

UNAUDITED FINANCIAL STATEMENT FOR THIRD 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
	3Q 2014 US\$'000	3Q 2013 US\$'000	Change %	9M 2014 US\$'000	9M 2013 US\$'000	Change %	
Revenue	104,190	109,977	-5.26%	247,133	276,312	-10.56%	77,424
Cost of sales	(81,682)	(84,802)	-3.68%	(193,829)	(211,388)	-8.31%	(60,973)
Gross profit	22,508	25,175	-10.59%	53,304	64,924	-17.90%	16,451
Gross profit %	21.60%	22.89%	-1.29%	21.57%	23.50%	-1.93%	21.25%
Other operating income	200	158	26.58%	525	551	-4.72%	193
Distribution costs	(5,195)	(6,292)	-17.43%	(15,736)	(19,411)	-18.93%	(5,463)
Administrative expenses	(4,878)	(7,013)	-30.44%	(14,776)	(18,785)	-21.34%	(4,747)
Other operating expenses	(3,848)	(4,078)	-5.64%	(12,008)	(11,737)	2.31%	(4,141)
Finance costs	(136)	(251)	-45.82%	(557)	(548)	1.64%	(207)
Profit before income tax	8,651	7,699	12.37%	10,752	14,994	-28.29%	2,086
Income tax expense	(1,018)	(603)	68.82%	(1,446)	(1,964)	-26.37%	(428)
Profit for the period/year	7,633	7,096	7.57%	9,306	13,030	-28.58%	1,658
Profit attributable to:							
Owners of the company	7,555	7,184	5.16%	9,183	12,706	-27.73%	1,613
Non-controlling interests	78	(88)	-188.64%	123	324	-62.04%	45
Profit for the period/year	7,633	7,096	7.57%	9,306	13,030	-28.58%	1,658
PAT margin	7.33%	6.45%		3.77%	4.72%		2.14%
Other comprehensive (expense) income:							
Exchange differences arising on translation of foreign operations	(41)	(457)	-91.03%	(14)	(825)	98.30%	28
Other comprehensive (expense) income for the period/year	(41)	(457)	-91.03%	(14)	(825)	98.30%	28
Total comprehensive income for the period/year	7,592	6,639	14.35%	9,292	12,205	-23.87%	1,686
Total comprehensive income attributable to:							
Owners of the company	7,514	7,091	5.97%	9,174	12,326	-25.57%	1,646
Non-controlling interests	78	(452)	-117.26%	118	(121)	-197.52%	40
Total comprehensive income for the period/year	7,592	6,639	14.35%	9,292	12,205	-23.87%	1,686

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

Interest income	88	77	14.29%	178	315	-43.49%	16
Interest expenses	(136)	(251)	-45.82%	(557)	(548)	1.64%	(207)
Net foreign exchange gain (loss)	(5)	(1,101)	-99.55%	62	(1,476)	-104.20%	83
Increase in allowance for doubtful trade receivables	(217)	(149)	45.64%	(784)	(273)	187.18%	(369)
Reversal (allowance) for inventories	33	(59)	-155.93%	197	(35)	-662.86%	102
Amortisation expenses	(3,681)	(3,738)	-1.52%	(11,215)	(11,275)	-0.53%	(3,707)
Depreciation expenses	(1,491)	(1,580)	-5.63%	(4,570)	(4,903)	-6.79%	(1,492)
Fair value change of other financial assets	42	(109)	-138.53%	57	(116)	-149.14%	24
Loss on write off of property, plant and equipment	(4)	-	NM	(4)	(49)	-91.84%	-
Loss on disposal of property, plant and equipment	-	-	-	(11)	2	-650.00%	-
Bad debt written off	-	(18)	NM	(34)	(42)	-19.05%	(34)
Stocks written off	-	-	-	(156)	-	NM	(156)

