

UNAUDITED FINANCIAL STATEMENT FOR SECOND 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			Group			Note 1
	2Q 2014 US\$'000	2Q 2013 US\$'000	Change %	1H 2014 US\$'000	1H 2013 US\$'000	Change %	1Q 2014 US\$'000
Revenue	77,424	93,903	-17.55%	142,943	166,335	-14.06%	65,519
Cost of sales	(60,973)	(71,823)	-15.11%	(112,147)	(126,586)	-11.41%	(51,174)
Gross profit	16,451	22,080	-25.49%	30,796	39,749	-22.52%	14,345
Gross profit %	21.25%	23.51%	-2.27%	21.54%	23.90%	-2.35%	21.89%
Other operating income	193	148	30.41%	325	393	-17.30%	132
Distribution costs	(5,463)	(6,620)	-17.48%	(10,541)	(13,119)	-19.65%	(5,078)
Administrative expenses	(4,747)	(6,172)	-23.09%	(9,898)	(11,772)	-15.92%	(5,151)
Other operating expenses	(4,141)	(3,897)	6.26%	(8,160)	(7,659)	6.54%	(4,019)
Finance costs	(207)	(207)	-	(421)	(297)	41.75%	(214)
Profit before income tax	2,086	5,332	-60.88%	2,101	7,295	-71.20%	15
Income tax expense	(428)	(991)	-56.81%	(428)	(1,361)	-68.55%	-
Profit for the period	1,658	4,341	-61.81%	1,673	5,934	-71.81%	15
Profit attributable to:							
Owners of the company	1,613	4,072	-60.39%	1,628	5,522	-70.52%	15
Non-controlling interests	45	269	-83.27%	45	412	-89.08%	-
Profit for the period	1,658	4,341	-61.81%	1,673	5,934	-71.81%	15
PAT margin	2.14%	4.62%		1.17%	3.57%		0.02%
Other comprehensive (expense) income:							
Exchange differences arising on translation of foreign operations	28	(187)	-114.97%	27	(368)	107.34%	(1)
Other comprehensive (expense) income for the period	28	(187)	-114.97%	27	(368)	107.34%	(1)
Total comprehensive income for the period	1,686	4,154	-59.41%	1,700	5,566	-69.46%	14
Total comprehensive income attributable to:							
Owners of the company	1,646	3,955	-58.38%	1,660	5,235	-68.29%	14
Non-controlling interests	40	199	-79.90%	40	331	-87.92%	-
Total comprehensive income for the period	1,686	4,154	-59.41%	1,700	5,566	-69.46%	14

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

Interest income	16	88	-81.82%	90	238	-62.18%	74
Interest expenses	(207)	(207)	-	(421)	(297)	41.75%	(214)
Net foreign exchange gain (loss)	83	(280)	-129.64%	67	(375)	-117.87%	(16)
Increase in allowance for doubtful trade receivables	(369)	(39)	846.15%	(567)	(124)	357.26%	(198)
Reversal of allowance for inventories	102	28	264.29%	164	24	583.33%	62
Amortisation expenses	(3,707)	(3,864)	-4.06%	(7,534)	(7,537)	-0.04%	(3,827)
Depreciation expenses	(1,492)	(1,637)	-8.86%	(3,079)	(3,323)	-7.34%	(1,587)
Fair value change of other financial assets	24	37	-35.14%	15	(7)	-314.29%	(9)
Loss on write off of property, plant and equipment	-	(49)	NM	-	(49)	NM	-
Loss on disposal of property, plant and equipment	-	2	NM	(11)	2	-650.00%	(11)
Bad debt written off	(34)	(24)	41.67%	(34)	(24)	41.67%	-
Stocks written off	(156)	-	NM	(156)	-	NM	-

