# Second Quarter Financial Statements and Dividend announcement for the period ended 30th June 2016 (Unaudited)

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

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

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Turnover (Note 1) | 79,414 | 106,645 | -25.5% | 159,313 | 215,412 | -26.0% |
| Purchases and changes in inventories and direct service fees incurred (Note 2) | (72,824) | (99,460) | -26.8% | (146,691) | (200,911) | -27.0% |
| Commissions and other selling expenses (Note 3) | (124) | (85) | 45.9% | (163) | (217) | -24.9% |
| Other income - operating (Note 4) | 652 | 889 | -26.7% | 1,142 | 1,333 | -14.3% |
| Operating expenses (Note 5) | (6,359) | (9,280) | -31.5% | (12,177) | (18,350) | -33.6% |
| Other income - non operating (Note 14) | - | 130 | -100.0% | 876 | 130 | 573.8% |
| Other expenses - non operating (Note 16) | 30 | (94) | -131.9% | 490 | (503) | -197.4% |
| Interest income from deposits and investment securities (Note 19) | 162 | 132 | 22.7% | 361 | 256 | 41.0% |
| Finance costs (Note 20) | (77) | (219) | -64.8% | (156) | (355) | -56.1% |
| Depreciation of property, plant and equipment (Note 21) | (239) | (307) | -22.1% | (450) | (636) | -29.2% |
| Amortisation of intangible assets (Note 22) | (15) | (26) | -42.3% | (30) | (62) | -51.6% |
| **Profit / (Loss) before taxation** | | | | | | |
| From continuing operations | **620** | **(1,675)** | **137.0%** | **2,515** | **(3,903)** | **164.4%** |
| From discontinued operations | **-** | **52** | **-100.0%** | **-** | **157** | **-100.0%** |
| **Total Profit / (Loss) before taxation** | **620** | **(1,623)** | **138.2%** | **2,515** | **(3,746)** | **167.1%** |
| **Taxation** | | | | | | |
| From continuing operations | **(187)** | **94** | **-298.9%** | **(725)** | **11** | **N.M.** |
| From discontinued operations | **-** | **(2)** | **-100.0%** | **-** | **(2)** | **-100.0%** |
| **Total taxation (Note 23)** | **(187)** | **92** | **-303.3%** | **(725)** | **9** | **N.M.** |
| **Net Profit / (Loss) after tax for the period** | | | | | | |
| **From continuing operations** | **433** | **(1,581)** | **127.4%** | **1,790** | **(3,892)** | **146.0%** |
| From discontinued operations (Note 24) | **-** | **50** | **-100.0%** | **-** | **155** | **-100.0%** |
| **Total Net Profit / (Loss) after tax for the period** | **433** | **(1,531)** | **128.3%** | **1,790** | **(3,737)** | **147.9%** |
| | | | | | | |
| **(Loss)/profit attributable to:** | | | | | | |
| Owners of the parent | 435 | (1,517) | 128.7% | 1,793 | (3,693) | 148.6% |
| Non-controlling interest (Note 25) | (2) | (14) | -85.7% | (3) | (44) | -93.2% |
| **Total** | **433** | **(1,531)** | **128.3%** | **1,790** | **(3,737)** | **147.9%** |

*Note 1*

*Turnover*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Distribution of operator products and services | 66,092 | 93,122 | -29.0% | 130,572 | 179,230 | -27.1% |
| ICT distribution and managed services | 10,847 | 10,009 | 8.4% | 23,701 | 24,362 | -2.7% |
| Mobile devices distribution & retail | 2,475 | 3,514 | -29.6% | 5,040 | 11,820 | -57.4% |
| **Total (Note 2)** | **79,414** | **106,645** | **-25.5%** | **159,313** | **215,412** | **-26.0%** |

*Note 2*

*As announced on 2nd October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the company in Indonesia. Consequently, as anticipated, this resulted in significant reduction in revenue from Distribution of Operator products and services during the quarter ("Q2 2016") and six months ("1H 2016") ended 30 June 2016 against corresponding quarter ("Q2 2015") and six months ("1H 2015") ended 30 June 2015 of preceding year respectively. Revenue from ICT distribution and managed services has shown an increase in Q2 2016 over corresponding quarter Q2 2015, however there has been marginal decline in 1H 2016 against 1H 2015. There has been a planned reduction in revenue from Mobile devices distribution and retail. The company continues to move away from Device led business, which is not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".*

*Note 3*

*The commissions and other selling expenses are mainly related to ICT distribution and managed services and sale of mobile devices.*

*Note 4*

*Other income - operating mainly included management support services fee, rentals from certain properties, performance incentive from principals, , Government subsidy and write back of certain accruals/liabilities no longer required.*

*Note 5*

*The operating expenses during Q2 2016 and 1H 2016 given below showed significant reduction over Q2 2015 and 1H 2015.*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Personnel costs (Note 6) | (3,849) | (5,430) | -29.1% | (7,749) | (11,447) | -32.3% |
| Infrastructure costs (Note 7) | (619) | (1,015) | -39.0% | (1,259) | (2,178) | -42.2% |
| Marketing expenses (Note 8) | (188) | (505) | -62.8% | (197) | (862) | -77.1% |
| Other expenses - operating (Note 9) | (1,703) | (2,330) | -26.9% | (2,972) | (3,863) | -23.1% |
| **Total operating overheads** | **(6,359)** | **(9,280)** | **-31.5%** | **(12,177)** | **(18,350)** | **-33.6%** |

