

DECLOUT LIMITED
(Registration No: 20107764W)
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED 31 DECEMBER 2014 ("FY2014")

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

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

- 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	FY2014 \$'000	FY2013 \$'000	Change %
Revenue	157,009	72,895	115.4
Cost of sales	(115,443)	(53,972)	113.9
Gross profit	41,566	18,923	119.7
<u>Other items of income</u>			
Other income	2,472	690	258.3
<u>Other items of expense</u>			
Selling expenses	(7,147)	(950)	652.3
Administrative expenses	(30,358)	(17,105)	77.5
Finance costs	(1,061)	(314)	238.0
Other charges, net	(1,845)	(444)	315.6
Share of results of associated company	146	-	n.m
Profit before tax	3,773	800	371.6
Income tax (expense) / credit	(416)	1,118	n.m
Profit, net of tax	3,357	1,918	75.0
Profit attributable to shareholders, net of tax	1,643	1,940	(15.3)
Profit / (loss) attributable to non-controlling interests, net of tax	1,714	(22)	n.m
Profit, net of tax	3,357	1,918	75.0
<u>Statement of comprehensive income</u>			
<u>Other comprehensive income</u>			
Exchange differences on translating foreign operations, net of tax	(41)	16	n.m
Other comprehensive income for the year, net of tax	(41)	16	n.m
Total comprehensive income for the year	3,316	1,934	71.4
Total comprehensive income attributable to shareholders	1,586	1,933	(18.0)
Total comprehensive income attributable to non-controlling interests	1,730	1	n.m
Total comprehensive income for the year	3,316	1,934	71.4

n.m - Not meaningful

Group	FY2014 \$'000	FY2013 \$'000	Change %
Profit before tax of the Group is arrived at after charging / (crediting):			
Depreciation of property, plant and equipment (Note 1)	4,496	3,352	34.1
Amortisation of intangible assets (Note 1)	1,045	660	58.4
Allowance for impairment of trade receivables	265	12	n.m
Inventories written down	396	105	277.4
Foreign exchange (gain) / loss	(99)	113	n.m
Loss / (gain) of disposal on plant and equipment, net	79	(204)	n.m
Gain on bargain purchase (Note 2)	(3,137)	(90)	n.m
Impairment of goodwill (Note 3)	3,932	283	n.m
Interest income	(218)	(182)	19.8
Interest expense (Note 4)	<u>1,061</u>	<u>314</u>	238.0

Note 1:

The increase in amortisation and depreciation expense is mainly due to newly acquired licenses and plant and equipment (mainly maintenance parts and computer equipment) to support the business growth.

Note 2:

The gain on bargain purchase of \$3.1million was derived from the acquisition of Asia Wiring Group ("AWG").

Note 3:

The impairment of goodwill amounting to \$3.9million arising from the acquisition of E21 business in view that the business is slowing down.

Note 4:

Interest expense increased by \$0.7million mainly due to the increase in loans and borrowings to support the growth in the Group's business during the year.

