

UNAUDITED FINANCIAL STATEMENT FOR FIRST QUARTER OF FY2014

1(a) A Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Note 1
	1Q 2014 US\$'000	1Q 2013 US\$'000	Change %	4Q 2013 US\$'000
Revenue	65,519	72,432	-9.54%	119,586
Cost of sales	(51,174)	(54,763)	-6.55%	(92,720)
Gross profit	14,345	17,669	-18.81%	26,866
Gross profit %	21.89%	24.39%	-2.50%	22.47%
Other operating income	132	245	-46.12%	50
Distribution costs	(5,078)	(6,499)	-21.86%	(6,328)
Administrative expenses	(5,151)	(5,600)	-8.02%	(4,006)
Other operating expenses	(4,019)	(3,762)	6.83%	(4,438)
Finance costs	(214)	(90)	137.78%	(343)
Profit before income tax	15	1,963	-99.24%	11,801
Income tax expense	-	(370)	-100.00%	(241)
Profit for the period	15	1,593	-99.06%	11,560
Profit attributable to:				
Owners of the company	15	1,450	-98.97%	10,067
Non-controlling interests	-	143	-100.00%	1,493
Profit for the period	15	1,593	-99.06%	11,560
PAT margin	0.02%	2.20%		9.67%
Other comprehensive expense:				
Exchange differences arising on translation of foreign operations	(1)	(181)	-99.45%	(4,087)
Other comprehensive expense for the period	(1)	(181)	-99.45%	(4,087)
Total comprehensive income for the period	14	1,412	-99.01%	7,473
Total comprehensive income attributable to:				
Owners of the company	14	1,280	-98.91%	7,440
Non-controlling interests		132	-100.00%	33
Total comprehensive income for the period	14	1,412	-99.01%	7,473

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

Interest income	74	150	-50.67%	24
Interest expenses	(214)	(90)	137.78%	(343)
Net foreign exchange loss	(16)	(95)	-83.16%	1,247
Increase in allowance for doubtful trade receivables	(198)	(85)	132.94%	(469)
Increase in (reversal of) allowance for inventories	62	(4)	-1650.00%	(190)
Amortisation expenses	(3,827)	(3,673)	4.19%	(3,768)
Depreciation expenses	(1,587)	(1,686)	-5.87%	(1,629)
Fair value change of other financial assets	(9)	(44)	-79.55%	32
Loss on disposal of property, plant and equipment	(11)	-	NM	(36)
Bad debt recovered	-	-	NM	42

Note 1: 4Q2013 Profit and loss statement is used for comparison purpose.

1(b) (i) A Statement of Financial Position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	The Group		The Company	
	31-Mar-14 US\$'000	Note 1 31-Dec-13 US\$'000	31-Mar-14 US\$'000	Note 1 31-Dec-13 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	25,038	36,757	9,779	8,786
Fixed bank deposits with a maturity period over three months	-	608	-	-
Pledged bank deposits	4,207	5,099	2,480	2,480
Structured deposits	2,397	3,362	2,397	3,362
Trade receivables	343,547	330,342	-	-
Other receivables, deposits and prepayments	11,332	11,607	230,743	230,815
Tax recoverable	1,003	962	-	-
Held for trading investments	2,552	2,596	-	-
Inventories	36,555	31,534	-	-
Total current assets	426,631	422,867	245,399	245,443
Non-current assets:				
Deposit for acquisition of property, plant and equipment	1,178	1,138	-	-
Property, plant and equipment	10,156	10,165	-	-
Goodwill	26,178	26,178	-	-
Intangible assets	23,153	24,531	-	-
Investments in subsidiaries	-	-	11,534	11,534
Deferred tax assets	262	262	-	-
Total non-current assets	60,927	62,274	11,534	11,534
Total assets	487,558	485,141	256,933	256,977
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	22,431	21,375	-	-
Trust receipt loans	2,674	1,642	-	-
Trade payables	30,649	29,134	-	-
Other payables	24,207	25,404	528	454
Tax payables	3,855	3,855	-	-
Current portion of finance lease payables	12	12	-	-
Total current liabilities	83,828	81,422	528	454

