Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	S I2I LIMITED
Securities	S I2I LIMITED - SG1H33875235 - M09
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	15-Apr-2015 07:21:06
Status	New
Report Type	Annual Report
Announcement Reference	SG150415OTHRPCOT
Submitted By (Co./ Ind. Name)	Maneesh Tripathi
Designation	Executive Director and Group CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Annual Report 2014 and Circular in relation to the proposed share consolidation. Please see the attached.

Additional Details

Period Ended	31/12/2014

Attachments	Si2i_AnnualReport2014.pdf Si2i_Circular_ProposedShareConsolidation.pdf Total size =1616K

Leading The Convergence of Telecom & Technology

2014
ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

S i2i Limited was incorporated in Singapore under the name of Mediacom Technologies Pte Ltd on 15 July 1993. Subsequently, it was converted to a public limited company on 25 October 1999, accompanied by a change of name to MediaRing.com Ltd. On 6 November 2002, the Company changed its name to MediaRing Ltd. before it got changed to Spice i2i Limited on 30 April 2010 and eventually to S i2i Limited on 26 July 2011.

The Company acquired strategic companies in Malaysia, Thailand, and Indonesia. After a re-evaluation and restructuring of its business units, the Company has reinforced its focus on products and services in segments such as telecom value added services, high-end consumer mobility products as well as IT related professional and managed services.

S i2i currently operates in the following key segments:

Distribution of operator products and services

The Company distributes mobile prepaid cards as authorized distributor of the following well-established telecom operators in Indonesia: PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, and PT Indosat in Indonesia etc. ("Airtime Business"). The distribution is based on a network of more than 55,000 resellers, 300 dealers and sub-dealers, along with a network of 21 branch offices and 39 sub-branch offices in Indonesia. As one of the three largest distributors for Telkomsel which holds a market share of more than 60% of Indonesia's airtime business, the Company has enjoyed a consistent Platinum and Gold partnership for three consecutive years.

ICT Distribution and Managed Services

Based on partnerships with global players like IBM and HP, the Company provides both hardware infrastructure and business service integration for governments and corporate clients in Southeast Asia. Not only does the Company offer integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services, but also does it undertake projects on Networking, Data Hosting, and Managed Service solutions.

Mobile devices distribution and retail

The Company is involved in the procurement and sale of both mobile devices and related services. The Company leverages its strategic partnership with Google Inc. as well as tie-ups with key e-commerce marketplaces to sell its Android-One smartphone under the "Nexian" brand in Southeast Asia. By running a selection of niche retail stores in Indonesia, the Company sells mobile handsets and accessories under the "Selular Shop" brand.

Since 1999 S i2i Limited is listed on the Main board of the Singapore Exchange Securities Trading Limited and operates under the ticker symbol SGX: M09.

BOARD OF DIRECTORS STATEMENT

Dear Shareholders,

We present your Company's financial performance and significant milestones for the financial year ended 31st December 2014 (FY 2014)

INDUSTRY, ECONOMY AND BUSINESS – AN OVERVIEW

In the year 2014, the whole mobile device market went into further turmoil. Large MNC players folded or closed down their mobile device, hardware business and only a few dominant players survived as consolidation happened. Local players in various countries continue to make losses as the industry paradigm on local and china made phones keep changing for the worse. South-East Asian countries; Indonesia in particular, bore the brunt of the global financial turbulence. Rapid depreciation of local currencies, increase in inflation and fuel price hikes resulted in an economic slowdown in the region. This led to a significant reduction in consumer demand and reduction in liquidity in the market. The Airtime and prepaid card business in the distribution of operator products & services segment of the Group in Indonesia maintained its robustness.

The focus in 2014 and going forward continues to strengthen the partnership with Telkomsel, which is the largest telecom operator in the region and has significant contribution to the Company's revenues and profits. The team focused on improving efficiencies and hence meeting the KPIs assigned by the principal. This strategy has yielded good dividends and we have been able to enjoy the confidence and patronage of Telkomsel team as one of their most efficient distribution partners.

The Company continues to distribute mobile prepaid cards as authorized distributor of the well-established telecom operators in Indonesia: PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, and PT Indosat in Indonesia ("Airtime Business"). The distribution is based on a network of more than 55,000 resellers, 300 dealers and sub-dealers, along with a network of 21 branch offices and 39 sub-branch offices in Indonesia. As one of the three largest distributors for Telkomsel which holds a market share of more than 60% of Indonesia's airtime business, the Company has enjoyed a consistent Platinum and Gold partnership for three consecutive years.

The Company in Indonesia also operates a boutique chain of multiband retail shops selling a range of Smartphones and high end accessories. These 23 Multi branded Retail shops are located in some of the finest mall in Jakarta. Brands like iPhone, Samsung, Nexian, Blackberry, Smartfren, LG, Lenovo are sold through these retail outlets. In 2014, the focus had been to optimize the revenues and profits for the existing stores before embarking on the expansion in the future as this is a very difficult and competitive terrain and online shopping is also becoming a major competition for all retail houses. The Company is seriously looking at options on how to counter or align the strategy with this threat. The Selular shops also run customized joint promotions and customer programs with over 15 retail banking partners.

The ICT distribution and managed services business in Singapore remains steady. The Company has made major inroads into key/ large accounts in the market and has won large projects to the tune of US$15 million.

COMPANY PERFORMANCE – FOCUS ON COST AND BUSINESS TRANSFORMATION

The group recorded a turnover of US$361.8 million during current financial year ended 31st December 2014 ("FY 2014") against US$769.59 million during previous financial period of 18 months ended 31st December 2013 ('FP 2013). Demand and margins of Mobile devices and products in major market of Indonesia had been affected due to severe competitive pressures, sharp shift in consumption pattern and distribution channels in our key markets. Demand and margin in ICT distribution and managed services continued to be under pressure due to increased competition and reduced capital expenditure by industries. During the financial year, the focus continued on rationalising costs, better cash management and reorganising the revenue portfolio. This is reflected in the reduced EBITDA loss from operations of US$5.9 million from US$25.5 million. The Group's financial and liquidity position continues to remain strong, through robust working capital management, with cash and cash equivalents of US$33.7 million against a total debt of US$8.9 million leaving a net cash of US$24.8 million.

The Company has been notified by the Singapore Exchange Securities Trading Limited that it is being placed on the watch list with effect from 4 March 2015 due to 3 consecutive financial years of losses.

We view the Company's inclusion in Watch List very seriously and have therefore, taken serious steps towards getting out of the watchlist as a top priority. The Company has also proposed a share consolidation exercise and has put up the proposal to the shareholders for approval to comply with the minimum trading price requirements under the Singapore Stock Exchange

Listing Rules. The Company is in the process of cutting down loss making operations, rationalizing costs in all fronts and is carrying out a business restructuring exercise in Indonesia to focus on profitable revenues. The Company has also set up a management turnaround committee to work with the Board and create a detailed plan on other major steps required to be taken to turnaround the Company and also get it out of the watchlist.

FUTURE STRATEGY

Your Company plans to consolidate and position the Group for long term growth and make all efforts in the time bound manner to get out of the watchlist. Towards this your Company will continue to focus on cost optimization and profitable revenue growth enabled by the following strategies:

- Consolidate and grow the telecom distribution business in Indonesia, which is robust and is performing well.
- Cut losses by downsizing or closing loss making business units. Consolidate our growth in Information and Technology business and leverage the same to gain a competitive position in the market as ICT and mobile technology converge.
- Focus on strengthening the relationships and adding significant value to the leading telecom operators and global smartphone brands to drive profitable revenue growth.
- Look for new exciting opportunities in other areas through a turnaround committee.

Your company will continue to work closely with existing partners and will also build new strategic partnerships in this space. This will help drive higher market share in the high growth mobile internet industry in the South East Asian region.

A WORD OF GRATITUDE

The Board would like to take this opportunity to thank all the employees of the Company and its subsidiaries and associate companies for their commitment to turnaround the Company, and to all our business partners across the region for their unstinted support to the group, and for giving us the opportunity to collaborate and grow business together.

The Board would also like to thank all the shareholders for their tremendous support and patience. We would like to assure you that the new Board and the management team of Si2i will continue to work very hard to build a strong company with a healthy performance growth engine. We thank you again for your support.

Board of Directors
Si2i Ltd

OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

OPERATIONAL REVIEW

S i2i Limited ("S i2i", and together with its subsidiaries, collectively, the "Group"), is a South Asia regional company with focus on products and services in segments such as telecom value added services, high-end consumer mobility products as well as IT related professional and managed services.

The Group mainly operates in the following key segments:

- Distribution of operator products and services
- ICT Distribution and Managed Services
- Mobile devices distribution and retail

Distribution of operator products and services

The Company distributes mobile prepaid cards as authorized distributor of the following well-established telecom operators in Indonesia: PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, and PT Indosat in Indonesia ("Airtime Business"). The distribution is based on a network of more than 55,000 resellers, 300 dealers and sub-dealers, along with a network of 21 branch offices and 39 sub-branch offices in Indonesia. As one of the three largest distributors for Telkomsel which holds a market share of more than 60% of Indonesia's airtime business, the Company has enjoyed a consistent Platinum and Gold partnership for three consecutive years.

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FINANCIAL REVIEW

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Continued focus on rationalization of operating overheads resulted in reduction in Loss from operations (before interest, depreciation, amortisation and taxes) to US$5.9 million during FY 2014 against US$25.5 million during FP 2013.

In accordance with FRS 36 "Impairment of Assets", the Group had carried out impairment testing as at the end of FY 2014. Accordingly, to the extent that the Carrying Amounts exceeded the Recoverable Amounts, Goodwill and other intangible assets amounting to US$29.3 million (FP 2013 – US$ 16.2 million) arisen out of acquisition in case of Affinity Group and US$ 6.8 million (FP 2013 – US$6.8 million) in case of subsidiaries forming part of ICT distribution and managed services had been impaired. The impairment charge in respect of Affinity Group had primarily been on account of changing preference of customers for mobility products and a paradigm shift in the distribution channel via e-commerce and on-line marketing of mobility products. The traditional channels are now being challenged and rendered ineffective because of their high in-built cost structure. Hence, the mobile distribution and retail business in Affinity group is being restructured and optimized via e-commerce focused strategy in partnership with Google Android one ecosystem. Impairment charge in respect of subsidiaries of ICT distribution and managed services resulted due to relatively lower potential earning capacity due to industry challenges and severe downturn in VOIP retail businesses. Resultantly, the Group incurred a loss after tax of US$44.2 million during FY 2014 as against the US$58.0 million during FP 2013.

With reduction in intangible assets, sale of specified assets in Malaysia and increased focus on operating efficiencies resulting in reduction mainly in stocks, trade debtors, trade creditors and loans and borrowings, there had been reduction in net assets of the company during the year.

The group's liquidity condition remains good. Cash in hand as at 31st December 2014 had been US$33.7 million against US$29.0 million as at 31 December 2013. The group also reduced its borrowings to US$8.9 million from US$ 16.5 million as at 31st December 2013.

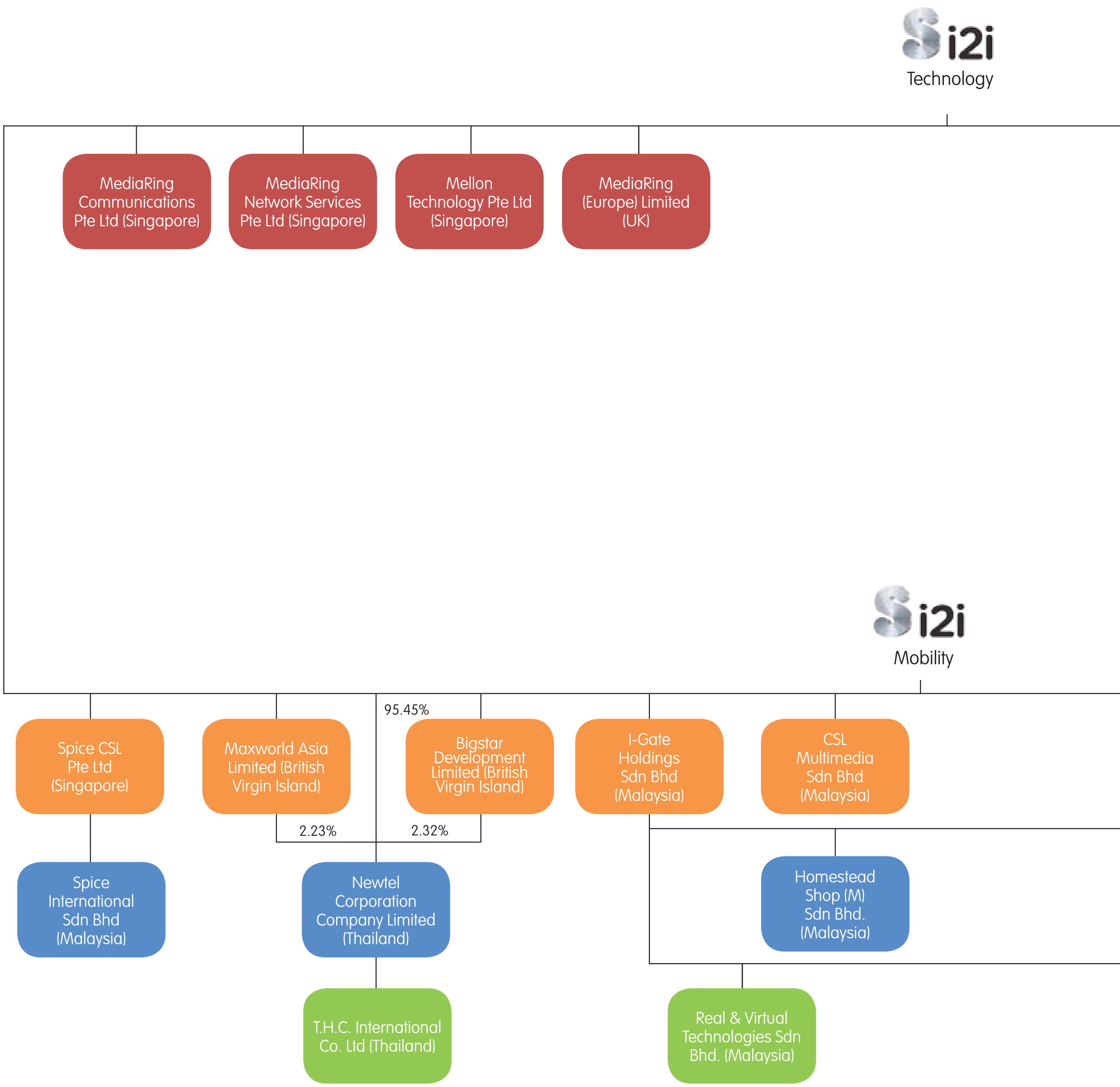
OUTLOOK

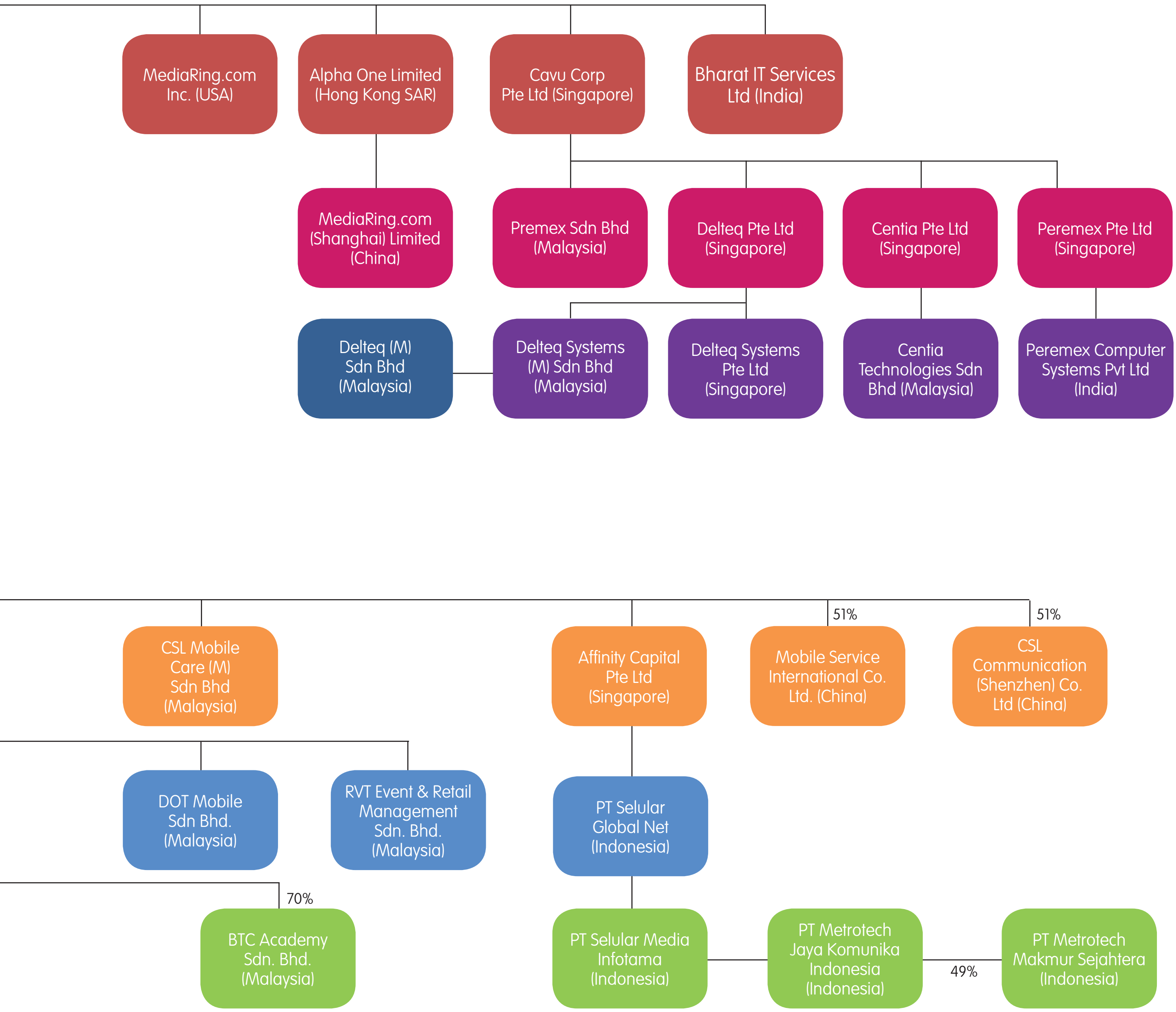
Going forward the Company plans to focus on the following initiatives:

- Consolidate and grow the Airtime Business in Indonesia which is robust and is performing well. Grow the business by acquiring new partnerships and clusters
- Cut losses and exit loss making business units and entities in the mobile device and retail related business.
- Refocus on Information and Technology business as convergence happens between ICT and mobile technology
- Cost optimization and plan for new areas of growth to reenergize the company

Backed by a strong and committed Board of Directors and Management team, the Group strongly believes that in the long term, its strategy and direction of focusing on cost, growing profitable revenue, leveraging operator relationships will yield higher margins and greater value for its stakeholders.