*Note 6*

*During Q2 2016 and 1H 2016, there has been reduction in manpower cost over corresponding quarter Q2 2015 and 1H 2015, primarily due to reduction in head count consequent to reduction in allocation of clusters in Indonesia and ongoing rationalisation measures across the company. There had been increase in head count in case of one of the subsidiaries under ICT distribution and managed services due to enhanced focus on services led business.*

*Note 7*

*The reduction in infrastructure costs in Q2 2016 and 1H 2016 was mainly due to rationalisation of infrastructure requirements.*

*Note 8*

*Marketing expenses had been mainly on account of marketing outlay by Affinity group for its Distribution of operator products and services.*

*Note 9*

*Other expenses- operating included the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Bank charges | (26) | (57) | -54.4% | (57) | (100) | -43.0% |
| Collection service fees | (36) | (52) | -30.8% | (91) | (100) | -9.0% |
| Equipment maintenance | (63) | (110) | -42.7% | (149) | (220) | -32.3% |
| Equipment rental | (49) | (75) | -34.7% | (108) | (150) | -28.0% |
| Foreign exchange gain/ (loss) (Note 10) | (41) | (24) | 70.8% | (72) | 414 | -117.4% |
| Freight and postage charges | (20) | (22) | -9.1% | (38) | (55) | -30.9% |
| Printing & stationery | (18) | (26) | -30.8% | (37) | (53) | -30.2% |
| Professional fees (Note 11) | (374) | (539) | -30.6% | (695) | (1,082) | -35.8% |
| (Provision)/write back of allowance/(write off) of doubtful non-trade debts (Note 12) | 13 | (8) | -262.5% | (21) | (4) | 425.0% |
| (Provision)/write back of allowance/(write off) of doubtful trade debts (Note 12) | 51 | (295) | -117.3% | 188 | (293) | -164.2% |
| (Provision)/write back of allowance for stock obsolescence/(write off) of stocks (Note 12) | (448) | (255) | 75.7% | (533) | (377) | 41.4% |
| Telecommunication expenses (Note 13) | (108) | (166) | -34.9% | (221) | (335) | -34.0% |
| Travelling & entertainment expenses (Note 13) | (333) | (422) | -21.1% | (721) | (850) | -15.2% |
| Others | (251) | (279) | -10.0% | (417) | (658) | -36.6% |
| **Total other expenses - operating** | **(1,703)** | **(2,330)** | **-26.9%** | **(2,972)** | **(3,863)** | **-23.1%** |

*Note 10*

*The foreign exchange movement recognised in Q2 2016 and 1H 2016 was mainly due to unrealised and realised foreign exchange gain/(loss) incurred on fluctuation of SGD, USD, MYR, THB, IDR, RMB and INR.*

*Note 11*

*There was reduction in professional fee during Q2 2016 & 1H 2016 against Q2 2015 & 1H 2015 mainly on account of reduction in management & legal consultancy expenses.*

*Note 12*

*The amounts mainly represented allowances to adjust carrying value of trade/non trade receivables & inventories.*

*Note 13*

*The decrease in these operating expenses has mainly been on account of reduction in business volumes as compared to Q2 2015 and 1H 2015.*

*Note 14*
*Other income- non operating include the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| Fair value gain on investment securities | - | 130 | N.M. | - | 130 | N.M. |
| Others (Note 15) | - | - | N.M. | 876 | - | N.M. |
| **Total other income - non operating** | **-** | **130** | **N.M.** | **876** | **130** | **N.M.** |

*Note 15*
*This is in respect of certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, written back during preceding quarter ended 31 March 2016.*

*Note 16*
*Other expenses- non operating included the following:*

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| | | (Restated*) | | | (Restated*) | |
| (Loss)/ gain on disposal of property, plant and equipment (Note 17) | 37 | (5) | -840.0% | 31 | (3) | -1133.3% |
| Others (Note 18) | (7) | (89) | -92.1% | 459 | (500) | -191.8% |
| **Total other expenses - non operating** | **30** | **(94)** | **N.M** | **490** | **(503)** | **N.M** |

*Note 17*
*The gain on disposal of property, plant and equipments during Q2 2016 was mainly on account of assets of Affinity disposed off, as no longer required.*

*Note 18*
*The amount in 1H 2016 mainly represented write back of certain accruals in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts.*

*Note 19*
*The interest income was mainly on account of deposits with the banks.*

*Note 20*
*The reduction in finance cost during Q2 2016 and 1H 2016 against corresponding period/s in preceding year was mainly on account of reduced loans and bank borrowings by Cavu & Affinity group.*

*Note 21*
*The reduction in depreciation was mainly on account of Affinity group.*

*Note 22*
*The reduction in amortisation cost of intangible costs during Q2 2016 and 1H 2016 was mainly on account of Affinity group.*

