35,949)	49.42%
Non-controlling interests	(1,055)	1,432	-173.67%
Loss for the year	(19,237)	(34,517)	44.27%
PAT margin	-18.66%	-27.47%	
Other comprehensive loss:			
Exchange differences arising on translation of foreign operations	(760)	(161)	-372.05%
Remeasurement of employee benefit obligation	(78)	-	
Other comprehensive loss for the year	(838)	(161)	-420.50%
Total comprehensive loss for the year	(20,075)	(34,678)	42.11%
Total comprehensive loss attributable to:			
Owners of the company	(19,020)	(36,110)	47.33%
Non-controlling interests	(1,055)	1,432	-173.67%
Total comprehensive loss for the year	(20,075)	(34,678)	42.11%

Operating loss is arrived at after crediting and (charging) :

	Group		
	Full Yr 2015 US\$'000	Full Yr 2014 US\$'000	Change %
Interest income	143	203	-29.56%
Interest expenses	(796)	(745)	-6.84%
Net foreign exchange loss	(1,061)	(899)	-18.02%
Increase in allowance for doubtful trade receivables	(3,520)	(201)	-1651.24%
(Increase in) reversal of allowance for obsolete inventories	(1,297)	176	-836.93%
Amortisation expenses	(678)	(659)	-2.88%
Depreciation expenses	(1,333)	(1,365)	2.34%
Fair value change of other financial assets	(20)	97	-120.62%
Gain (loss) on disposal of property, plant and equipment	33	(32)	203.13%
Bad debt written off	(1,464)	(43)	3304.65%
Stock written off	(138)	(1,520)	-90.92%
Impairment loss	-	(21,478)	-100.00%

1(b) (i) Statements of Financial Position (for the issuer and group)

Statements of Financial Position

	The Group		The Company	
	31-Dec-15 US\$'000	31-Dec-14 US\$'000	31-Dec-15 US\$'000	31-Dec-14 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	10,825	37,926	2,233	6,011
Pledged bank deposits	2,070	5,519	-	2,500
Trade receivables	37,317	36,360	-	-
Other receivables, deposits and prepayments	8,653	14,644	40,717	41,114
Tax recoverable	46	120	-	-
Held for trading investments	14	2,655	-	-
Inventories	20,336	12,897	-	-
Total current assets	79,261	110,121	42,950	49,625
Non-current assets:				
Property, plant and equipment	4,505	5,260	-	-
Goodwill	4,700	4,700	-	-
Intangible assets	2,358	2,706	-	-
Investments in subsidiaries	-	-	11,534	11,534
Deferred tax assets	321	336	-	-
Total non-current assets	11,884	13,002	11,534	11,534
Total assets	91,145	123,123	54,484	61,159
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	17,162	21,819	-	-
Trust receipt loans	-	2,329	-	-
Trade payables	27,676	27,977	-	-
Other payables	12,483	14,699	662	436
Tax payables	397	3,221	-	-
Current portion of finance lease payables	11	12	-	-
Total current liabilities	57,729	70,057	662	436

	The Group		The Company	
	31-Dec-15 US\$'000	31-Dec-14 US\$'000	31-Dec -15 US\$'000	31-Dec-14 US\$'000
Non-current liabilities:				
Bank loan	295	-	-	-
Finance lease payables	5	17	-	-
Deferred tax liabilities	1,087	1,205	-	-
Total non-current liabilities	1,387	1,222	-	-
Capital, reserves and non-controlling interests:				
Share capital	58,427	58,427	58,427	58,427
Share premium	194,331	194,331	194,331	194,331
Treasury shares	(1,138)	(1,138)	(1,138)	(1,138)
Contributed surplus	1,534	1,534	1,534	1,534
Legal reserve	7	7	-	-
Foreign currency translation reserve	(121)	586	-	-
Share option reserve	453	453	453	453
Accumulated loss	(225,015)	(206,962)	(199,785)	(192,884)
Equity attributable to owners of the Company	28,478	47,238	53,822	60,723
Non-controlling interests	3,551	4,606	-	-
Total equity	32,029	51,844	53,822	60,723
Total liabilities and equity	91,145	123,123	54,484	61,159