Non-current liabilities:				
Finance lease payables	28	31	-	-
Deferred tax liabilities	1,225	1,225	-	-
Total non-current liabilities	1,253	1,256	-	-
Capital, reserves and non-controlling interests:				
Share capital	58,328	58,328	58,328	58,328
Share premium	194,227	194,227	194,227	194,227
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	747	748	-	-
Share option reserve	508	508	508	508
Accumulated profits	145,086	145,071	2,946	3,064
Equity attributable to owners of the Company	399,299	399,285	256,405	256,523
Non-controlling interests	3,178	3,178	-	-
Total equity	402,477	402,463	256,405	256,523
Total liabilities and equity	487,558	485,141	256,933	256,977

Note 1: Statements of financial position as at 31 December 2013 is the latest audited financial statements.

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

Group Borrowings and Debts securities		
	Group	
	As at 31 Mar 2014 US\$'000	As at 31 Dec 2013 US\$'000
<u>Amounts repayable in one year or less, or on demand</u>		
Unsecured	-	-
Secured	25,117	23,029
	25,117	23,029
<u>Amounts repayable after one year</u>		
Unsecured	-	-
Secured	28	31
	28	31

Details of any collateral

As at 31 Mar 2014, the Group and the Company respectively have:

- (1) pledged bank deposits of US\$4,207,000 (31 Dec 2013: US\$5,099,000) and US\$2,480,000 (31 Dec 2013: US\$2,480,000) &
- (2) pledged held for trading investments of US\$2,552,000 (31 Dec 2013: US\$2,596,000) and NIL (31 Dec 2013: NIL) &
- (3) pledged structured deposits of US\$2,397,000 (31 Dec 2013: US\$3,362,000) and US\$2,397,000 (31 Dec 2013: US\$3,362,000) to financial institutions to secure general banking facilities granted to the Group and the Company.

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

Statement of Cash Flows

	1Q 2014 US\$ '000	1Q 2013 US\$ '000	Note 1 4Q 2013 US\$ '000
Operating activities:			
Profit before income tax	15	1,963	11,801
Adjustments for:			
Amortisation expense	3,827	3,673	3,768
Depreciation expense	1,587	1,686	1,629
Interest expenses	214	90	343
Increase in allowance for doubtful trade receivables	198	85	469
(Reversal of) increase in allowance for obsolete inventories	(62)	4	190
Net fair value change of other financial assets	9	44	(32)
Exchange adjustment for goodwill	-	-	(150)
Loss on disposal of property, plant and equipment	11	-	36
Bad debt written off	-	-	(42)
Interest income	(74)	(150)	(24)
Operating cash flows before movements in working capital	5,725	7,395	17,988
Increase in trade receivables	(13,411)	(1,332)	(27,450)
Decrease (increase) in other receivables, deposits and prepayments	276	(6,015)	10,225
Increase in inventories	(4,802)	(4,823)	(3,229)
Increase (decrease) in trade payables	1,515	(640)	4,885
(Decrease) increase in other payables	(1,197)	(4,290)	8,990
Cash (used in) from operations	(11,894)	(9,705)	11,409
Income taxes paid	(28)	(190)	(3,047)
Interest paid	(214)	(90)	(343)
Interest received	74	150	24
Net cash (used in) from operating activities	(12,062)	(9,835)	8,043
Investing activities:			
Addition to intangible assets	(2,456)	(3,169)	(3,906)
Purchase of property, plant and equipment	(1,518)	(1,388)	(2,083)
Decrease (increase) in fixed bank deposits with maturity period over three months	608	(5,133)	(608)
Withdrawal of structured deposits	1,000	-	4,994
Decrease in pledged bank deposits	892	425	275
Proceeds on disposal of property, plant and equipment	-	-	18
Net cash used in investing activities	(1,474)	(9,265)	(1,310)