*Note 23*
*The increase in taxation during Q2 2016 and 1H 2016 against Q2 2015 and 1H 2015 was mainly in respect of Bharat IT engaged in ICT Distribution & managed services. The amount in case of Bharat IT also included provision against certain loan & advance written back during preceding quarter. (Please also refer to note no. 15). The increase was partially offset by reduction in provision for taxation in case of Affinity group.*

*Note 24*

*Voice Business (Mediaring Communications Pte. Ltd. & Mediaring Network Services Pte. Ltd.)*

*The Group had disposed off its investment in its subsidiaries namely Mediaring Communications Pte. Ltd. ("MRC") and Mediaring Network Services Pte. Ltd ("MRNS") in December 2015 for a consideration of S$3,000,000 payable in four instalments. The second closing of the Voice Business SPA has been completed on 3rd March 2016. (Please refer to announcement dated 3rd March 2016). For the purposes of consolidation of its results for group and gain/(loss) on disposal during financial year ended 31st December 2015, the company had considered its operating results for the period ended 30th November 2015 and financial position as at 30th November 2015 respectively, being latest set of month end results.*

*The results of MRC & MRNS for the corresponding quarter ended 30th June 2015 and half year ended 30th June 2015 are as follows:*

| | Quarter Ended 30 Jun 2015 | Half Year ended 30 Jun 2015 |
|---|---|---|
| | S$'000 | S$'000 |
| **Turnover** | **1,007** | **2,081** |
| Purchases and changes in inventories and direct service fees incurred | (681) | (1,435) |
| Commissions and other selling expenses | - | (1) |
| Other income - operating | - | 19 |
| Personnel costs | (84) | (167) |
| Infrastructure costs | (57) | (121) |
| Marketing expenses | - | - |
| Other operating expenses | (33) | (98) |
| Depreciation of property, plant and equipment | (43) | (83) |
| **Loss before taxation** | **109** | **195** |
| Taxation | - | - |
| **Loss for the period from discontinued operation** | **109** | **195** |

*The major classes of assets and liabilities of Voice Business (MRC & MRNS) as at 30th November 2015, gain on its disposal and net cash inflow are as follows:*

| | **30/11/2015** |
|---|---|
| | **S$'000** |
| Property, plant and equipment | 479 |
| Intangible assets | 103 |
| Trade debtors, current | 764 |
| Other debtors and deposits, current | 140 |
| Cash and cash equivalents | 399 |
| Trade creditors | (352) |
| Other creditors and accruals, current | (427) |
| **Net assets attributable to owners of the parent** | **1,106** |
| Gain on disposal of a subsidiary | 1,799 |
| Less: Cash and cash equivalents | (399) |
| **Loss for the period from discontinued operation** | **2,506** |

*I-Gate Holdings Sdn Bhd*

*The Group had also disposed off its investment in one of its subsidiaries namely I-Gate Holdings Sdn Bhd ("IGH") for a consideration of RM 75,000. The closing of the I-Gate disposal had been completed on 30th December 2015. (Please refer to announcement dated 30th December 2015). For the purposes of consolidation of its results for group and gain/(loss) on disposal, the company had considered its operating results for the period ended 30th November 2015 and financial position as at 30th November 2015 respectively, being the latest set of month end results. Interest on inter company loans, since eliminated at group level, had also not been considered for the purposes of gain/(loss) on disposal at group level. In accordance with FRS 21 "The Effects of Changes in Foreign Exchange Rates", the cumulative translation reserve pertaining to I Gate group had also been reclassified from equity to profit.*

*The results of I-Gate Holdings Sdn Bhd for the corresponding quarter ended 30th June 2015 & half year ended 30th June 2015 were as follows:*

| | Quarter Ended 30 Jun 2015 | Half Year ended 30 Jun 2015 |
|---|---|---|
| | $'000 | $'000 |
| **Turnover** | **467** | **1,074** |
| Purchases and changes in inventories and direct service fees incurred | (362) | (853) |
| Other income - operating | 7 | 7 |
| Personnel costs | (42) | (88) |
| Infrastructure costs | (64) | (84) |
| Other operating expenses | (57) | (89) |
| **Loss (before interest, depreciation, amortisation and taxation) from discontinued operations** | **(51)** | **(33)** |
| Depreciation of property, plant and equipment | (1) | (1) |
| Finance cost | (5) | (4) |
| **Loss before taxation** | **(57)** | **(38)** |
| Taxation | (2) | (2) |
| **Loss for the period from discontinued operation** | **(59)** | **(40)** |

*The major classes of assets and liabilities of I-Gate Holdings Sdn Bhd as at 30th November 2015, gain on its disposal and net cash outflow are as follows:*

| | 30/11/2015 |
|---|---|
| | S$'000 |
| Property, plant and equipment | 9 |
| Intangible assets | 2 |
| Stocks | 68 |
| Trade debtors, current | 38 |
| Other debtors and deposits, current | 188 |
| Cash and cash equivalents | 71 |
| Trade creditors | (20) |
| Other creditors and accruals, current | (333) |
| **Net assets attributable to owners of the parent** | **23** |
| Gain on disposal of a subsidiary | 2 |
| Less: Cash and cash equivalents | (71) |
| **Net cash** | **(46)** |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit on loss of control of subsidiary | 1,677 |