Note 1: 2Q2014 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-Sep-14 US\$'000	Note 1 31-Dec-13 US\$'000	Note 2 30-Jun-14 US\$'000	30-Sep-14 US\$'000	Note 1 31-Dec-13 US\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	12,828	36,757	20,276	5,823	8,786
Fixed bank deposits with a maturity period over three months	-	608	-	-	-
Pledged bank deposits	7,692	5,099	5,647	5,880	2,480
Structured deposits	-	3,362	2,397	-	3,362
Trade receivables	363,619	330,342	351,991	-	-
Other receivables, deposits and prepayments	13,231	11,607	12,431	230,566	230,815
Tax recoverable	843	962	873	-	-
Held for trading investments	2,615	2,596	2,576	-	-
Inventories	30,437	31,534	27,626	-	-
Total current assets	431,265	422,867	423,817	242,269	245,443
Non-current assets:					
Deposit for acquisition of property, plant and equipment	-	1,138	-	-	-
Property, plant and equipment	12,456	10,165	11,843	-	-
Goodwill	26,178	26,178	26,178	-	-
Intangible assets	22,862	24,531	23,090	-	-
Investments in subsidiaries	-	-	-	11,534	11,534
Deferred tax assets	262	262	262	-	-
Total non-current assets	61,758	62,274	61,373	11,534	11,534
Total assets	493,023	485,141	485,190	253,803	256,977
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	11,622	21,375	15,418	-	-
Trust receipt loans	3,405	1,642	3,692	-	-
Trade payables	38,028	29,134	34,359	-	-
Other payables	24,415	25,404	24,693	306	454
Tax payables	5,142	3,855	4,205	-	-
Current portion of finance lease payables	12	12	12	-	-
Total current liabilities	82,624	81,422	82,379	306	454
Non-current liabilities:					
Finance lease payables	21	31	24	-	-
Deferred tax liabilities	1,225	1,225	1,226	-	-
Total non-current liabilities	1,246	1,256	1,250	-	-

Capital, reserves and non-controlling interests:					
Share capital	58,427	58,328	58,427	58,427	58,328
Share premium	194,331	194,227	194,331	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	734	748	775	-	-
Share option reserve	453	508	453	453	508
Accumulated profits	151,509	145,071	143,954	(110)	3,064
Equity attributable to owners of the Company	405,857	399,285	398,343	253,497	256,523
Non-controlling interests	3,296	3,178	3,218	-	-
Total equity	409,153	402,463	401,561	253,497	256,523
Total liabilities and equity	493,023	485,141	485,190	253,803	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 Sep 2014 US\$'000	As at 31 Dec 2013 US\$'000
<u>Amounts repayable in one year or less, or on demand</u>		
Unsecured	-	-
Secured	15,039	23,029
	15,039	23,029
<u>Amounts repayable after one year</u>		
Unsecured	-	-
Secured	21	31
	21	31

Details of any collateral		
As at 30 Sep 2014, the Group and the Company respectively have:		
(1) pledged bank deposits of US\$7,692,000 (31 Dec 2013: US\$5,099,000) and US\$5,880,000 (31 Dec 2013: US\$2,480,000) ; and		
(2) pledged held for trading investments of US\$2,615,000 (31 Dec 2013: US\$2,596,000) and NIL (31 Dec 2013: NIL); and		
(3) pledged structured deposits of NIL (31 Dec 2013: US\$3,362,000) and NIL (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

	3Q 2014 US\$ '000	3Q 2013 US\$ '000	9M 2014 US\$ '000	9M 2013 US\$ '000	Note 1 2Q 2014 US\$ '000
Operating activities:					
Profit before income tax	8,651	7,699	10,752	14,994	2,086
Adjustments for:					
Amortisation expense	3,681	3,738	11,215	11,275	3,707
Depreciation expense	1,491	1,580	4,570	4,903	1,492
Interest expenses	136	251	557	548	207
Increase in allowance for doubtful trade receivables	217	149	784	273	369
(Reversal of) increase in allowance for obsolete inventories	(33)	59	(197)	35	(102)
Net fair value change of other financial assets	(42)	109	(57)	116	(24)
Loss on write off of property, plant and equipment	4	-	4	49	-
Loss (gain) on disposal of property, plant and equipment	-	-	11	(2)	-
Bad debt written off	-	18	34	42	34
Stock written off	-	-	156	-	156
Interest income	(88)	(77)	(178)	(315)	(16)
Operating cash flows before movements in working capital	14,017	13,526	27,651	31,918	7,909
Increase in trade receivables	(11,840)	(4,359)	(34,066)	(8,199)	(8,815)
Increase in other receivables, deposits and prepayments	(800)	(3,761)	(1,623)	(11,100)	(1,099)
(Increase) decrease in inventories	(2,806)	(1,446)	1,126	(10,002)	8,734
Increase (decrease) in trade payables	3,669	(4,762)	8,894	(13,844)	3,710
(Decrease) increase in other payables	(278)	1,585	(989)	(2,592)	486
Cash from (used in) operations	1,962	783	993	(13,819)	10,925
Income taxes paid	(53)	106	(36)	(292)	45
Interest paid	(136)	(251)	(557)	(548)	(207)
Interest received	88	77	178	315	16
Net cash from (used in) operating activities	1,861	715	578	(14,344)	10,779
Investing activities:					
Addition to intangible assets	(3,449)	(3,452)	(9,550)	(10,058)	(3,645)
Purchase of property, plant and equipment	(2,112)	(1,571)	(5,677)	(4,553)	(2,047)
Decrease in fixed bank deposits with maturity period over three months	-	5,300	608	167	-
Withdrawal (purchase) of structured deposits	2,400	(7,400)	3,400	12,600	-
(Increase) decrease in pledged bank deposits	(2,045)	3,554	(2,593)	1,431	(1,440)
Proceeds on disposal of property, plant and equipment	1	-	2	-	1
Net cash used in investing activities	(5,205)	(3,569)	(13,810)	(413)	(7,131)