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	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	\$'000	\$'000	\$'000	\$'000
<u>Non-current assets</u>				
Property, plant and equipment	17,818	8,293	840	1,308
Investment in subsidiaries	-	-	36,148	16,699
Investment in associated company	3,080	-	-	-
Intangible assets	24,166	6,759	-	-
Finance lease receivables	1,197	682	-	-
Deferred tax assets	2,264	1,592	-	-
Total non-current assets	48,525	17,326	36,988	18,007
<u>Current assets</u>				
Inventories	15,844	3,722	-	-
Trade and other receivables	79,333	20,959	7,842	8,873
Finance lease receivables	737	2,307	-	-
Other assets	3,635	1,454	386	319
Cash and bank balances	11,702	14,053	1,132	8,526
Income tax recoverable	36	416	-	-
Total current assets	111,287	42,911	9,360	17,718
Total assets	159,812	60,237	46,348	35,725
<u>Equity</u>				
Share capital	41,775	34,625	41,775	34,625
Retained earnings	5,744	4,101	(700)	(1,877)
Other reserves	(620)	(2,421)	1,236	220
Equity attributable to shareholders of the Company	46,899	36,305	42,311	32,968
Non-controlling interests	12,802	1,325	-	-
Total equity	59,701	37,630	42,311	32,968
<u>Non-current liabilities</u>				
Deferred tax liabilities	394	23	-	-
Other payables	3,417	-	-	-
Other financial liabilities	8,125	1,608	-	21
Long term provision	308	308	238	238
Total non-current liabilities	12,244	1,939	238	259
<u>Current liabilities</u>				
Trade and other payables	57,169	9,418	3,778	2,089
Other liabilities	3,063	3,167	-	25
Other financial liabilities	26,344	8,083	21	384
Income tax payables	1,291	-	-	-
Total current liabilities	87,867	20,668	3,799	2,498
Total liabilities	100,111	22,607	4,037	2,757
Total equity and liabilities	159,812	60,237	46,348	35,725

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Group	As at 31-Dec-14			As at 31-Dec-13		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, on demand	16,367	9,977	26,344	1,369	6,714	8,083
Amount repayable after one year	3,695	4,331	8,026	1,315	293	1,608
	20,062	14,308	34,370	2,684	7,007	9,691
Borrowings comprise:						
Bank term loans	8,197	7,460	15,657	-	814	814
Short term trade facilities	9,268	3,734	13,002	-	6,193	6,193
Finance lease obligations	1,830	1,011	2,841	2,684	-	2,684
Convertible loan	-	2,013	2,013	-	-	-
Bank overdrafts	767	-	767	-	-	-
Performance guarantee	-	90	90	-	-	-
	20,062	14,308	34,370	2,684	7,007	9,691

Details of collaterals

All finance lease obligations of \$2.8million as at 31 December 2014 (31 December 2013: \$2.7million) are secured by charges over the leased assets (plant and equipment) with a net book value of \$2.4million as at 31 December 2014 (31 December 2013: \$1.7million). In addition, there are term loans of \$1.9million which are secured by charges over certain properties with a net book value of \$4.4million and pledged deposits of \$0.1million as at 31 December 2014 (31 December 2013: 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	Financial year ended	
	31-Dec-14 \$'000	31-Dec-13 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	3,773	800
Depreciation of property, plant and equipment	4,496	3,352
Amortisation of intangible assets	1,045	660
Gain on bargain purchase	(3,137)	(90)
Impairment of goodwill	3,932	283
Loss / (gain) on disposal of plant and equipment, net	79	(204)
Share-based payment	1,040	220
Interest income	(218)	(182)
Interest expense	1,061	314
Share of results of associated company	(146)	-
Effect of exchange rate changes	78	78
Operating cash flows before changes in working capital	12,003	5,231
Increase in inventories	(5,249)	(2,286)
Increase in trade and other receivables	(43,115)	(3,543)
Decrease in finance lease receivables	1,054	400
Increase in other assets	(544)	(203)
Increase / (decrease) in trade and other payables	29,269	(1,161)
(Decrease) / increase in other liabilities	(104)	1,351
Net cash flows used in operations	(6,686)	(211)
Income taxes paid, net	(50)	(438)
Net cash flows used in operating activities	(6,736)	(649)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(5,526)	(1,189)
Proceeds from disposal of plant and equipment	312	254
Purchase of intangible assets	(41)	(1,300)
Payment pertaining to contingent consideration for acquisition of business and assets	-	(3,000)
Net cash (outflow) / inflow from acquisitions of subsidiaries	(13,893)	664
Interest received	218	182
Net cash flows used in investing activities	(18,930)	(4,389)
<u>Cash flows from financing activities</u>		
Proceeds from issue of shares pursuant to Rights Issue	-	11,248
Share issuance expenses	(24)	(207)
Proceeds from issuance of redeemable convertible preference shares	2,000	-
Contributions from / (distributions to) non-controlling shareholders of subsidiaries, net	4,752	(5)
(Placement) / Release of fixed deposits pledged as collateral	(229)	370
Net proceeds from loans and borrowings	16,770	1,037
Interest paid	(950)	(314)
Net cash flows generated from financing activities	22,319	12,129
Net (decrease) / increase in cash and cash equivalents	(3,347)	7,091
Cash and cash equivalents, beginning balance	13,923	6,832
Cash and cash equivalents, ending balance	10,576	13,923
Cash and cash equivalents comprise the following:		
Cash and bank balances	11,702	14,053
Less: Bank overdrafts	(767)	-
Less: Fixed deposits pledged as collateral for banker's guarantee	(227)	(130)
Less: Fixed deposits pledged as collateral for banking facilities	(132)	-
Cash and cash equivalents	10,576	13,923