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

Group Borrowings and Debts securities		
	Group	
	As at 31 Dec 2015 US\$'000	As at 31 Dec 2014 US\$'000
<u>Amounts repayable in one year or less, or on demand</u>		
Unsecured	-	-
Secured	17,173	24,160
	17,173	24,160
<u>Amounts repayable after one year</u>		
Unsecured	-	-
Secured	5	17
	5	17

Details of any collateral :

As at 31 December 2015, the Group and the Company respectively have:

- (1) pledged bank deposits of US\$2,070,280 (31 Dec 2014: US\$5,519,449) and Nil (31 Dec 2014: US\$2,500,000).
- (2) pledged held for trading investments of US\$13,456 (31 Dec 2014: US\$2,655,087) and Nil (31 Dec 2014: Nil) .

(c) Statements of cash flows (for the group)

Statements of Cash Flows

	Full Yr 2015 US\$ '000	Full Yr 2014 US\$ '000
Operating activities:		
Loss before income tax	(18,338)	(31,327)
Adjustments for:		
Amortisation expense	678	659
Depreciation expense	1,333	1,365
Interest expenses	796	745
Increase in allowance for doubtful trade receivables	3,520	201
Increase in (reversal of) allowance for obsolete inventories	1,297	(176)
Fair value change of other financial assets	20	(97)
(Gain) loss on disposal of property, plant and equipment	(33)	32
Bad debt written off	1,464	43
Stock written off	138	1,520
Interest income	(143)	(203)
Impairment loss	-	21,478
Operating cash flows before movements in working capital	(9,268)	(5,760)
(Increase) decrease in trade receivables	(5,635)	6,888
Decrease (increase) in other receivables, deposits and prepayments	5,978	(1,179)
(Increase) decrease in inventories	(8,716)	6,400
(Decrease) increase in trade payables	(646)	(1,157)
(Decrease) increase in other payables	(1,510)	343
Cash (used in) from operating activities	(19,797)	5,535
Income taxes paid	(3,981)	(68)
Interest paid	(796)	(745)
Interest received	143	203
Net cash (used in) from operating activities	(24,431)	4,925

	Full Yr 2015 US\$ '000	Full Yr 2014 US\$ '000
Investing activities:		
Addition to intangible assets	(447)	(1,862)
Purchase of property, plant and equipment	(686)	(3,757)
Decrease in fixed bank deposits with maturity period over three months	-	608
Withdrawal of structured deposits	-	3,400
Decrease (increase) in pledged bank deposits	3,449	(420)
Proceeds on disposal of property, plant and equipment	64	5
Disposal of held for trading investments	2,636	-
Net cash from (used in) investing activities	5,016	(2,026)
Financing activities:		
Repayment of bank loans	(90,780)	(115,315)
(Decrease) increase in trust receipts loans	(2,330)	686
Dividends paid	-	(2,745)
Repayment of finance leases	(13)	(14)
New bank loans raised	86,417	115,768
Dividend paid to non-controlling interest	(291)	-
Withholding tax on dividend received	-	148
Net cash used in financing activities	(6,997)	(1,472)
Net effect of exchange rate changes on the balance of cash held in foreign currencies	(689)	(258)
Net (decrease) increase in cash and cash equivalents	(27,101)	1,169
Cash and cash equivalent at beginning of year	37,926	36,757
Cash and cash equivalent at end of year	10,825	37,926

1(d)(i) Statements (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.

Statements of Changes in Equity

GROUP											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated (loss) profit	Total	Non-controlling interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2015	58,427	194,331	(1,138)	1,534	7	586	453	(206,962)	47,238	4,606	51,844
Loss for the year	-	-	-	-	-	(760)	-	(18,182)	(18,942)	(1,055)	(19,997)
Other comprehensive loss for the year	-	-	-	-	-	-	-	(78)	(78)	-	(78)
Total comprehensive loss for the year	-	-	-	-	-	(760)	-	(18,260)	(19,020)	(1,055)	(20,075)
Adjustments	-	-	-	-	-	53	-	207	260	-	260
Balance at 31 Dec 2015	58,427	194,331	(1,138)	1,534	7	(121)	453	(225,015)	28,478	3,551	32,029
Balance at 1 Jan 2014	58,327	194,227	(1,138)	1,534	7	748	508	145,072	399,285	3,179	402,464
Loss for the year	-	-	-	-	-	(161)	-	(35,949)	(36,110)	1,432	(34,678)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(161)	-	(35,949)	(36,110)	1,432	(34,678)
Issue of shares under share option scheme	100	104	-	-	-	-	(55)	-	149	-	149
Adjustments	-	-	-	-	-	(1)	-	(313,245)	(313,246)	(5)	(313,251)
Dividend to shareholders	-	-	-	-	-	-	-	(2,840)	(2,840)	-	(2,840)
Balance at 31 Dec 2014	58,427	194,331	(1,138)	1,534	7	586	453	(206,962)	47,238	4,606	51,844