Note 1: 1Q2014 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	
	30-Jun-14 US\$'000	Note 1 31-Dec-13 US\$'000	Note 2 31-Mar-14 US\$'000	30-Jun-14 US\$'000	Note 1 31-Dec-13 US\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	20,276	36,757	25,038	5,794	8,786
Fixed bank deposits with a maturity period over three months	-	608	-	-	-
Pledged bank deposits	5,647	5,099	4,207	3,480	2,480
Structured deposits	2,397	3,362	2,397	2,397	3,362
Trade receivables	351,991	330,342	343,547	-	-
Other receivables, deposits and prepayments	12,431	11,607	11,332	230,641	230,815
Tax recoverable	873	962	1,003	-	-
Held for trading investments	2,576	2,596	2,552	-	-
Inventories	27,626	31,534	36,555	-	-
Total current assets	423,817	422,867	426,631	242,312	245,443
Non-current assets:					
Deposit for acquisition of property, plant and equipment	-	1,138	1,178	-	-
Property, plant and equipment	11,843	10,165	10,156	-	-
Goodwill	26,178	26,178	26,178	-	-
Intangible assets	23,090	24,531	23,153	-	-
Investments in subsidiaries	-	-	-	11,534	11,534
Deferred tax assets	262	262	262	-	-
Total non-current assets	61,373	62,274	60,927	11,534	11,534
Total assets	485,190	485,141	487,558	253,846	256,977
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	15,418	21,375	22,431	-	-
Trust receipt loans	3,692	1,642	2,674	-	-
Trade payables	34,359	29,134	30,649	-	-
Other payables	24,693	25,404	24,207	230	454
Tax payables	4,205	3,855	3,855	-	-
Current portion of finance lease payables	12	12	12	-	-
Total current liabilities	82,379	81,422	83,828	230	454

Non-current liabilities:					
Finance lease payables	24	31	28	-	-
Deferred tax liabilities	1,226	1,225	1,225	-	-
Total non-current liabilities	1,250	1,256	1,253	-	-
Capital, reserves and non-controlling interests:					
Share capital	58,427	58,328	58,328	58,427	58,328
Share premium	194,331	194,227	194,227	194,331	194,227
Treasury shares	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)
Contributed surplus	1,534	1,534	1,534	1,534	1,534
Legal reserve	7	7	7	-	-
Foreign currency translation reserve	775	748	747	-	-
Share option reserve	453	508	508	453	508
Accumulated profits	143,954	145,071	145,086	9	3,064
Equity attributable to owners of the Company	398,343	399,285	399,299	253,616	256,523
Non-controlling interests	3,218	3,178	3,178	-	-
Total equity	401,561	402,463	402,477	253,616	256,523
Total liabilities and equity	485,190	485,141	487,558	253,846	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 30 Jun 2014 US\$'000	As at 31 Dec 2013 US\$'000
<u>Amounts repayable in one year or less, or on demand</u>		
Unsecured	-	-
Secured	19,122	23,029
	19,122	23,029
<u>Amounts repayable after one year</u>		
Unsecured	-	-
Secured	24	31
	24	31

Details of any collateral :

As at 30 Jun 2014, the Group and the Company respectively have:

- (1) pledged bank deposits of US\$5,647,000 (31 Dec 2013: US\$5,099,000) and US\$3,480,000 (31 Dec 2013: 2,480,000)
- (2) pledged held for trading investments of US\$2,576,000 (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: \$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

	2Q 2014 US\$ '000	2Q 2013 US\$ '000	1H 2014 US\$ '000	1H 2013 US\$ '000	Note 1 1Q 2014 US\$ '000
Operating activities:					
Profit before income tax	2,086	5,332	2,101	7,295	15
Adjustments for:					
Amortisation expense	3,707	3,864	7,534	7,537	3,827
Depreciation expense	1,492	1,637	3,079	3,323	1,587
Interest expenses	207	207	421	297	214
Increase in allowance for doubtful trade receivables	369	39	567	124	198
(Reversal of) increase in allowance for obsolete inventories	(102)	(28)	(164)	(24)	(62)
Net fair value change of other financial assets	(24)	(37)	(15)	7	9
Loss on write off of property, plant and equipment	-	49	-	49	-
Loss on disposal of property, plant and equipment	-	(2)	11	(2)	11
Bad debt written off	34	24	34	24	-
Stock written off	156	-	156	-	-
Interest income	(16)	(88)	(90)	(238)	(74)
Operating cash flows before movements in working capital	7,909	10,997	13,634	18,392	5,725
Increase in trade receivables	(8,815)	(2,508)	(22,226)	(3,840)	(13,411)
(Increase) decrease in other receivables, deposits and prepayments	(1,099)	(1,324)	(823)	(7,339)	276
Decrease (increase) in inventories	8,734	(3,733)	3,932	(8,556)	(4,802)
Increase (decrease) in trade payables	3,710	(8,442)	5,225	(9,082)	1,515
Increase (decrease) increase in other payables	486	113	(711)	(4,177)	(1,197)
Cash from (used in) operations	10,925	(4,897)	(969)	(14,602)	(11,894)
Income taxes paid	45	(208)	17	(398)	(28)
Interest paid	(207)	(207)	(421)	(297)	(214)
Interest received	16	88	90	238	74
Net cash generated from (used in) operating activities	10,779	(5,224)	(1,283)	(15,059)	(12,062)