Financing activities:			
Repayment of bank loans	(39,754)	(6,470)	(41,361)
Increase (decrease) in trust receipts loans	1,031	(2,226)	(2,124)
Repayment of finance leases	(3)	(3)	(5)
New bank loans raised	40,856	10,355	45,143
Proceeds on issue of shares	-	-	(1)
Net cash from financing activities	2,130	1,656	1,652
Net effect of exchange rate changes on the balance of cash held in foreign currencies	(313)	(165)	830
Net (decrease) increase in cash and cash equivalents	(11,719)	(17,609)	9,215
Cash and cash equivalent at beginning of quarter	36,757	39,556	27,542
Cash and cash equivalent at end of quarter	25,038	21,947	36,757

Note 1: 4Q2013 cash flows is used for comparison purposes.

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.

Statements of Changes in Equity

GROUP											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated profits / (loss)	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
1Q2014 Movement											
Balance at 1 Jan 2014	58,328	194,227	(1,138)	1,534	7	748	508	145,071	399,285	3,178	402,463
Profit for the quarter	-	-	-	-	-	-	-	15	15	-	15
Other comprehensive expenses for the quarter	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive (expenses) income for the quarter	-	-	-	-	-	(1)	-	15	14	-	14
Balance at 31 Mar 2014	58,328	194,227	(1,138)	1,534	7	747	508	145,086	399,299	3,178	402,477
Balance at 1 Jan 2013	58,205	194,099	(1,250)	1,534	7	3,755	926	124,754	382,030	3,266	385,296
Profit for the quarter	-	-	-	-	-	-	-	1,450	1,450	143	1,593
Other comprehensive expenses for the quarter	-	-	-	-	-	(181)	-	-	(181)	(11)	(192)
Total comprehensive (expenses) income for the quarter	-	-	-	-	-	(181)	-	1,450	1,269	132	1,401
Balance at 31 Mar 2013	58,205	194,099	(1,250)	1,534	7	3,574	926	126,204	383,299	3,398	386,697
COMPANY											
	Share capital	Share premium	Treasury shares	Contributed surplus	Legal reserve	Foreign currency translation reserve	Share Option reserve	Accumulated profits / (loss)	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
1Q2014 Movement											
Balance at 1 Jan 2014	58,328	194,227	(1,138)	1,534	-	-	508	3,064	256,523	-	256,523
Loss for the quarter	-	-	-	-	-	-	-	(118)	(118)	-	(118)
Other comprehensive expenses for the quarter	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive expenses for the quarter	-	-	-	-	-	-	-	(118)	(118)	-	(118)
Balance at 31 Mar 2014	58,328	194,227	(1,138)	1,534	-	-	508	2,946	256,405	-	256,405
Balance at 1 Jan 2013	58,205	194,099	(1,250)	1,534	-	-	926	3,152	256,666	-	256,666
Loss for the quarter	-	-	-	-	-	-	-	(144)	(144)	-	(144)
Other comprehensive expenses for the quarter	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive expenses for the quarter	-	-	-	-	-	-	-	(144)	(144)	-	(144)
Balance at 31 Mar 2013	58,205	194,099	(1,250)	1,534	-	-	926	3,008	256,522	-	256,522

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

	No. of shares	US\$'000
Ordinary shares of US\$0.05 each at 1 January 2014 & 31 March 2014	1,166,556,867	58,328

Treasury shares Changes

	No. of shares	US\$ '000
Balance as at 1 January 2014 & 31 March 2014	5,152,125	1,138

Share Options & Contingent Shares

As at 31 March 2014, 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 Mar 14</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	9,461,000	-	-	9,461,000
Total			13,347,858	-	-	13,347,858

- 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-Mar-14	31-Dec-13
No. of shares issued	1,161,404,742	1,161,404,742

- 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 as at 31 March 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.

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.

Not applicable.

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	
		1Q 2014	1Q 2013
Based on the weighted average number of ordinary shares on issue (US cents)	Note 1	0.001	0.125
On fully diluted basis (US Cents)	Note 2	0.001	0.125

Note 1) The weighted average number of ordinary shares in issue for 1Q2014: 1,161,404,742 (1Q2013: 1,158,447,867).