CORPORATE STRUCTURE




MediaRing.com Inc. (USA)
Alpha One Limited (Hong Kong SAR)
Cavu Corp Pte Ltd (Singapore)
Bharat IT Services Ltd (India)
MediaRing.com (Shanghai) Limited (China)
Premex Sdn Bhd (Malaysia)
Delteq Pte Ltd (Singapore)
Centia Pte Ltd (Singapore)
Peremex Pte Ltd (Singapore)
Delteq (M) Sdn Bhd (Malaysia)
Delteq Systems (M) Sdn Bhd (Malaysia)
Delteq Systems Pte Ltd (Singapore)
Centia Technologies Sdn Bhd (Malaysia)
Peremex Computer Systems Pvt Ltd (India)
51%
51%
CSL Mobile Care (M) Sdn Bhd (Malaysia)
Affinity Capital Pte Ltd (Singapore)
Mobile Service International Co. Ltd. (China)
CSL Communication (Shenzhen) Co. Ltd (China)
DOT Mobile Sdn Bhd. (Malaysia)
RVT Event & Retail Management Sdn. Bhd. (Malaysia)
PT Selular Global Net (Indonesia)
70%
BTC Academy Sdn. Bhd. (Malaysia)
PT Selular Media Infotama (Indonesia)
PT Metrotech Jaya Komunika Indonesia (Indonesia)
49%
PT Metrotech Makmur Sejahtera (Indonesia)

BOARD OF DIRECTORS

MR. THOMAS ZILLIACUS

Lead Independent Director

Mr. Thomas Zilliacus is a globally recognised innovator and leader in the mobile business space. He has had a significant number of years working in senior management positions with global industry leaders in the mobile industry. He is the Chairman and Founder of Mobile FutureWorks Inc, an investment and development company focused on the mobile space, which currently holds approximately 47% of YuuZoo's share capital.

Prior to forming Mobile FutureWorks, he held various senior management positions with the world's leading mobile handset company Nokia, including Regional Director for the Asia-Pacific region, which he led from scratch and which now has over US$20 billion in annual revenues, Managing Director for Nokia Southeast Asia Pte Ltd, and Senior Vice-President, Corporate Communications, with overall responsibility for Nokia's corporate image, marketing, PR and brand.

Mr. Zilliacus is the Chairman of our Nominating and Remuneration Committees and a member of our Audit Committee. He is a senior adviser to several companies in the wireless space. He is the co-founder and first chairman of the world's leading mobile services industry body, the Mobile Entertainment Forum.

Mr. Zilliacus holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

MR. HANIF M DAHYA

Non-Executive Independent Director

Mr. Hanif Mohamed Dahya, Wally, serves as the Chief Executive Officer of The Y Company, LLC. Mr. Dahya is an Investment Banker with over 14 years of experience on Wall Street. He began his career with E.F. Hutton and Company, Inc. Mr. Dahya served as a Director of New York Community BanCorp. Inc and also served as a Director of New York Commercial Bank.

He was an Independent Non-Executive Director of Cellebrum Technologies Limited. He has been Independent Non Executive Director of S i2i Limited since August 29, 2013. He is a Director of New York Community Bank since March 2, 2007. He served as a Director of CFS Investments New Jersey, Inc., a subsidiary of CFS Bank.

Mr. Dahya holds Masters in Business Administration Degree of Harvard Business School, Cambridge, Massachusetts, USA and obtained his bachelor's degree in technology from Loughborough University of Technology in the UK

MR. ASHOK KUMAR GOYAL

Non-Independent Non-Executive Director

Mr. Ashok Kumar Goyal is an accomplished professional with rich experience of over 30 years in the fields of finance, corporate finance, corporate laws and general management. Mr. Goyal originated, structured and executed various equity funding, debt syndications and M&A transactions in retail, real estate, telecom and auto-components. He has led business planning and valuation exercises across sectors including renewable energy, satellite communication, telecommunication, media and technology. He can be accredited as a turnaround specialist as he has led companies to turnaround. Currently, he is practicing as a corporate finance advisor as founder Chairman of Global Advisors (Singapore) Pte. Ltd.

Mr. Goyal had been the Executive Director of S i2i Limited until March 2011. He has deep experience in the fields of telecom since opening up of this sector in India and has also led Spice Communications Limited, a renowned telecom company in India as their President & CEO.

Mr. Goyal had been the Chairman of Institute of Company Secretaries of India (Northern Region) and also served on expert committees formulated by various Chambers of Commerce and Industries on important matters related to corporate laws and taxation. He holds a degree in Masters of Business Administration, Brunel University (London), Bachelors of Law and is also a fellow member of Institute of Chartered Accountants of India, Institute of Cost and Management Accountants of India and Institute of Company Secretaries of India.

MR. MANEESH TRIPATHI

Executive Director and Chief Executive Officer (Group) – Si2i Ltd

Mr. Maneesh Tripathi was appointed as an Executive Director on 27th March 2015. He was first appointed as Chief Executive Officer of Si2i Ltd (formerly known as Media Ring Ltd) in March 2010. Later, after the acquisition of the Affinity and the Selular Group in Indonesia he was appointed as Managing Director/ Chief Executive Officer of Affinity Group and Selular Group Indonesia in May 2011.

Mr. Tripathi has played a key role in the integration, transition and growth plans of Affinity Group and Selular Group – (part of SGX Listed Singapore Si2i Ltd), having business in Mobile Devices, VAS and Telecom operator calling card and VOIP business in Indonesia.

In January 2013 Mr. Tripathi was once again appointed by the Board as the Group CEO of Si2i Ltd to oversee the business of all subsidiaries, as the local management was put in place in Affinity Group in Indonesia and the integration plan was implemented.

Mr. Tripathi has more than 25 years of experience in various leadership positions in Multinational Companies. In 2010 Mr. Tripathi joined Spice i2i as Group CEO. He is also a board member of many subsidiaries of Spice i2i Ltd.

Prior to this Mr. Tripathi handled senior management assignments with IBM, Philips, Olivetti, Sun and TCPL conducting business and working out of various countries like Japan, China, Singapore, Malaysia, Thailand, India, Saudi Arabia and Middle East.He managed various Business Head positions in IBM Global Services during his stint (10 years) where he lastly held the position of COO to run IBM ISS in Asia Pac. He is also an honorary board member Global Indian International School Singapore.

Mr. Tripathi is an Engineer by qualification with a Degree in Electronics and Telecom from Jabalpur Engineering College (India) and has a PGCGM/Management from Indian Institute of Management, Calcutta, India.

SENIOR MANAGEMENT

ASHISH SHUKLA
Chief Investment Officer – S i2i Limited

Ashish joined S i2i Limited in September 2014 as a Chief Investment Officer to focus on matters relating to Corporate Finance, M&A, Investor Relations, Corporate Strategy and Development. Ashish has twenty years of experience split between investment banking and fund management across New York and Singapore. Most recently, Ashish was a Senior Portfolio Manager with Income Partners Asset Management investing across the capital structure of investee companies with a special-situation and turnaround thesis across South and Southeast Asia. Prior to that Ashish worked for Clearwater Capital and Concordia Advisors as a Portfolio Manager. As a banker, Ashish worked for Greenwich NatWest and TD Securities arranging and executing complex equity and debt financings.

ONG LENG TECK BERNARD
Chief Executive Officer – IT Business

Bernard comes with a rich leadership and operating experience in companies like Avaya Singapore, NCR Singapore, Sun Microsystems, Oracle & HP to name a few and has driven strong performance in high growth markets of Asia Pacific. His career in I.T. spans over 24 years, 14 of which are in technical, sales and organizational leadership, P&L management, leading teams of over 130 staff across Asia Pacific, and adept in consultative selling with in-depth understanding of business, technology and sales. He has worked with customers in financial services, telecommunication and retail industries.

Bernard holds a Masters in Computer Studies (Artificial Intelligence) from the University of Essex, United Kingdom, and is the author of "How to Rescue Failing Software Projects".

RAKESH KHERA
Deputy Chief Financial Officer, S i2i Limited

Rakesh Khera brings with him total experience of +25 years including 4.5 years with S i2i Limited, Singapore.

He is a fellow member of The Institute of Chartered Accountants of India apart from being a commerce graduate.

Before joining S i2i Limited in year 2010, he had been working as Vice President – Finance & Accounts of a widely held public listed company in India.

His pan industry experience includes heading finance and accounts functions of trading, service, manufacturing, engineering, procurement & commissioning and assembly oriented organizations. His various roles included heading corporate and works accounts & finance, doing strategic planning, dealing with consortium of financial institutions and banks, foreign collaborators, direct and indirect taxation.

He has also been member of Finance & Banking Committee of Indian trade associations namely PHD Chamber of Commerce & Industry and Faridabad Industries Association. He also played role of Facilitator for Total quality Management (TQM), when his company embarked upon the journey of TQM followed by ISO 9001 certification.

SAPTONO MURSID
Chief Executive Officer, Selular Group, Indonesia

Mr. Saptono Mursid has over 30 years of professional experience in the field of telecommunications. Prior to joining Selular Group in 2011 as head of distribution of operator products business, he had outstanding record in working with some reputed and established companies in Indonesia like PT Telkom Indonesia.

He has been recently elevated as the Chief Executive Officer of the Selular Group in Indonesia. He has been instrumental and has proven track record in developing business strategies, Sales Plans and Performance Targets of the company.

He has very deep understanding of Indonesia's Telco industry. He has strong relationships with carriers, dealers and partners. He also has strong business leadership skills, people management skills which make him an asset to the organization.

Mr. Saptono Mursid is a graduate from Institute Teknologi Telkom Indonesia in Telecommunication Management.

MR ARUN SETH

CEO, Bharat IT Services Ltd

As the CEO of Bharat IT Services Ltd, Arun brings with him a rich experience spanning 22 years in the Electronics and Information Technology Industry in India, having held senior and responsible positions throughout his career.

Arun commenced his career with the IT industry and served DCM Data Products and Spice Limited in various senior capacities.

He joined Modi Olivetti Ltd in 1990 as General Manager. During the initial years of his tenure with the Company, Arun proved to be a consistent performer and his geographic domain remained the highest revenue generating region in the country for many years.

In 1996, Arun was given the complete responsibility of the organization and was capped as Chief Executive Officer of Modi Olivetti. Arun remained in vanguard and transformed the organization with a select team to support him.

Even though Olivetti exited the PC business worldwide, Arun was able to build a substantial business under the Spice Banner in the I.T Systems, Services and Peripherals area.

A key component of this success was the strong bond established with Olivetti to promote, sell and service their products in India. Till today, the Olivetti business remains the flagship business for Bharat IT and contributes majority to the top and bottom line of the company.

Simultaneously, the service business in the I.T sector was developed to cater to the service support needs of the domestic BFSI segment. This business has also shown regular and encouraging growth till date.

In 2002 when the Modi GBC JV got concluded, Arun was entrusted with the additional responsibility of managing the Office Automation business in India. He was able to successfully integrate the GBC business as a separate LOB in Bharat IT.

Introducing technology products to address evolving needs of banks has been an important consideration for Arun.

Bharat I.T's most recent foray in the Cheque Truncation area by associating with CTS Electronics of Italy as their Indian Distributor, will go a long way in making us a prominent player in this category in India.

Building and managing teams of successful professionals is Arun's forte. Creating and nurturing customers with long term relationships is a key strength.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Thomas Henrik Zilliacus, Lead Independent Director
Mr Hanif M. Dahya, Independent Director
Mr Ashok Kumar Goyal, Non-Independent Non-Executive Director
Mr Maneesh Tripathi, Executive Director and Group CEO

COMPANY SECRETARY
Ms Kim Yi Hwa

AUDIT COMMITTEE
Mr Hanif M Dahya (Chairman)
Mr Thomas Henrik Zilliacus
Mr Ashok Kumar Goyal

NOMINATING COMMITTEE
Mr Thomas Henrick Zilliacus (Chairman)
Mr Hanif M. Dahya
Mr Ashok Kumar Goyal

REMUNERATION COMMITTEE
Mr Thomas Henrick Zilliacus (Chairman)
Mr Hanif M. Dahya
Mr Ashok Kumar Goyal

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Tel: (65) 6514 9458
Fax(65) 6441 3013
http://www.spicei2i.com/

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50 Raffles Place,
#32-01 Singapore Land Tower
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International Plaza,
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Partner-in-charge: Chris Johnson (from FY2014)

PRINCIPAL BANKERS
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#10-00 OCBC Centre East
Singapore 049514

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Citibank West FSB
Milpitas Financial Center
5 N. Milpitas Blvd
Milpitas CA 95035

Barclays Bank PLC, Singapore
Wealth Management
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 Level 28
Singapore 018983

DBS Bank Ltd
12 Marina Boulevard
#46-04 Marina Bay Financial Centre Tower 3
Singapore 018982

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre
Tower 1 Level 24
Singapore 018981

Citibank N.A
8 Marina View
#16-01
Asia Square Tower 1
Singapore 018960

The Hongkong and Shanghai Banking Corporation Ltd
21 Collyer Quay
#08-01 HSBC Building
Singapore 049320

CORPORATE GOVERNANCE

S i2i Limited (the "Company") and its subsidiaries (collectively called "the Group") are committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe that good corporate governance is the cornerstone to building a sound corporation in the best interests of the shareholders. We believe that given the Group's size and stage of development, the overall corporate governance we have in place is appropriate. The Company is in compliance of the Corporate Governance 2012 (the "Code"). This corporate governance report ("Report") describes the Company's corporate governance framework with specific reference to the principles set out in the Code. Where there is any deviation from the Code, an explanation has been provided within this report. The Company has also complied with the spirit and requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Effective board to lead and control the Company

The principal roles of the Board of Directors (the "Board") are to decide on matters in respect of strategic direction, performance, resources, standard of conduct, corporate planning, major investments and divestments. The Board oversees and reviews key operational activities, business strategies and affairs of the Group, annual budget, management performance, adequacy of internal controls and risk management. The Board also approves the financial results for release to the SGX-ST, major funding and borrowings, investment proposals, and ensures that effective human resources and management leadership of high quality and integrity are in place. Each Director exercises objective judgement in the best interest of the Company and the shareholders.

To assist the Board in its discharge of oversight function, the Board has delegated specific responsibilities to various board committees, namely the Audit Committee (AC), Nominating Committee (NC) and the Remuneration Committee (RC).

The details of the AC , NC and RC can be found in page 16 to 23 of this report.

The Performance Review Committee was formed on 29 August 2013. The members of the Performance Review Committee were as follows:

Performance Review Committee:

Mr Dilip Modi	Non-Executive Chairman	Chairman
Mr Hanif M Dahya	Independent Director	Member
Ms Preeti Malhotra	Non-Independent Non-Executive Director	Member

No meetings of this committee were held since its inception. Due to recent changes in the Board, the Board feels that this committee is no longer required as its function would be taken over by the Board. This committee was dissolved with effect from 27 March 2015.

During the financial year from 1 January 2014 to 31 December 2014 ("FY2014"), a total of five Board meetings were held. The Company's Articles of Association provide for participation in a meeting of the Board by means of conference telephone or similar communications equipment. The number of meetings of the Board of Directors, AC, RC and NC held in FY2014, as well as the attendance of each Board member at these meetings are set out in the table below.

