# Second Quarter & Half-Year Financial Statement and Dividend Announcement for the Period ended 31st December 2012 (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 31 Dec | | % | Half Year ended 31 Dec | | % |
|---|---|---|---|---|---|---|
| | 2012 | 2011 * | | 2012 | 2011 * | |
| | US$'000 | US$'000 | Change | US$'000 | US$'000 | Change |
| **Turnover (Note 1)** | **156,262** | **223,071** | **-29.9%** | **316,564** | **482,756** | **-34.4%** |
| Other income (Note 2) | 898 | 351 | 155.8% | 1,357 | 665 | 104.1% |
| Direct service fees incurred and cost of goods sold (Note 1) | (149,040) | (204,123) | -27.0% | (295,392) | (439,438) | -32.8% |
| Commissions and other selling expenses (Note 4) | (3,266) | (6,104) | -46.5% | (6,311) | (10,614) | -40.5% |
| Personnel costs (Note 5) | (8,966) | (10,427) | -14.0% | (16,506) | (20,727) | -20.4% |
| Infrastructure costs | (1,463) | (2,426) | -39.7% | (2,921) | (4,658) | -37.3% |
| Depreciation of property, plant and equipment | (833) | (1,024) | -18.7% | (1,709) | (2,087) | -18.1% |
| Amortisation of intangible assets (Note 6) | (1,106) | (2,829) | -60.9% | (2,308) | (6,442) | -64.2% |
| Marketing expenses (Note 7) | 150 | (4,851) | N.M. | (2,507) | (11,683) | -78.5% |
| Foreign exchange gain/ (loss) (Note 8) | 11 | (2,803) | N.M. | 1,738 | (9,409) | N.M. |
| Finance costs (Note 9) | (994) | (1,492) | -33.4% | (2,020) | (3,789) | -46.7% |
| Other expenses (Note 10) | (8,308) | (20,840) | -60.1% | (11,325) | (26,208) | -56.8% |
| Share of results of associates | (59) | (10) | 490.0% | (68) | (20) | 240.0% |
| **Loss before taxation** | **(16,714)** | **(33,507)** | **-50.1%** | **(21,408)** | **(51,654)** | **-58.6%** |
| Taxation (Note 13) | 40 | 2,714 | -98.5% | 184 | 3,900 | -95.3% |
| **Loss for the period from continuing operations** | **(16,674)** | **(30,793)** | **-45.9%** | **(21,224)** | **(47,754)** | **-55.6%** |
| | | | | | | |
| **Operation related** | | | - | | | - |
| Loss for the period from discontinued operations, net of tax (Note 14) | (294) | (1,612) | -81.8% | (470) | (2,759) | -83.0% |
| **Net loss for the period** | **(16,968)** | **(32,405)** | **-47.6%** | **(21,694)** | **(50,513)** | **-57.1%** |
| | | | | | | |
| **(Loss)/ profit attributable to:** | | | | | | |
| Owners of the parent | (16,950) | (32,405) | -47.7% | (21,712) | (50,404) | -56.9% |
| Non-controlling interest | (18) | - | 100.0% | 18 | (109) | N.M. |
| **Total** | **(16,968)** | **(32,405)** | **-47.6%** | **(21,694)** | **(50,513)** | **-57.1%** |

N.M. - Not Meaningful

*- Certain prior year figures have been reclassified to conform with current year's presentation.

*Note 1*

*The decrease in turnover and direct service fees and cost of goods sold for the quarter ended 31st December 2012 ("Q2 2013") and six months ended 31st December 2012 ("1H 2013") was mainly due to lower revenue generated by the mobility business on account of changing preference of customers for mobile phones on the 3G platform rather than the 2G platform which most of the products of the company still were built on.*

*Note 2*

*Other income*

| | Quarter ended 31 Dec | | | Half Year ended 31 Dec | | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | % | 2012 | 2011 | % |
| | US$'000 | US$'000 | Change | US$'000 | US$'000 | Change |
| | | | | | | |
| Interest income from bonds, deposits and investment securities | 113 | 125 | -9.6% | 374 | 261 | 43.3% |
| Gain on disposal of a subsidiary (Note 3) | 434 | - | 100.0% | 434 | - | 100.0% |
| Others | 351 | 226 | 55.3% | 549 | 404 | 35.9% |
| **Total other income** | **898** | **351** | **155.8%** | **1,357** | **665** | **104.1%** |

*Note 3*

*Gain on disposal of a subsidiary arose due to reclassification of the foreign currency translation reserve from equity to income statement accounted for (in accordance with FRS21) consequent to voluntary liquidation of its dormant wholly-owned subsidary Mediaring TC Inc ("MRTC") which was completed on 10th December 2012. (Please refer to annoucement 00066 dated 13th December 2012.)*

*Note 4*

*The decrease in commissions and other selling expenses was mainly due to the decrease in the distribution of voice services and sale of mobility products.*

*Note 5*

*The decrease in personnel costs was mainly due to cost cutting measures adopted by the Group as part of its initiative to rein in costs. This was partially offset by US$0.6m and provision of US$1.5m towards one-time severance cost to employees of Newtel Group and Affinity Group respectively.*