Note 2) The earnings per share on a fully diluted basis is calculated on the adjusted average number of ordinary shares for 1Q2014: 1,162,671,946 (1Q2013: 1,160,388,844).

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-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
Net asset value per ordinary share (US cents)	34.38	34.38	22.08	22.09
Net asset value per ordinary share as at 31 Mar 2014 and 31 Dec 2013 are also calculated based on share capital of the Company of 1,161,404,742 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.

Statement of comprehensive income

The following paragraphs should be read in conjunction with our statement of comprehensive income for quarter ended 31 March 2014 as presented on Section 1(a) of this document.

Revenue

Business Divisions	Business Segments	1Q 2014	1Q 2013	YOY
		US\$'m	US\$'m	%
ICT	ICT Solutions	29.3	33.7	-13.1
	Managed Services	7.6	6.5	16.9
	Sub-total	36.9	40.2	-8.2
	<i>as % of overall sales</i>	<i>56.3%</i>	<i>55.5%</i>	
Digital Media (TV related)	Digital Media Solutions	21.5	24.2	-11.2
	Multimedia Software	6.8	7.7	-11.7
	Sub-total	28.3	31.9	-11.3
	<i>as % of overall sales</i>	<i>43.2%</i>	<i>44.1%</i>	
Mobile Solution Services	Mobile Solution Services	0.3	0.3	0.0
	<i>as % of overall sales</i>	<i>0.5%</i>	<i>0.4%</i>	
Total		65.5	72.4	-9.5

The Group recorded a 9.5% year-on-year (“yoy”) decline in revenue to US\$65.5 million in 1Q2014. The lower revenue was a result of a traditionally slower quarter caused by longer festive season coupled with slower business resulting from uncertain economic conditions in some of the Group’s operating countries.

ICT

The Group’s ICT division registered a 8.2% yoy decline in revenue to US\$36.9 million in 1Q2014; and contributed to 56.3% of the Group’s total revenue. While the Managed Services segment grew 16.9% yoy to US\$7.6 million, growth in ICT Solutions in Indonesia and Others were outweighed by the slow-down in China, resulting in the lower revenue recorded. As China undergoes a rapid shift in ICT trends, the Group is also consciously taking this opportunity to re-strategize and pursue businesses that are less capital intensive.

Digital Media

The Group’s Digital Media division registered a 11.3% yoy decline in revenue to US\$28.3 million in 1Q2014. Slower order uptake caused by long festive season and the push for product delivery towards end of 4Q2013 caused the lower revenue in the quarter. As a whole, the Digital Media division made up 43.2% of the Group’s total revenue in 1Q2014.

Mobile Solution Services

Revenue from the Group’s Mobile Solution Services division, which is focused on marketing localized mobile applications and solutions to enterprises, remained flat at US\$0.3 million in 1Q2014 amidst long festive season in China. This division contributed to 0.5% of total revenue for the quarter.

Geographical Segment	1Q	1Q	YOY %
	2014	2013	
	US\$m	US\$m	
China	44.0	54.9	-19.9
<i>as % of overall sales</i>	67.2%	75.8%	
Indonesia	12.9	12.3	4.9
<i>as % of overall sales</i>	19.7%	17.0%	
Others	8.6	5.2	65.4
<i>as % of overall sales</i>	13.1%	7.2%	
Total	65.5	72.4	-9.5

Revenue from China declined 19.9% yoy to US\$44.0 million in 1Q2014 due to delays in project awards during the long festive seasons, slower economic growth and shifting ICT business trends. As a result, China contributed 67.2% of total revenue for the quarter; lower than the previous corresponding period.

Revenue from Indonesia grew 4.9% yoy to US\$12.9 million in 1Q2014, making up 19.7% of total revenue. This growth was achieved despite political and economic uncertainties as the country undergoes general and presidential election in April 14 and July 14 respectively.