Financing activities:					
Repayment of bank loans	(25,222)	(25,489)	(96,784)	(53,052)	(31,808)
(Decrease) increase in trust receipts loans	(287)	(826)	1,762	(4,059)	1,018
Distribution of treasury shares as Performance Share Plan	-	-	-	112	-
Dividends paid	-	-	(2,745)	(2,769)	(2,745)
Repayment of finance leases	(3)	(3)	(10)	(9)	(4)
New bank loans raised	21,418	26,050	87,030	63,604	24,756
Proceeds on issue of shares	-	-	148	183	148
Net cash (used in) from financing activities	(4,094)	(268)	(10,599)	4,010	(8,635)
Net effect of exchange rate changes on the balance of cash held in foreign currencies	(10)	(721)	(98)	(1,267)	225
Net decrease in cash and cash equivalents	(7,448)	(3,843)	(23,929)	(12,014)	(4,762)
Cash and cash equivalent at beginning of quarter/year	20,276	31,385	36,757	39,556	25,038
Cash and cash equivalent at end of quarter	12,828	27,542	12,828	27,542	20,276

Note 1: 2Q2014 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
3Q2014 Movement											
Balance at 1 Jul 2014	58,427	194,331	(1,138)	1,534	7	775	453	143,954	398,343	3,218	401,561
Profit for the quarter	-	-	-	-	-	-	-	7,555	7,555	78	7,633
Other comprehensive income (expenses) for the quarter	-	-	-	-	-	(41)	-	-	(41)	-	(41)
Total comprehensive income for the quarter	-	-	-	-	-	(41)	-	7,555	7,514	78	7,592
Balance at 30 Sep 2014	58,427	194,331	(1,138)	1,534	7	734	453	151,509	405,857	3,296	409,153
Balance at 1 Jul 2013	58,328	194,227	(1,138)	1,534	7	3,387	858	127,473	384,676	3,597	388,273
Profit for the quarter	-	-	-	-	-	-	-	7,184	7,184	(88)	7,096
Other comprehensive expenses for the quarter	-	-	-	-	-	(457)	-	-	(457)	(364)	(821)
Total comprehensive (expenses) income for the quarter	-	-	-	-	-	(457)	-	7,184	6,727	(452)	6,275
Expiration of share options	-	-	-	-	-	-	(350)	350	-	-	-
Balance at 30 Sep 2013	58,328	194,227	(1,138)	1,534	7	2,930	508	135,007	391,403	3,145	394,548
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
3Q2014 Movement											
Balance at 1 Jul 2014	58,427	194,331	(1,138)	1,534	-	-	453	9	253,616	-	253,616
Loss for the quarter	-	-	-	-	-	-	-	(119)	(119)	-	(119)
Balance at 30 Sep 2014	58,427	194,331	(1,138)	1,534	-	-	453	(110)	253,497	-	253,497
Balance at 1 Jul 2013	58,328	194,227	(1,138)	1,534	-	-	858	98	253,907	-	253,907
Loss for the quarter	-	-	-	-	-	-	-	(153)	(153)	-	(153)
Expiration of share options	-	-	-	-	-	-	(350)	350	-	-	-
Balance at 30 Sep 2013	58,328	194,227	(1,138)	1,534	-	-	508	295	253,754	-	253,754

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 30 June 2014 & 30 September 2014	1,168,546,867	58,427

Treasury shares Changes

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

Share Options & Contingent Shares

As at 30 September 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 Sep 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-Sep-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 Sep 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			
		3Q 2014	3Q 2013	9M 2014	9M 2013
Based on the weighted average number of ordinary shares on issue (US cents)	Note 1	0.65	0.62	0.79	1.10
On fully diluted basis (US Cents)	Note 2	0.65	0.62	0.79	1.09

Note 1) The weighted average number of ordinary shares in issue for 3Q2014: 1,163,394,742 & YTD Sep 2014: 1,162,213,863 (3Q2013: 1,161,404,742 & YTD Sep 2013: 1,160,202,498).