*Note 6*

*The decrease in amortisation of intangible assets was mainly due to lower carrying value of intangible assets consequent to impairment of intangible assets during the year ended 30th June 2012.*

*Note 7*

*The decrease in marketing expenses was mainly due to all around reduction in marketing expenses and also reversal of over provision of marketing expenses by Affinity Group in December 2012.*

*Note 8*

*The foreign exchange movement recognised in Q2 2013 and 1H 2013 was mainly due to unrealised and realised foreign exchange incurred on fluctuation of USD against SGD, MYR, THB and IDR.*

*Note 9*

*The decrease in finance costs was due to recognition of interest expense in relation to the fair value of deferred purchase consideration recognised for the period ended 31st December 2011 for the acquisition of Newtel Group and Affinity Group and none for Q2 2013 and 1H 2013 as the deferred purchase consideration was cancelled during the quarter ended 31st March 2012.*

*Note 10*

*Other expenses include the following:*

| | **Quarter ended 31 Dec** | | **%** | **Half Year ended 31 Dec** | | **%** |
|---|---|---|---|---|---|---|
| | **2012** | **2011** | | **2012** | **2011** | |
| | **US$'000** | **US$'000** | **Change** | **US$'000** | **US$'000** | **Change** |
| Allowance for doubtful trade debts (Note 11) | (982) | (7,312) | -86.6% | (1,125) | (7,665) | -85.3% |
| Allowance for doubtful non-trade debts | (94) | - | 100.0% | (100) | - | 100.0% |
| Allowance for stock obsolescence (Note 12) | (3,554) | (8,886) | -60.0% | (3,680) | (9,464) | -61.1% |
| Bank charges | (116) | (181) | -35.9% | (351) | (441) | -20.4% |
| Collection service fees | (333) | (781) | -57.4% | (737) | (1,440) | -48.8% |
| Equipment maintenance | (134) | (194) | -30.9% | (260) | (455) | -42.9% |
| Equipment rental | (69) | (85) | -18.8% | (114) | (148) | -23.0% |
| Freight and postage charges | (65) | (87) | -25.3% | (117) | (163) | -28.2% |
| Impairment of intangible assets | (518) | - | 100.0% | (518) | - | 100.0% |
| Impairment of property, plant and equipment | (1) | - | 100.0% | (160) | - | 100.0% |
| Gain/ (loss) on disposal of property, plant and equipment | 19 | (539) | N.M. | 47 | (539) | N.M. |
| Printing & stationery | (30) | (60) | N.M. | (69) | (132) | -47.7% |
| Loss on disposal of a subsidiary (Note 14) | - | - | 0.0% | (26) | - | 100.0% |
| Professional fees | (773) | (887) | -12.9% | (1,365) | (1,824) | -25.2% |
| Telecommunication expenses | (297) | (385) | -22.9% | (603) | (772) | -21.9% |
| Travelling & entertainment expenses | (608) | (1,012) | -39.9% | (1,137) | (1,988) | -42.8% |
| Write-back of allowance for doubtful trade debts | 71 | 26 | 173.1% | 148 | 32 | 362.5% |
| Write-back of allowance for doubtful non-trade debts | - | 7 | -100.0% | - | 7 | -100.0% |
| Write-back of allowance for stock obsolescence | 34 | 477 | -92.9% | 107 | 477 | -77.6% |
| Write off of stock | (5) | 4 | N.M. | (6) | (20) | -70.0% |
| Write off of trade debts | (10) | - | 100.0% | (7) | (2) | 250.0% |
| Others | (843) | (945) | -10.8% | (1,252) | (1,671) | -25.1% |
| **Total other expenses** | **(8,308)** | **(20,840)** | **-60.1%** | **(11,325)** | **(26,208)** | **-56.8%** |

N.M. - Not Meaningful

*Note 11*

*The decrease in allowance for doubtful debts for Q2 2013 and 1H 2013 was mainly due to higher provisions recognised by the Group for the quarter and period ended 31st December 2011 upon review of collectibility of receivables.*

*Note 12*

*The decrease in allowance for stock obsolescence for Q2 2013 and 1H 2013 was mainly due to higher provisions recognised by the Group for the period ended 31st December 2011 due to shifting of market demands from feature phones to smart phones.*

*Note 13*

*The decrease in taxation for Q2 2013 and 1H 2013 was mainly due to lower reversal of deferred tax liabilities as a result of writing back of deferred tax liabilties consequent to impairment of certain intangible assets relating to Spice CSL Group, NewTel Group and partial impairment in case of Bharat IT during the year ended 30th June 2012.*

*Note 14*

*Mobile Concepts (M) Sdn Bhd*

*In Q4 2012, the Group had decided to dispose of its investment in Mobile Concept (M) Sdn. Bhd. ("MCM") for a consideration of US$300,000. The disposal of MCM was subsequently completed on 17th July 2012.*