CORPORATE GOVERNANCE

Name of Director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dilip Modi	5	5	–	–	–	–	–	–
Thomas Henrik Zilliacus	5	5	4	4	1	1	1	1
Preeti Malhotra	5	5	4	4	1	1	1	1
Umang Das	5	5	4	4	1	0	1	0
Hanif M Dahya	5	5	4	4	–	–	–	–

The Board oversees the management of the Group and has adopted a set of internal guidelines setting out management authority limits (including Board's approval) for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories.

The Company conducts an induction programme for newly appointed Directors which include management presentations on the Group's businesses and strategic plans and objectives. The Directors are provided with regular updates on regulatory changes and any new applicable laws and are also encouraged to attend training programs, seminars and workshops organized by professional bodies and organizations at Company expense, so as to enable them to properly discharge their duties as Board or Board Committee members.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

During FY2014, the Board comprised five Directors, three of whom were independent Directors. The Directors of the Company during FY2014 were:

1. Mr Dilip Modi (Non-Executive Chairman)
2. Mr Thomas Henrik Zilliacus (Lead Independent Director)
3. Ms Preeti Malhotra (Non-Independent Non-Executive Director)
4. Mr Umang Das (Independent Director)
5. Mr Hanif M Dahya (Independent Director)

The Company recently renewed the membership of the Board, with the appointments of Mr. Ashok Kumar Goyal as Non-Independent Non-Executive Director and Mr. Maneesh Tripathi as Executive Director and Group Chief Executive Officer (CEO) on 27 March 2015. Mr. Goyal is a veteran in corporate restructuring and turnaround strategies while Mr. Tripathi has been the Group's CEO since year 2013.

Mr Dilip Modi, Ms Preeti Malhotra and Mr Umang Das have stepped down as Directors of the Company on 27 March 2015, due to proposed recent amendments in Indian Tax Laws, which replaced the concept of "control and management" with "place of effective management" and as a result of which, foreign companies would be regarded as tax residents of India if its effective management, at any time during the year, is in India. Therefore, for abundant precaution Mr Modi, Ms Malhotra and Mr Das, they being Indian Resident Directors of the Company have resigned with effect from 27 March 2015.

During FY2014, the Board was made up of more than half of independent directors and with the new changes to the Board, the independent directors continue to make up at least half of the Board and as such, provides a strong independent element on the Board. Management has benefitted and would continue to benefit from their external and objective perspectives on issues that are brought before the Board.

CORPORATE GOVERNANCE

The independent non-executive directors constructively challenge and assist in development of proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the non-executive directors will have discussions amongst themselves without the presence of Management.

Membership on the Board and various board committees are carefully selected to ensure an equitable distribution of responsibilities and appropriate combination of skills and experience, as well as a balance of power and independence.

The NC continues to hold the view that as warranted by circumstances, the Board may form additional board committees to look into specific areas of oversight. Majority of the members in AC , RC and NC are Independent Directors of which chairpersons of the AC , RC and NC are all Independent Directors.

The Board consists of individuals who are respected business leaders and professionals, whose collective core competencies and experience are extensive, diverse and relevant to the principal activities of the Group.

The NC had reviewed the independence of the Independent Directors who were present on the Board in FY2014 and found them to be independent notwithstanding the existence of Mr Hanif M. Dahya's relationship with Spice Mobility Limited, the details of which are described below, and notwithstanding that Mr Thomas Henrik Zilliacus has served on the Board beyond nine years. The Board does not impose any limit on the length of service of independent directors.

Mr Hanif M. Dahya was appointed as an Independent Director on 29 August 2013. Mr Dahya has continued to demonstrate independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Although Mr. Dahya is an existing independent director of Spice Mobility Limited (formerly "S Mobility Limited"), a company listed on the National and Bombay Stock Exchange, India and Spice Mobility (through its subsidiary) had transactions of more than S$200,000 with the Company in the previous financial year, the Board noted that these transactions with Spice Mobility Limited ("Spice IPTs") are carried out on an arms' length basis mainly on account of sharing expenses related to support services for procurement of mobility products, in respect of its China office. The Spice IPTs are disclosed by the Company in its Annual Report page 25. Mr. Dahya is also independent from the management of the Company and neither does he have any direct involvement in the day to day operations of Spice Mobility Limited. As such, he will abstain from both making any recommendation and/or voting on any shareholders' and/or director's resolution that relates to the Spice IPTs, or any other commercial transactions (if any) that the Group might have with Spice Mobility Limited in future. The Board, upon the recommendation of the NC, considered the existence of the relationship described above and determined that Mr. Dahya can be considered Independent. The Board and NC felt that appointment of Mr. Dahya would help to enrich the overall Board Performance.

Although Mr Thomas Henrik Zilliacus has been a Director since 2002, there was a change in management and board members when the new substantial shareholder became a shareholder in the Company in 2009. The NC has considered and reviewed his independence more rigorously and determined that Mr Zilliacus continues to express his individual viewpoint and objectivity and exercises independent judgement in the best interest of the Company and there are no relationships or circumstances that could or are likely to affect his judgement and ability to discharge his responsibilities as an independent Director.

The NC had reviewed the size of the Board in FY2014 and found it to be an appropriate size, taking into account the nature and scope of the Group's operations; and comprises competent Directors who could address the relevant industry and business needs of the Group. The NC was satisfied that the Board in FY2014 comprised Directors who as a group provided core competencies and diversity of skills, experience, gender and knowledge such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective. However, Board renewal is an ongoing process to ensure good governance, and to maintain relevance to the changing needs of the Group and business.

CORPORATE GOVERNANCE

Chairman and CEO
Principle 3: Clear division of responsibilities at the top of the Company, no one individual represents a considerable concentration of power

In FY 2014, Mr. Dilip Modi was the Non-Executive Chairman of the Company who was involved at the Board level decision-making and charting the corporate direction for the Company while taking advice from the other members of the Board.

Mr Maneesh Tripathi was the Group CEO of the Company and has, on 27 March 2015 been appointed as Executive Director and Group CEO. He has been delegated with fiduciary duties as a Director as well as full executive responsibility for overseeing the Group's day-to-day business, development, strategies and policies.

In FY 2014, the Chairman and the Group CEO performed separate functions to ensure that there is an appropriate balance of power, authority and responsibility, and to ensure accountability and Board independence. All major decisions involving the Company are only executed upon approval by a majority of the Board.

The Chairman led the Board and ensured that the members of the Board worked closely together with Management on various matters, including strategic issues and business planning processes. The Chairman also ensured effective communication with shareholders and promoted high standards of disclosure and corporate governance.

Mr Thomas Henrik Zilliacus was appointed the Lead Independent Director on 8 May 2014. Mr Zilliacus is available to shareholders if they have any concerns relating to matters when contact through the normal channels of the Chairman or the CEO has failed to resolve, or where such contact is inappropriate.

Board Membership
Principle 4: Formal and transparent process for the appointment of new directors to the board

NC

The Company has established a NC to, among other matters, make recommendations to the Board on all board appointments and oversee the Company's succession and leadership development plans.

The NC, which is guided by written term of reference, comprises the following Directors:

Mr. Thomas Henrik Zilliacus	Independent Director (Chairman)
Mr. Hanif M. Dahya	Independent Director (Appointed as a member on 27 March 2015)
Mr. Ashok Kumar Goyal	Non Independent Non-Executive Director (Appointed as a member on 27 March 2015)

Mr. Umang Das (Independent Director) and Ms Preeti Malhotra (Non-Independent Non-Executive Director) ceased to be members of the NC on 27 March 2015.

Majority of the NC members (including the Chairman) are Independent Directors.

The NC's key terms of reference includes identifying and selecting new Directors and ensuring equitable distribution of responsibilities among Board members to optimise the effectiveness of the Board. Board renewal is an ongoing process to ensure good governance, and maintain relevance to the changing needs of the Group and business.

The NC reviews and assesses the nominations for the appointment, re-appointment or re-election of Directors before making recommendations of the same to the Board. Consideration for assessment of Board is given to diversity of experience, appropriate skills, potential contributions to the needs and goals of the Group, as well as to whether there are any conflicts of interests. The NC also evaluates the Directors' availability to commit them to carrying out the Board's duties and activities having regard to director's contribution and performance (such as attendance, preparedness, participation and candour). The NC Chairman is an Independent Director and is not, or the one who is directly associated with, a Substantial Shareholder (with interest of 5% or more in the voting shares of the Company).

CORPORATE GOVERNANCE

In accordance with Article 104 of the Company's Articles of Association, at least one-third of the Directors shall retire from office by rotation at every Annual General Meeting ("AGM") and each Director is subject to retirement at least once in every three years. Mr Thomas Zilliacus, would retire at the forthcoming AGM in accordance with Article 104 of the Company's Articles of Association. The NC and the Board were informed that Mr Thomas Zilliacus who is retiring at the forthcoming AGM and being eligible, has offered himself for re-election. Pursuant to Article 108 of the Articles of Association of the Company, newly appointed Directors should submit themselves for re-election at the Annual General Meeting following their appointments. Mr. Ashok Kumar Goyal and Mr. Maneesh Tripathi would be required to submit themselves for re-election at the forthcoming AGM. They have offered themselves for re-election.

All re-appointments of Directors are subject to recommendation of the NC. The NC meets at least once a year. Additional meetings are scheduled when the Chairman of the NC deems necessary.

The NC reviews the "independence" status of the Directors annually having regard to the guidelines provided in the Code. Mr. Umang Das had declared that he was independent while Mr. Thomas Zilliacus and Mr. Hanif M. Dahya have also each declared that they are independent. The NC was satisfied that there were no relationships which would deem Mr. Umang Das not to be independent while the NC has determined that Mr. Hanif M. Dahya and Mr. Thomas Zilliacus can be considered independent.

The NC had reviewed the Directors with multiple directorships and was of the view that sufficient time and attention has been given to the affairs of the Company, through attendance at Board and Board Committee meetings including meetings held via tele-conference and is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations and other commitments. The Board did not see any reason to set the maximum number of listed board representations that any director may hold as all the directors are able to devote their time to the affairs of the Company in light of their other commitments.

There are no Alternate Directors appointed in the Company.

Key information of the Directors are set out in the following pages of the Annual Report: academic and professional qualifications are set out on page 8 to 9 of this Annual Report; age, date of first appointment as well as last re-election are set out in the table below.

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election/ re-appointment/ Resignation
Thomas Henrik Zilliacus	61	Lead Independent Director	28 February 2002	Due for re-election
Hanif M Dahya	59	Independent Director	29 August 2013	15 April 2014
Ashok Kumar Goyal	58	Non-Independent Non-Executive Director	27 March 2015	Due for re-appointment
Maneesh Tripathi	52	Executive Director and Group CEO	27 March 2015	Due for re-appointment

Information on the shareholdings in the Company of each Director for FY2014 is set out on page 26 to 27 of the Directors' Report.

CORPORATE GOVERNANCE

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The Company believes that Board performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that Directors appointed to the Board possess the background, experience, industry knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

During FY2014, the NC had evaluated the performance of the Board as a whole. Each Director is required to complete a board evaluation form. The results of the evaluation is prepared and consolidated for the Board. The performance criteria of the Board covers composition structure, accountability and standards of conduct of the Board. One of the considerations when assessing the Board's performance is its ability to lend support to Management especially in times of crisis and to steer the Group in the right direction. Other considerations include contribution by Board members, communication with the Management and the Board members' standard of conduct and compliance. The Chairman, with recommendation of the NC would act on the results of the performance evaluation, with the view of strengthening the Board to enhance its effectiveness as a whole. The Directors are not evaluated individually. However, the factors taken into consideration for the re-nomination of the Directors are based on their contributions at meetings and on various matters, including strategic issues and business planning processes and their attendance at meetings.

Throughout the year, the Board has maintained open lines of communication directly with Senior Management on matters within their purview, over and above their attendance at convened meetings. The Board has also constructively challenged and assisted in developing proposals on strategy and reviewed the Management's performance in meeting set goals and objectives. The Board has also provided valuable inputs, knowledge and raised insightful issues at Board and board committees' meetings.

Access to Information

Principle 6: Board members to have complete, adequate and timely information

Prior to each Board or Board Committee meeting and as warranted by circumstances, the Management provides the Board and the relevant Board Committees with adequate and complete information, relating to matters to be brought before them for decision. Monthly reports providing updates on key performance indicators and financial analysis on the performance of the Group, and regular analysts' reports on the Company are also circulated to the Board for their information. This enables the Board and the Board Committees to make informed, sound and appropriate decisions and keep abreast of key challenges and opportunities as well as developments for the Group.

The Board has independent and direct access to Senior Management at all times. Frequent dialogue and interaction take place between Senior Management and the Board members. The Board also has separate and independent access to the Company Secretary who attends all Board meetings. The Company Secretary is responsible for advising the Board through the Chairman to ensure that the Board procedures are followed and that the applicable requirements of the Act and the SGX-ST Listing Manual are complied with. The Company Secretary is also responsible for good information flow within and between the Board, the Board committees and the Senior Management. The Board members may take independent professional advice, at the Company's expense, as and when necessary to enable them to discharge their responsibilities effectively.

CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies
Principle 8: Level and mix of remuneration
Principle 9: Disclosure on remuneration

RC

The RC comprises the following Directors:

Mr. Thomas Henrik Zilliacus	Independent Director (Appointed as Chairman on 27 March 2015)
Mr. Hanif M. Dahya	Independent Director (Appointed as a member on 27 March 2015)
Mr. Ashok Kumar Goyal	Non Independent Non-Executive Director (Appointed as a member on 27 March 2015)

Mr. Umang Das (Independent Director) and Ms. Preeti Malhotra (Non-Independent Non-Executive Director) ceased to be Chairman and member of the RC on 27 March 2015.

All the members of the RC are Non-Executive and the majority of the RC members including the Chairman are Independent Directors.

The main responsibilities of the RC which is guided by its written terms of reference, include:

(i) reviewing policy on executive remuneration and for determining the remuneration packages of individual Directors and Senior Management;

(ii) reviewing and making recommendation to the Board for endorsement of a framework for remuneration which covers all aspects of remuneration including Directors' fees, salaries, allowance, bonuses, options and benefits in kind and the specific remuneration packages for each Director; and

(iii) reviewing the remuneration of Senior Management.

In setting an appropriate remuneration structure and level, the RC takes into consideration industry practices and norms in compensation as well as the Group's relative performance. The compensation structure is designed to enable the Company to stay competitive and relevant.

Only the Independent Directors are paid fees. Non-Executive Directors have not been paid any fee during the current financial year or any other form of remuneration. The framework for Independent Directors' remuneration is based on separate fixed fees for holding a chairman position and being a member, as well as serving on board committees and some outstanding share options were allotted in the past. The policy takes into account the effort and time spent and the responsibilities assumed by each Independent Director. Directors' fees are subject to the shareholders' approval at the forthcoming AGM. No director is involved in the decision concerning his own fee.

The level and mix of each of the DIrectors' remuneration are set out below for the FY 2014.

	Fees %	Salary %	Bonus %	Share-based payment %	Total S$
$100,000 and below					
Mr. Dilip Modi	–	–	–	–	–
Mr. Thomas Henrik Zilliacus	100	–	–	–	73,000
Ms. Preeti Malhotra	–	–	–	–	–
Mr. Umang Das	100	–	–	–	73,000
Mr. Hanif M. Dahya	100	–	–	–	70,000

CORPORATE GOVERNANCE

The Company adopts long-term incentive schemes such as Employee Share Option Schemes (ESOS), Restricted Share Plan (RSP) and Performance Share Plan (PSP) that reward Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

For key management personnel, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the Board.

Information on the Group's ESOS, RSP and PSP is set out in the Directors' Report on page 27 to 30 of Directors' Report.

The remuneration details of the top 5 key executives (who are not Directors) including employees of subsidiaries in FY2014 is set out below:

No.	Employee Name	Designation	Band	Annual Basic %	Annual variable pay %	Total %	Salary range in USD
1.	Maneesh Tripathi*	Group CEO	1	35%	65%	100%	250k – 500k
2.	Ashish Shukla**	Chief Investment Officer – Si2i Limited	1	67%	33%	100%	
3.	David Kartono***	Chief Executive Officer – Selular Group Indonesia	5C	65%	35%	100%	
4.	Ong Leng Teck Bernard	CEO - IT Business	2	50%	50%	100%	
5.	Chan Ying Kiong	Vice President – IT Business	3	70%	30%	100%	0 – 250k

Note :

* Mr Maneesh Tripathi, was appointed as Executive Director and Group CEO of the Company on 27 March 2015. On 26 February 2015, he had voluntarily offered to convert his basic annual salary to S$1 w.e.f 1 February 2015 in light of the continuing losses of the Company for the past 3 years, and linked his Variable Pay/remuneration to the profitability of the Company and its subsidiaries. The RC met and has noted the proposal submitted and approved this gesture. This would be reviewed again on 31st Dec 2015. All his fiduciary responsibilities, duties and role would remain unchanged.