COMPANY											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated (loss) profit	Total	Non-controlling interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2015	58,427	194,331	(1,138)	1,534	-	-	453	(192,884)	60,723	-	60,723
Loss for the year	-	-	-	-	-	-	-	(6,901)	(6,901)	-	(6,901)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(6,901)	(6,901)	-	(6,901)
Balance at 31 Dec 2015	58,427	194,331	(1,138)	1,534	-	-	453	(199,785)	53,822	-	53,822
Balance at 1 Jan 2014	58,327	194,227	(1,138)	1,534	-	-	509	3,064	256,523	-	256,523
Loss for the year	-	-	-	-	-	-	-	(193,203)	(193,203)	-	(193,203)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(193,203)	(193,203)	-	(193,203)
Issue of shares under share option scheme	100	104	-	-	-	-	(56)	-	148	-	148
Dividend to shareholders	-	-	-	-	-	-	-	(2,745)	(2,745)	-	(2,745)
Balance at 31 Dec 2014	58,427	194,331	(1,138)	1,534	-	-	453	(192,884)	60,723	-	60,723

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 purposes 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 end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital Changes

Share Capital Changes	No. of shares	US\$ '000
Ordinary shares of US\$0.05 each at 1 January 2015 and 31 December 2015	1,168,546,867	58,427
Ordinary shares of US\$0.05 each at 1 January 2014	1,166,556,867	58,327
Issue of shares under share option of US\$0.05 each on 16 June 2014	1,990,000	100
Ordinary shares of US\$0.05 each at 31 December 2014	1,168,546,867	58,427

Treasury Shares Changes

	No. of shares	US\$ '000
Balance as at 1 January 2015 and 31 December 2015	5,152,125	1,138

Share Options & Contingent Shares

As at 31 December 2014 and 2015, the following Employee Share Options remained outstanding:						
<u>Date of grant</u>	<u>Exercise Period</u>	<u>Exercise price per share</u>	<u>Balance at beginning of year</u>	<u>Total exercised</u>	<u>Total cancelled</u>	<u>Balance outstanding as at 31 Dec 15</u>
25 April 2008	24 April 2009 to 25 April 2018	S\$0.226	3,886,858	-	-	3,886,858
28 November 2008	27 November 2009 to 28 Nov 2018	S\$0.093	7,471,000	-	-	7,471,000
Total			11,357,858	-	-	11,357,858

- 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.

	31-Dec-15	31-Dec-14
No. of shares issued	1,163,394,742	1,163,394,742

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares either as at 31 December 2015 or 31 December 2014.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. Singapore Standard on Auditing 910, Engagements to Review Financial Statements, or an equivalent standard).

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

The figures have not been audited or reviewed.

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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements as at 31 December 2013.

However, please refer to paragraph (f) of "Important Cautionary Notes" stating the "Accounting Adjustments" based on the Group accounting policies which follow the relevant international accounting standards.

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 paragraph (f) of "Important Cautionary Notes" stating the "Accounting Adjustments" based on the Group accounting policies which follow the relevant international accounting standards.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediate preceding financial year, after deducting any provision for preference dividends.

Earnings per share		The group	
		Full Yr 2015	Full Yr 2014
Based on the weighted average number of ordinary shares on issue (US cents)	Note 1	-1.56	-3.09
On fully diluted basis (US Cents)	Note 2	-1.56	-3.08

Note 1) The weighted average number of ordinary shares in issue for FY2015: 1,163,394,742 (FY2014: 1,162,489,701)

Note 2) The earnings per share on a fully diluted basis are calculated on the adjusted average number of ordinary shares for FY2015: 1,163,394,742 (FY2014: 1,166,251,416).