*The results of MCM for the period ended 17th July 2012 are as follows:*

| | Period covering 7/1/2012 - 7/17/2012 | Six months ended 12/31/2011 |
|---|---|---|
| | **US$'000** | **US$'000** |
| **Turnover** | **376** | **3,994** |
| Other income | - | 38 |
| Direct service fees incurred and cost of goods sold | (317) | (3,422) |
| Commissions and other selling expenses | (5) | (261) |
| Personnel costs | (35) | (236) |
| Infrastructure costs | (8) | (69) |
| Depreciation of property, plant and equipment | (2) | (20) |
| Marketing expenses | (1) | (42) |
| Foreign exchange gain | 4 | 26 |
| Finance costs | - | - |
| Other expenses | (4) | (304) |
| **Profit/ (loss) before taxation** | **8** | **(296)** |
| Taxation | - | - |
| **Profit/ (loss) for the period from operation related to disposal group classified as held for sale, net of tax** | **8** | **(296)** |

*The major classes of assets and liabilities of MCM as at 17th July 2012, loss on its disposal and net cash inflow are as follows:*

| | **7/17/2012** |
|---|---|
| | **US$'000** |
| Property, plant and equipment | 103 |
| Intangible assets | 43 |
| Stocks | 881 |
| Trade debtors, current | 291 |
| Other debtors and deposits, current | 116 |
| Cash and cash equivalents | 178 |
| Tax recoverable | 53 |
| Trade creditors | (721) |
| Other creditors and accruals, current | (236) |
| Lease obligations | (68) |
| Deferred tax liabilities | (24) |
| **Net assets** | **616** |
| Non-controlling interest | (246) |
| **Net assets attributable to owners of the parent** | **370** |
| Fair value adjustment in fixed assets of subsidiary under disposal as at 30th June 2012 | (44) |
| Loss on disposal of a subsidiary | (26) |
| Less: Cash and cash equivalents | (178) |
| **Net cash** | **122** |

Spice BPO Services Limited ("SBPO")

*SBPO, being one of the disposal group, was accounted for in accordance with FRS105, Non-Current Assets Held For Sale And Discontinued Operations. Accordingly, all the assets, liabilities and reserves relating to SBPO have been presented on the face of the balance sheet as "Assets directly associated with disposal group classified as held for sale", "Liabilities directly associated with disposal group classified as held for sale" and "Translation reserve of disposal group classified as held for sale" respectively. Additionally, SBPO's results are presented separately on the income statement as "Loss for the period from discontinued operations, net of tax" for the quarter ended 31st December 2012. The sale was completed on 24th January 2013. (Please refer to annoucement 00033 dated 24th January 2013.)*

*The results of Spice BPO for the period ended 31st December are as follows:*

| | **Quarter ended 31 Dec** | | **Half Year ended 31 Dec** | |
|---|---|---|---|---|
| | **2012** | **2011** | **2012** | **2011** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Turnover** | **77** | **2,239** | **287** | **4,982** |
| Other income | 17 | 30 | 141 | 111 |
| Personnel costs | (75) | (1,776) | (266) | (3,857) |
| Infrastructure costs | (42) | (516) | (201) | (1,201) |
| Depreciation of property, plant and equipment | (26) | (315) | (53) | (643) |
| Amortisation of intangible assets | (3) | (26) | (6) | (54) |
| Marketing expenses | (2) | (7) | (2) | (12) |
| Foreign exchange gain/ (loss) | (36) | (114) | 94 | (332) |
| Finance costs | (180) | (267) | (410) | (555) |
| Other expenses | (24) | (565) | (62) | (902) |
| **Loss before taxation** | **(294)** | **(1,317)** | **(478)** | **(2,463)** |
| Taxation | - | - | - | - |
| **Loss for the period from discontinued operations, net of tax** | **(294)** | **(1,317)** | **(478)** | **(2,463)** |

*The major classes of assets, liabilities and reserves of SBPO classified as held for sale as at 31st December 2012 are as follows:*

| | **12/31/2012** |
|---|---|
| | **US$'000** |
| **Property, plant and equipment** | **522** |
| **Intangible assets** | **31** |
| | |
| **Current assets** | **2,755** |
| Trade debtors, current | 558 |
| Other debtors and deposits, current | 941 |
| Prepayments | 13 |
| Cash and bank deposits pledged | 45 |
| Cash and cash equivalents | 970 |
| Tax recoverable | 109 |
| Asset classified as held for sale | 119 |
| | |
| **Current liabilities** | **12,372** |
| Trade creditors | 711 |
| Other creditors and accruals, current | 2,968 |
| Loans and bank borrowings, current | 8,650 |
| Lease obligations, current | 43 |
| | |
| **Net current assets** | **(9,617)** |
| | |
| **Net Assets** | **(9,064)** |
| | |
| **Reserves:** | |
| Translation reserve | 562 |

*Cash flows from operation related to disposal group classified as held for sale*

| | **Quarter ended 31 Dec 12** |
|---|---|
| | **US$'000** |
| Operating activities | (14) |
| Investing activities | 2 |
| Financing activities | (59) |
| Net cash outflows | (71) |