Meanwhile, the Group recorded 65.4% yoy increase in revenue from outside of China and Indonesia to US\$8.6 million as delayed orders from multi-national customers in South Korea were received and delivered in 1Q2014. As a result, revenue from Others at US\$8.6 million in 1Q2014 constituted 13.1% of total revenue, as compared to 7.2% in 1Q2013.

Gross Margin

Gross margin moderated 2.5% yoy to 21.9% in 1Q2014 due to lower revenue recorded from the Multi-media Software segment. This resulted in lower gross margins and the corresponding lower gross profits.

Operating Expenses (Distribution and Administrative Expenses)

In line with the cost control measures that the Group has been adopting since the second half of 2013, total operating expenses in 1Q2014 decreased 15.5% yoy to US\$10.2 million. The Group's headcount as at 31 March 2014 was 508; compared 528 in the previous quarter.

Other Operating Expenses

Other operating expenses in 1Q2014 at US\$4.0 million were 6.8% higher than 1Q2013; but 9.4% lower than 4Q2013. The Group's amortization expenses have remained fairly stable as a result of approximately same amount of capital expenditure on intangible assets during the last two years.

Earnings

The Group's profits attributable to shareholders declined by 99.0% or US\$1.5 million to US\$15,000.00 as a result of US\$3.3 million lesser gross profits generated due to lower revenue for the quarter.

Earnings per share (EPS)

The Group's EPS declined 99.2% to 0.001 US cents due to the lower earnings in the quarter.

Statement of Financial Position

The following paragraphs should be read in conjunction with our Statement of Financial Position as at 31 March 2014 as presented on Section 1(b) (i) of this document.

Total current assets increased by US\$3.8 million to US\$426.7m as at 31 March 2014. This was largely due to the net impact from:-

- US\$11.7 million decrease in cash and cash equivalents to US\$25.0 million;
- US\$2.5 million decrease in pledged and structured deposits;
- US\$0.3 million decrease in other receivables, deposits and prepayments to suppliers;
- US\$5.0 million increase in indent inventories for order deliveries in the subsequent quarters; and
- US\$13.2 million increase in trade receivables to US\$343.5 million

Of the US\$343.5 million in trade receivables, about 87.8% or US\$301.7 million (31 December 2013: 87.0% or US\$287.5 million) was attributable to the telecom sector and pertained to projects secured by the Group's ICT, Digital Media Solutions and Multimedia Software segments. These projects were with various telecom operators from China, Indonesia and cable TV operators in China.

The Group recognizes revenue to telecom operators upon delivery of equipment and such projects typically require 6 to 18 months before they are fully implemented and accepted. On the other hand, collections are made based on project milestones such as equipment delivery, project installation, completion and acceptances. As a result, trade receivables relating to projects which have been invoiced but have yet to be implemented, completed or accepted, amounted to US\$323.0 million or 94.0% of the trade receivables, as compared to US\$311.0 million or 94.1% as at 31 December 2013.

The Group collected a total of US\$52.3 million during 1Q2014. Of the amount collected, US\$44.9 million relates to the US\$330.3 million in trade receivables of 31 December 2013.

Aging of total trade receivables are as follows:-

	0-180 days	181-360 days	361-540 days	Over 540 days
31 March 14	44%	30%	19%	7%
31 December 13	55%	22%	20%	3%
30 September 13	45%	31%	22%	2%
30 June 13	38%	39%	18%	5%
31 March 13	45%	31%	15%	9%

The above trade receivables are with credit worthy, reputable customers and all projects are irrevocable and not from any interested party. As the Group is undertaking many projects concurrently, a task force is in place in each country to work closely with each of the telecom and cable TV operators on the progress of their projects.

Non-current assets decreased by US\$1.3 million to US\$60.9 million as at 31 March 2014 as capital expenditure on property, plant and equipment and intangibles were less than the depreciation and amortization expenses during the period.

Total current liabilities increased by US\$2.4 million to US\$83.8 million as at 31 March 2014. This was due mainly to a US\$2.1m increase in bank and trust receipt loans.