Note 2) The earnings per share on a fully diluted basis is calculated on the adjusted average number of ordinary shares for 3Q2014: 1,164,328,799 & YTD Sep 2014: 1,165,135,146 (3Q2013: 1,162,770,504 & YTD Sep 2013: 1,162,937,432).

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-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
Net asset value per ordinary share (US cents)	34.89	34.38	21.79	22.09
Net asset value per ordinary share as at 30 Sep 2014 and 31 Dec 2013 are 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 September 2014 as presented on Section 1(a) of this document.

Revenue

Business Divisions	Business Segments	3Q 2014 US\$'m	3Q 2013 US\$'m	YOY %	9M 2014 US\$'m	9M 2013 US\$'m	YOY %
ICT	Infrastructure Solutions	31.0	50.7	-38.9	94.5	131.7	-28.2
	Managed Services	8.3	9.6	-13.5	24.3	24.9	-2.4
	Sub-total	39.3	60.3	-34.8	118.8	156.6	-24.1
	<i>as % of overall sales</i>	<i>37.7%</i>	<i>54.8%</i>		<i>48.1%</i>	<i>56.7%</i>	
Digital Media (TV related)	Digital Media Solutions	52.0	35.8	45.3	99.5	87.9	13.2
	Multimedia Software	12.2	13.1	-6.9	27.4	30.1	-9.0
	Sub-total	64.2	48.9	31.3	126.9	118.0	7.5
	<i>as % of overall sales</i>	<i>61.6%</i>	<i>44.5%</i>		<i>51.4%</i>	<i>42.7%</i>	
Mobile Solution Services	Mobile Solution Services	0.7	0.8	-12.5	1.4	1.7	-17.6
	<i>as % of overall sales</i>	<i>0.7%</i>	<i>0.7%</i>		<i>0.6%</i>	<i>0.6%</i>	
Total		104.2	110.0	-5.3	247.1	276.3	-10.6

Riding on the growth in the Group's Digital Media division, the Group narrowed the yoy decline in revenue to 5.3% with 3Q2014 revenue at US\$104.2 million. Revenue declined 10.6% yoy to US\$247.1 million for 9M2014 from US\$276.3 million.

ICT

Continued delays in ICT expenditure in Indonesia, slowdown and changing trends in ICT business in China and Others resulted in a 34.8% yoy decline in revenue for the ICT division to US\$39.3 million in 3Q2014. 9M2014 revenue fell 24.1% yoy to US\$118.8 million. As a result, contribution from the ICT division to total revenue declined to 37.7% in 3Q2014 and 48.1% for 9M2014; compared to 54.8% and 56.7% in the previous corresponding periods respectively. The Group has been taking the opportunity to re-strategize and pursue businesses that are less capital intensive, especially in matured IT markets of China and Korea.

Digital Media

3Q2014 was a good quarter for the Group's Digital Media division with 31.3% yoy increase in revenue to US\$64.2 million. After a slow start in 1H2014, the Group continued to focus on the network convergence business as well as increasing collaboration with cable TV operators on their analog to digital TV migration. As a result, the Digital Media Solutions grew by 45.3% yoy to US\$52.0 million for 3Q2014 and 13.2% yoy to US\$99.5 million for 9M2014. Revenue from the Multi-media software segment declined 6.9% yoy to US\$12.2 million and 9.0% yoy to US\$27.4 million due to competitive software pricing. With the Group's strategic focus on its established customer base in the CATV market, this division became the major contributor to total revenue at 61.6% and 51.4% in 3Q2014 and 9M2014 respectively, up from 44.5% and 42.7% in the previous corresponding periods.