** Employed for part of the year.

*** Resigned wef 31 March 2015.

The aggregate remuneration (excluding statutory payments) paid to the above key executives (who were not directors in FY2014) in FY2014 was U$459,055.

The Company is of the view that due to confidentiality and sensitivity attached to remuneration matters, it would not be in the best interest of the Company to disclose the exact details of the remuneration of the CEO, on named basis as recommended by the Code. The information on performance conditions of the CEO and the key management personnel in FY 2014 are not disclosed due to confidentiality and sensitivity attached to remuneration matters.

There is no employee who is related to a director whose remuneration exceeds S$50,000 in the Group's employment for FY2014.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospect

The Board has overall accountability to shareholders for the Group's performance and ensuring that the Group is well managed and guided by its strategic objectives. The Company continues to report the Group's operating performance and financial results on a quarterly basis and other price sensitive information via SGXNet in an effort to provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects. The Company believes that prompt compliance of statutory reporting requirements is a way to maintain shareholder confidence and trust in our capability and integrity.

Management provides the Board members with monthly business and financial reports which compare actual performance with budget and highlight the Company's performance, position and prospects. Other business reports are also provided on a timely and regular basis, to give up-to-date information and facilitate effective decision making.

Internal Controls and Risk Management

Principle 11: Sound system of Risk Management and Internal Controls

The AC is delegated the full responsibility to review, together with the Company's auditors, at least once a year, the effectiveness and adequacy of the Group's system of internal accounting controls, operational and compliance controls and risk management policies.

The AC also monitors Management's responses to audit findings and actions taken to correct any noted deficiencies. The key internal controls covered under such a review include:

(i) identification of risks and implementation of risk management policies and measures;

(ii) establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;

(iii) documentation of key processes and procedures;

(iv) ensuring the integrity, confidentiality and availability of critical information;

(v) maintenance of proper accounting records;

(vi) ensuring the effectiveness and efficiency of operations;

(vii) safeguarding of the Group's assets; and

(viii) ensuring compliance with applicable laws and regulations.

The Company's internal control system ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable. The Group has also put in place policies on proper employee behavior and conduct which includes the observance of confidentiality obligations on information relating to the Group and customers, and the safeguarding of system integrity.

The internal audit function, as discussed under Principle 13 below, assists the AC and the Board in evaluating internal controls, financial and accounting matters, compliance and financial risk management.

CORPORATE GOVERNANCE

The Board has received assurance from the Group CEO and Deputy CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Group's operations and finances.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that Group's internal controls, addressing financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2014.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group would not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 12: Establishment of Audit Committee with written terms of reference

AC

The AC comprises the following Directors:

Mr. Hanif M Dahya	Independent Director	Chairman
Mr Thomas Henrik Zilliacus	Independent Director	Member
Mr. Ashok Kumar Goyal	Non Independent Non-Executive Director	Member

Mr. Umang Das (Independent Director) and Ms. Preeti Malhotra (Non-Independent Non-Executive Director) ceased to be members of the AC on 27 March 2015.

Majority of the members of the AC including the Chairman are Independent Directors.

The AC has explicit authority to conduct or authorise investigation into any matter within its terms of reference. It has full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to discharge its functions properly.

The AC held four meetings in FY2014. The number of the Directors' participation and attendance at the AC meetings held during the FY2014 can be found in page 14 of this Report.

The key roles of AC include:-

(i) ensuring that the management maintains adequate accounting records;

(ii) reviewing the scope and results of the internal audit reports as well as Management's responses to the findings of the internal audit reports;

(iii) reviewing the quarterly and full-year financial statements and the integrity of financial reporting of the Company;

(vi) reviewing the adequacy of the Company's internal controls;

(v) reviewing the interested party transactions;

(vi) making recommendations to the Board on the appointment and re-appointment of auditors; and

(vii) reviewing findings of internal investigations into matters where there is suspected fraud, irregularity, failure of internal controls or violation of any law likely to have a material impact on the financial reporting or other matters.

CORPORATE GOVERNANCE

The AC members take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through updates from the external auditors and the Management from time to time.

During FY2014, the AC reviewed the quarterly financial statements, the results of the audits performed by the internal and external auditors and reviewed the register of interested person transactions.

The external auditors didn't provide any non-audit services during FY2014. The external auditors have also confirmed their independence to the AC. Therefore, the AC is satisfied on the independence of the external auditors.

The AC has adopted the practice to meet with both the external and internal auditors without the presence of Management at least once a year.

Both the AC and the Board have reviewed the appointment of auditors and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and 716 of the Listing Rules of the SGX-ST. The AC, has therefore, recommended the existing external auditors, Moore Stephens LLP, to be re-appointed as auditors at the AGM.

As approved by the Board, the Company has put in place a whistle-blowing policy and procedures, which provide for the mechanisms by which the employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Principle 13: Independent internal audit function

In line with good corporate governance, the Company has engaged BDO LLP ('BDO") as the Company's independent internal auditors to provide an independent resource and perspective to the Board and the AC, on the processes and controls that help to mitigate major risks.

BDO performs its work according to the Global BDO IA Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is satisfied that BDO has the adequate resources to perform its functions and has appropriate standing within the Company. The internal auditor reports its findings and recommendations for improvement of any internal control weakness to the AC. The AC reviews and makes recommendations to the Board to adopt the internal audit plan drawn up on an annual basis and ensures that the approved audit recommendations are adequately performed.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights
Principle 15: Communication with shareholders
Principle 16: Conduct of Shareholder Meetings

In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, it is the Board's policy that the shareholders be informed of all major developments that significantly affect the Group. Management addresses queries raised by institutional and retail investors or shareholders via phone calls or emails. After the announcement of quarterly results, investor calls are being organized and queries are responded accordingly. Any shareholder also is free to call at the Company office during office hours on working days and get their queries attended.

CORPORATE GOVERNANCE

Information is communicated to the shareholders on a timely basis through:

(i) quarterly and full year financial results announcements, announcements of corporate information in accordance with the requirements of SGX-ST, and press releases broadcasted through SGXNet;

(ii) annual reports and circulars that are sent to all shareholders;

(iii) notices and explanatory notes for annual general meetings and extraordinary general meetings;

(iv) the websites of the Company (www.spicei2i.com) at which shareholders and the public may access information on the Group; and

(v) The notice of annual general meeting is dispatched to shareholders at least 14 days before the meeting.

After quarterly results, there are investor calls being arranged.

The Board welcomes questions from institutional and retail shareholders who have an opportunity to raise issues either formally at or informally after the annual general meeting. The respective Chairman of the AC, RC and NC are normally available at the annual general meeting to answer questions relating to the work of these committees.

The Company has not declared any dividends in view that the Company is in a loss position.

Shareholders are informed of the AGM through notices published in the newspapers and reports sent to all shareholders. At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, the external auditors and the Senior Management are present to respond to shareholders' questions.

If any shareholder is unable to attend the AGM, the Company's Articles of Association allow a shareholder to appoint up to two proxies to attend and vote on his or her behalf at the AGM. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company presents separate resolutions on each issue at Shareholders' meetings. Voting on each resolution is carried out systematically by poll, with proper recording of the votes cast and the resolutions passed.

The Company Secretary prepares minutes of shareholders' meetings which incorporates substantial comments and responses from the Board and Management. These minutes are available to shareholders upon their requests.

(E) RISK MANAGEMENT

The Group does not have a separate Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and will highlight all significant matters to the AC and the Board.

(F) MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the CEO, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

CORPORATE
GOVERNANCE

(G) DEALINGS IN THE COMPANY'S SECURITIES

(Listing Manual Rule 1207(19))

In line with the recommended practices on dealings in securities set out under Rule 1207(19) of the SGX-ST Listing Manual, the Company has a policy in place prohibiting dealings in the Company's securities on short-term considerations. Directors and employees are also expected to observe the insider trading laws at all times. The Company has issued directives to its employees and Directors not to deal in the Company's securities on short-term considerations and the Company and its officers also should abstain from dealing with the Company's securities for a period commencing two weeks before the announcement of the results of each quarter and one month before the announcement of full year results and ending on the date of the announcement of the relevant results.

(H) INTERESTED PERSON TRANSACTION

(Listing Manual Rule 907)

During the financial period under review, the Group had the following interested person transaction: Information required pursuant to Rule 907

Name of Interested Person	Aggregate value of all interested person transactions 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 interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1]
Spice Retail Limited (subsidiary of Spice Mobility Limited)	358*	–
Spice Mobility Limited	1*	–

*amount in US$'000s

Notes:

1. There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 15 April 2014.

2. Save for the above, there were no other transactions conducted with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.

REPORT OF THE DIRECTORS

31 DECEMBER 2014

The directors present their report to the members together with the audited consolidated financial statements of S i2i Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014, and the balance sheet of the Company as at 31 December 2014.

1 Directors

The directors of the Company in office at the date of this report are:

Thomas Henrik Zilliacus	(Lead Independent Director)
Hanif M Dahya	(Independent Director)
Ashok Kumar Goyal	(Non Independent Non Executive Director) (appointed on 27 March 2015)
Maneesh Tripathi	Executive Director & Group CEO (appointed as Executive Director 27 March 2015)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Except as described in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares, share options, performance shares or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Direct interest		Deemed interest	
Name of Directors	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
S i2i Limited				
Ordinary shares				
Dilip Modi (resigned on 27 March 2015)	–	–	1,455,568,754	1,455,568,754
Thomas Henrik Zilliacus	2,400,000	2,400,000	–	–
Options to subscribe for ordinary shares at S$0.1294 per share				
Thomas Henrik Zilliacus	233,359	233,359	–	–
Options to subscribe for ordinary shares at S$0.1680 per share				
Thomas Henrik Zilliacus	233,359	–	–	–
Options to subscribe for ordinary shares at S$0.3016 per share				
Thomas Henrik Zilliacus	314,286	314,286	–	–

REPORT OF THE
DIRECTORS

31 DECEMBER 2014

3 Directors' Interests in Shares or Debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

Mr. Dilip Modi, by virtue of the provisions of Section 7 of the Companies Act, Cap 50, is deemed to be interested in the whole of the issued share capital of all the related corporations of S i2i Limited at the beginning and end of the financial year.

4 Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The particulars of share options of the Company are as follows:

(a) 1999 S i2i Employees' Share Option Scheme

In September 1999, the Company adopted an employee share option scheme ("1999 S i2i Employees' Share Option Scheme") to grant options to subscribe for ordinary shares to employees and Directors of the Group.

The Scheme is administered by the Remuneration Committee ("RC"). The members of the RC as at the date of this report are:

Thomas Henrik Zilliacus	Chairman
Hanif M Dahya	Member
Ashok Kumar Goyal	Member (appointed on 27 March 2015)

There is no option to subscribe for ordinary shares of the Company pursuant to the 1999 S i2i Employees' Share Option Scheme as at 31 December 2014.

Aggregate options of 72,400,126 were granted under this Scheme since the commencement of the Scheme to the end of the financial year.

No new options under this Scheme were granted during the financial year.

Aggregate options of 36,525,636 have lapsed since the commencement of this Scheme.

No other Directors as at 31 December 2014 were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme.

REPORT OF THE DIRECTORS

31 DECEMBER 2014

4 Directors' Contractual Benefits (cont'd)

(b) 1999 S i2i Employees' Share Option Scheme II

Pursuant to this Scheme, the RC has the ability to grant options to present and future employees of the Group as well as to other persons who are eligible under the Scheme at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

The Scheme will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the 1999 S i2i Employees' Share Option Scheme II outstanding as at 31 December 2014 are as follows:

Expiry date	Exercise price (S$)	Number of options
27 April 2015	0.1294	233,359
27 April 2016	0.3016	314,286
		547,645

Details of the options to subscribe for ordinary shares in the Company granted to Directors of the Company pursuant to the Scheme are as follows:

	No. of shares under option		
	Aggregate options granted/adjusted since commencement of the Scheme to the end of the financial year	Aggregate options lapsed since commencement of the Scheme to the end of the financial year	Aggregate options outstanding as at the end of the financial year
Name of Director			
Thomas Henrik Zilliacus	977,281	(429,636)	547,645

Aggregate options of 130,334,221 were granted under this Scheme since the commencement of the Scheme to the end of the financial year. The options granted during the financial year under this Scheme were Nil (2013: Nil). Aggregate options of 35,586,205 ordinary shares have lapsed since the commencement of this Scheme.

Except as disclosed above, no other Directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme. No unissued shares other than those referred to above, are under option as at the date of this report.

During the financial year under review, no options have been granted at a discount.

The total number of shares to be issued under the S i2i Employees' Share Option Scheme II shall not exceed 15% of the total issued share capital of the Company from time to time.

REPORT OF THE DIRECTORS

31 DECEMBER 2014

4 Directors' Contractual Benefits (cont'd)

(c) S i2i Restricted Share Plan ("S i2i RSP") and S i2i Performance Share Plan ("S i2i PSP")

Objectives

The S i2i RSP and S i2i PSP were established in the financial year 2006 with the objectives of increasing the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and sustaining long-term growth for the Group.

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of S i2i Limited or its associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in both S i2i RSP and S i2i PSP (provided that such persons are not un-discharged bankrupts):

1. any employee of the Group (including any Group Executive Directors and any Parent Group Executive or Non-Executive Director of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group) selected by the RC to participate in the S i2i RSP and S i2i PSP;

2. Non-Executive Directors; and

3. any employee of associated companies (including Executive Directors) selected by the RC to participate in both Plans.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group.

Types of awards

Awards granted under the S i2i RSP and S i2i PSP may be performance-based or time-based. Such predetermined performance targets may be shorter term targets aimed at encouraging continued service such as completion of projects and/or stretched targets aimed at sustaining longer term growth. Time-based awards are awards granted after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years, as may be determined or predetermined by the RC. Such awards may also be granted as a sign-on bonus.

The Company has the flexibility to grant awards under both S i2i RSP and S i2i PSP to the same participant simultaneously. No minimum vesting periods are prescribed under both S i2i RSP and S i2i PSP and the length of vesting periods will be determined on a case-by-case basis. The RC may also grant the awards at any time where in its opinion a participant's performance and/or contribution justifies such award.

The release of the shares awarded under both S i2i RSP and S i2i PSP can take the form of either a new issue of shares and/or the purchase of existing shares (subject to applicable laws).

In 2014, Nil (2013: Nil) performance shares were granted to independent Non-Executive Directors as part of the incentive plan for independent Non-Executive Directors and key employees. During the financial year under review, Nil (2013: Nil) performance shares previously granted had lapsed.

REPORT OF THE DIRECTORS

31 DECEMBER 2014

4 Directors' Contractual Benefits (cont'd)

(d) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employees' Share Option Scheme & the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these Schemes. Pursuant to ESOP 2014, the RC has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

The RC has on 27 March 2015 granted a total of 274,200,000 stock options to Directors under the ESOP 2014. The options granted at an exercise price of S$0.0024 will be vested after 2 years from the date of grant. The options can be exercised up to 10 years from the date of grant.

The stock options were granted to the following directors on 27th March 2015:

S.No.	Name of the Director	Number of stock options granted
1	Mr. Ashok Kumar Goyal	164,500,000
2	Mr. Thomas Henrik Zilliacus	54,850,000
3	Mr. Maneesh Tripathi	54,850,000
	Total	274,200,000

5 Audit Committee

The Audit Committee ("AC") comprises the following three Directors as at the date of this report:

Hanif M Dahya	(Chairman, Independent Director)
Thomas Henrik Zilliacus	(Member, Lead Independent Director)
Ashok Kumar Goyal	(Member, Non-Independent Non-Executive Director) (appointed on 27 March 2015)

The AC performs the functions set out in section 201B (9) of the Singapore Companies Act, Cap. 50. In performing those functions, the AC reviewed the overall scope of the internal audit function, external audit function and the assistance given by the Company's officers to the auditors. The AC met with the auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014, as well as the external auditors' report thereon.

The AC noted that there are no non-audit services provided by the auditors and as such the independence of the auditors is not affected.

A full report on the functions performed by the AC is included in the report on Corporate Governance.

REPORT OF THE DIRECTORS

31 DECEMBER 2014

6 Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Maneesh Tripathi
Executive Director and Group Chief Executive Officer

Ashok Kumar Goyal
Director

Singapore
6 April 2015

STATEMENT BY DIRECTORS

31 DECEMBER 2014

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 35 to 129 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year then ended;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Maneesh Tripathi
Executive Director and Group Chief Executive Officer

Ashok Kumar Goyal
Director

Singapore
6 April 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S I2I LIMITED

We have audited the accompanying consolidated financial statements of S i2i Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set on pages 35 to 129, which comprise the balance sheets of the Group and of the Company as at 31 December 2014, and the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the year ended on that date.

Other Matters

The financial statements for the previous financial period ended 31 December 2013 were audited by another firm of auditors whose report dated 24 March 2014 contained a qualified opinion on the following matters:

- Appropriateness of the carrying values of certain assets and liabilities as well as the turnover and related direct service fee incurred and cost of goods sold of "Cavu Group" (comprising Cavu Corp Pte Ltd and its subsidiaries) due to significant control deficiencies and other related evidence noted; and

- Appropriateness of revenue recognised by PT Selular Group (comprising PT Selular and its subsidiaries) on certain sales transactions.