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.

Group	Total Equity \$'000	Attributable to Shareholders \$'000	Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Non-Controlling Interests \$'000
At 1 January 2014	37,630	36,305	34,625	(2,421)	4,101	1,325
Total comprehensive income for the year	3,316	1,586	-	(57)	1,643	1,730
Issuance of ordinary shares to acquire subsidiaries	7,150	7,150	7,150	-	-	-
Issuance of ordinary shares pursuant to performance share plan	-	-	24	(24)	-	-
Acquisition of non-controlling interests without a change in control	(1,253)	72	-	72	-	(1,325)
Acquisition of subsidiaries	1,490	-	-	-	-	1,490
Changes in non-controlling interests of a subsidiary pursuant to restructuring exercise	-	(547)	-	(547)	-	547
Contributions from non-controlling shareholders of subsidiaries	10,352	1,317	-	1,317	-	9,035
Share issuance expenses	(24)	(24)	(24)	-	-	-
Share-based payment	1,040	1,040	-	1,040	-	-
At 31 December 2014	59,701	46,899	41,775	(620)	5,744	12,802

Group	Total Equity \$'000	Attributable to Shareholders \$'000	Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Non-Controlling Interests \$'000
At 1 January 2013	23,111	23,111	23,584	(2,634)	2,161	-
Total comprehensive income for the year	1,934	1,933	-	(7)	1,940	1
Contributions from non-controlling shareholders of a subsidiary	1,329	-	-	-	-	1,329
Distributions to non-controlling interests	(5)	-	-	-	-	(5)
Issuance of ordinary shares pursuant to Rights Issue	11,248	11,248	11,248	-	-	-
Share issuance expenses	(207)	(207)	(207)	-	-	-
Share-based payment	220	220	-	220	-	-
At 31 December 2013	37,630	36,305	34,625	(2,421)	4,101	1,325

Company	Total Equity \$'000	Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000
At 1 January 2014	32,968	34,625	220	(1,877)
Total comprehensive income for the year	1,177	-	-	1,177
Issuance of ordinary shares to acquire subsidiaries	7,150	7,150	-	-
Issuance of ordinary shares pursuant to performance share plan	-	24	(24)	-
Share issuance expenses	(24)	(24)	-	-
Share-based payment	1,040	-	1,040	-
At 31 December 2014	42,311	41,775	1,236	(700)
At 1 January 2013	21,753	23,584	-	(1,831)
Total comprehensive income for the year	(46)	-	-	(46)
Issuance of ordinary shares pursuant to rights issue	11,248	11,248	-	-
Share issuance expenses	(207)	(207)	-	-
Share-based payment	220	-	220	-
At 31 December 2013	32,968	34,625	220	(1,877)

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

	Number of Ordinary Shares '000	Issued and Paid- up Share Capital \$'000
As at 1 January 2014	306,762	34,625
Issuance of ordinary shares pursuant to acquisition of a subsidiary	7,300	1,500
As at 30 June 2014	314,062	36,125
Issuance of ordinary shares pursuant to acquisitions of subsidiaries	20,579	5,650
Issuance of ordinary shares pursuant to performance share plan	200	24
Share issuance expenses	-	(24)
As at 31 December 2014	334,841	41,775

B) Employee share option scheme

Between 1 January 2014 and 31 December 2014, the Company did not issue any shares under the employee share option scheme (the "Scheme").