**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 31 Dec | | % | Half Year ended 31 Dec | | % |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | | 2012 | 2011 | |
| | US$'000 | US$'000 | Change | US$'000 | US$'000 | Change |
| **Loss for the period** | **(16,968)** | **(32,405)** | **-47.6%** | **(21,694)** | **(50,513)** | **-57.1%** |
| | | | | | | |
| **Other comprehensive income:** | | | | | | |
| **Items that may be reclassifed subsequently to profit and loss:** | | | | | | |
| Foreign currency translation (Note 15) | (512) | (512) | 0.0% | (1,665) | (5,085) | -67.3% |
| Net gain/ (loss) on available-for-sale financial assets | - | 31 | -100.0% | (1) | 34 | N.M. |
| **Other comprehensive loss for the period** | **(512)** | **(481)** | **6.4%** | **(1,666)** | **(5,051)** | **-67.0%** |
| | | | | | | |
| **Total comprehensive loss for the period** | **(17,480)** | **(32,886)** | **-46.8%** | **(23,360)** | **(55,564)** | **-58.0%** |
| | | | | | | |
| **Total comprehensive (loss)/ income attributable to:** | | | | | | |
| Owners of the parent | (17,462) | (33,021) | -47.1% | (23,378) | (55,498) | -57.9% |
| Non-controlling interest | (18) | 135 | N.M. | 18 | (66) | N.M. |
| **Total** | **(17,480)** | **(32,886)** | **-46.8%** | **(23,360)** | **(55,564)** | **-58.0%** |

N.M. - Not Meaningful

*Note 15*

*The movement in foreign currency translation was mainly due to appreciation of SGD, MYR and THB against USD in Q2 2013 and IH 2013.*

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

| | Group | | Company | |
|---|---|---|---|---|
| | **31 Dec 12** | **30 Jun 12** | **31 Dec 12** | **30 Jun 12** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| Share capital | 410,663 | 410,663 | 410,663 | 410,663 |
| Accumulated losses | (280,555) | (258,843) | (252,788) | (252,528) |
| Other reserves | (3,596) | (3,595) | (6,766) | (6,765) |
| Translation reserve (Note 15) | 5,379 | 7,652 | 18 | 16 |
| Translation reserve of disposal group classified as held for sale (Note 1(a) 14) | 562 | (46) | - | - |
| **Equity attributable to the owners of the parent** | **132,453** | **155,831** | **151,127** | **151,386** |
| Non-controlling interest | 194 | 264 | | |
| **Total Equity** | **132,647** | **156,095** | **151,127** | **151,386** |
| | | | | |
| **Property, plant and equipment (Note 16)** | **10,478** | **12,981** | **583** | **765** |
| **Intangible assets (Note 17)** | **67,480** | **69,364** | **697** | **1,554** |
| **Investments in subsidiaries (Note 18)** | **-** | **-** | **107,060** | **107,087** |
| **Investment in associates** | **-** | **68** | **144** | **144** |
| **Investment securities** | **2,903** | **2,760** | **2,903** | **2,760** |
| **Long-term loans and advances to subsidiaries** | **-** | **-** | **1,485** | **1,125** |
| **Deferred tax assets** | **628** | **539** | **-** | **-** |
| **Trade debtors, non-current** | **165** | **525** | **-** | **-** |
| **Tax recoverable, non-current (Note 23)** | **9,088** | **7,360** | **-** | |
| **Other debtors and deposits, non-current (Note 21)** | **66** | **279** | **-** | **-** |
| | | | | |
| **Current assets** | **143,285** | **174,330** | **51,345** | **58,555** |
| Stocks (Note 19) | 20,416 | 33,131 | - | 49 |
| Trade debtors, current (Note 20) | 44,698 | 49,408 | 1,326 | 2,718 |
| Other debtors and deposits, current (Note 21) | 4,628 | 9,240 | 877 | 2,718 |
| Prepayments (Note 22) | 5,838 | 8,376 | 572 | 1,011 |
| Due from subsidiaries | - | - | 8,094 | 4,920 |
| Cash and bank deposits pledged | 5,833 | 7,780 | 1,451 | 183 |
| Cash and cash equivalents | 55,649 | 61,477 | 39,025 | 45,091 |
| Tax recoverable, current (Note 23) | 895 | 711 | - | - |
| Assets directly associated with disposal group classified as held for sale (note 1(a) 14) | 5,328 | 4,207 | - | 1,865 |
| | | | | |
| **Current liabilities** | **93,455** | **103,286** | **12,919** | **20,422** |
| Trade creditors (Note 24) | 20,697 | 30,654 | 1,617 | 6,106 |
| Other creditors and accruals (Note 25) | 15,090 | 18,830 | 2,980 | 4,621 |
| Deferred revenue | 1,502 | 2,004 | 462 | 638 |
| Lease obligations, current | 544 | 644 | 20 | 19 |
| Loans and bank borrowings (Note 26) | 40,631 | 49,591 | - | - |
| Due to subsidiaries | - | - | 7,696 | 8,910 |
| Due to associates | 144 | 128 | 144 | 128 |
| Tax payable | 455 | 402 | - | - |
| Liabilities directly associated with disposal group classified as held for sale (note 1(a) 14) | 14,392 | 1,033 | - | - |
| | | | | |
| **Net current assets** | **49,830** | **71,044** | **38,426** | **38,133** |
| | | | | |
| **Non-current liabilities** | **7,991** | **8,825** | **171** | **182** |
| Deferred tax liabilities | 6,725 | 7,167 | - | - |
| Provision for employee benefits | 1,090 | 1,155 | - | - |
| Lease obligations, non-current | 176 | 503 | 171 | 182 |
| | | | | |
| **Net Assets** | **132,647** | **156,095** | **151,127** | **151,386** |