As disclosed in Note 42 to the financial statements, both matters have been considered resolved in the current financial year ended 31 December 2014.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S I2I LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2015

CONSOLIDATED
INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group Year ended 31.12.2014 US$'000	Group Period from 1.7.2012 to 31.12.2013 US$'000
Turnover	4	361,755	769,587
Operating expenses			
Purchases and changes in inventories and direct service fees incurred		(335,679)	(711,282)
Commissions and other selling expenses		(1,196)	(10,654)
Other income – operating	5	2,192	2,743
Personnel costs	6	(18,079)	(38,914)
Infrastructure costs		(4,069)	(9,134)
Marketing expenses		(820)	(5,332)
Other expenses – operating		(10,094)	(22,587)
Loss (before interest, depreciation, amortisation and taxation) from operations		(5,990)	(25,573)
Other income – non-operating	5	2,068	8,451
Other expenses – non-operating		(39,028)	(25,758)
Interest income from deposits and investment securities	5	652	1,009
Finance costs		(1,090)	(3,580)
Depreciation of property, plant and equipment		(1,700)	(4,356)
Amortisation of intangible assets		(4,298)	(6,314)
Share of results of associates		–	(68)
Loss before taxation	7	(49,386)	(56,189)
Taxation	8	5,137	(1,275)
Loss for the period from continuing operations		(44,249)	(57,464)
Operation related to disposal group classified as held for sale			
Loss for the period from discontinued operations, net of tax	9	–	(560)
Net loss for the period		(44,249)	(58,024)
Loss attributable to:			
Owners of the parent		(44,154)	(57,925)
Non-controlling interest		(95)	(99)
Total		(44,249)	(58,024)
Loss per share attributable to owners of the parent (cents per share)			
– Basic	10	(0.80)	(1.06)
– Diluted	10	(0.80)	(1.06)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Loss for the year	(44,249)	(58,024)
Other comprehensive loss, net of income tax:		
Items that may be classified subsequently to profit or loss:		
Foreign currency translation	(2,003)	(7,809)
Net gain on fair value changes of available-for-sale financial assets	46	44
Other comprehensive loss for the year/period net of tax	(1,957)	(7,765)
Total comprehensive loss for the year/period	(46,206)	(65,789)
Total comprehensive loss attributable to:		
Owners of the parent	(46,107)	(65,696)
Non-controlling interest	(99)	(93)
Total comprehensive loss for the year/period	(46,206)	(65,789)

The accompanying notes form an integral part of the financial statements

BALANCE SHEETS

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Assets					
Current assets					
Inventories	11	14,309	20,992	83	195
Trade receivables	12	11,887	24,458	618	843
Other receivables and deposits	13	3,693	5,666	797	810
Prepayments	14	2,498	4,078	394	381
Due from subsidiaries	15	–	–	632	10,657
Investment securities	21	906	–	906	–
Cash and bank deposits pledged	16	5,795	6,424	3,607	3,448
Cash and cash equivalents	16	27,986	22,633	19,445	13,227
Tax recoverable	13	3,333	889	–	–
		70,407	85,140	26,482	29,561
Non-current assets					
Property, plant and equipment	17	4,988	5,984	273	394
Intangible assets	18	184	40,745	62	501
Investment in subsidiaries	19	–	–	5,899	38,946
Investment in associates	20	–	–	–	–
Investment securities	21	1,429	2,747	1,429	2,747
Long-term loans and advances to subsidiaries	22	–	–	12,062	20,127
Deferred tax assets	23	85	61	–	–
Trade receivables	12	207	215	–	–
Tax recoverable	13	848	3,782	–	–
Other receivables and deposits	13	70	64	–	–
		7,811	53,598	19,725	62,715
Total assets		78,218	138,738	46,207	92,276

The accompanying notes form an integral part of the financial statements

BALANCE SHEETS

AS AT 31 DECEMBER 2014

	Note	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Current liabilities					
Trade creditors	24	12,112	11,416	2,328	1,683
Other creditors and accruals	25	9,539	11,669	2,804	2,705
Deferred revenue		1,290	1,174	352	293
Lease obligations, current	26	168	2,470	21	21
Loans and bank borrowings	27	8,111	13,609	–	–
Due to subsidiaries	15	–	–	11,974	11,087
Tax payable		1,373	1,182	–	–
		32,593	41,520	17,479	15,789
Non-current liabilities					
Deferred tax liabilities	23	3	5,836	–	–
Lease obligations	26	488	251	132	153
Provision for employee benefits	32	881	714	–	–
Loan and bank borrowings	27	189	198	–	–
		1,561	6,999	132	153
Total liabilities		34,154	48,519	17,611	15,942
Equity Attributable to owners of the Company					
Share capital	28	410,663	410,663	410,663	410,663
Accumulated losses	29	(360,871)	(316,768)	(376,616)	(327,642)
Other reserves	30	(3,504)	(3,550)	(6,674)	(6,720)
Translation reserve	31	(2,208)	(209)	1,223	33
		44,080	90,136	28,596	76,334
Non-controlling interest		(16)	83	–	–
Total equity		44,064	90,219	28,596	76,334
Total liabilities and equity		78,218	138,738	46,207	92,276

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the parent						
	Share capital US$'000	Accumulated losses US$'000	Other reserves US$'000	Translation reserve US$'000	Total US$'000	Non-controlling interest US$'000	Total US$'000
Group							
31 December 2014							
Opening balance at 1 January 2014	410,663	(316,768)	(3,550)	(209)	90,136	83	90,219
Loss for the year	–	(44,154)	–	–	(44,154)	(95)	(44,249)
Other comprehensive income							
Foreign currency translation	–	–	–	(1,999)	(1,999)	(4)	(2,003)
Net gain on fair value of available-for-sale financial assets	–	–	46	–	46	–	46
Other comprehensive income/ loss for the year, net of tax	–	–	46	(1,999)	(1,953)	(4)	(1,957)
Total comprehensive income/ loss for the year	–	(44,154)	46	(1,999)	(46,107)	(99)	(46,206)
Changes in ownership interests in subsidiaries							
Partial disposal of a subsidiary	–	51	–	–	51	–	51
Closing balance at 31 December 2014	410,663	(360,871)	(3,504)	(2,208)	44,080	(16)	44,064

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the parent					Non-controlling interest US$'000	Total US$'000
	Share capital US$'000	Accumulated losses US$'000	Other reserves US$'000	Translation reserve US$'000	Total US$'000		
Group							
31 December 2013							
Opening balance at 1 July 2012	410,663	(258,843)	(3,595)	7,606	155,831	264	156,095
Loss for the period	–	(57,925)	–	–	(57,925)	(99)	(58,024)
Other comprehensive income							
Foreign currency translation	–	–	–	(7,815)	(7,815)	6	(7,809)
Net gain on fair value of available-for-sale financial assets	–	–	44	–	44	–	44
Other comprehensive income/loss for the period, net of tax	–	–	44	(7,815)	(7,771)	6	(7,765)
Total comprehensive income/loss for the period	–	(57,925)	44	(7,815)	(65,696)	(93)	(65,789)
Contributions by and distributions to owners							
Exercise of employee share options	–	–	1	–	1	–	1
Total contributions by and distributions to owners	–	–	1	–	1	–	1
Changes in ownership interests in subsidiaries							
Non-controlling interest arising from business combination	–	–	–	–	–	158	158
Disposal of a subsidiary	–	–	–	–	–	(246)	(246)
Total changes to ownership interests in subsidiaries	–	–	–	–	–	(88)	(88)
Total transactions with owners in their capacity as owners	–	–	1	–	1	(88)	(87)
Closing balance at 31 December 2013	410,663	(316,768)	(3,550)	(209)	90,136	83	90,219

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group Year ended 31.12.2014 US$'000	Group Period from 1.7.2012 to 31.12.2013 US$'000
Cash Flows from Operating Activities		
Loss before taxation from continuing operations	(49,386)	(56,189)
Loss before taxation from discontinued operations	–	(560)
Total loss before taxation	(49,386)	(56,749)
Adjustments for:		
Depreciation and amortisation	5,998	10,730
Allowance for/write-off of doubtful non-trade debts, net	713	112
Allowance for/write-off of doubtful trade debts, net	832	929
Allowance for/write-off of inventory obsolescence, net	701	2,029
Gain on disposal of a subsidiary	–	(8,281)
Interest income from bonds, deposits and investment securities	(652)	(1,100)
Impairment of property, plant and equipment	394	493
Impairment of intangible assets	36,163	23,350
Finance costs	1,090	3,978
Unrealised exchange differences	(2,170)	(7,529)
Others	(213)	257
Operating cash flows before working capital changes	(6,530)	(31,781)
Decrease in inventories	6,265	10,709
Decrease in trade receivables	11,762	24,535
Decrease in other receivables and deposits	1,218	981
Decrease in prepayments	1,580	4,358
Increase in amount due (to)/from associates	–	(128)
Increase/(decrease) in trade creditors	695	(18,459)
Decrease in other creditors and accruals	(2,130)	(6,481)
Increase/(decrease) in deferred revenue	117	(830)
Cash flows generated from/(used in) operating activities	12,977	(17,096)
Interest paid	(1,090)	(3,978)
Income tax paid/(refunded)	(153)	2,240
Net cash flows generated from/(used in) operating activities	11,734	(18,834)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group Year ended 31.12.2014 US$'000	Group Period from 1.7.2012 to 31.12.2013 US$'000
Cash flows from Investing Activities			
Interest income received from bonds and investment securities		430	932
Acquisition of subsidiary MSI China, net of cash acquired		–	(198)
Acquisition of subsidiary CSL Shenzhen, net of cash acquired		–	(306)
Disposal of subsidiary Mobile Concept, net of cash disposed		–	122
Disposal of subsidiary Spice BPO, net of cash disposed		–	(902)
Proceeds from disposal of intangible assets		–	32
Proceeds from disposal of property, plant and equipment		616	3,455
Purchase of property, plant and equipment		(950)	(961)
Additions to intangible assets		(184)	(753)
Partial redemption of investment securities		617	–
Net cash flows generated from/(used in) investing activities		529	1,421
Cash Flows from Financing Activities			
Decrease in cash and bank deposits pledged		629	1,356
Repayment of loans & bank borrowings		(5,283)	(24,628)
(Repayment of)/proceeds from obligations obtained under finance leases		(2,612)	1,521
Net cash flows used in financing activities		(7,266)	(21,751)
Net increase/(decrease) in cash and cash equivalents		4,997	(39,164)
Effect of exchange rate changes on cash and cash equivalents		356	152
Cash and cash equivalents at beginning of year/period		22,633	61,645
Cash and cash equivalents at the end of the year/period of the continuing operations (Note 16)		27,986	22,633

The accompanying notes form an integral part of the financial statements

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

S i2i Limited (the "Company") is a limited liability company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 152 Ubi Avenue 4, level 4, Smart Innovation Centre, Singapore 408826.

The principal activities of the Company are rendering of telecommunication services and research and development, distribution of telecommunication handset, related products and services, design and marketing of telecommunication software. The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements.

The financial statements for the financial year ended 31 December 2014 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Statement by Directors.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements, which are expressed in United States Dollar ("US$"), are rounded to the nearest thousand dollar (US$'000), except as otherwise indicated. The financial statements have been prepared on an historical cost basis, except as disclosed in the summary of accounting policies below.

Adoption of New/Revised FRS

On 1 January 2014, the Group and the Company adopted the following new/amended standards that are mandatory for annual financial periods beginning on or after 1 January 2014:

FRS 19 (Revised)	*Employee benefits*

For defined benefit plans, the Revised FRS 19 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

Prior to adoption of the Revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New/Revised FRS (cont'd)

The Revised FRS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised FRS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognised at the earlier of when the offer cannot be withdrawn or when the related restricting costs are recognised.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Group's financial position and financial performance.

The change in accounting policy has not been applied retrospectively as the effect of retrospective application of the change in accounting policy is immaterial.

FRS 32 (Amendment) *Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 32 clarify that an entity must currently have a legally enforceable right of set-off if that right of set-off is not contingent on a future event and legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) the event of default; and (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties. An entity shall apply those amendments retrospectively. The adoption of this standard has no impact on the financial performance or financial positions of the Group and the Company.

FRS 27 (Revised) *Separate Financial Statements*

FRS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged and will not have any impact on the financial performance or the financial position of the Group on initial application.

FRS 107 (Amendment) *Disclosures – Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with FRS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with FRS 32. These amendments have no impact on the Group and Company's financial positions or performance.

FRS 110 *Consolidated Financial Statements*

FRS 110 supersedes FRS 27 Consolidated and Separate Financial Statements and INT FRS 12 Consolidation – Special Purpose Entities. It changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The Group has reassessed which entities the Group controls and there is no change.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New/Revised FRS (cont'd)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. FRS 112 specifies minimum disclosures that an entity must provide. It requires an entity to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity and to disclose the nature of its interests in unconsolidated structured entities and the nature of the risks it is exposed to as a result. As this is a disclosure standard, it does not have any impact on the financial performance or the financial positions of the Group and the Company on initial application.

FRS 113 *Fair value Measurement*

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosures about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. The application of FRS 113 has not materially impacted the fair value measurements carried out by the Group.

FRS 28 (Amendment) *Investments in Associates and Joint Ventures*

FRS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. FRS 28 (as amended in 2011) is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The adoption of this standard has no impact on the financial performance or financial positions of the Group and the Company.

FRS 36 (Amendment) *Recoverable Amount Disclosure for Non-Financial Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash-Generating Unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. As this is a disclosure standard, it does not have any impact on the financial performance or the financial positions of the Group and the Company on initial application.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS which are not yet effective

At the date of these financial statements, the following new or revised standards have been issued and are relevant to the Group, but are not yet effective:

		Effective for accounting periods beginning on or after
FRS 19 (Amendment)	*Defined Benefit Plans: Employee Contributions*	1 July 2014
FRS 102 (Amendment)	*Share-based Payment*	1 July 2014
FRS 103 (Amendment)	*Business Combinations*	1 July 2014
FRS 108 (Amendment)	*Operating Segments*	1 July 2014
FRS 16 (Amendment)	*Property, Plant and Equipment*	1 July 2014
FRS 24 (Amendment)	*Related Party Disclosures*	1 July 2014
FRS 38 (Amendment)	*Intangible Assets*	1 July 2014
FRS 113 (Amendment)	*Fair Value Measurement*	1 July 2014
FRS 27 (Amendment)	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2017

Except for FRS 109 and FRS 115, the directors expect the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending impact on the financial statements on adoption of FRS 109 and FRS 115 is described below.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and derecognition requirements for financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company are in the process of assessing the potential impact that will result from the application of FRS 109.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 will replace FRS 18 Revenue and FRS 11 Construction Contracts plus related Interpretations. The core principle of FRS 115 is that an entity recognises revenue, using the five steps defined, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. FRS 115 is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The Group and the Company are in the process of assessing the potential impact that will result from the application of FRS 115.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(b) Basis of Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when all three elements of control are present: (a) power over the entity; (b) exposure or rights to variable returns from its involvement with the entity; and (c) ability to use its power to affect the amount of its returns.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the subsidiaries financial statements to ensure consistency of accounting policies with that of the Group.

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(c) Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(d) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's net investment in its associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(e) Foreign Currencies

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in United States Dollar ("US$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

The results and financial position of each of the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– Assets and liabilities are translated at the closing exchange rate at the balance sheet date;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(e) Foreign Currencies (cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the balance sheet date.

(f) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2(m). The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the period the asset is derecognised.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and fittings	3 – 10 years
Computer equipment	2 – 5 years
Office equipment	3 – 8 years
Motor vehicles	3 – 10 years
Leasehold improvements	3 – 20 years
Buildings	20 years

Computer equipment includes office computers, telecommunication equipment and network equipment. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(g) Intangible Assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(e).

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in USD at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

(b) Other intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to profit or loss over the license period from 3 to 10 years. The costs of applying for and renewing patents and licences are charged to profit or loss.

The carrying amounts of patents, trademarks and licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(ii) Customer contracts, order backlog, customer relationship and marketing rights

Customer contracts, order backlog, customer relationship and marketing rights were acquired through business combinations, and measured at fair value as at the date of acquisitions. Subsequently, customer contracts, order backlog, customer relationship and marketing rights are amortised on a straight-line basis over their estimated useful lives of 1 to 15 years.

The carrying amounts of customer contracts, order backlog, customer relationship and marketing rights are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(iii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of 3 years from the completion of the related project on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gain or loss from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(i) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of Financial Assets (cont'd)

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and on hand, fixed deposits, short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and are classified as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(h).

(l) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The Group recognises other borrowing costs as an expense in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(n) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(n) Financial Liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Finance leases – as lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) Finance leases – as lessor

Finance leases, which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus, the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(c) Operating leases – as lessee

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(p) Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group based its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, the Group has used cash flow projections based on detailed budgets and forecast calculations that is deemed reliable and accurate.

Impairment losses of continuing operations are recognised in profit and loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss is treated as a revaluation increase.