*Note 25*
*Profit/(Loss) attributable to Non controlling interest relates to one of the subsidiaries of Affinity group.*

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

| | Quarter Ended 30 Jun | | % | Half Year ended 30 Jun | | % |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | | 2016 | 2015 | |
| | S$'000 | S$'000 | Change | S$'000 | S$'000 | Change |
| | | | | | (Restated*) | |
| **Profit/ (loss) for the period** | **433** | **(1,531)** | **-128.3%** | **1,790** | **(3,737)** | **-147.9%** |
| | | | | | | |
| **Other comprehensive income:** | | | | | | |
| **Items that may be reclassified subsequently to profit and loss:** | | | | | | |
| Foreign currency translation (Note 26) | 34 | (1,634) | -102.1% | (1,275) | (831) | N.M |
| Net gain/ (loss) on available-for-sale financial assets | 143 | (3) | N.M. | 88 | (3) | N.M |
| **Items that will not be reclassified subsequently to profit and loss:** | | | | | | |
| Revaluation of property, plant and equipment (Note 34) | 16 | | N.M. | 2,088 | | N.M. |
| **Other comprehensive income / (loss) for the period** | **193** | **(1,637)** | **-111.8%** | **901** | **(834)** | **N.M** |
| | | | | | | |
| **Total comprehensive income / (loss) for the period** | **626** | **(3,168)** | **-119.8%** | **2,691** | **(4,571)** | **-158.9%** |
| | | | | | | |
| **Total comprehensive income / (loss) attributable to:** | | | | | | |
| Owners of the parent | 633 | (3,167) | -120.0% | 2,741 | (4,462) | -161.4% |
| Non-controlling interest | (7) | (1) | 600.0% | (50) | (109) | -54.1% |
| **Total** | **626** | **(3,168)** | **-119.8%** | **2,691** | **(4,571)** | **-158.9%** |

N.M. - Not Meaningful

*Note 26*
*The movement in foreign currency translation was mainly due to movement of USD, MYR, THB, INR, RMB and IDR against SGD.*

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

| | Group | | Company | |
|---|---|---|---|---|
| | **30 Jun 16** | **31 Dec 15** | **30 Jun 16** | **31 Dec 15** |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| **Current assets** | **68,978** | **77,612** | **20,601** | **33,750** |
| Inventories (Note 27) | 18,959 | 11,660 | - | - |
| Trade receivables (Note 28) | 7,799 | 10,286 | 125 | 405 |
| Other receivables and deposits (Note 29) | 6,445 | 6,365 | 2,809 | 2,649 |
| Prepayments (Note 30) | 2,928 | 2,209 | 75 | 153 |
| Due from subsidiaries | - | - | 60 | 158 |
| Investment securities (Note 31) | 1,743 | 1,687 | 1,743 | 1,687 |
| Cash and bank deposits pledged (Note 32) | 7,990 | 11,539 | 4,378 | 4,878 |
| Cash and cash equivalents | 21,795 | 32,802 | 11,411 | 23,820 |
| Tax recoverable (Note 33) | 1,319 | 1,064 | - | - |
| | | | | |
| **Non-current Assets** | **6,428** | **6,455** | **23,229** | **23,482** |
| Property, plant and equipment (Note 34) | 5,968 | 5,256 | 214 | 256 |
| Intangible assets (Note 35) | 9 | 42 | 20 | 39 |
| Investments in subsidiaries | - | - | 5,912 | 5,912 |
| Investment securities (Note 31) | 257 | 137 | 257 | 137 |
| Long-term loans and advances to subsidiaries | - | - | 16,826 | 16,451 |
| Deferred tax assets (Note 36) | 100 | 233 | - | - |
| Other receivables and deposits (Note 29) | 94 | 787 | - | 687 |
| | | | | |
| **Total Assets** | **75,406** | **84,067** | **43,830** | **57,232** |
| | | | | |
| **Current liabilities** | **23,925** | **25,258** | **9,558** | **11,818** |
| Trade creditors (Note 37) | 6,123 | 6,459 | 727 | 1,201 |
| Other creditors and accruals (Note 38) | 7,258 | 11,758 | 1,386 | 2,623 |
| Deferred revenue (Note 39) | 2,572 | 2,677 | 15 | 280 |
| Lease obligations (Note 40) | 122 | 289 | 15 | 29 |
| Loans and bank borrowings (Note 41) | 7,017 | 3,829 | - | - |
| Due to subsidiaries | - | - | 7,415 | 7,685 |
| Tax payable (Note 42) | 833 | 246 | - | - |
| | | | | |
| **Non-current liabilities** | **956** | **978** | **152** | **167** |
| Provision for employee benefits | 782 | 786 | - | - |
| Lease obligations(Note 40) | 174 | 192 | 152 | 167 |
| | | | | |
| **Total Liabilities** | **24,881** | **26,236** | **9,710** | **11,985** |
| | | | | |
| **Equity attributable to the owners of the parent** | | | | |
| Share capital (Note 43) | 580,518 | 590,515 | 580,518 | 590,515 |
| Accumulated losses | (456,185) | (458,390) | (481,682) | (482,029) |
| Other reserves (Note 44) | (3,600) | (5,361) | (8,663) | (8,750) |
| Translation reserve (Note 26) | (70,089) | (68,864) | (56,053) | (54,489) |
| | **50,644** | **57,900** | **34,120** | **45,247** |
| Non-controlling interest (Note 25) | (119) | (69) | - | - |
| **Total Equity** | **50,525** | **57,831** | **34,120** | **45,247** |
| | | | | |
| **Total liabilities and equity** | **75,406** | **84,067** | **43,830** | **57,232** |