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 period reported on and (b) immediately preceding financial year.

Net asset value per share	The Group		The Company	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Net asset value per ordinary share (US cents)	2.45	4.06	4.63	5.22
Net asset value per ordinary share as at 31 December 2015 and 31 December 2014 are also calculated based on share capital of the Company of 1,163,394,742 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, (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statements of Comprehensive Income

The following paragraphs should be read in conjunction with our statement of comprehensive income for year ended 31 December 2015 as presented on Section 1(a) of this document.

Revenue

Business Divisions	Business Segments	Full Yr 2015 US\$m	Full Yr 2014 US\$m	YOY %
ICT	ICT Solutions	69.8	80.7	-13.5
	Services / Software	25.0	27.6	-9.4
	Sub-total	94.8	108.3	-12.5
	as % of overall sales	92.0%	86.2%	
Digital Media (TV related)	Digital Media Solutions	7.0	16.0	-56.3
	as % of overall sales	6.8%	12.8%	
Mobile Solution Services	Mobile Solution Services	1.2	1.4	-14.3
	as % of overall sales	1.2%	1.0%	
Total		103.0	125.7	-18.0

Overview

The Group recorded a 18.0% year-on-year (“yoy”) decrease in revenue to US\$103 million in FY2015. The reason for such decrease was a result of (1) the sharp decrease of “Digital Media” division, (2) the general trend of delaying “ICT” spending in matured markets, “China”, “Korea”, and “Malaysia” and (3) the slower growth in the expected “Indonesia” due to the economic uncertainty associated with the eventual fluctuation of its local currency.

ICT

The Group’s “ICT” division decreased the revenue to US\$94.8 million in FY2015 with -12.5% yoy, however, which accounts for most part (92.0%) of the Group’s total revenue. While the “Services/Software” segment has also reduced at US\$25.0 million associated with the decrease of “ICT Solutions” (Hardware) sales in “China”, “Korea”, and “Malaysia”.

Digital Media & Mobile Solution Services

The Group’s “Digital Media” division decreased the revenue to US\$7.0 million in FY2015 with -56.3% yoy and the expected “Mobile Solution Services” could not be scaled up with -14.3% yoy. China business operation is shifting to “ICT” division and therefore the divisions of “Digital Media” and “Mobile Solution Services” shall be restructured for the overall Group’s business optimization.

Geographical Segment	Full Yr 2015 US\$m	Full Yr 2014 US\$m	YOY %
China	21.8	28.4	-23.2
<i>as % of overall sales</i>	21.2%	22.6%	
Indonesia	57.5	55.2	4.2
<i>as % of overall sales</i>	55.8%	43.9%	
Others	23.7	42.1	-43.7
<i>as % of overall sales</i>	23.0%	33.5%	
Total	103.0	125.7	-18.0

Revenue from “China” region declined -23.2% yoy to US\$21.8 million in FY2015 mainly due to the sharp decline of “Digital Media” business partly due to the working capital issue. While “ICT” business in China increased its revenue by 28.6% yoy to US\$12.6 million. As a result, China’s contribution reduced to 21.2% of the Group’s total revenue for FY2015.

Revenue from “Indonesia” made a moderate growth of 4.2% yoy to US\$57.5 million in FY2015 supported by the demand for “Infrastructure Upgrade”. Indonesia’s contribution also increased to 55.8% in FY2015 of the Group’s total revenue. The Group remains cautious for challenging business environment due to its capital intensive model for “Hardware” sales business.

Revenue from “Others” outside of “China” and “Indonesia” also recorded the sharp decrease of -43.7% yoy to US\$23.7 million in FY2015 due to the declining “Korea” and “Malaysia” which are trying to make a rapid shift from revenue-focused capital intensive business model into higher margin service-oriented

solution. As a result, revenue contribution from “Others” decreased to 23% of the Group’s total revenue at US\$103 million in FY2015.

Gross Margin

Gross margin declined by 0.57% to 22.24% in FY2015 due to the highly competitive “ICT” market environment in addition to the sharp decrease of revenue from higher margin divisions such as “Digital Media”. The Group is going to slim down the operation of “Digital Media” due to its heavy overhead cost which resulted in loss making in China business operation.