Investing activities:					
Addition to intangible assets	(3,645)	(3,437)	(6,101)	(6,606)	(2,456)
Purchase of property, plant and equipment	(2,047)	(1,594)	(3,565)	(2,982)	(1,518)
Decrease (increase) in fixed bank deposits with maturity period over three months	-	-	608	(5,133)	608
Withdrawal of structured deposits	-	20,000	1,000	20,000	1,000
(Increase) decrease in pledged bank deposits	(1,440)	(2,548)	(548)	(2,123)	892
Proceeds on disposal of property, plant and equipment	1	-	1	-	-
Net cash (used in) generated from investing activities	(7,131)	12,421	(8,605)	3,156	(1,474)
Financing activities:					
Repayment of bank loans	(31,808)	(21,093)	(71,562)	(27,563)	(39,754)
Increase (decrease) in trust receipts loans	1,018	(1,007)	2,049	(3,233)	1,031
Distribution of treasury shares as Performance Share Plan	-	112	-	112	-
Dividends paid	(2,745)	(2,769)	(2,745)	(2,769)	-
Repayment of finance leases	(4)	(3)	(7)	(6)	(3)
New bank loans raised	24,756	27,199	65,612	37,554	40,856
Proceeds on issue of shares	148	183	148	183	0
Net cash (used in) generated from financing activities	(8,635)	2,622	(6,505)	4,278	2,130
Net effect of exchange rate changes on the balance of cash held in foreign currencies	225	(381)	(88)	(546)	(313)
Net (decrease) increase in cash and cash equivalents	(4,762)	9,438	(16,481)	(8,171)	(11,719)
Cash and cash equivalent at beginning of quarter	25,038	21,947	36,757	39,556	36,757
Cash and cash equivalent at end of quarter	20,276	31,385	20,276	31,385	25,038

Note 1: 1Q2014 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
2Q2014 Movement											
Balance at 1 Apr 2014	58,328	194,227	(1,138)	1,534	7	747	508	145,086	399,299	3,178	402,477
Profit for the quarter	-	-	-	-	-	-	-	1,613	1,613	45	1,658
Other comprehensive income (expenses) for the quarter	-	-	-	-	-	28	-	-	28	(5)	23
Total comprehensive income for the quarter	-	-	-	-	-	28	-	1,613	1,641	40	1,681
Issue of shares under share option scheme	99	104	-	-	-	-	(55)	-	148	-	148
Dividend recognised as distribution	-	-	-	-	-	-	-	(2,745)	(2,745)	-	(2,745)
Balance at 30 Jun 2014	58,427	194,331	(1,138)	1,534	7	775	453	143,954	398,343	3,218	401,561
Balance at 1 Apr 2013	58,205	194,099	(1,250)	1,534	7	3,574	926	126,204	383,299	3,398	386,697
Profit for the quarter	-	-	-	-	-	-	-	4,072	4,072	269	4,341
Other comprehensive expenses for the quarter	-	-	-	-	-	(187)	-	-	(187)	(70)	(257)
Total comprehensive (expenses) income for the quarter	-	-	-	-	-	(187)	-	4,072	3,885	199	4,084
Issue of shares under share option scheme	123	128	-	-	-	-	(68)	-	183	-	183
Distribution of treasury shares to ordinary shares	-	-	112	-	-	-	-	-	112	-	112
Dividend recognised as distribution	-	-	-	-	-	-	-	(2,803)	(2,803)	-	(2,803)
Balance at 30 Jun 2013	58,328	194,227	(1,138)	1,534	7	3,387	858	127,473	384,676	3,597	388,273
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
2Q2014 Movement											
Balance at 1 Apr 2014	58,328	194,227	(1,138)	1,534	-	-	508	2,946	256,405	-	256,405
Loss for the quarter	-	-	-	-	-	-	-	(192)	(192)	-	(192)
Issue of shares under share option scheme	99	104	-	-	-	-	(55)	-	148	-	148
Dividend recognised as distribution	-	-	-	-	-	-	-	(2,745)	(2,745)	-	(2,745)
Balance at 30 Jun 2014	58,427	194,331	(1,138)	1,534	-	-	453	9	253,616	-	253,616
Balance at 1 Apr 2013	58,205	194,099	(1,250)	1,534	-	-	926	3,008	256,522	-	256,522
Loss for the quarter	-	-	-	-	-	-	-	(107)	(107)	-	(107)
Issue of shares under share option scheme	123	128	-	-	-	-	(68)	-	183	-	183
Distribution of treasury shares to ordinary shares	-	-	112	-	-	-	-	-	112	-	112
Dividend recognised as distribution	-	-	-	-	-	-	-	(2,803)	(2,803)	-	(2,803)
Balance at 30 Jun 2013	58,328	194,227	(1,138)	1,534	-	-	858	98	253,907	-	253,907