*Note 27*
*The increase in Inventories of S$7.3 million was mainly in Operator products and services, Mobile devices and ICT products. The surge in Operator Products and Services was also to cater higher demand during festive season in Indonesia during first week in July 2016.*

*Note 28*
*The decrease of S$ 2.5 million in trade receivables was mainly in respect of ICT Distribution & managed services.*

*Note 29*
*The Other Receivables and Deposits mainly included balance amount receivable against disposal of Voice business, Operator's fee, GST refund and receivables on account of Support Services provided to a related party.*

*Note 30*
*The increase in prepayments was mainly in respect of Affinity group and Cavu group.*

*Note 31*

*The Investment Securities comprised convertible portion of a loan advanced in year 2008. The company had signed a deed of addendum dated 24th September 2014 (please refer to announcement dated 24th September 2014). The party had met its commitments towards partial payment up to 31st March 2015. The loan is due for conversion in September 2016.*

*Note 32*

*The reduction in pledged deposits had primarily been in respect of Cavu, Bharat IT and Si2i. The reduction is partially offset by pledged deposits in case of Affinity group.*

*Note 33*

*The increase in Tax recoverable was mainly on account of Affinity Group and Bharat IT, partially offset by refund received in respect of Spice Malaysia.*

*Note 34*

*An amount of S$ 2.1 million in property, plant and equipment was recognised on account of revaluation of buildings during current year. Correspondingly, provision for tax of S$0.08 million has also been recognized. (Please refer to Para 5 below in respect of change in accounting policies). The increase was partially offset by depreciation of S$0.4 million recognised during 1H 2016 and disposal of certain assets including 3 properties valued at approximately S$1.07 Mn of Affinity Group, as no longer required. (Please also refer to announcement dated 30 June 2016 in respect of sale of properties)*

*Note 35*

*The decrease in intangible assets had mainly been on account of usual amortisation.*

*Note 36*

*The decrease in deferred tax assets was in respect of Bharat IT and Cavu.*

*Note 37*

*The decrease in Trade Creditors had mainly been in respect of Affinity Group and ICT Distribution & Managed services.*

*Note 38*

*The decrease in other creditors and accruals was mainly in respect of ICT Distribution & Managed Services and Affinity Group.*

*Note 39*

*The deferred revenue was mainly in respect of ICT Distribution & Managed services and Affinity Group.*

*Note 40*

*The Lease obligations mainly related to Cavu Group.*

*Note 41*

*The increase in loans and borrowings was mainly on account of utilisation of credit facilities with the banks, corresponding to the level of operations. Please also refer to Note 27 above.*

*Note 42*

*The increase in tax payable was mainly in case of Bharat IT and Affinity group.*

*Note 43*

*The company completed on 30 June 2016, distribution of cash of S$0.729 per share totaling to approximately S$10 million to its shareholders. (Please refer to announcement on 14 June 2016).*

*Note 44*

*The increase in other reserves was mainly on account of revaluation amount of S$ 1.8 million consequent to revaluation of buildings on 31st March 2016. It has suitably been adjusted on account of sale of 3 properties during Q2 2016.*

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

**Amount repayable in one year or less, or on demand**

| As at 30/6/2016 | | As at 31/12/2015 | |
|---|---|---|---|
| Secured (S$'000) | Unsecured (S$'000) | Secured (S$'000) | Unsecured (S$'000) |
| **5,872** | **1,267** | **2,952** | **1,166** |

**Amount repayable after one year**

| | | | |
|---|---|---|---|
| **174** | **-** | **192** | **-** |

**Details of any collateral**

a) Subsidiaries' current assets of S$21.4 million (31/12/2015 : S$22.4 million) and property, plant and equipment with carrying amount of S$1.0 (31/12/2015: S$1.7 million) are pledged as security for bank guarantees, letters of credit and other bank services.

b) Corporate guarantees of S$8.0 million (31/12/2015 : S$9.3 million) were given by the Company to enable a subsidiary to obtain credit facility from a supplier.

c) Corporate guarantees of S$5.5 million (31/12/2015 : S$5.7 million) were given by the subsidiary to enable its subsidiaries to obtain credit facility from suppliers.

d) Corporate guarantees of S$3.0 million (31/12/2015 : S$3.0 million) were given by the subsidiary to enable its subsidiaries to obtain banking facilities.