Operating Expenses

The Group’s total expenses decreased by -31.3% yoy to US\$41.6 million in FY2015 mainly due to the impairment loss of US\$21.5 million in FY2014 which reflected the fair value of the relevant CGU (“Cash Generating Unit”). In FY2015, the “Other operating expenses” amounting US\$7.1 million for the provision for bad debts and the obsolete stock in “Korea” and “Indonesia”. The Group is going to streamline its resources for the overall Group’s business optimization.

Loss Before Tax

The Group’s loss before tax was US\$18.3 million in FY2015 following the loss before tax of US\$31.3 million in FY2014 as a result of (1) the downturn trend of “China”, “Korea”, and “Malaysia” and (2) the impact of “Other operating expenses” in FY2015 even though the Group started to streamline the business operation of China as well as other subsidiaries considering the challenging business environment.

Statements of Financial Position

The following paragraphs should be read in conjunction with our Statements of Financial Position as at 31 December 2015 as presented on Section 1(b) (i) of this document.

Total current assets decreased by US\$30.9m to US\$79.2m as at 31 December 2015 compared to the last year end unaudited figures. This was largely due to the net impact from:-

- US\$27.1 million decrease in cash and cash equivalents to US\$10.8 million;
- US\$3.4 million decrease in pledged and structured deposits;
- US\$1.0 million increase in trade receivables to US\$37.3 million;
- US\$6.0 million decrease in other receivables, deposits and prepayments to suppliers; and
- US\$7.4 million increase in inventories.

Aging of total trade receivables are as follows:-

	0-180 days	181-360 days	361-540 days	Over 540 days
31 December 2015	83%	7%	7%	3%
30 September 2015	65%	28%	1%	6%
30 June 2015	76%	16%	2%	6%
31 March 2015	90%	2%	1%	7%

Non-current assets were decreased by US\$1.1 million to US\$11.9 million as of 31 December 2015 as capital expenditure on property, plant and equipment and intangibles were less than the depreciation and amortization expenses during the year.

Total current liabilities have been also decreased by US\$12.3 million to US\$57.7 million as at 31 December 2015. This was due mainly to (1) a US\$7.0 million decrease in “Bank loan” and “Trust Receipt loan”, (2) a US\$2.2 million decrease in “Other payables”, and (3) a US\$2.8 million decrease in “Tax payable”.

As at 31 December 2015, the Group’s equity attributable to shareholders decreased by US\$18.8 million to US\$28.5 million mainly due to the loss of US\$19.2 million during FY2015.

Statements of Cash Flows

The following paragraphs should be read in conjunction with our Statements of Cash Flows as of 31 December 2015 as presented on section 1(c) of this document.

The Group utilized US\$24.4 million of cash in operating activities in FY2015 compared to US\$4.9 million generated in FY2014 mainly due to the following working capital requirement in FY2015. The Group had the increase of trade receivables at US\$5.6 million in FY2015 compared to the decrease at US\$6.9 million in FY2014 and also had the decrease in inventories by US\$8.7 million compared to the increase of US\$6.4 million in FY2014. The Group also paid the Income tax amounting US\$4.0 million in FY2015.

The Group generated US\$5.0 million of cash in investing activities for FY2015 as compared to US\$2.0 million cash utilized in FY2014 mainly due to the decrease of the “Addition to intangible assets” and the “Purchase of plant and equipment” by US\$4.5 million in FY2015. For FY2015, the withdrawal of deposits outweighs the spending for “Intangible assets” and “Property, plant and equipment” and caused the US\$5.0 million cash generation in FY2015.

The Group had utilized the cash in financing activities amounting US\$7.0 million in FY2015 compared to US\$1.5 million in FY2014 due to that the “Repayment of bank loans” and “Decrease in trust receipt loans” outweighed the “New bank loan raised” much more in FY2015 compared to FY2014.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents at US\$27.1 million in FY2015 compared to the increase of US\$1.2 million in FY2014.

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

Not applicable

10. A commentary at the date of the announcement of the 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 Group remains cautious and continues to exercise prudence in view of the slower growth and challenging ICT business environment. As such, the Group is focusing on ICT business while shifting away from capital intensive hardware systems integration business and slimming down the operation in matured markets; which may result in lower revenue from “ICT” division.