Mobile Solution Services

The shift to focus on mobile *Software as a Service* ("SAAS") model to enterprises is having slower than expected traction; resulting in the 12.5% yoy decline in revenue for 3Q2014 to US\$0.7 million. This contributed a 17.6% yoy decline for 9M2014 to US\$1.4 million. The contribution of this division to revenue remained unchanged at 0.7% for 3Q2014 and 0.6% for 9M2014.

Geographical Segment	3Q	3Q	YOY	9M	9M	YOY
	2014	2013		2014	2013	
	US\$'m	US\$'m	%	US\$'m	US\$'m	%
China	83.9	81.7	2.7	187.0	196.6	-4.9
as % of overall sales	80.5%	74.3%		75.7%	71.2%	
Indonesia	13.7	16.7	-18.0	33.5	45.6	-26.5
as % of overall sales	13.1%	15.2%		13.6%	16.5%	
Others	6.6	11.6	-43.1	26.6	34.1	-22.0
as % of overall sales	6.3%	10.5%		10.8%	12.3%	
Total	104.2	110.0	-5.3	247.1	276.3	-10.6

Revenue from China grew 2.7% yoy in 3Q2014 to US\$83.9 million; reducing the yoy decline to 4.9% with revenue at US\$187.0 million for 9M2014. Slower economic growth, challenging traditional ICT business environment and changing ICT trends continue to affect China's operations though it remained the largest contributor of the Group's revenue, making up 80.5% of total revenue in 3Q2014 and 75.7% for 9M2014 compared to 74.3% in 3Q2013 and 71.2% for 9M2013.

Indonesia posted an 18.0% yoy decline in 3Q2014 revenue to US\$13.7 million and decreased 26.5% yoy to US\$33.5 million for 9M2014. Uncertain political situation and slower economic growth during the past 9 months have caused companies to defer capital expenditures and hence the awards of projects. As a result, Indonesia recorded a decline in contribution to total revenue of 13.1% and 13.6% in 3Q2014 and 9M2014 respectively; down from the 15.2% in 3Q2013 and 16.5% in 9M2013.

The Group also recorded 43.1% yoy decrease in revenue from outside of China and Indonesia to US\$6.6 million in 3Q2014 and a 22.2 % yoy decline to US\$26.6 million for 9M2014. The Group continued to face challenging business environment within South Korea despite progress made with some multi-national customers. Consequently, revenue from Others constituted 6.3% and 10.8% of total revenue in 3Q2014 and 9M2014 respectively, down from 10.5% in 3Q2013 and 12.3% in 9M2013.

Gross Margin

Gross margin moderated to 21.6% in 3Q2014 and 21.6% for 9M2014 from 22.9% and 23.5% in the previous corresponding periods due to lower revenue recorded from the Multi-media Software, Managed Services segments and hardware solution pricing competitions.

Operating Expenses (Distribution and Administrative Expenses)

The Group's total operating expense decreased 24.3%% yoy to US\$10.1 million in 3Q2014 and 20.1% yoy to US\$30.5 million for 9M2014. In anticipation of the challenging business environment for the year and the underlying transformation that the Group is undertaking, the Group has streamlined its headcount and resources over the last three quarters; resulting in significantly lower operating expenses. The Group's headcount as at 30 September 2014 was 497 compared to 528 as at 31 December 2013.

Other Operating Expenses

Other operating expenses declined 5.6% yoy to US\$3.8 million in 3Q2014 while 9M2014 recorded a 2.3% rise to US\$12.0 million compared to the previous corresponding period. The Group's amortization expenses have remained fairly stable at US\$11.2 million as a result of approximately the same amount of capital expenditure on intangible assets during the last two years. The fluctuations in Other Operating Expenses are caused by provisions or reversal of provisions of inventories and account receivables.

Earnings

The Group staged a turnaround in profits attributable to shareholders with a 5.2% growth in 3Q2014 to US\$7.6 million. Although revenue and gross profits were lower than previous corresponding period, the savings in operating expenses enabled the Group to report better profits. Consequently, the profits attributable to shareholders were lifted to US\$9.2 million for 9M2014.

Earnings per share (EPS)

The Group's grew EPS by 4.8% yoy to 0.65 US cents in 3Q2014 and narrowed the 9M2014 EPS yoy decline by 28.2% to 0.79 US cents.