*Note 16*

*The decrease in property, plant and equipment was mainly due to the disposal of MCM in July 2012, depreciation of US$1.7m recognised in 1H 2013, reclassification of property, plant and equipment relating to Spice BPO to Assets directly associated with disposal group classified as held for sale and impairment of certain property, plant and equipment by Newtel Group.*

*Note 17*

*The decrease in intangible assets was mainly due to the amortisation os US$2.3m recognised in 1H 2013 and impairment of certain intangible assets by the Company. This was partially offset by the goodwill recognised on acqusition of Mobile Services International Co. Ltd ("MSI China") and CSL Communication (Shenzhen) Co., Ltd ("CSL Shenzhen") in Q1 2013.*

*Note 18*

*The decrease in investment in subsidiaries was due to the disposal of Mobile Concepts (M) Sdn Bhd ("MCM")on 17th July 2012 and liquidation of MRTC on 10th December 2012. This was partially offset by the acqusition of MSI China and CSL Shenzhen on 9th July 2012 and 2nd August 2012 respectively.*

*Note 19*
*The decrease in stocks was mainly due to reduction of US$12.3m in stock holding by Affinity Group.*

*Note 20*
*The decrease in trade receivables was mainly due to :*
*1) Decline in revenue*
*2) Repayment of outstanding trade receivables by S Mobility Ltd of US$1.8m. (Please refer to annoucement 00134 dated 3rd December 2012)*
*The Company would like to add that the Company did not make any sales to S Mobility Ltd (who is a related party and and interested person ) during 1H 2013.*

*Note 21*
*The decrease in other debtors and deposits was mainly due to lower deposits paid to vendors for purchases of mobile handsets, reclassification of other debtors and deposits of Spice BPO to Assets directly associated with disposal group classified as held for sale and set off of certain GST recoverable against GST payable by Affinity Group in December 2012.*

*Note 22*
*The decrease in prepayments was mainly due to reduction in prepayments to vendors for purchases of mobility products.*

*Note 23*
*The increase in tax recoverable was mainly on account of Affinity Group.*

*Note 24*
*The decrease in trade creditors was mainly due to lower purchases made by the mobility business, resulting also from decrease in revenue from mobility business and reclassification of Spice BPO trade creditors to Liabilities directly associated with disposal group classified as held for sale.*

*Note 25*
*The decrease in other creditors and accruals was mainly due to the reclassification of Spice BPO Sundry accruals to Liabilities directly associated with disposal group classified as held for sale and lower accruals recognised due to the decrease in distribution of voice services.*

*Note 26*
*The decrease in loans and borrowings was mainly due to the reclassification of Spice BPO loans to Liabilities directly associated with disposal group classified as held for sale.*

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

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

| As at 31/12/2012 | | As at 30/6/2012 | |
|---|---|---|---|
| Secured (US$'000) | Unsecured (US$'000) | Secured (US$'000) | Unsecured (US$'000) |
| **40,642 **** | **8,638 *** | **41,563** | **8,028** |

***** This relates to the disposal group and accordingly has been shown under liabilities directly associated with disposal group classified as held for sale.
** Included in this is bank overdraft of US$11,373 which relates to the disposal group and accordingly has been shown under liabilities directly associated with disposal group classified as held for sale.

**Details of any collateral**

a) Subsidiaries' current assets of US$68.8 million (30/06/2012 : US$40.2 million) and property, plant and equipment with carrying amount of US$2.1 (30/6/2012: US$NIL) are pledged as security for bank guarantees, standby letters of credit and other bank services.

b) Corporate guarantees of US$NIL million (30/06/2012 : US$4.3 million) were given by the Company to enable its subsidiaries to obtain banking facilities.

c) Corporate guarantees of US$4.1million (30/06/2012 : US$NIL) were given by the subsidiary to enable its subsidiaries to obtain banking facilities.

d) Corporate guarantees of US$10.1million (30/06/201w : US$9.7 million) were given by the Company to enable its subsidiaries to obtain credit facility from various suppliers.

e) Corporate guarantees of US$5.0 million (30/06/2012 : US$4.8 million) were given by the subsidiary to enable its subsidiaries to obtain credit facility from various suppliers.

f) Trust receipts of US$1.5 million (30/06/2012 : US$1.3 million) is secured by corporate guarantees given by the Company and two subsidiaries.