Under the Scheme, options to subscribe for 7,581,393 shares remained outstanding as at 31 December 2014, compared to 7,255,811 options as at 31 December 2013. Movements in the number of the unissued shares of the Company under the Scheme during FY2014 are as follows:

Outstanding Options as at 1-Jan-14	Number of Options Granted on 2-Jan-14	Number of Options Lapsed as at 31-Dec-14	Outstanding Options as at 31-Dec-14	Exercise Price \$	Exercisable Period From To
2,176,743	-	(502,325)	1,674,418	0.1881	10-May-15 9-May-23
2,176,743	-	(502,325)	1,674,418	0.1881	10-May-16 9-May-23
2,902,325	-	(669,768)	2,232,557	0.1881	10-May-17 9-May-23
-	600,000	-	600,000	0.1290	2-Jan-15 1-Jan-24
-	600,000	-	600,000	0.1290	2-Jan-16 1-Jan-24
-	800,000	-	800,000	0.1290	2-Jan-17 1-Jan-24
7,255,811	2,000,000	(1,674,418)	7,581,393		

C) Performance share plan

As at 31 December 2014, the number of awards granted under the performance share plan was 17,450,000 (31 December 2013: 1,500,000).

The shares to be issued pursuant to the awards are subject to certain performance conditions to be satisfied by the respective participants. Once the performance conditions are satisfied, the shares shall be released to the respective participants after the respective performance periods.

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2014 and 31 December 2013.

1(d)(iii) 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.

The total number of issued shares as at 31 December 2014 was 334,841,108 (31 December 2013: 306,761,520). The Company has no treasury shares.

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

Not applicable as the Company has no treasury shares.

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 Company's auditors.

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 financial year ended 31 December 2014 compared with those of the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the Singapore Financial Reporting Standards ("SFRS"), including improvements to SFRS and Interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2014, during the financial year ended 31 December 2014, where applicable.

The adoption of these new / revised standards and interpretations applicable for the financial period beginning 1 January 2014 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	FY2014	FY2013
Basic earnings per share (cents)	0.52	0.82
Weighted average number of shares ('000)	318,489	236,717
Fully diluted earnings per share (cents)	0.49	0.82
Weighted average number of shares ('000)	332,165	236,717

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	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset value per share (cents)	14.01	11.83	12.64	10.75
Number of shares in issue ('000)	334,841	306,762	334,841	306,762

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.**

Review of performance

The Group doubled its revenue for the full year of 2014 ("FY2014") to \$157.0million from \$72.9million for the full year of 2013 ("FY2013") through its mergers and acquisitions as well as high growth in the IT Infrastructure Services ("IT") segment. In FY2014, the IT segment grew 92% to \$132.6million in FY2014 from \$69.2million in FY2013 and the Vertical Domain Cloud ("VDC") segment grew 5.6 times to \$24.4million in FY2014 from \$3.7million in FY2013.

Maintaining the gross profit margin at 26%, the Group also doubled its gross profit to \$41.6million in FY2014 from \$18.9million in FY2013.

Other income increased to \$2.5million in FY2014 from \$0.7million in FY2013. The increase was mainly due to the increase in freight cost charged to customers, rebates from trade suppliers and interest income arising from leasing of equipment, all of which are in line with the increase in the revenue for the IT segment.