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 April 2014	1,166,556,867	58,328
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 30 June 2014	1,168,546,867	58,427

Treasury shares Changes

	No. of shares	US\$ '000
Balance as at 1 January 2014 and 30 June 2014	5,152,125	1,138

Share Options & Contingent Shares

As at 30 June 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 30 Jun 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	(1,990,000)	-	7,471,000
Total			13,347,858	(1,990,000)	-	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.

	30-Jun-14	31-Dec-13
No. of shares issued	1,163,394,742	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 30 June 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			
		2Q 2014	2Q 2013	1H 2014	1H 2013
Based on the weighted average number of ordinary shares on issue (US cents)	Note 1	0.14	0.35	0.14	0.48
On fully diluted basis (US Cents)	Note 2	0.14	0.35	0.14	0.48

Note 1) The weighted average number of ordinary shares in issue for 2Q2014: 1,161,820,236 & YTD Jun 2014: 1,161,613,637 (2Q2013: 1,160,722,393 & YTD Jun 2013: 1,159,591,413).

Note 2) The earnings per share on a fully diluted basis are calculated on the adjusted average number of ordinary shares for 2Q2014: 1,162,803,702 & YTD Jun 2014: 1,163,598,382 (2Q2013: 1,162,197,320 & YTD Jun 2013: 1,160,946,619).

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	
	30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
Net asset value per ordinary share (US cents)	34.24	34.38	21.80	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 1,163,394,742 shares and 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 30 June 2014 as presented on Section 1(a) of this document.

Revenue

Business Divisions	Business Segments	2Q	2Q	YOY %	1H	1H	YOY %
		2014 US\$'m	2013 US\$'m		2014 US\$'m	2013 US\$'m	
ICT	Infrastructure Solutions	34.2	47.3	-27.7	63.5	81.0	-21.6
	Managed Services	8.4	8.8	-4.5	16.0	15.3	4.6
	Sub-total	42.6	56.1	-24.1	79.5	96.3	-17.4
	as % of overall sales	55.0%	59.8%		55.6%	57.9%	
Digital Media (TV related)	Digital Media Solutions	26.0	27.9	-6.8	47.5	52.1	-8.8
	Multimedia Software	8.4	9.3	-9.7	15.2	17.0	-10.6
	Sub-total	34.4	37.2	-7.5	62.7	69.1	-9.3
	as % of overall sales	44.5%	39.6%		43.9%	41.6%	
Mobile Solution Services	Mobile Solution Services	0.4	0.6	-33.3	0.7	0.9	-22.2
	as % of overall sales	0.5%	0.6%		0.5%	0.5%	
Total		77.4	93.9	-17.6	142.9	166.3	-14.1

The Group recorded a 17.6% year-on-year (“yoy”) decline in revenue to US\$77.4 million in 2Q2014; contributing to the 14.1% yoy decline in revenue to US\$142.9 million for 1H2014. The lower revenue was a result of ICT project delays in Indonesia due to political uncertainties and the challenging matured markets of China and Korea due to changing IT trends.

ICT

The Group’s ICT division registered a 24.1% yoy decline in revenue to US\$42.6 million in 2Q2014; which led to the 17.4% yoy decline in 1H2014 revenue to US\$79.5 million. This was due to the delays in ICT expenditure in Indonesia and slowdown in ICT business in China and Others despite growth in Managed Services in 1H2014. As China and Korea undergo a shift in ICT spending, the Group is consciously taking this opportunity to re-strategize and pursue businesses that are less capital intensive. As a result, the ICT division contributed 55.0% and 55.6% of total revenue in 2Q2014 and 1H2014 respectively, down from 59.8% and 57.9% in the previous corresponding periods.

Digital Media

The Group’s Digital Media division reported a 7.5% yoy decline in 2Q2014 revenue to US\$34.4 million and a 9.3% yoy decline in revenue in 1H2014 to US\$62.7 million. The maturing analog to digital TV migration business, competitive software pricing and long festive season during the first quarter lowered revenue in both Digital Media solutions and Multi-media software for 1H2014. In line with the Group’s focus on increasing differentiated offerings within the Digital Media business, this division contributed 44.5% and 43.9% of revenue in 2Q2014 and 1H2014 respectively, up from 39.6% and 41.6% in the previous corresponding periods.