**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 | | Half Year ended | |
|---|---|---|---|---|
| | 31 Dec 12 | 31 Dec 11 | 31 Dec 12 | 31 Dec 11 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Cash flows from operating activities** | | | | |
| | | | | |
| **Loss before taxation from continuing operations** | **(16,714)** | **(33,507)** | **(21,408)** | **(51,654)** |
| Loss before taxation from discontinued operations ( Note 1(a) 14) | (294) | (1,612) | (470) | (2,759) |
| **Total loss before taxation** | **(17,008)** | **(35,119)** | **(21,878)** | **(54,413)** |
| | | | | |
| **Adjustments for:** | | | | |
| Allowance for doubtful trade debts | 982 | 8,477 | 1,125 | 8,830 |
| Allowance for doubtful non-trade debts | 94 | - | 100 | - |
| Allowance for employee benefits | (82) | - | (64) | - |
| Allowance for stock obsolescence | 3,554 | 9,120 | 3,680 | 9,698 |
| Amortisation of intangible assets | 1,109 | 2,855 | 2,315 | 6,496 |
| Impairment of intangible assets | 518 | - | 518 | - |
| Depreciation of property, plant and equipment | 859 | 1,349 | 1,764 | 2,751 |
| Finance costs | 1,174 | 1,759 | 2,430 | 4,344 |
| Gain on disposal of property, plant and equipment | (23) | (421) | (51) | (409) |
| Loss on disposal of a subsidiary | - | - | 26 | - |
| Interest income from bonds, deposits and investment securities | (130) | (144) | (460) | (361) |
| Share-based payments | 1 | 1 | 1 | 3 |
| Share of results of associates | 59 | 10 | 68 | 20 |
| Write-back of allowance for doubtful trade debts | (71) | (26) | (148) | (32) |
| Write-back of allowance for doubtful non-trade debts | - | (7) | - | (7) |
| Write-back of allowance for stock obsolescence | (34) | (477) | (107) | (477) |
| Write off of trade debts | 10 | - | 7 | 2 |
| Write off of stock | 5 | (4) | 6 | 20 |
| Translation differences | (870) | (4,550) | (2,110) | (5,398) |
| **Operating loss before working capital changes** | **(9,853)** | **(17,177)** | **(12,778)** | **(28,933)** |
| Decrease in stocks | 28,440 | 23,097 | 9,016 | 14,848 |
| (Increase)/ decrease in trade debtors | (1,584) | 17,979 | 3,673 | 23,248 |
| Decrease/ (increase) in other debtors and deposits | 1,235 | (2,352) | 1,748 | (1,562) |
| Decrease in prepayments | 2,468 | 9,723 | 2,585 | 16,314 |
| Decrease in amount due from associates | 16 | - | 16 | - |
| Decrease in trade creditors | (12,225) | (29,857) | (9,116) | (14,747) |
| (Decrease)/ increase in other creditors and accruals | (1,427) | 3,274 | (952) | (2,462) |
| Decrease in deferred revenue | (89) | (455) | (502) | (986) |
| **Cash generated from/ (used in) operating activities** | **6,981** | **4,232** | **(6,310)** | **5,720** |
| Interest paid | (1,174) | (1,681) | (2,430) | (3,483) |
| Tax paid | (193) | (185) | (445) | (586) |
| **Net cashgenerated from/ (used in) operating activities** | **5,614** | **2,366** | **(9,185)** | **1,651** |
| **Cash flows from investing activities** | | | | |
| Interest income received from bonds, deposits and investment securities | 40 | 124 | 402 | 339 |
| Acquisition of subsidiary MSI China, net of cash acquired | - | - | (198) | - |
| Acquisition of subsidiary CSL Shenzhen, net of cash acquired | - | - | (306) | - |
| Acquisition of subsidiary I-Gate Group, net of cash acquired | - | - | - | 24 |
| Acquisition of subsidiary Mobile Concept, net of cash acquired | - | - | - | 10 |
| Acquisition of subsidiary CSL Mobile Care, net of cash acquired | - | - | - | 2 |
| Acquisition of remaining shares in subsidiary I-Gate Group | - | (300) | - | (300) |
| Disposal of subsidiary Mobile Concept, net of cash disposed | - | - | 122 | - |
| Proceeds from disposal of property, plant and equipment | 218 | 3,181 | 3,045 | 3,253 |
| Purchase of property, plant and equipment | (138) | (2,005) | (265) | (3,913) |
| Additions to intangible assets | (72) | (235) | (169) | (522) |
| **Net cash generated from/ (used in) investing activities** | **48** | **765** | **2,631** | **(1,107)** |
| **Cash flows from financing activities** | | | | |
| Decrease/ (increase) in cash and bank deposits pledged | 2,202 | (5,305) | 1,903 | 1,462 |
| (Repayment of)/ proceeds from loans | (8,612) | 191 | (125) | (26,356) |
| Proceeds from/ (repayment of) bank borrowings | 1,481 | (1,746) | 133 | (997) |
| Repayment of loan given by a director | - | (2,146) | - | (3,276) |
| Repayment of obligations under finance leases | (164) | (374) | (383) | (901) |
| **Net cash (used in)/ generated from financing activities** | **(5,093)** | **(9,380)** | **1,528** | **(30,068)** |
| **Net increase/ (decrease) in cash and cash equivalents** | **569** | **(6,249)** | **(5,026)** | **(29,524)** |
| Cash and cash equivalents at beginning of the period | 56,050 | 74,942 | 61,645 | 98,217 |
| **Cash and cash equivalents at end of the period** | **56,619** | **68,693** | **56,619** | **68,693** |
| **Cash and cash equivalents of disposal group classified as held for sale (note 1(a) 14)** | **970** | **-** | **970** | **-** |
| **Cash and cash equivalents at the end of the period of the continuing operations** | **55,649** | **68,693** | **55,649** | **68,693** |