Selling expenses increased to \$7.1million in FY2014 from \$1.0million in FY2013 mainly due to higher marketing and commission cost incurred. This is generally in line with the mergers and acquisition transactions and increase in revenue.

In tandem with the growth in the Group's operations, administrative expenses increased \$13.3million to \$30.4million in FY2014 from \$17.1million in FY2013. The increase in administrative expenses came from staff cost of \$9.2million as a result of the increase in staff headcount from newly acquired subsidiaries, legal and other professional expenses incurred for merger and acquisition activities of \$0.8million, depreciation expenses of \$0.9million and other administrative expenses of \$2.4million.

Finance costs increased to \$1.1million in FY2014 from \$0.3million in FY2013 mainly due to the increase in loans and borrowings to support the growth in the Group's business during the year.

Other charges consist of mainly impairment of assets in goodwill, account receivable and inventory and also amortisation of intangible assets. It increased to \$1.8million for FY2014 from \$0.4million for FY2013 in line with the increase in business activities.

At the bottom line, the Group's profit before tax jumped 3.7 times to \$3.8million for FY2014 from \$0.8million in FY2013. This also gave rise a tax expense of \$0.4million in FY2014 comparing with a tax credit of \$1.1million in FY2013. For the net profit after tax, the Group also showed a significant improvement of 75% to \$3.4million in FY2014 from \$1.9million in FY2013. Profit attributable to shareholders dropped 15% to \$1.6million in FY2014 from \$1.9million in FY2013 mainly due to the increase in minority interests in the Procurri Group pursuant to the restructuring exercise undertaken in early 2014, net profit attributable to non-controlling interests was \$1.7million in FY2014 compared to a loss of \$22,000 in FY2013.

Review of financial position

Non-current assets

a) Property, plant and equipment increased by \$9.5million, mainly due to the newly acquired subsidiaries which brought in additions of \$8.0million including three freehold property units with a net book value of \$6.0million, newly acquired assets of \$6.4million (mainly maintenance parts and computer equipment), partially offset by the depreciation charge of \$4.5million and the disposal of plant and equipment amounting to \$0.4million.

b) At the Company level, investments in subsidiaries increased by \$19.4million and these relates to newly acquired subsidiaries during the year, namely Tinglobal Holdings Limited (TG), Verity Solutions Sdn Bhd (Verity), AWG, Pacific Wave Pte Ltd (PW) and Netipay Pte Ltd (Netipay), partially offset by disposal of 15% shareholdings in Beaqon, as part of the purchase consideration for the acquisition of PW.

c) Investment in associated company of \$3.1million was due to the acquisition of AWG that was completed in June 2014.

d) Intangible assets increased by \$17.4million mainly due to the recognition of goodwill arising from the various acquisitions completed during FY2014, partially offset by goodwill impairment charge relating to past business acquisitions of \$3.9million and amortisation charge for the year amounting to \$1.0million.

Current assets

e) Inventories increased by \$12.1million mainly from the newly acquired subsidiaries amounting to \$8.4million coupled with the increase in inventory level of \$3.7million by other subsidiaries to meet anticipated orders under the IT segment.

f) Trade and other receivables increased by \$58.4million mainly due to the outstanding trade and other receivables from the newly acquired subsidiaries of \$25.0million and increase in trade receivables of \$32.6million from the existing subsidiaries mainly attributable to higher sales volume towards the end of FY2014.

g) Other assets increased by \$2.2million resulting from newly acquired subsidiaries of \$0.5million, prepayments for game licensing contracts of \$0.3million, prepayment to trade suppliers of \$0.7million and deemed financial assets of \$0.7million computed for a call option in relation to the acquisition of TG.

h) The movement in cash and bank balances is illustrated in the statement of cash flows and the review of cash flows.

i) Income tax recoverable decreased by \$0.4million upon receipt of tax refund from the tax authorities during the year.