Mobile Solution Services

Revenue from the Group’s Mobile Solution Services division declined 33.3% yoy to US\$0.4 million in 2Q2014 and similarly decreased 22.2% yoy to US\$0.7 million for 1H2014. The shift to focus on mobile *Software as a Service* (“SAAS”) model to enterprises is having slower than expected traction; resulting in the lower overall revenue.

Geographical Segment	2Q	2Q		1H	1H	
	2014	2013	YOY	2014	2013	YOY
	US\$m	US\$m	%	US\$m	US\$m	%
China	59.1	60.0	-1.5	103.1	114.9	-10.3
as % of overall sales	76.4%	63.9%		72.1%	69.1%	
Indonesia	6.9	16.6	-58.4	19.8	28.9	-31.5
as % of overall sales	8.9%	17.7%		13.9%	17.4%	
Others	11.4	17.3	-34.1	20.0	22.5	-11.1
as % of overall sales	14.7%	18.4%		14.0%	13.5%	
Total	77.4	93.9	-17.6	142.9	166.3	-14.1

Revenue from China moderated 1.5% yoy in 2Q2014 to US\$59.1 million and a 10.3% yoy decline to US\$103.1 million for 1H2014. Slower economic growth, challenging traditional ICT business environment and changing ICT trends continue to affect China's operations though it remained a major contributor of the Group's revenue, making up 76.4% of total revenue in 2Q2014 and 72.1% in 1H2014 compared to 63.9% in 2Q2013 and 69.1% in 1H2013.

Indonesia posted a 58.4% yoy decline in 2Q2014 revenue to US\$6.9 million and decreased 31.5% yoy to US\$19.8 million. Political uncertainties as a result of impending general and presidential elections during the first half of 2014 have caused companies to defer capital expenditures and the awards of projects. As a result, Indonesia contributed 8.9% and 13.9% of total revenue in 2Q2014 and 1H2014 respectively; down from the 17.7% in 2Q2013 and 17.4% in 1H2013.

The Group also recorded 34.1% yoy decrease in revenue from outside of China and Indonesia to US\$11.4 million in 2Q2014 and an 11.1% yoy decline to US\$20.0 million for 1H2014. The Group continued to face challenging business environment within South Korea despite progress made with some multi-national customers. Consequently, revenue from Others constituted 14.7% and 14.0% of total revenue in 2Q2014 and 1H2014 respectively, as compared to 18.4% in 2Q2013 and 13.5% in 1H2013.

Gross Margin

Gross margin moderated to 21.3% in 2Q2014 and 21.5% in 1H2014 from 23.5% and 23.9% in the previous corresponding periods due to lower revenue recorded from the Multi-media Software segment and hardware solution pricing competitions during the first half of 2014.

Operating Expenses (Distribution and Administrative Expenses)

The Group's total operating expense decreased 20.2% yoy to US\$10.2 million in 2Q2014 and 17.9% yoy to US\$20.4 million for 1H2014. In anticipation of the challenging business environment for the year, the Group has streamlined its headcount and resources over the last two quarters; resulting in lower operating expenses. The Group's headcount as at 30 June 2014 was 495; compared 508 in the previous quarter.

Other Operating Expenses

Other operating expenses increased 6.3% yoy to US\$4.1 million in 2Q2014 and subsequently 6.5% yoy higher to US\$8.2 million for 1H2014. The Group's amortization expenses have remained fairly stable at US\$7.5 million as a result of approximately same amount of capital expenditure on intangible assets during the last two years.

Earnings

The Group posted a 60.4% yoy decline in profits attributable to shareholders to US\$1.6 million in 2Q2014. As a result of lower revenue and gross profits generated in 1H2014, profits attributable to shareholders declined 71.8% yoy to US\$1.6 million.

Earnings per share (EPS)

The Group's EPS declined by 60.0% yoy to 0.14 US cents in 2Q2014 and 70.8% yoy to 0.14 US cents in 1H2014 due to the lower earnings in the second quarter and half year.

Statement of Financial Position

The following paragraphs should be read in conjunction with our Statement of Financial Position as at 30 June 2014 as presented on Section 1(b) (i) of this document.