Statement of Financial Position

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

Total current assets increased by US\$8.4m to US\$431.3m as at 30 September 2014. This was largely due to the net impact from:-

- US\$23.9 million decrease in cash and cash equivalents to US\$12.8 million;
- US\$0.7 million decrease in pledged and structured deposits;
- US\$1.6 million increase in other receivables, deposits and prepayments to suppliers;
- US\$1.1 million decrease in indent inventories; and
- US\$33.3 million increase in trade receivables to US\$363.6 million

Of the US\$363.6 million in trade receivables, about 90.0% or US\$327.6 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\$345.0 million or 94.9% 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\$92.3 million during 3Q2014 and US\$213.6 million in 9M2014. Of the amount collected in 3Q2014 and 9M2014 respectively, US\$62.9 million and US\$155.1 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 September 14	38%	33%	20%	9%
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%

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\$0.5 million to US\$61.8 million as at 30 September 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\$1.2 million to US\$82.6 million as at 30 September 2014. This was due mainly to a US\$7.9 million increase in trade & other payable, US\$1.3 million increase in tax payable; offset by US\$8.0 million net decrease in bank and trust receipt loans.

As at 30 September 2014, the Group's equity attributable to shareholders increased by US\$6.6 million to US\$405.9 million mainly due to US\$2.7 million of dividend distribution; offset by US\$9.2 million increase in profit during 9M2014.

Statement of Cash Flows

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

The Group generated approximately US\$2.0 million of cash in operations in 3Q2014 compared to US\$0.8 million generated in 3Q2013. Profits from 3Q2014, coupled with cash generated from better utilization of trade payables amounting to US\$3.7 million, compensated for the cash utilized in trade receivables of US\$11.8 million and inventories of US\$2.8 million. The 3Q2014 cash generated contributed positively to the cash generated from operating activities for 9M2014 of US\$0.6 million; as compared to cash utilized for 9M2013 of US\$14.3 million.

Net cash used in investing activities for 3Q2014 was US\$5.2 million as compared to US\$3.6 million in the previous corresponding period. The Group continued its investment into intangible assets of US\$3.4 million and fixed assets of about US\$2.1 million in 3Q2014. The Group has maintained the same amount of investments into intangible assets and fixed assets as previous periods. For 9M2014, investments into intangible and fixed assets and withdrawal of deposits and increase in pledged bank deposits resulted in US\$13.8 million of cash utilization.

The Group utilized US\$4.1 million of cash in financing activities in 3Q2014 as compared to US\$0.3 million utilized in 3Q2013. 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 3Q2014 and 9M2014.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of US\$7.4 million to US\$12.8 million in 3Q2014, compared to US\$27.5 million in 3Q2013.

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 2Q2014 results announcement released on 7 August 2014, the Group stated that "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."

There is no variance between the prospect statement against the quarter ended.

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 caused by matured markets and changing IT trends affecting some of the countries in which it operates. The Group has been in gradual transition to align its ICT business with growth in emerging markets while shifting away from capital intensive hardware systems integration business in some of the mature markets. This has resulted in lower revenue from this division and this trend is likely to continue. However, the Group will leverage on its technical expertise and continue to pursue opportunities in niche markets comprising IT security solutions, software, managed services and cloud computing. Although these solutions tend to be relatively smaller in business volume and market opportunities, they yield better profitability and are in line with the Group's focus to generate more recurring revenue in software and services in the ICT division.

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 seek to 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. In addition, the Group will continue its investments in resources in this market to seek more direct and recurring income stream.

The Group sees potential in the upcoming mobile solution market for enterprises and had established various distribution channels and partners in China to increase outreach to small and medium enterprises. However, the adoption of such Software as a Services ("SaaS") by the enterprises through these channels is slower than expected. The Group will continue to secure better distribution channels and partners while expanding its solution offerings.

Going forward, the Group will continue to prospect for growth potential in its various business divisions, while remaining vigilant in managing its operating expenses and undertaking businesses where intensive working capital is required. The Group seeks to improve its working capital while focusing on investing and allocating resources in segments where good opportunities for recurring revenue prevail.

As at 30 September 2014, the Group is supported by a robust order book of US\$75.6 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)
<u>Transactions for the sales of goods and services</u> KDDI Corporation and/or its Associates	-	US\$4.0m
<u>Transactions for the purchase of goods and services</u> KDDI Corporation and/or its Associates	-	US\$0.4m
Total Interested Person Transactions	-	US\$4.4m

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 third quarter ended 30 September 2014 to be materially false or misleading.

By Order of the Board

Jismyl Teo Chor Khin
 Director
 12 November 2014