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

| | Quarter ended 30 Jun | | Half Year ended 30 Jun | |
|---|---|---|---|---|
| | 2016<br>S$'000 | 2015<br>S$'000 | 2016<br>S$'000 | 2015<br>S$'000 |
| **Cash flows from operating activities** | | | | |
| | | | | |
| **Profit/ (Loss) before taxation** | **620** | **(1,675)** | **2,515** | **(3,903)** |
| Profit before taxation from discontinued operations | - | 52 | - | 157 |
| **Total profit/ (loss) before taxation** | **620** | **(1,623)** | **2,515** | **(3,746)** |
| | | | | |
| **Adjustments for:** | | | | |
| Depreciation and amortisation | 254 | 414 | 480 | 838 |
| Allowance for/write off of doubtful non-trade debts, net | (13) | 8 | 21 | 4 |
| Allowance for/write off of doubtful trade debts, net | (51) | 430 | (233) | 418 |
| (Reversal of)/allowance for inventory obsolescence, net | 388 | (7) | 234 | 182 |
| Interest income from bonds, deposits and investment securities | (162) | (132) | (361) | (256) |
| Impairment of property plant & equipment | - | (38) | - | (56) |
| Finance cost | 77 | 224 | 156 | 359 |
| Unrealised exchange differences | (184) | (2,252) | (1,482) | (937) |
| Others | (32) | (171) | (35) | (188) |
| **Operating profit/ (loss) before working capital changes** | **897** | **(3,147)** | **1,295** | **(3,382)** |
| Changes in working capital | | | | |
| (Increase)/Decrease in Inventories (Note 27) | (5,659) | 299 | (7,526) | 7,867 |
| Decrease in Trade Receivables | 1,423 | 2,364 | 2,870 | 3,439 |
| (Increase)/Decrease in other receivables and deposits | (322) | 224 | 445 | 480 |
| (Increase)/Decrease in prepayments | 12 | (1,717) | (719) | (8,182) |
| Increase/(Decrease) in trade creditors | 259 | (5,354) | (1,990) | (7,149) |
| Decrease in other creditors and accruals | (3,694) | (2,184) | (2,849) | (1,070) |
| (Decrease)/Increase in deferred revenue | (688) | (9) | (105) | 646 |
| **Cash (used) / generated from operating activities** | **(7,772)** | **(9,524)** | **(8,579)** | **(7,351)** |
| Interest paid | (77) | (224) | (156) | (359) |
| Income tax refunded/(paid) | 53 | (5) | (283) | 1,840 |
| **Net cash generated from/ (used in) operating activities** | **(7,796)** | **(9,753)** | **(9,018)** | **(5,870)** |
| **Cash flows from investing activities** | | | | |
| Interest income received from bonds, deposits and investment securities | 277 | 235 | 440 | 254 |
| Proceeds from disposal of property, plant and equipment (Note 34) | 1,102 | 57 | 1,169 | 98 |
| Proceeds from investment securities | - | - | - | 1,200 |
| Purchase of property, plant and equipment | (76) | (208) | (162) | (291) |
| **Net cash (used in)/ generated from investing activities** | **1,303** | **84** | **1,447** | **1,261** |
| **Cash flows from financing activities** | | | | |
| Capital reduction (Note 43) | (9,997) | - | (9,997) | - |
| Withdrawal/(placement) of cash and bank deposits pledged | 1,552 | (467) | 3,550 | (635) |
| Proceeds from/(repayment of) loans and bank borrowings (Note 41) | 3,429 | 7,368 | 3,196 | 2,809 |
| Repayment of obligations under finance leases | (60) | (304) | (185) | (316) |
| **Net cash generated from (used) in financing activities** | **(5,076)** | **6,597** | **(3,436)** | **1,858** |
| **Net increase/(decrease) in cash and cash equivalents** | **(11,569)** | **(3,072)** | **(11,007)** | **(2,751)** |
| Cash and cash equivalents at beginning of the period | 33,364 | 37,374 | 32,802 | 37,053 |
| **Cash and cash equivalents at end of the period** | **21,795** | **34,302** | **21,795** | **34,302** |

**1(d)(i) A statement ( for the issuer and group ) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Equity attributable to the owner of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital S$'000** | **Accumulated losses S$'000** | **Other reserves S$'000** | **Translation reserve S$'000** | **Total S$'000** | **Non-controlling interest S$'000** | **Total Equity S$'000** |
| **The Group** | | | | | | | |
| **Balance as at 1 January 2016** | **590,515** | **(458,390)** | **(5,361)** | **(68,864)** | **57,900** | **(69)** | **57,831** |
| Total comprehensive income/ (loss) for the period | - | 1,358 | 2,014 | (1,264) | **2,108** | (43) | **2,065** |
| **Balance as at 31 March 2016** | **590,515** | **(457,032)** | **(3,347)** | **(70,128)** | **60,008** | **(112)** | **59,896** |
| Total comprehensive (loss)/ income for the period | **-** | **435** | **143** | **39** | **617** | **(7)** | **610** |
| Capital reduction | **(9,997)** | | | | **(9,997)** | | **(9,997)** |
| Revaluation surplus on disposal of properties | | **412** | **(396)** | | **16** | | **16** |
| | | | | | **-** | | **-** |
| | | | | | **-** | | **-** |
| **Balance as at 30 June 2016** | **580,518** | **(456,185)** | **(3,600)** | **(70,089)** | **50,644** | **(119)** | **50,525** |
| **Balance as at 1 January 2015** | **590,515** | **(459,350)** | **(5,277)** | **(67,521)** | **58,367** | **(26)** | **58,341** |
| Total comprehensive (loss)/ income for the period | - | (2,176) | 1 | 880 | **(1,295)** | (108) | **(1,403)** |
| **Balance as at 31 March 2015** | **590,515** | **(461,526)** | **(5,276)** | **(66,641)** | **57,072** | **(134)** | **56,938** |
| Total comprehensive (loss)/ income for the period | - | (1,517) | (3) | (1,647) | **(3,167)** | (1) | **(3,168)** |
| **Balance as at 30 June 2015** | **590,515** | **(463,043)** | **(5,279)** | **(68,288)** | **53,905** | **(135)** | **53,770** |