**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 | | | | | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|
| | Share capital US$'000 | Accumulated losses US$'000 | Other reserves US$'000 | Translation reserve US$'000 | Total US$'000 | US$'000 | US$'000 |
| **The Group** | | | | | | | |
| **Balance as at 1 July 2012** | **410,663** | **(258,843)** | **(3,595)** | **7,606** | **155,831** | **264** | **156,095** |
| Total comprehensive income for the period | - | (4,762) | (1) | (934) | **(5,697)** | 36 | **(5,661)** |
| Non-controlling interest arising from business combination | - | - | - | - | - | 158 | **158** |
| Disposal of a subsidiary | - | - | - | - | - | (246) | **(246)** |
| Translation reserve of disposal company classified as held for sale | - | - | - | (219) | **(219)** | - | **(219)** |
| **Balance as at 30 September 2012** | **410,663** | **(263,605)** | **(3,596)** | **6,453** | **149,915** | **212** | **150,127** |
| Total comprehensive (loss)/ income for the period | - | (16,950) | - | (1,294) | **(18,244)** | (18) | **(18,262)** |
| Translation reserve of disposal company classified as held for sale | - | - | - | 782 | **782** | - | **782** |
| **Balance as at 31 December 2012** | **410,663** | **(280,555)** | **(3,596)** | **5,941** | **132,453** | **194** | **132,647** |
| **Balance as at 1 July 2011 as previously reported** | 410,663 | (77,830) | (1,896) | 11,287 | **342,224** | (986) | **341,238** |
| Prior year adjustment* | - | 253 | - | 40 | **293** | - | **293** |
| **Balance as at 1 July 2011** | 410,663 | (77,577) | (1,896) | 11,327 | **342,517** | (986) | **341,531** |
| Total comprehensive income for the period | - | (17,999) | 3 | (4,481) | **(22,477)** | (201) | **(22,678)** |
| Value of employee services received | - | - | 2 | - | **2** | - | **2** |
| **Balance as at 30 September 2011** | **410,663** | **(95,576)** | **(1,891)** | **6,846** | **320,042** | **(1,187)** | **318,855** |
| Total comprehensive income for the period | - | (32,405) | 31 | (647) | **(33,021)** | 135 | **(32,886)** |
| Acquisition of non-controlling interest | - | - | (1,825) | - | **(1,825)** | 1,525 | **(300)** |
| Value of employee services received | - | - | 1 | - | **1** | - | **1** |
| **Balance as at 31 December 2011** | **410,663** | **(127,981)** | **(3,684)** | **6,199** | **285,197** | **473** | **285,670** |

| | Share capital US$'000 | Accumulated losses US$'000 | Other reserves US$'000 | Translation reserve US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Balance as at 1 July 2012** | 410,663 | (252,528) | (6,765) | 16 | **151,386** |
| Total comprehensive income for the period | - | (67) | (1) | 2 | **(66)** |
| **Balance as at 30 September 2012** | **410,663** | **(252,595)** | **(6,766)** | **18** | **151,320** |
| Total comprehensive (loss)/ income for the period | | (193) | - | - | **(193)** |
| **Balance as at 31 December 2012** | **410,663** | **(252,788)** | **(6,766)** | **18** | **151,127** |
| **Balance as at 1 July 2011** | 410,663 | (88,288) | (6,821) | 28 | **315,582** |
| Total comprehensive income for the period | - | (4,596) | 3 | (4) | **(4,597)** |
| Value of employee services received | - | - | 2 | - | **2** |
| **Balance as at 30 September 2011** | **410,663** | **(92,884)** | **(6,816)** | **24** | **310,987** |
| Total comprehensive (loss)/ income for the period | - | (8,234) | 31 | 11 | **(8,192)** |
| Value of employee services received | - | - | 1 | - | **1** |
| **Balance as at 31 December 2011** | **410,663** | **(101,118)** | **(6,784)** | **35** | **302,796** |

**This prior year adjustment arose as a result of finalisation of the purchase price allocation in accordance with FRS 103 – Business Combinations.*

**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 year.**

| | No. of Shares | |
|---|---|---|
| | 31 Dec 12 | 30 Jun 12 |
| Issued shares at the beginning of the period | 5,484,980,836 | 2,742,490,418 |
| Shares issued pursuant to the rights issue exercise in May 2011 | - | 2,742,490,418 |
| Total issued shares at the end of the period | 5,484,980,836 | 5,484,980,836 |

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 | |
|---|---|---|
| | 31 Dec 12 | 31 Dec 11 |
| Options granted under 1999 S i2i Employees' Share Option Scheme II | 1,019,841 | 1,019,841 |

**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 31st December 2012 is 5,484,980,836 (30th June 2012 : 5,484,980,836).