However, the Group will continue to pursue opportunities in niche markets comprising IT security solutions, managed services and cloud computing. Although these solutions are relatively lower in business volume and market opportunities, they yield higher profitability and are in line with the Group's focus to generate more recurring revenue in IT security solutions, managed services, and cloud computing in the ICT division.

The Group sees the limitation of fund as a major obstacle in order to expand the business especially in emerging markets where capital intensive hardware systems integration is the major market opportunity. Going forward, it is difficult for the Group to prospect for growth potential within the current "ICT" business division, while remaining vigilant due to the limitation of fund in undertaking projects with intensive working capital required.

11 Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of dividend	Not Applicable
Dividend Type	Not Applicable
Dividend amount per share (in S\$ cents)	Not Applicable
Tax Rate	Not Applicable

b. Corresponding Period of the immediately preceding financial year.

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

Name of dividend	Not Applicable
Dividend Type	Not Applicable
Dividend amount per share (in S\$ cents)	Not Applicable
Tax Rate	Not applicable

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 / recommended.

- 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.

Name of interested person	Aggregate value of all IPTs 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 IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
<u>Transactions for the sales of goods and services</u> KDDI Corporation and/or its Associates	-	US\$4.0m
<u>Transactions for the purchase of goods and services</u> KDDI Corporation and/or its Associates	-	US\$0.3m
Total Interested Person Transactions	-	US\$4.3m

- 14 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

Not applicable

- 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 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 of the Singapore Exchange Securities Trading Limited.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently unaudited annual financial statements, with comparative information for the immediately preceding year.

	Infrastructure Solutions	Managed Services/ Software	Digital Media Solutions	Mobile Solution Services	TOTAL
2015	US\$000	US\$000	US\$000	US\$000	US\$000
REVENUE	69,833	25,082	7,043	1,139	103,097
RESULT					
Segment Result	8,878	11,342	2,369	343	22,932
Unallocated other operating income					331
Unallocated corporate expenses					(40,805)
Finance costs					(796)
Loss before income tax					(18,338)
ASSETS					
Segment assets	46,287	4,436	10,114	654	61,491
Unallocated corporate assets					29,654
Consolidated total assets					91,145
LIABILITIES					
Segment liabilities	24,442	2,343	5,340	345	32,470
Unallocated corporate liabilities					26,646
Consolidated total liabilities					59,116
2014	US\$000	US\$000	US\$000	US\$000	US\$000
REVENUE	80,812	27,579	15,979	1,290	125,660
RESULT					
Segment Result	13,293	10,218	4,659	494	28,664
Unallocated other operating income					616
Unallocated corporate expenses					(59,862)
Finance costs					(745)
Loss before income tax					(31,327)

	Infrastructure Solutions	Managed Services/ Software	Digital Media Solutions	Mobile Solution Services	TOTAL
2014	US\$000	US\$000	US\$000	US\$000	US\$000
ASSETS					
Segment assets	43,591	6,020	6,906	177	56,694
Unallocated corporate assets					66,429
Consolidated total assets					123,123
LIABILITIES					
Segment liabilities	25,019	3,455	3,964	101	32,539
Unallocated corporate liabilities					38,740
Consolidated total liabilities					71,279

GEOGRAPHICAL SEGMENTS				
	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	US\$000	US\$000	US\$000	US\$000
China (including Hong Kong and Macao)	21,772	28,300	4,652	5,354
Indonesia	57,630	55,357	5,902	6,089
Others	23,695	42,003	1,009	1,223
Total	103,097	125,660	11,563	12,666
Note: Non-current assets exclude deferred tax assets.				

- 17 In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments.

Please refer to Clause 8 above.

18 A breakdown of sales as follows:

	Group 31-Dec-15 US\$000	Group 31-Dec-14 US\$000	Group Incr/(Decr) %
1H			
(a) Sales reported for first half year	45,684	51,009	(10.4)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(8,153)	(8,560)	4.8
2H			
(c) Sales reported for second half year	57,413	74,650	(23.1)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(11,084)	(25,957)	57.3

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Not Applicable

20 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the company hereby confirms that as at the date of this announcement, to the best of its knowledge, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries, is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

By Order of the Board

Iwao Oishi
 Executive Director, Vice Chairman and Acting Chief Executive Officer
 30 December 2016