(q) Revenue Recognition

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, sale of software licences, business process outsourcing (BPO), distribution of telecom operator products and services, distribution of telecommunication handsets, related product and services and the supply, rental, maintenance and servicing of computer hardware and peripheral equipment and systems integration service relating to computer equipment and peripherals, storage systems and networking products. These revenues are categorised into operating segments as detailed in Note 2(t).

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(q) Revenue Recognition (cont'd)

(a) Distribution of operator products and services

- Revenue from sale and distribution of mobile prepaid cards and related products and services is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold.

(b) ICT distribution and managed services

- Revenue from the supply of computer hardware and peripheral equipment is recognised at the time when significant risk and rewards of ownership of the goods is transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

- Revenue from the maintenance and servicing of computer hardware and peripheral equipment, systems integration service and consultation services is recognised at the time when services are rendered.

- Revenue from the rental of computer hardware and peripheral equipment is recognised proportionately on a time basis over the contract period.

- Revenue from postpaid telecommunication services is recognised at the time when such services are rendered.

- Revenue from rendering of prepaid telecommunication services comprises the gross value of services rendered. Commissions and other incentives given to resellers are separately classified under commissions and other selling expenses as these are part of the distribution costs. Revenue and the related distribution costs from such services are recognised when services are rendered. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are rendered. Unused prepaid telecommunication services are included in the balance sheet as "deferred revenue". Upon termination of the prepaid telecommunication services, any unutilised value of the prepaid telecommunication services will be taken to the profit and loss.

- Revenue from software customisation and system integration services to telecommunication carriers and wholesale clearing houses is recognised upon completion and delivery of the services to the customer.

- Revenue from software licences and post-contract customer support services is recognised proportionately on a time basis over the contract period.

- Revenue from ISP services is recognised at the time when such services are rendered.

- Revenue from service income is recognised on an accrual basis when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(q) Revenue Recognition (cont'd)

(c) Mobile devices distribution and retail

- Revenue from the supply of telecommunication and consumer electronic products is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) Others

- Interest income is recognised using the effective interest method and management fee income is recognised on an accrual basis.

(r) Employee Benefits

(a) Defined contribution plans

The Group has complied with the mandatory contribution schemes including national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) Employee share incentive plan

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options and performance shares as consideration for services rendered ('equity-settled transactions').

The cost of equity-settled share-based transactions with employees for award granted after 22 November 2002 is measured by reference to the fair value at the date on which the share options and performance shares are granted which takes into account market conditions and non-vesting conditions. The Group has plans that are time-based and performance-based. In valuing the Performance-based plans, no account is taken of any performance conditions.

The cost of equity-settled share-based transactions is recognised in profit or loss, together with a corresponding increase in the employee share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(r) Employee Benefits (cont'd)

(c) Employee share incentive plan (cont'd)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share-based payment reserve is transferred to share capital if new shares are issued.

(d) Defined benefit plan

The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the respective jurisdiction, in accordance to the local legal regulations.

The said additional provisions are estimated using actuarial calculations based on the report prepared by independent actuary firms. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

(a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
(b) Net interest expense or income; and
(c) Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'personnel costs'. Curtailment gains and losses are accounted for as past service costs.

(s) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(s) Taxes (cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfy the criteria for separate recognition when a business combination is initially accounted for but is subsequently realised, the acquirer shall recognise the resulting deferred tax income in profit or loss or a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(s) Taxes (cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(t) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information. On 1 January 2014, the operating segments have been redefined to facilitate better understanding of the current business.

(a) Operating Segments

The main operating segments of the Group are:

- Distribution of operator products and services, comprising:

  (i) Distribution of mobile prepaid cards

- ICT distribution and managed services, comprising:

  (i) Supply, rental, maintenance and servicing of computer hardware and peripheral equipment;

  (ii) Systems integration service related to computer equipment and peripherals, storage systems and networking products;

  (iii) Provide computer advising and consultation services, training of personnel and sales and services of computer software;

  (iv) PC-Phone service that allows users to make calls from their PC to any phone in the world;

  (v) GCC service that offers users the means to make low cost calls via IP infrastructure;

  (vi) IDD, Mobile VoIP and VoIP telephony services to corporate users and consumers;

  (vii) Enterprise service that allows corporate users to make calls via their existing corporate PABX and internet access;

  (viii) Wholesale Termination services to carriers and service providers;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(t) Segment Reporting (cont'd)

(a) Operating Segments (cont'd)

- ICT distribution and managed services, comprising: (cont'd)

  (ix) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses;

  (x) ISP service that offers an extensive portfolio of data services include Broadband, Leaseline Access, Private Network, Network Security, Hosted Services and IT Solutions to corporate users and consumers;

  (xi) Provide internet infrastructure, e-business applications consulting, project management and systems support services; and

  (xii) Provide business process outsourcing services and customer relationship management.

- Mobile devices distribution and retail, comprising:

  (i) Sales of mobile handsets, related products and services.

(b) Geographical Information

The Group has organised geographical segments according to the region in which the reporting Company is incorporated in. Assets and capital expenditure are based on the location of the assets.

(u) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are shown separately under other reserves.

(v) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(w) Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(x) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2 Summary of Significant Accounting Policies (cont'd)

(x) Non-current Assets Held for Sale and Discontinued Operations (cont'd)

In profit or loss, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(y) Financial Guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3 Significant Accounting Estimates and Judgements

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- ***Depreciation of property, plant and equipment***

  Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 20 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2014 are approximately US$4,988,000 and US$273,000 (31 December 2013: US$5,984,000 and US$394,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

  If depreciation on property, plant and equipment increases/(decreases) by 10% from management's estimate, the Group's loss before taxation will increase/(decrease) by approximately US$170,000 (2013: US$436,000).

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2014

3 Significant Accounting Estimates and Judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

- ***Impairment of loans and receivables***

  The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 12 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by US$283,000 (31 December 2013: US$862,000).

- ***Goodwill and intangible assets***

  As disclosed in Note 18 to the financial statements, the recoverable amounts of the cash-generating units which goodwill and intangible assets have been allocated to, have been determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 18 to the financial statements.

  Intangible assets other than goodwill are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 1 to 15 years. The carrying amounts of the Group's and the Company's intangible assets other than goodwill at 31 December 2014 are approximately US$184,000 and US$62,000 (31 December 2013: US$24,673,000 and US$501,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in a variance in the Group's profit before tax for the financial period ended 31 December 2013 of less than 5%.

- ***Impairment of investment in subsidiaries***

  The Company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiaries. This requires assessment as to whether the carrying amount of its investment in subsidiaries and associates can be supported by the net present value of future cash flows derived from such investments using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement, the Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. If the present value of estimated future cash flows decreases by 5% from management's estimates, the Group's allowance for impairment will increase by US$54,000 (31 December 2013: increase by US$2,537,000).

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3 Significant Accounting Estimates and Judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

- ***Fair value of financial instruments***

  Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates, changes on assumptions about these factors could affect the reported fair values of financial instruments. The valuation of financial instruments is disclosed and further explained in Note 38.

- ***Defined benefits plan***

  The determination of the Group's obligations and cost for employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increment rate, annual employee turnover rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions, which are more than 10% of the defined benefit obligations, are deferred and amortised on a straight-line basis over the expected average remaining service years of the qualified employees. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Group's employee benefits liabilities as at 31 December 2014 is US$881,000 (31 December 2013: US$714,000). Further details are given in Note 32.

(b) Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements:

- ***Determination of functional currency***

  The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

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3 Significant Accounting Estimates and Judgements (cont'd)

(b) Critical judgement made in applying accounting policies (cont'd)

- ***Income taxes***

  The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  The carrying amount of the Group's tax payable, tax recoverable, deferred tax liabilities and assets as at 31 December 2014 were US$1,373,000 (31 December 2013: US$1,182,000), US$4,181,000 (31 December 2013: US$4,671,000), US$3,000 (31 December 2013: US$5,836,000) and US$85,000 (31 December 2013: US$61,000) respectively.

- ***Allowance for inventories obsolescence***

  Reviews are made periodically by management on inventories for inventory, obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences. Allowances for inventories are written back upon subsequent sale of the inventories.

  During the financial year, the Group recognised a net allowance of US$128,000 (2013: US$1,448,000) and wrote off inventories of US$573,000 (2013: US$581,000). The carrying amount of the Group's inventories as at 31 December 2014 was US$14,309,000 (2013: US$20,992,000).

4 Turnover

Turnover comprises the following:

	Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Distribution of operator products and services	288,699	498,469
ICT distribution and managed services	39,877	88,433
Mobile devices distribution and retail	33,179	182,685
	361,755	769,587

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5 Other Income

	Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Other income – operating:		
– Early payment discount	61	148
– Rental income	437	747
– Write-back of sundry payables	934	11
– Rebates	116	604
– Support service to a related party	359	427
– Others	285	806
	2,192	2,743
Interest income:		
– Fixed deposits	427	605
– Bank balances	66	240
– Investment securities	159	147
– Others	–	17
	652	1,009
Other income non-operating:		
– Gain on disposal of investment in subsidiaries	–	8,307
– Settlement of certain arbitration proceedings	2,000	–
– Others	68	144
	2,068	8,451

6 Personnel Costs

	Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Salary and allowances	15,426	31,121
Central Provident Fund contributions	927	1,862
Defined benefit plan	188	(250)
Share-based payments	10	1
Staff accommodation	95	138
Staff recruitment	232	64
Staff welfare	628	965
Insurance	273	744
Medical fees	24	103
Training	35	26
Provision for unpaid leave balance	8	40
Retrenchment costs	–	2,816
Other personnel costs	233	1,284
	18,079	38,914

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7 Loss before Taxation

Loss before taxation is stated after charging/(crediting) the following:

	Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Audit fees paid to:		
– Auditors of the Company	371	638
– Other auditors	204	457
Non-audit fees paid to:		
– Auditors of the Company	–	174
– Other auditors	119	55
Directors' fees:		
– Directors of the Company	171	249
Other professional fees	1,811	2,585
Bank charges	196	740
Collection service fees	258	1,344
Equipment maintenance	355	608
Equipment rental	233	340
Fair value loss on investment securities	–	90
Freight and postage charges	70	252
Impairment of intangible assets (note 18)	36,163	23,350
Impairment of property, plant and equipment (note 17)	394	493
(Gain)/Loss on disposal of property, plant and equipment	(347)	93
Printing and stationery	146	224
Property, plant and equipment written off	35	364
Loss on disposal of subsidiaries	–	26
Telecommunication expenses	631	1,420
Travelling and entertainment	1,619	3,526
Allowance for doubtful trade debts (Note 12)	1,308	1,232
Allowance for doubtful non-trade debts (Note 13)	727	112
Provision for inventory obsolescence	4,793	6,989
Write-back of allowance for doubtful trade debts (Note 12)	(2,181)	(346)
Write-back of provision for inventory obsolescence	(4,665)	(5,541)
Write off of inventories	573	581
Write off of trade debts	1,705	44
Write-back of allowance for doubtful non-trade debts (note 13)	(14)	–

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8 Taxation

Major components of income tax expense

The major components of income tax expense for the period ended 31 December 2014 are:

	Group Year ended 31.12.2014 US$'000	Group Period from 1.7.2012 to 31.12.2013 US$'000
Consolidated income statement:		
Current income tax		
– Current income taxation	720	2,130
– Over provision in respect of previous years	–	(198)
	720	1,932
Deferred income tax (Note 23)		
– Origination and reversal of temporary differences	(5,857)	(657)
Income tax expense/(credit) recognised in profit or loss	(5,137)	1,275

Foreign currency translation and net gain or loss on available-for-sale financial assets presented under other comprehensive income have no income tax impact.

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial periods ended 31 December 2014 and 2013 is as follows:

	Group Year ended 31.12.2014 US$'000	Group Period from 1.7.2012 to 31.12.2013 US$'000
Loss before taxation from continuing operations	(49,386)	(56,189)
Loss before taxation from discontinued operations (Note 9)	–	(560)
Accounting loss before tax	(49,386)	(56,749)
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	(9,169)	(12,277)
Adjustments:		
Tax effect of expenses not deductible for tax purposes#	2,346	1,444
Deferred tax assets not recognised	2,512	14,793
Utilisation of deferred tax assets previously not recognised	(5)	(1,315)
Income not subject to taxation	(853)	(1,051)
Over provision in respect of previous years	–	(198)
Effect of partial tax exemption and tax relief	(65)	(94)
Tax calculated on share of results of associate	–	(39)
Others	97	12
Income tax expense/(credit) recognised in profit or loss	(5,137)	1,275

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The expenses not deductible for tax purposes mainly relate to provision for inventory obsolescence and allowance for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

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8 Income Tax (cont'd)

The Group, in arriving at the current tax liabilities for the Singapore companies, has taken into account losses to be transferred under the loss transfer system of group relief in Singapore. This is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Group is net of the tax effects of the unutilised tax losses transferred.

The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 US$'000	**2013 US$'000**
Unabsorbed capital allowance	24,940	22,246
Unutilised tax losses	201,531	191,177

The unabsorbed capital allowance and unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand and China which have an expiry period of 5 years. The breakdown of unutilised tax losses that will expire in the next 5 years is as follows:

	Group	
	2014 US$'000	**2013 US$'000**
Expiry dates		
31 December 2015	6,098	6,098
31 December 2017	27,845	27,845
31 December 2018	17,118	17,118
31 December 2019	2,459	–

9 Discontinued Operation and Disposal Assets Classified as Held for Sale

Disposal of Mobile Concept (M) Sdn Bhd ("MCM") and Spice BPO Services Limited ("BPO")

During the previous financial period, the Company disposed its interest in MCM and BPO. The disposal was completed on 17 July 2012 and 24 January 2013 respectively.

Both MCM and BPO's results are presented in profit or loss as "Loss for the period from operations related to disposal group classified as held for sale, net of tax".

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9 Discontinued Operation and Disposal Assets Classified as Held for Sale (cont'd)

Income statement disclosures

The results of the disposal group (MCM and Spice BPO) for the financial period ended 31 December 2013 were as follows:

	Group 2013 US$'000
Turnover	682
Other income	54
Purchases and changes in inventories and direct service fees	(317)
Commissions and other selling expenses	(5)
Personnel costs	(323)
Infrastructure costs	(220)
Marketing expenses	(3)
Foreign exchange gain	98
Other operating expenses	(76)
Loss (before interest, depreciation, amortisation and taxation) from operations	(110)
Depreciation of property, plant and equipment	(53)
Amortisation of intangible assets	(7)
Finance costs	(398)
Other income	8
Loss before tax from discontinued operation	(560)
Taxation	–
Loss for the period from operation related to disposal group classified as held for sale, net of tax	(560)

Cash flow statement disclosures

The cash flows attributable to the disposal group (MCM and BPO) are as follows:

	Group 2013 US$'000
Operating activities	1,356
Investing activities	550
Financing activities	(1,805)
Net cash inflows	101

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9 Discontinued Operation and Disposal Assets Classified as Held for Sale (cont'd)

During the financial period ended 30 June 2012, the Company announced the decision of its board of directors to dispose of the following assets:

(a) Disposal of building by a subsidiary

On 7 June 2012, a subsidiary obtained its directors' approval on the proposal to dispose its office building to an external party. The recoverable amount was estimated for this building and no impairment loss was identified. The disposal has since been completed on 20 September 2012.

(b) Disposal of plant and equipment by Company

On 18 July 2012, the Company obtained its directors' approval on the proposal to dispose its plant and equipment in a previously occupied office building to an interested party. The recoverable amount was estimated for these plant and equipment and no impairment loss was identified. The disposal has since been completed on 30 August 2012.

(c) Disposal of non-current assets by subsidiary

On 29 June 2012, a subsidiary obtained its directors' approval on the proposal to dispose certain plant, equipment and intangible assets. The recoverable amount was estimated for these plant and equipment and consequently, impairment loss of US$350,000 was identified. The disposal was completed on 24 January 2013.

(d) Disposal of Mobile Concept (M) Sdn Bhd ("MCM")

On 10 February 2012, the Company announced the decision of its board of directors to dispose its 60% owned subsidiary, MCM, which was previously reported in the Mobility segment. The disposal was completed on 17 July 2012.

10 Loss per Share

(a) Basic loss per share

Basic loss per share is calculated by dividing loss, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit and share data used in the basic and diluted loss per share computation for the following period:

	Group	
	2014 US$'000	2013 US$'000
Net loss attributable to ordinary shareholders for basic and diluted earnings per share	(44,154)	(57,925)
	'000	'000
Weighted average number of ordinary shares as at 31 December 2014 and 2013 for the purpose of computing the basic earnings per share as disclosed in Note 28	5,484,981	5,484,981

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10 Loss per Share (cont'd)

(b) Diluted loss per share

Diluted loss per share is calculated by dividing loss, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2014	2013
Weighted average number of ordinary shares as at 31 December 2014 and 2013 for the purpose of computing the diluted earnings per share as disclosed in Note 28	5,484,981	5,484,981

547,645 (2013: 781,004) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the period, no employees (including senior executives and Directors) have exercised options to acquire ordinary shares (2013: Nil).