**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 30th June 2012, 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.**

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 31 December | | Half Year ended 31 December | |
| | 2012 | 2011 | 2012 | 2011 |
| 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 (US cent) | (0.31 cent) | (0.63 cent) | (0.40 cent) | (0.96 cent) |
| ii) On a fully diluted basis (US cent) | (0.31 cent) | (0.63 cent) | (0.40 cent) | (0.96 cent) |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Dec 12 | 30 Jun 12 | 31 Dec 12 | 30 Jun 12 |
| Net asset backing per ordinary share is calculated based on 5,484,980,836 (30/06/2012 : 5,484,980,836) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (US cent). | 2.41 cent | 2.84 cent | 2.76 cent | 2.76 cent |

**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 US$156.3m and US$316.6m in Q2 2013 and 1H 2013 respectively – a decrease of 29.9% and 34.4% over the corresponding quarter and period respectively. The decrease was mainly due to lower revenue generated by the mobility business on account of changing preference of customers for mobile phones on the 3G platform rather than the 2G platform which most of the products of the company still were built on.

There was a decrease in overheads mainly due to certain cost cutting measures initiated by the Group in its effort to rein in costs.

There was a decrease in allowance for trade receivables from US$7.3m to US$1.0m and US$7.7m to US$1.1m for Q2 2013 and 1H 2013 over the corresponding quarter and period respectively . There was a decrease in allowance for stock obsolescence from US$8.9m to US$3.6m and US$9.5m to US$3.7m for Q2 2013 and 1H 2013 over the corresponding quarter and period respectively.

There was a foreign exchange gain of US$1.7m in 1H 2013 on account of strengthening of SGD, MYR and THB against USD.

Resultantly, the Group incurred a loss before tax of US$16.7 million and US$21.4 million in Q2 2013 and 1H 2013 respectively, as against the loss before tax of US$33.5 million and US$51.7 million over the corresponding quarter and period respectively.

The Group had decided to dispose of its investment in Mobile Concept (M) Sdn. Bhd. ("MCM") for a consideration of US$300,000 during the year ended 30th June 2012. The disposal of MCM was completed on 17 July 2012. The Group has also decided to dispose of its investment in Spice BPO Services Limited ("SBPO"). The disposal of SBPO has been approved by the shareholders on 25th October 2012. The sale was completed on 24th January 2013. (Please refer to annoucement 00033 dated 24th January 2013.)

The Group had decided to voluntarily liquidate its dormant wholly-owned subsidiary, Mediaring TC Inc, a company registered in Japan. The liquidation was completed on 10th December 2012 resulting in a gain of US$0.4m.

Change in the management's focus on the retail and distribution of Mobility products under Affinity Group has mainly resulted in decrease in stocks, trade receivables and trade creditors as at 31st December 2012.

Net assets of the Group has decreased to US$132.6m as at 31st December 2012 from US$156.1m as at 30 June 2012.

**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 Group continues to consolidate the acquisitions and aggregate the Supply Chain Management to reduce procurement costs of mobile handsets. The Group expects that consumers increasingly will prefer mobile devices built on the 3G platform and also prefer Android platform. The Group will therefore continue to launch new products that respond to this expected shift in consumer demand.. The company is focused on launching and promoting 3G Android phones in the markets of Indonesia, Thailand and Malaysia. The consumers are moving from feature phone usage towards Smart phones/Android based phones at the mid and lower segment of the market base. The value for money consumer is wanting to migrate from mid market Feature phone to a Smart phone/ Android based 3G affordable device. The reason is an increase of VAS applications on Android platform and data usage being promoted by Operators. The company is also undertaking project based plans to align strategy with operators to sell their own devices through operators to the markets.

**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**

As at 2 January 2013*, the net proceeds from the 2011 Rights Issue have been utilised as follows:

| | Amount S$'Million |
|---|---|
| Net Proceeds from 2011 Rights Issue | **146.4** |
| | |
| Less Proceeds utilised for: | |
| To partially fund the completion of the Proposed Acquisition of Affinity Group | **87.0** |
| Funding part of the Group's working capital (up to 8th October 2012 - annoucement dated 9th October 2012) | **25.5** |
| Funding part of the Group's working capital (after 8th October 2012) ** | |
| - Payment to vendors | **1.4** |
| Security Deposit, Advance Rent and Capital Expenditure for new office premises | **2.3** |
| Loans to various subsidiaries for working capital | **5.1** |
| Acquisition of remaining 49% stake in I-Gate Holding Sdn Bhd | **0.4** |
| Capital Expenditure for new office premises | **1.7** |
| Termination Payment as referred to in the Company's announcement dated 5 March 2012 | **13.1** |
| | |
| Balance of net proceeds from 2011 Rights Issue unutilised | **9.9** |

* As announced by the Company on 2 January 2013 (announcement no. 00072)
** As per revised guidelines effective October 2012

The use of proceeds was in accordance with the stated use.

**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)<br>Quarter ended 31 Dec 2012<br>US$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)<br>Quarter ended 31 Dec 2012<br>US$'000 |
|---|---|---|
| S Mobility Ltd | 24 | - |

There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 25th October 2012.

**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 31st December 2012 to be false or misleading in any material respects.

**BY ORDER OF THE BOARD**

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

**7 February 2013**