Total current assets increased by US\$0.9m to US\$423.8m as at 30 June 2014. This was largely due to the net impact from:-

- US\$16.5 million decrease in cash and cash equivalents to US\$20.3 million;
- US\$1.0 million decrease in pledged and structured deposits;
- US\$0.8 million increase in other receivables, deposits and prepayments to suppliers;
- US\$3.9 million decrease in inventories; and
- US\$21.6 million increase in trade receivables to US\$352.0 million

Of the US\$352.0 million in trade receivables, about 91.1% or US\$320.6 million (31 December 2013: 87.0% or US\$287.5 million) was attributable to the telecom sector pertaining 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\$330.1 million or 93.8% 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\$69.0 million during 2Q2014 and US\$121.3 million in 1H2014. Of the amount collected in 2Q2014 and 1H2014 respectively, US\$44.9 million and US\$47.2 million relate 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
30 June 14	32%	41%	17%	10%
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%

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\$0.9 million to US\$61.4 million as at 30 June 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\$1.0 million to US\$82.4 million as at 30 June 2014. This was due mainly to a US\$4.5 million increase in trade & other payable, US\$0.4 million increase in tax payable; offset by US\$3.9 million net decrease in bank and trust receipt loans.

As at 30 June 2014, the Group's equity attributable to shareholders decreased by US\$0.9 million to US\$398.3 million mainly due to US\$2.7 million of dividend distribution; offset by US\$1.6 million increase in profit during 1H2014.

Statement of Cash Flows

The following paragraphs should be read in conjunction with our Statement of cash flows as of 30 June 2014 as presented on section 1(c) of this document.

The Group generated US\$10.9 million of cash in operations in 2Q2014 compared to US\$4.9 million utilized in 2Q2013. The Group made better utilization of trade payables amounting US\$3.7 million and exercised better management of inventories amounting US\$8.7 million. This offset the increase in trade receivables of US\$8.8 million and other receivables of US\$1.1 million in 2Q2014. As a result, cash utilization in 1H2014 amounted US\$0.9 million, which was an improvement compared to cash utilization of US\$14.6 million in 1H2013.

The Group utilized US\$7.1 million of cash in investing activities for 2Q2014 as compared to US\$12.4 million cash generated 2Q2013. The absence of withdrawal of structured deposits combined with US\$3.6 million investments in intangible assets, US\$2.0 million investment in fixed assets and increase in pledged bank deposits caused the cash utilization in 2Q2014. For 1H2014, investments into intangible and fixed assets and withdrawal of deposits caused the US\$8.6 million cash utilization.

The Group utilized US\$8.6 million of cash in financing activities in 2Q2014; as compared to US\$2.6 million generated in 2Q2013. The Group made dividends payment, more repayments of bank loans than new loans raised and lesser trust receipts used; contributing to the cash utilization in financing activities in 2Q2014 and 1H2014.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of US\$4.8 million to US\$20.3 million in 2Q2014, compared to US\$31.3 million in 2Q2013.

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 1Q2014 results announcement released on 14 May 2014, the Group stated that "As at 31 March 2014, the Group is supported by a robust order book of US\$61.1 million and looks to improving its profitability in the next few quarters. "

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; which may result in lower revenue from this division. However, the Group will continue to pursue opportunities in niche markets comprising IT security solutions, software, 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 software and services in the ICT division.

Despite a slow start and the maturing analog to digital TV migration program, the Group is encouraged by the pace of development in the Digital Media market; as the cable TV operators seek to compete through differentiated services under the network convergence policy. The Group will continue to leverage on its various software platforms to provide integrated solutions and services to its established customer base of cable TV operators as they offer smart city solutions in their next phase of development. 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 and had been establishing various distribution channels and partners in China to increase outreach to small and medium enterprises. Although the adoption of such SAAS by the enterprises is slower than expected, the Group believes it is an important trend in the future. The Group will continue to establish more distribution channels and partners and expand its solution offerings.

Going forward, the Group continues to prospect for growth potential in its various business divisions, 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 30 June 2014, the Group is supported by a robust order book of US\$80.8 million. In conjunction with the various strategies adopted, the Group is confident of achieving the same level of profitability as FY2013.

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)
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<u>Transactions for the sales of goods and services</u> KDDI Corporation and/or its Associates	-	US\$1.1m
<u>Transactions for the purchase of goods and services</u> KDDI Corporation and/or its Associates	-	US\$0.2m
Total Interested Person Transactions	-	US\$1.3m

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 second quarter ended 30 June 2014 to be materially false or misleading.

By Order of the Board

Jismyl Teo Chor Khin
 Director
 7 August 2014