As at 31 March 2014, the Group's equity attributable to shareholders was US\$399.3 million, which remained flat from 31 December 2013.

Statement of Cash Flows

The following paragraphs should be read in conjunction with our Statement of cash flows as of 31 March 2014 as presented on section 1(c) of this document.

The Group utilized US\$11.9 million of cash in operations in 1Q2014 compared to US\$9.7 million utilized in 1Q2013. Traditionally slower collections in the first quarter caused the utilization of US\$13.4 million in trade receivables. At the same time, the Group deployed US\$4.8 million of cash into inventories in preparation of project deliveries in subsequent quarters. The generation of US\$0.3 million of cash from other receivables and US\$1.5 million from trade payables was insufficient to compensate for the usage of cash in trade receivables, inventories, other payables and tax payment; giving rise to the US\$12.1 million utilization of cash in operating activities in 1Q2014.

The Group utilized US\$1.5 million of cash in investing activities for 1Q2014 compared to US\$9.3 million utilized in the same corresponding period in the previous year. The US\$2.5 million investments in intangible assets and US\$1.5 million investment in fixed assets for 1Q2014 were offset by the US\$1.0 million withdrawal of structured deposit and US\$1.5 million decrease in fixed and pledged bank deposits.

The Group generated US\$2.1 million of cash in financing activities in 1Q2014; as compared to US\$1.7 million generated in 1Q2013. Higher utilization of trust receipts loans and more new bank loans raised than the repayments, contributed to the cash generated from financing activities in the quarter.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of US\$11.7 million to US\$25.0 million in 1Q2014, compared to US\$21.9 million in 1Q2013 and US\$36.8 million in 4Q2013.

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

In the Group's 4Q2013 results announcement released on 27 February 2014, the Group stated that "As at 31 December 2013, the Group is supported by a robust order book of US\$68.3 million and looks forward to a profitable year ahead."

There is no variance between the prospect statement above and current financial performance.

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 market affecting some of the countries in which it operates. As such, the Group is in gradual transition to focus on the ICT business growth in emerging markets while shifting away from capital intensive hardware systems integration business in some of the mature markets. In addition, the Group will continue to pursue opportunities in IT security solutions, software, managed services and cloud computing. Despite a relatively lower business volume, these solutions yield better returns and are in line with the Group's focus in software and services in the ICT sector.

Despite a slow start, the Group is encouraged by the pace of development in the Digital Media market; focusing on its strong customer base of Chinese cable TV operators. The increasing competition created by telecom and over the top ("OTT") players in these markets led to cable TV operators providing differentiated services. In addition, the network convergence policies promote the active participation of cable operators in positioning themselves as providers of smart city solutions. The Group will continue to leverage on its software platforms of Vision TV, Vision CEP and Vision TA to differentiate itself and deliver value-added services and solutions to the cable TV operators. In the medium term, the Group will focus on creating different business models with these operators as they face stiff competitions industry-wide and seek solutions to maximize their returns.

The Group sees potential in the upcoming mobile solution market for enterprises. At the same time, however, the Group faces stiff competitions from major technology companies entering into this market. To have better outreach to small and medium enterprises, the Group's Mobile Solution Services division will focus on building its business through working closely with its various distribution channels and partners in China.

Going forward, the Group continues to prospect for growth potential in its various business segments, while remaining vigilant in undertaking businesses where intensive working capital is required. The Group seeks to improve its working capital, focusing investment and allocation of resources in segments where good opportunities for recurring revenue prevail.

As at 31 March 2014, the Group is supported by a robust order book of US\$61.1 million and looks forward to improving its profitability in the next few quarters.

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\$1.5m
<u>Transactions for the purchase of goods and services</u> KDDI Corporation and/or its Associates	-	US\$0.1m
Total Interested Person Transactions	-	US\$1.6m

14. Use of Proceeds from Placement

Not applicable.

15. 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 of the Company which may render the Group's unaudited financial result for the first quarter ended 31 March 2014 to be materially false or misleading.

By Order of the Board

Jismyl Teo Chor Khin
Director
14 May 2014