| | **Share capital S$'000** | **Accumulated losses S$'000** | **Other reserves S$'000** | **Translation reserve S$'000** | **Total S$'000** |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Balance as at 1 January 2016** | 590,515 | (482,029) | (8,750) | (54,489) | **45,247** |
| Total comprehensive (loss)/ income for the period | - | 684 | (55) | (1,843) | **(1,214)** |
| **Balance as at 31 March 2016** | **590,515** | **(481,345)** | **(8,805)** | **(56,332)** | **44,033** |
| Total comprehensive (loss)/ income for the period | | (337) | 142 | 279 | **84** |
| Capital reduction | (9,997) | | | | **(9,997)** |
| **Balance as at 30 June 2016** | **580,518** | **(481,682)** | **(8,663)** | **(56,053)** | **34,120** |
| **Balance as at 1 January 2015** | 590,515 | (486,761) | (8,666) | (56,504) | 38,584 |
| Total comprehensive (loss)/ income for the period | - | (301) | (1) | 409 | 107 |
| | | | | | - |
| **Balance as at 31 March 2015** | **590,515** | **(487,062)** | **(8,667)** | **(56,095)** | **38,691** |
| Total comprehensive (loss)/ income for the period | - | 305 | (3) | (1,336) | **(1,034)** |
| **Balance as at 30 June 2015** | **590,515** | **(486,757)** | **(8,670)** | **(57,431)** | **37,657** |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back , exercise of share options or warrants , conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period.**

| | No. of Shares | |
|---|---|---|
| | **30 Jun 16** | **31 Mar 16** |
| Issued shares at the beginning of the period | 13,712,452 | 13,712,452 |
| Total issued shares at the end of the period | 13,712,452 | 13,712,452 |

Share consolidation was completed on 30th June 2015 (please refer to announcement dated 30th June 2015).

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

| | No. of Shares | |
|---|---|---|
| | **30 Jun 16** | **30 Jun 15** |
| Options granted under 1999 S i2i Employees' Share Option Scheme II | - | 785 |
| Options granted under 2014 S i2i Employees' Stock Option plan * | 137,125 | 685,500 |

* These options have lapsed on 15th July 2016 (please refer to announcement dated 15th July 2016).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares as at 30th June 2016 is 13,712,452 (31st December 2015 : 13,712,452).

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

Not Applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

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

Not Applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 December 2015, except as disclosed in Para 5, below.

**5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

(a) Starting current financial period from 1.1.2015 (FY 2015), presentation currency has been changed from United States dollar ("US$") to Singapore dollar ("S$') (Please refer to announcement dated 27th March 2015) and accordingly prior period figures have also been restated.

(b) Affinity Group owns certain building properties in Indonesia. It had carried out valuation of its building properties and it was observed that there is significant difference in the value of these building properties as against carrying value in the books.

Accordingly, starting current financial period from 1.1.2016 (FY 2016), the company has changed its policy in respect of measurement of buildings, whereby, while buildings will continue to be initially recorded at cost, however, subsequently, it will be carried at revalued amounts. Revaluation will be based on valuation by professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. Increases in carrying amounts arising from revaluation, including currency translation differences, will be recognised in other comprehensive income. On revaluation, any accumulated depreciation at the date of revaluation will be eliminated against the gross carrying amount of the asset. The net amount will then be restated to the revalued amount of the asset. Consequently, an amount of S$ 2.1 million in property, plant and equipment was recognised on account of gain on revaluation of buildings. Correspondingly, provision for tax of S$0.08 million has also been recognized. Consequently, an amount of S$ 2.0 million had been recognized as Revaluation reserve as part of other reserves.

(c) The Group has adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. The adoption of these FRS does not have any significant impact on the financial statements.