Equity

j) The increase in share capital of approximately \$7.2million is mainly due to the issuance of shares as purchase consideration for the acquisition of subsidiaries.

k) The movement in other reserves was due to the movement in merger reserves and reserves for employee share options and performance share awards.

l) The increase in non-controlling interests ("NCI") of \$11.5million mainly reflected the NCI sharing in the newly restructured and acquired entities during the year.

Liabilities

m) Other payables (non-current) relate mainly to working capital loans from certain directors of \$1.3m from the newly acquired subsidiaries and outstanding payment of \$2.1million for the acquisition of a subsidiary subject to fulfillment of certain conditions.

n) Increase in other financial liabilities (both current and non-current) by \$24.8million is mainly from banking facilities of \$16.4million for working capital purposes including those contributed from newly acquired subsidiaries to support the growth of the businesses, property loan of \$1.9million, term loan of \$4.4million for the acquisition of TG, convertible loan of \$2.1million relating to issuance of redeemable convertible preference shares in Corous360 Pte Ltd ("Corous360") to acquire Netipay.

o) Trade and other payables (current) increased by \$47.8million mainly from the newly acquired or incorporated subsidiaries of \$15.2million, increase in trade payables of \$23.4million mainly due to higher volume of trade purchases towards the year end which is in line with the increase in revenue, \$5.5million outstanding payment for the acquisitions of subsidiaries subject to fulfillment of certain conditions.

p) The increase in income tax payables is mainly due to the increase in profit before tax recorded by the Group for the year.

Net current position

The group recorded positive working capital of \$23.4million in FY2014 as compared to \$22.2million in FY2013.

Review of cash flow

During FY2014, the Group's cash and cash equivalents decreased by \$3.3million to \$10.6million as of 31 December 2014, net of fixed deposits pledged and bank overdrafts. In FY2013, the Group's cash and cash equivalents increased by \$7.1million to \$13.9million as of 31 December 2013, net of fixed deposits pledged. The significant cash movements during FY2014 as compared to FY2013 are as follows:

i) Net cash used in operating activities in FY2014 amounting to \$6.7million as compared to \$0.6million in FY2013. This was mainly due to the increase in inventories and trade and other receivables amounting to \$5.2million and \$43.1million respectively, partly offset by increase in trade and other payables of \$29.3million and operating cash inflow (before changes in working capital) of \$12.0million in FY2014.

ii) Net cash used in investing activities in FY2014 was \$18.9million as compared to \$4.4million in FY2013. This is mainly due to net cash used for the acquisitions of subsidiaries amounting to \$13.9million and the purchase of plant and equipment (mainly maintenance parts and computer equipment) amounting to \$5.5million.

iii) Net cash generated from the financing activities in FY2014 was \$22.3million as compared to \$12.1million in FY2013. This is mainly due to net proceeds from loans and borrowings amounting to \$16.8million, net proceeds from the non-controlling shareholders in relation to the share subscription in Procurri Corporation Pte Ltd amounting to \$4.8million, proceeds from issuance of redeemable convertible preference shares in Corous360 amounting to \$2.0million, partly offset by payment of interest of \$1.0million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

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.

Barring unforeseen circumstances, the board of directors of the Company (the "Board") is optimistic that the Group will continue to expand its business through mergers and acquisitions and growing of its existing operations in the next 12 months.

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

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

No dividends have been declared or recommended for the current financial period reported on.

- 13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (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.

The Group has not obtained a general mandate for interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
VCargo Cloud Pte Ltd (a)	118	Not applicable

(a) Sales of hardware including installation services

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 Segmented revenue and results for operating 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.