11 Inventories

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Balance Sheet:				
Inventories	14,309	20,992	83	195
Inventories recognised as an expense	329,584	678,422	3,721	18,647
Inclusive of the following credit:				
– Write back of provision for inventory obsolescence	(3,306)	(5,541)	–	(119)

The Group wrote back allowance for inventories amounting to US$3,306,000 (2013: US$5,541,000) upon the sale of inventories that allowance thereof had been recognised previously. Certain inventories were sold below their carrying amounts as part of a bulk sale in Malaysia.

The Group has subjected finished goods amounting to US$11,706,000 (2013: US$14,862,000) to collateral charge as security for bank facilities (Note 27).

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12 Trade Receivables

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Non-current				
Lease receivables	227	219	–	–
Less: Unearned finance income	(20)	(4)	–	–
	207	215	–	–
Current				
Trade receivables	14,722	28,435	1,301	1,171
Less: Allowance for impairment	(2,999)	(4,012)	(683)	(328)
	11,723	24,423	618	843
Lease receivables	164	43	–	–
Less: Unearned finance income	–	(8)	–	–
	11,887	24,458	618	843
Total trade receivables	12,094	24,673	618	843
Add:				
Long-term loans and advances to subsidiaries (Note 22)	–	–	12,062	20,127
Other receivables and deposits (Note 13)	3,763	5,730	797	810
Cash and bank deposits pledged (Note 16)	5,795	6,424	3,607	3,448
Cash and cash equivalents (Note 16)	27,986	22,633	19,445	13,227
Due from subsidiaries (Note 15)	–	–	632	10,657
Total loans and receivables	49,638	59,460	37,161	49,112

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at year end are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	4,459	8,252	50	95
Indian Rupee	1,813	1,405	–	–
Thai Baht	120	46	–	–
Malaysian Ringgit	367	5,964	–	–
Indonesian Rupiah	2,881	4,068	–	–
Others	13	22	13	26

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

12 Trade Receivables (cont'd)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to US$4,120,000 (2013: US$15,012,000) and US$533,000 (2013: US$677,000) that are past due at the balance sheet date but not impaired. These trade receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade receivables past due for:				
Less than 30 days	1,927	4,653	138	158
31 to 60 days	490	3,716	76	123
61 to 90 days	385	1,252	27	53
More than 90 days	1,318	5,391	292	343
	4,120	15,012	533	677

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade receivables – nominal amounts	176	113	3,447	3,918
Less: Allowance for impairment	(174)	(99)	(2,825)	(3,914)
	2	14	622	4
Movement in allowance accounts:				
At the beginning of the year/period	99	(197)	3,914	4,147
Charge for the year/period	193	570	1,115	662
Arising from disposal of a subsidiary	-	–	–	304
Write-back	(41)	(228)	(2,140)	(118)
Write-off	(72)	(3)	(52)	(841)
Exchange differences	(5)	(43)	(12)	(240)
At the end of the year/period	174	99	2,825	3,914

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12 Trade Receivables (cont'd)

Receivables that are impaired (cont'd)

	Company Individually impaired 2014 US$'000	Company Individually impaired 2013 US$'000
Trade receivables – nominal amounts	784	332
Less: Allowance for impairment	(682)	(328)
	102	4
Movement in allowance accounts:		
At the beginning of the year/period	328	290
Charge for the year/period	358	85
Write-back	(4)	(39)
Write-off	–	(8)
At the end of the year/period	682	328

During the financial year, the Group and the Company wrote back allowance of US$2,181,000 (2013: US$346,000) and US$4,000 (2013: US$39,000) respectively upon the collection of debts that were previously provided for.

Receivables pledged as collateral

The Group has pledged trade receivables with a carrying amount of US$3,091,000 (2013: US$7,206,000) as collateral to secure a subsidiary's bank loans (Note 27).

Lease receivables

The Group has finance lease arrangements with customers for the sale of computer hardware and peripheral equipment. The discount rate implicit to the lease is 9.43% (2013: 7.7%) per annum.

Future minimum lease payment receivable under finance leases together with the present value of the net minimum lease payment receivables are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Group				
Not later than one year	164	43	164	35
Later than one year but not later than five years	227	219	207	215
Total minimum lease payments receivable	391	262	371	250
Less: Amounts representing finance incomes	(20)	(12)	–	–
Present value of minimum lease payments receivable	371	250	371	250

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13 Other Receivables and Deposits and Tax Recoverable

	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Other receivables and deposits				
Current				
Other receivables				
- Third parties	3,702	5,013	642	642
- Related parties	524	502	524	502
	4,226	5,515	1,166	1,144
Less: Allowance for impairment	(1,298)	(600)	(586)	(600)
	2,928	4,915	580	544
Deposits	507	420	14	15
Interest receivable	258	331	203	251
	3,693	5,666	797	810
Non-current				
Other receivables	70	64	–	–
Total other receivables and deposits	3,763	5,730	797	810
Tax recoverable				
Current	3,333	889	–	–
Non-current	848	3,782	–	–
Total tax recoverable	4,181	4,671	–	–

As at 31 December 2014, total tax recoverable includes an amount of US$57,000 (2013: US$271,000) expected to be refunded by the Inland Revenue Board, Malaysia as well as an amount of US$3,306,000 (2013: US$3,782,000) being withheld by the Directorate General of Taxes in Indonesia, of which US$2,431,000 has been refunded subsequent to year end and the remaining US$875,000 is pending final results of the regular tax inspection on two subsidiaries in Indonesia.

Other receivables that are impaired

Allowances for impairment losses are recognised against other receivables based on management's estimation of irrecoverable amounts.

The Group's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Other receivables – nominal amounts	1,298	600	586	600
Less: Allowance for impairment	(1,298)	(600)	(586)	(600)
	–	–	–	–

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13 Other Receivables and Deposits and Tax Recoverable (cont'd)

Other receivables and deposits denominated in foreign currencies at year end are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	598	891	499	179
Indian Rupee	283	309	–	–
Thai Baht	881	1,218	–	–
Malaysian Ringgit	206	422	–	–
Indonesian Rupiah	1,010	1,479	–	–
Others	332	661	–	1

Movement in allowance account:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At the beginning of the year/period	600	643	600	488
Charge for the year/period	727	112	–	112
Write-off	–	(162)	–	–
Exchange differences	(15)	7	–	–
Write-back	(14)	–	(14)	–
At the end of the period/year	1,298	600	586	600

14 Prepayments

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Prepaid selling expenses	201	241	190	124
Other prepaid expenses	2,297	3,837	204	257
	2,498	4,078	394	381

Total other prepaid expenses mainly relate to advance payment to vendors by subsidiaries and prepaid rental for offices and shops.

15 Due from/(to) Subsidiaries

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of US$15,414,000 (2013: US$68,964,000). During the financial year, the repayment term for certain outstanding amounts has been changed from repayable on demand to 7 years. Consequently, related allowance for impairment has also been reclassified to non-current.

Amounts due from/(to) subsidiaries are trade and non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash, except for loans to subsidiaries which bear interest ranging at 5% to 6% (2013: 5% to 6%) per annum.

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15 Due from/(to) Subsidiaries (cont'd)

Amounts due from/(to) subsidiaries denominated in foreign currencies at year end are as follows:

	Company			
	Current		Non-current	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	(8,500)	(7,373)	–	–
Chinese Renminbi	(3,030)	(3,098)	–	–
Malaysian Ringgit	–	4,166	–	–
Thai Baht	–	–	1,032	1,811
Hongkong Dollar	64	–	–	–

16 Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Fixed deposits	24,286	20,423	21,171	14,876
Cash and bank balances	9,495	8,634	1,881	1,799
	33,781	29,057	23,052	16,675
Less: Cash and bank deposits pledged	(5,795)	(6,424)	(3,607)	(3,448)
	27,986	22,633	19,445	13,227

Fixed deposits with financial institutions mature in varying periods from the financial period end. Fixed deposits earn interest at the effective interest rates ranging from 0.25% to 9.25% (2013: 0.06% to 10%) per annum.

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0% to 1.5% (2013: 0% to 2.4%) per annum.

Cash and bank deposits of US$5,795,000 (2013: US$6,424,000) are pledged as security for trust receipts, bank guarantees, standby letters of credit and other bank services.

Cash and cash equivalents denominated in foreign currencies at the year end are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014	2013 US$'000
Singapore Dollar	3,714	3,558	787	422
Indian Rupee	1,661	2,300	–	–
Thai Baht	227	74	–	–
Malaysian Ringgit	701	802	–	–
Indonesian Rupiah	1,607	3,145	–	–
Others	52	271	–	–

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17 Property, Plant and Equipment

	Furniture, fixtures and fittings US$'000	Computer equipment US$'000	Office equipment US$'000	Motor vehicles US$'000	Leasehold improve-ments US$'000	Buildings US$'000	Total US$'000
Group							
Cost							
At 1 January 2014	1,357	14,944	846	602	473	3,863	22,085
Additions	14	880	33	105	464	–	1,496
Disposals/write-offs	(55)	(89)	(11)	(240)	(47)	(119)	(561)
Net exchange differences	(76)	(523)	(42)	(11)	(39)	(81)	(772)
At 31 December 2014	1,240	15,212	826	456	851	3,663	22,248
Accumulated depreciation							
At 1 January 2014	748	14,169	499	100	265	320	16,101
Depreciation charge for the year	399	533	177	95	282	214	1,700
Disposals/write-offs	(50)	(88)	(10)	(141)	(15)	(23)	(327)
Impairment loss	30	79	69	53	163	–	394
Net exchange differences	(70)	(444)	(39)	(6)	(27)	(22)	(608)
At 31 December 2014	1,057	14,249	696	101	668	489	17,260
Net carrying amount							
At 31 December 2014	183	963	130	355	183	3,174	4,988
Cost							
At 1 July 2012	2,874	18,480	2,998	1,155	1,249	5,012	31,768
Additions	93	512	103	139	152	41	1,040
Arising from acquisition of subsidiaries (note 19)	–	2	1	–	–	–	3
Disposals/write-offs	(824)	(3,542)	(911)	(547)	(673)	–	(6,497)
Arising from disposal of subsidiaries	(293)	(233)	(1,378)	(12)	(318)	–	(2,234)
Reclassification	(87)	–	4	–	83	–	–
Net exchange differences	(406)	(275)	29	(133)	(20)	(1,190)	(1,995)
At 31 December 2013	1,357	14,944	846	602	473	3,863	22,085
Accumulated depreciation							
At 1 July 2012	856	14,974	2,029	119	714	95	18,787
Depreciation charge for the period	964	2,311	356	224	125	376	4,356
Depreciation attributable to discontinued operations (note 9)	7	12	22	–	12	–	53
Disposals/write-offs	(558)	(3,259)	(736)	(190)	(394)	–	(5,137)
Impairment loss	–	493	–	–	–	–	493
Arising from disposal of subsidiaries	(259)	(169)	(1,252)	(10)	(263)	–	(1,953)
Reclassification	(26)	–	1	–	25	–	–
Net exchange differences	(236)	(193)	79	(43)	46	(151)	(498)
At 31 December 2013	748	14,169	499	100	265	320	16,101
Net carrying amount							
At 31 December 2013	609	775	347	502	208	3,543	5,984

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17 Property, Plant and Equipment (cont'd)

Assets held under finance lease

During the financial year ended 31 December 2014, the Group acquired property, plant and equipment with an aggregate cost of US$546,000 (2013: US$79,000) respectively by means of finance lease.

The carrying amount of property, plant and equipment held under finance lease as at 31 December 2014 was US$661,000 (2013: US$286,000) and US$174,000 (2013: US$200,000) for the Group and the Company respectively. The leased assets have been pledged as security for the related finance liability.

Impairment of assets

During the financial year ended 31 December 2014, an impairment loss of US$394,000 (2013: US$493,000) representing the write-down of property, plant and equipment in certain subsidiaries to recoverable amount, as part of rationalisation exercise, has been recognised in the consolidated income statement.

	Furniture, fixtures and fittings US$'000	Computer equipment US$'000	Office equipment US$'000	Motor vehicles US$'000	Leasehold improve-ments US$'000	Total US$'000
Company						
Cost						
At 1 January 2014	32	3,155	134	260	53	3,634
Additions	–	47	1	–	–	48
At 31 December 2014	32	3,202	135	260	53	3,682
Accumulated depreciation						
At 1 January 2014	15	3,023	121	59	22	3,240
Depreciation charge for the year	5	107	11	26	20	169
At 31 December 2014	20	3,130	132	85	42	3,409
Net carrying amount						
At 31 December 2014	12	72	3	175	11	273
Cost						
At 1 July 2012	40	3,129	131	260	29	3,589
Additions	8	44	3	–	24	79
Disposals	(16)	(18)	–	–	–	(34)
At 31 December 2013	32	3,155	134	260	53	3,634
Accumulated depreciation						
At 1 July 2012	10	2,693	95	25	1	2,824
Depreciation charge for the period	9	348	26	34	21	438
Disposals	(4)	(18)	–	–	–	(22)
At 31 December 2013	15	3,023	121	59	22	3,240
Net carrying amount						
At 31 December 2013	17	132	13	201	31	394

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18 Intangible Assets

	Goodwill US$'000	Licensing, patents and trade-markets US$'000	Customer contracts US$'000	Order backlog US$'000	Customer relationship US$'000	Marketing rights US$'000	Deferred develop-ments costs US$'000	Total US$'000
Group								
Cost								
At 1 January 2014	112,291	21,849	1,721	476	44,358	3,841	2,606	187,142
Additions	–	109	–	–	–	–	75	184
Net exchange differences	(265)	(375)	–	–	(835)	–	(4)	(1,479)
At 31 December 2014	112,026	21,583	1,721	476	43,523	3,841	2,677	185,847
Analysis of accumulated amortisation and impairment								
At 1 January 2014	96,219	11,705	1,721	476	30,947	3,090	2,239	146,397
Amortised during the year	–	646	–	–	3,385	69	197	4,297
Impairment during the year	15,826	9,385	–	–	10,026	682	244	36,163
Net exchange differences	(19)	(335)	–	–	(835)	–	(5)	(1,194)
At 31 December 2014	112,026	21,401	1,721	476	43,523	3,841	2,675	185,663
Net carrying amount								
At 31 December 2014	–	182	–	–	–	–	2	184
Cost								
At 1 July 2012	111,880	22,145	1,721	476	44,166	3,841	2,287	186,516
Additions	–	432	–	–	–	–	321	753
Arising from acquisition of subsidiaries (Note 19)	340	–	–	–	–	–	–	340
Arising from disposal of subsidiaries	–	(109)	–	–	(108)	–	–	(217)
Disposal	–	(708)	–	–	–	–	–	(708)
Net exchange differences	71	89	–	–	300	–	(2)	458
At 31 December 2013	112,291	21,849	1,721	476	44,358	3,841	2,606	187,142
Analysis of accumulated amortisation and impairment								
At 1 July 2012	73,384	11,838	1,721	476	25,635	2,987	1,111	117,152
Amortised during the period	–	461	–	–	5,077	103	673	6,314
Amortisation attributable to discontinued operations (Note 9)	–	7	–	–	–	–	–	7
Impairment during the period	22,835	58	–	–	–	–	457	23,350
Arising from disposal of subsidiaries	–	(108)	–	–	(65)	–	–	(173)
Disposal	–	(676)	–	–	–	–	–	(676)
Net exchange differences	–	125	–	–	300	–	(2)	423
At 31 December 2013	96,219	11,705	1,721	476	30,947	3,090	2,239	146,397
Net carrying amount								
At 31 December 2013	16,072	10,144	–	–	13,411	751	367	40,745

18 Intangible Assets (cont'd)

The remaining amortisation periods as at 31 December 2014 range between 1 – 2 years for licensing, patents and trademarks and 1 – 3 years for deferred development costs.

(a) Allocation of goodwill to cash-generating units ("CGU")

The carrying amounts of the Group's goodwill on acquisition of subsidiaries as at 31 December 2014 were assessed for impairment during the financial year. Goodwill is allocated for impairment testing purposes to the individual entity or group of subsidiaries, which is also the CGU. Where the acquired business has been merged as a division of an entity, the CGU would be that division of the merged entity.

The carrying amounts of goodwill related to:

	Affinity Group		MediaRing Network Services		Cavu Corp		Delteq		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Group										
Goodwill	–	10,115	–	4,436	–	252	–	1,269	–	16,072

(b) Basis of impairment assessment

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a 5 year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the 5 year period are as follows:

	Affinity Group		Bharat IT		MediaRing Network Services		Cavu Corp		Delteq	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Pre-tax discount rates	17.50 to 21.00	17.50 to 21.00	22.49	22.49	10.13	9.25	11.00	11.00	11.00	11.00
Growth rates	2.50	2.50	3.00	3.00	1.00	1.00	1.00	2.00	1.00	1.00

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18 Intangible Assets (cont'd)

(b) Basis of impairment assessment (cont'd)

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Forecasted gross margins – Gross margins are based on the value achieved in the year preceding the start of the budget period.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates reflect management's estimate of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Sensitivity to changes in assumptions

No sensitivity analysis is presented as the Group has fully impaired the goodwill and intangible assets, except for US$182,000 relating to licensing and US$2,000 relating to deferred development costs.

(c) Impairment loss recognised

During the financial period, an impairment loss was recognised to write-down the carrying amount of goodwill and intangible assets. The impairment loss of US$36,163,000 (2013: US$23,350,000) has been recognised in the profit and loss under the line item "Other Expenses".