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

| | Group | | | |
|---|---|---|---|---|
| | **Quarter ended 30 Jun** | | **Half Year ended 30 Jun** | |
| | **2016** | **2015** | **2016** | **2015** |
| Earning per ordinary share for the period after deducting any provision for preference dividends:- | | | | |
| i) Based on weighted average number of ordinary share in issue (S$ cent) | 3.17 cents | (11.06 cents) | 13.07 cents | (26.93 cents) |
| ii) On a fully diluted basis (S$ cent) | 3.17 cents | (11.06 cents) | 13.07 cents | (26.93 cents) |

Share consolidation was completed on 30th June 2015 (please refer to announcement dated 30th June 2015). Accordingly, the number of consolidated shares have been used for arriving earning per share for all periods covered above.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-**
**(a) current financial period reported on; and (b) immediately preceding financial year.**

| | Group | | Company | |
|---|---|---|---|---|
| | **30 Jun 16** | **31 Dec 15** | **30 Jun 16** | **31 Dec 15** |
| Net asset backing per ordinary share is calculated based on 13,712,452 (31/12/2015 : 13,712,452) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year **(S$ cent)**. | 369.33 cents | 422.24 cents | 248.82 cents | 329.97 cents |

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The group recorded a turnover of S$79.4 million - a decrease of 25.5% over revenue of corresponding quarter. As announced on 2nd October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the company in Indonesia. Consequently, as anticipated, this resulted in significant reduction in revenue from Distribution of Operator products and services during the quarter ("Q2 2016") and six months ("1H 2016") ended 30 June 2016 against corresponding quarter ("Q2 2015") and six months ("1H 2015") ended 30 June 2015 of preceding year respectively. Revenue from ICT distribution and managed services has shown an increase in Q2 2016 over corresponding quarter Q2 2015, however there has been marginal decline in 1H 2016 against 1H 2015. There has been a planned reduction in revenue from Mobile devices distribution and retail. The company continues to move away from Device led business, which is not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

There was a decrease in overheads on account of ongoing cost optimisation measures taken by the company.

Inspite of reduction in revenue, with improvement in margin, other income and reduction in operating overheads, the group generated Earnings (before interest, depreciation, amortisation and taxation) from continuing operations of S$0.7 million during Q2 2016 against Loss (before interest, depreciation, amortisation and taxation) of S$1.3 million during corresponding quarter. During 1H 2016, the group generated Earnings (before interest, depreciation, amortisation and taxation) of S$ 1.4 million against Loss (before interest, depreciation, amortisation and taxation) of S$ 2.7 million in corresponding period 1H 2015.

During 1H 2016, certain accruals including in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, was written back during Q1 2016.

Resultantly, the Group earned profit before tax of S$0.6 million & S$2.5 million from continuing operations during Q2 2016 and 1H 2016 respectively as against the loss before tax of S$1.7 million and S$3.9 million in the corresponding period/s Q2 2015 and 1H 2015 respectively.

The company has continued its focus on operating efficiencies and management of working capital in terms of stocks, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. To cater higher demand during festive season in Indonesia during first week in July 2016, there was temporary surge in inventory of Operator Products and Services on 30 June 2016. Resultantly, there was higher utilisation of credit facilities from bank/s temporarily affecting cash in hand (net of borrowings).

During Q2 2016. the company has completed distribution of cash of S$0.729 per share totaling to approximately S$ 10 million to its shareholders. It has also sold certain properties in Indonesia as no longer reqiuired. During Q1 2016, a gain of S$ 2.0 million (net) was recognised on account of revaluation of buildings under property, plant & equipment. The net assets as of 30 June 2016 were S$50.5 million against S$57.8 million as of 31st December 2015. Cash in hand (net of borrowings) as at 30 June 2016 was S$22.5 million against S$40.0 million as at 31 December 2015.

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

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

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The company keeps its focus on operator business in Indonesia, while managing cash flow well and also managing cost prudently. Cash flow management, marketing as per operator guidelines and swift execution is the key strength of the company in this business unit. The company is executing its strategy to hold on to existing clusters, fulfill the KPIs and also win new clusters in future to grow business.

The ICT distribution & managed services is a highly competitive business primarily based out of Singapore. The industry is saturating and there is a challenge in the System integration and services space. The hardware business margin keeps diminishing every year due to stiff competition. The company continuously faces challenges in the IT services and system integration business. The company is now focusing on Cloud related service oriented sales strategy to improve margins. This is a new growth area and being an early starter will help the company in the long run. The company will continue to work very closely with the partners like HP, IBM and other MNC partners and consolidate and grow the business with focus on service led solutions which has higher margins.

The company is moving towards a strategy of 'Information' to 'Innovation'. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the company is embarking upon an innovation led business of electric vehicles (EV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. The planning and execution of this business is in early stages.

The company is working on a time bound plan to cut down all loss making business and moving towards coming out of watch list.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommended

**13. Utilisation of Rights Issue proceeds**

Not Applicable.

**14. Interested persons transactions disclosure**

| Name of interested person | Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) |
|---|---|---|
| | Quarter ended 30 Jun 2016 | Quarter ended 30 Jun 2016 |
| | S$'000 | S$'000 |
| | - | - |

There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 29th April 2016.

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

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

Not Applicable.

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

Not Applicable.

**17. A breakdown of sales.**

Not Applicable.

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

Not Applicable

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the quarter ended 30th June 2016 to be false or misleading in any material aspect.

**20.**

**Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form set out in appendix 7.7) under rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**Maneesh Tripathi**
**Group Chief Executive Officer**

**Chada Anitha Reddy**
**Director**

**12 August 2016**