		FY2014			
		IT	VDC	Corporate	Total
		\$'000	\$'000	\$'000	\$'000
(a)	Results by operating segments				
	Revenue by segment				
	Total revenue by segment	136,729	24,416	-	161,145
	Less: Inter-segment sales	(4,136)	-	-	(4,136)
	Total revenue	132,593	24,416	-	157,009
	EBITDA	12,891	2,473	(4,194)	11,170
	Finance costs	(889)	(139)	(33)	(1,061)
	Depreciation expense	(3,545)	(468)	(483)	(4,496)
	Amortisation of intangible assets	(383)	(662)	-	(1,045)
	Impairment of goodwill	(3,932)	-	-	(3,932)
	Gain on bargain purchase	3,137	-	-	3,137
	Operating results before tax	7,279	1,204	(4,710)	3,773
	Other unallocated items, net				-
	Profit before tax from continuing operations				3,773
	Income tax expense				(416)
	Profit after tax from continuing operations				3,357
	Profit attributable to non-controlling interests				(1,714)
	Profit after tax attributable to shareholders				1,643
		FY2013			
		IT	VDC	Corporate	Total
		\$'000	\$'000	\$'000	\$'000
	Revenue by segment				
	Total revenue by segment	77,400	3,677	-	81,077
	Less: Inter-segment sales	(8,182)	-	-	(8,182)
	Total revenue	69,218	3,677	-	72,895
	EBITDA	9,226	(465)	(3,352)	5,409
	Finance costs	(267)	(15)	(32)	(314)
	Depreciation expense	(2,210)	(664)	(478)	(3,352)
	Impairment of goodwill	(283)	-	-	(283)
	Amortisation of intangible assets	(225)	(435)	-	(660)
	Operating results before tax	6,241	(1,579)	(3,862)	800
	Other unallocated items, net				-
	Profit before tax from continuing operations				800
	Income tax credit				1,118
	Profit after tax from continuing operations				1,918
	Loss attributable to non-controlling interests				22
	Profit after tax attributable to shareholders				1,940

(b)	Revenue by geographical segments	FY2014		FY2013	
		\$'000	%	\$'000	%
	Singapore	86,041	54.8%	55,277	75.8%
	North America	38,240	24.3%	16,471	22.6%
	Europe	23,209	14.8%	-	-
	Others	9,519	6.1%	1,147	1.6%
		157,009	100.0%	72,895	100.0%

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating or geographical segments.

(a) The IT Infrastructure Services (IT) segment grew 92% to \$132.6million in FY2014 from \$69.2million in FY2013. The increase was mainly due to the United States of America (US) operations and newly acquired operations in the United Kingdom (UK). The Vertical Domain Cloud (VDC) segment grew 5.6 times to \$24.4million in FY2014 from \$3.7million in FY2013 mainly due to the new game distribution business in Singapore.

(b) Geographically, there was a significant shift in the Group's revenue generation from 76% locally in FY2013 to 55% locally in FY2014. Revenue from the Singapore, North America and Europe contributed \$86.0million (or 55%), \$38.2million (or 24%) and \$23.2million (or 15%) to the Group's revenue in FY2014 respectively. Revenue from the Singapore business operations recorded a growth of 55.7% or \$30.8million mainly attributable to the newly acquired businesses in wire and wireless components and games distributions. The US operations' revenue increased by 132.2% or \$21.8million mainly due to a full year contribution in FY2014 as compared to nine months of contributions (acquired in early April 2013) in FY2013 coupled with high growth in revenue from new and recurring customers. The UK operations which was acquired in May 2014 had also contributed significantly to the Group's revenue in FY2014.

16 Breakdown of sales.

	FY2014 \$'000	FY2013 \$'000
(a) Sales reported for the first half of the year	45,592	27,574
(b) Operating loss before deducting non-controlling interests reported for first half year	(2,086)	(2,068)
(c) Sales reported for second half of the year	111,417	45,321
(d) Operating profit before deducting non-controlling interests reported for second half year	5,443	3,986

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

Not applicable.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying a managerial position in the Company and its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

On behalf of the board of directors

Wong Kok Khun
Chairman and
Group Chief Executive Officer

Ho Chew Thim
Lead Independent Director

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
26 February 2015