In accordance with FRS 36 "Impairment of Assets", the Group carried out impairment testing as at the end of the financial year. Accordingly, to the extent that the carrying amounts exceeded the recoverable amounts, goodwill and other intangible assets amounting to US$29,383,000 (2013: US$16,202,000) arisen out of acquisition in the case of Affinity group and US$6,655,000 (US$6,794,000) in the case of the subsidiaries forming part of the ICT distribution and managed services had been impaired. The impairment charge in respect of Affinity group had primarily been on account of changing preference of customers for mobility products and a paradigm shift in the distribution channel via e-commerce and online marketing of mobility products. The traditional channels are now being challenged and rendered ineffective because of their high in-built cost structure. Hence, the mobile distribution and retail business in Affinity group is being restructured and optimized via e-commerce focused strategy in partnership with Google Android 1 ecosystem. Impairment charge in respect of subsidiaries of ICT distribution and managed services resulted due to relatively lower potential earning capacity due to industry challenges and severe downturn in the Voice over Internet Protocol ("VoIP") retail businesses.

	S i2i US$'000	Affinity Group US$'000	MSI China US$'000	CSL Shenzhen US$'000	Cavu Group* US$'000	MediaRing Network US$'000	Newtel Group US$'000	Bharat IT US$'000	Total US$'000
Group									
2014									
Goodwill	–	10,116	–	–	1,472	4,238	–	–	15,826
Intangible assets	263	19,267	–	–	–	–	125	682	20,337
2013									
Goodwill	–	16,202	132	222	6,279	–	–	–	22,835
Intangible assets	515	–	–	–	–	–	–	–	515

* Cavu group includes Delteq.

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18 Intangible Assets (cont'd)

	Licensing, patents and trademarks US$'000	Deferred development costs US$'000	Total US$'000
Company			
2014			
Cost			
At 1 January 2014	1,710	2,608	4,318
Additions	75	75	150
At 31 December 2014	1,785	2,683	4,468
Analysis of accumulated amortisation and impairment			
At 1 January 2014	1,578	2,239	3,817
Amortised during the year	86	197	283
Impairment during the year	18	245	263
Net exchange differences	43	–	43
At 31 December 2014	1,725	2,681	4,406
Net carrying amount			
At 31 December 2014	60	2	62
2013			
Cost			
At 1 July 2013	1,708	2,287	3,995
Additions	2	321	323
At 31 December 2013	1,710	2,608	4,318
Analysis of accumulated amortisation and impairment			
At 1 July 2013	1,329	1,112	2,441
Amortised during the period	191	670	861
Impairment during the period	58	457	515
At 31 December 2013	1,578	2,239	3,817
Net carrying amount			
At 31 December 2013	132	369	501

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19 Investment in Subsidiaries

Investment in subsidiaries comprise:

	Company 2014 US$'000	Company 2013 US$'000
Unquoted equity shares, at cost	211,679	211,679
Less: Impairment losses	(205,780)	(172,733)
Carrying amount after impairment losses	5,899	38,946

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	Percentage of equity interest held by the Group 2013 %
Held by the Company				
MediaRing.com, Inc[(b)]	To market and sell telecommunication services	USA	100	100
Mellon Technology Pte Ltd[(c)]	To market and sell telecommunication services	Singapore	100	100
MediaRing (Europe) Limited[(e)]	Dormant	United Kingdom	100	100
MediaRing Communications Pte Ltd[(c)]	To market and sell telecommunication and ISP services	Singapore	100	100
Alpha One Limited[(g)]	To market and sell telecommunication services	Hong Kong	100	100
MediaRing Network Services Pte Ltd[(c)]	To market and sell ISP services	Singapore	100	100
Cavu Corp Pte Ltd[(c)]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100

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19 Investment in Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %
Held by the Company (cont'd)				
Bharat IT Services Limited[a]	To supply, rent, maintain and service computer hardware	India	100	100
Spice-CSL Pte Ltd[c]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	100	100
Newtel Corporation Company Limited[a]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100
Maxworld Asia Limited[b]	Investment holding	British Virgin Islands	100	100
Bigstar Development Limited[b]	Investment holding	British Virgin Islands	100	100
Affinity Capital Pte. Ltd[c]	Investment holding and distributor of handphone	Singapore	100	100
I-Gate Holdings Sdn. Bhd[a]	Investment holding and provision of management services	Malaysia	100	100
CSL Multimedia Sdn. Bhd[a]	Trading of portable computers and computer accessories	Malaysia	100	100
CSL Mobile Care Sdn Bhd[a]	Repairing and maintenance of mobile phones	Malaysia	100	100
Mobile Service International Co. Ltd (China)[f]	Technical advice and services and supply chain management services	People's Republic of China	51	51
CSL Communication (Shenzhen) Co. Ltd (China)[f]	Trading of mobile handsets	People's Republic of China	51	51

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19 Investment in Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %
Held by subsidiaries				
Held by Alpha One Limited				
MediaRing.com (Shanghai) Limited [d]	To market and sell telecommunication services	People's Republic of China	100	100
Held by Cavu Corp Pte Ltd				
Peremex Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Centia Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Peremex Sdn Bhd[a]	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100
Delteq Pte Ltd[c]	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Singapore	100	100
Held by Peremex Pte Ltd				
Peremex Computer Systems Private Limited[h]	To supply, rent, maintain and service computer hardware and peripheral equipment	India	100	100
Held by Centia Pte Ltd				
Centia Technologies Sdn Bhd[a]	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100

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19 Investment in Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %
Held by subsidiaries (cont'd)				
Held by Delteq Pte Ltd				
Delteq Systems Pte Ltd[c]	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	100	100
Delteq Systems (M) Sdn Bhd[a]	To market computer software and render computer related services	Malaysia	100	100
Held by Delteq Systems (M) Sdn Bhd				
Delteq (M) Sdn Bhd[a]	To market computer hardware and software and render computer related services	Malaysia	100	100
Held by Spice-CSL Pte Ltd				
Spice International Sdn. Bhd.[a]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Malaysia	100	100
Held by Newtel Corporation Company Limited				
T.H.C. International Co., Ltd[a]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100
Held by Affinity Capital Pte Ltd				
PT. Selular Global Net[a]	Distributor of prepaid phone cards and top up vouchers	Indonesia	99.99	99.99
Held by PT. Selular Global Net				
PT. Selular Media Infotama[a]	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	99.98	99.98
Held by PT. Selular Media Infotama				
PT. Metrotech Jaya Komunika Indonesia[a]	Distributor of telecommunication equipment	Indonesia	99.78	99.78

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19 Investment in Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	2013 %
Held by subsidiaries (cont'd)				
Held by PT. Metrotech Jaya Komunika				
PT. Metrotech Makmur Sejahtera[a]	Distributor of telecommunication equipment	Indonesia	49	69.86
Held by I-Gate Holdings Sdn. Bhd.				
RVT Event & Retail Management Sdn. Bhd.[a]	Conceptual design work, event and complex management	Malaysia	100	100
Real & Virtual Technologies Sdn. Bhd.[a]	Developing innovative service delivery platforms and solutions	Malaysia	100	100
Dot Mobile Sdn. Bhd.[a]	Dealer in mobile telecommunication equipment and its related products	Malaysia	100	100
Homestead Shop (M) Sdn. Bhd.[a]	Dealer in mobile telecommunication equipment and its related products	Malaysia	100	100
BTC Academy Sdn. Bhd.[a]	Providing education services	Malaysia	70	70

(a) Audited by a member firm of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.
(b) Not required to be audited by the laws of its country of incorporation
(c) Audited by Moore Stephens LLP, Singapore
(d) Audited by Shanghai Ambition CPA, Co. Ltd
(e) Audited by Blick Rothenberg Chartered Accountants, United Kingdom
(f) Audited by Shenzhen Long De CPA
(g) Audited by F.L. Chim & Co. Hong Kong
(h) The Group deferred the liquidation of Peremex Computer Systems Private Limited during the financial period

Impairment testing of investment in subsidiaries

During the financial year, management performed an impairment test for Affinity Capital Pte Limited, Cavu Corp. Pte Limited, CSL Communication (Shenzhen) Co. Limited, Mediaring Network Services Pte Ltd and Mobile Services International Co. Limited (2013: Affinity Capital Pte Limited, Cavu Corp. Pte Limited, CSL Communication (Shenzhen) Co. Limited, Mediaring Network Services Pte Ltd and Mobile Services International Co. Limited). In light of losses incurred and to the extent, the carrying amount of the investment exceeded the recoverable amount, an impairment loss of US$33,047,000 (2013: US$68,037,000) was recognised for the financial period ended 31 December 2014 to write down the investments in the respective subsidiaries to their recoverable amounts. The recoverable amounts of investments in these subsidiaries have been determined based on value-in-use calculated using cash flow projections from financial budget approved by management covering a 5 - 8 (2013: 5 - 8) years period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections was 10.00%-21.00% (2013: 11.00%-21.00%) and 1.00% to 3.00% (2013: 2.00% to 2.50%) respectively.

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19 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries

(a) CSL Communication (Shenzhen) Co. Ltd

On 2 August 2012, the Company effectively acquired 51% of the voting shares in CSL Communication (Shenzhen) Co. Ltd, a China-based company engaged in manufacturing and trading of mobile telecommunication equipment, inclusive of mobile phones and mobile accessories and related spare parts distribution, distribution agent, import and export and related integrated services.

The fair value of the identifiable assets and liabilities of CSL Communication (Shenzhen) Co. Ltd, acquired and the effect thereof as at the date of acquisition were as follows:

	Fair value at date of acquisition US$'000	Carrying amount before combination US$'000
Property, plant and equipment	1	1
Other receivables and prepayments	181	181
Cash and cash equivalents*	–	–
Total assets	182	182
Net identifiable assets	182	
Less: Net identifiable assets – non-controlling interest	(89)	
Net identifiable assets – owner of the parents	93	
Goodwill arising from acquisition	213	
	306	
Cost of acquisition:		
Cash paid for purchase consideration	306	
Cash outflow on acquisition:		
Cash paid	(306)	
Net cash acquired with the subsidiary*	–	
Net cash outflow on acquisition	(306)	

* Amount is less than US$1,000

The Group performed an internal assessment to determine the fair value of the intangible assets. As at 31 December 2013, no intangible asset had been identified.

Impact of acquisition on the income statement

From the date of acquisition, the acquired subsidiary has contributed a net loss of US$2,000 to the net loss of the Group for the financial period ended 31 December 2013.

Goodwill arising from acquisition

As of the date of acquisition, the goodwill of US$213,000 represented the value of strengthening the Group's mobile handset market position in the ASEAN region, which can serve to expand and consolidate S i2i's presence in China. However, as of 31 December 2013, management revisited the business model and recorded a full impairment loss on this goodwill.

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19 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

(b) Mobile Service International Co. Ltd.

On 9 July 2012, the Company effectively acquired 51% of the voting shares in Mobile Service International Co. Ltd., a China-based company engaged in communication equipment, technical advice and services, supply chain management and related economic information consultation.

The fair value of the identifiable assets and liabilities of Mobile Service International Co. Ltd., acquired and the effect thereof as at the date of acquisition were as follows:

	Fair value at date of acquisition US$'000	Carrying amount before combination US$'000
Property, plant and equipment	2	2
Other receivables and prepayments	319	319
Cash and cash equivalents*	1	1
Total assets	322	322
Other creditors and accruals	181	181
Tax payable*	–	–
Total liabilities	181	181
Net identifiable assets	141	
Less: Net identifiable assets – non-controlling interest	(69)	
Net identifiable assets – owner of the parents	72	
Goodwill arising from acquisition	127	
	199	
Cost of acquisition:		
Cash paid for purchase consideration	199	
Cash outflow on acquisition:		
Cash paid	(199)	
Net cash acquired with the subsidiary*	1	
Net cash outflow on acquisition	(198)	

*: Amount is less than US$1,000

The Group performed an internal assessment to determine the fair value of the intangible assets. As at 31 December 2013, no intangible asset had been identified.

Impact of acquisition on the income statement

From the date of acquisition, the acquired subsidiary has contributed a net loss of US$4,000 to the net loss of the Group for the financial period ended 31 December 2013.

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19 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

(b) Mobile Service International Co. Ltd. (cont'd)

Goodwill arising from acquisition

As of date of acquisition, the goodwill of US$127,000 represented the value of strengthening the Group's mobile handset market position in the ASEAN region, which can serve to expand and consolidate S i2i's presence in China. However, as of 31 December 2013, management revisited the business model and has recorded a full impairment loss on this goodwill.

Disposal of subsidiaries

During the previous financial period, the Group disposed/liquidated the following subsidiaries:

(a) Mobile Concepts (M) Sdn Bhd

On 17 July 2012, the Company completed the disposal of its entire 60% interest in the issued share capital of MCM for a consideration of US$300,000 in cash and recognised a loss on disposal of US$26,000.

(b) Mediaring TC, Inc

On 10 December 2012, the Group completed the voluntary liquidation of its dormant wholly-owned subsidiary, Mediaring TC, Inc, a company registered in Japan. This voluntary liquidation of Mediaring TC, Inc has no material impact on the consolidated net tangible assets per share and earnings per share of the Company for the financial period ended 31 December 2013.

(c) Spice BPO Services Limited

On 8 June 2012, the management decided to divest its investment in Spice BPO Services Limited which was approved by the Board of Directors. On 24 January 2013, the Group disposed its entire interest of 100% in Spice BPO Services Limited for a consideration of $1 and recognised a gain on disposal of US$7,870,000.

(d) Spice i2i Middle East FZE

On 30 May 2013, the Group completed the voluntarily liquidation of its dormant wholly-owned subsidiary, Spice i2i Middle East FZE, a company registered in Dubai.

This voluntary liquidation of Spice i2i Middle East FZE has no material impact on the consolidated net tangible assets per share and earnings per share of the Company for the financial period ended 31 December 2013.

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20 Investment in Associates

	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Unquoted shares, at cost	72	479	47	479
Share of post-acquisition reserves	(47)	(191)	–	–
Less: Impairment losses	(25)	(288)	(47)	(479)
Carrying amount of investments	–	–	–	–

The Company has written off the cost of investment and related allowance for impairment loss in relation to its investment in an associate that had been liquidated.

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2014 %	Percentage of equity interest held by the Group 2013 %
Held by the Company				
Vipafone (Proprietary) Limited[(a)]	To market and sell telecommunication services	South Africa	40.0	40.0
Held by subsidiaries				
Held by MediaRing Network Services Pte Ltd				
NGV Pte Ltd[(b)]	To market and sell telecommunication services	Singapore	28.8	28.8

(a) Not required to be audited by the laws of its country of incorporation
(b) Audited by R Chan & Associates Public Accounting Corporation

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20 Investment in Associates (cont'd)

Unrecognised share of losses of associates

The Group has not recognised losses relating to Vipafone (Proprietary) Limited and NGV Pte Ltd where their share of losses exceed the Group's interest in these associates as the Group has no obligation in respect of these losses. The Group's cumulative share of losses in Vipafone (Proprietary) Limited and NGV Pte Ltd as at 31 December 2013 was US$47,000. No further losses were shared in the current financial year ended 31 December 2014.

Impairment testing of investment in associates

During the last financial period, management had performed an impairment test, and in the light of losses and with uncertainty of future recovery, an impairment loss of US$288,000 in respect of the investment in MediaRing Africa Limited was recognised for the financial period ended 31 December 2013. MediaRing Africa Limited has since been liquidated.

21 Investment Securities

	Group and Company	
	2014 US$'000	2013 US$'000
Non-current		
Available-for-sale financial assets		
– Quoted equity investment	193	122
Designated at fair value through profit or loss		
– Hybrid instrument	1,236	2,625
	1,429	2,747
Current		
Designated at fair value through profit or loss		
– Hybrid instrument	906	–
Total investment in securities	2,335	2,747

The hybrid instrument relates to a 7 years term loan that came with 14,034,074 warrants. The loan is fully repayable on 30 April 2015, and is interest-free for the first 5 years, and bears interest at 5% per annum for the sixth and seventh year.

NOTES TO THE FINANCIAL STATEMENTS

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21 Investment Securities (cont'd)

On 24 September 2014, the parties to the loan agreement had agreed to reschedule the loan such that S$2,000,000 (equivalent to US$1,523,000) of the loan balance be repaid in cash to the Company in three tranches and S$3,500,000 (equivalent to US$2,644,000) and the accrued interest shall constitute a convertible loan facility, with a maturity date on 23 September 2016, granted by the Company to the borrower. Cash payment of S$800,000 (equivalent to US$617,000) has been received in the financial year ended 31 December 2014. The loan shall be converted into new ordinary shares in the capital of the borrower. The number of conversion shares that will be issued to the Company is dependent on the enterprise value of the borrower, which will be determined no later than six months prior to the maturity date.

22 Long-term Loans and Advances to Subsidiaries

	Company	
	2014 US$'000	2013 US$'000
Long-term loans and advances treated as part of net investment in subsidiaries	36,363	36,458
Long-term loans to subsidiaries	79,166	20,561
Less: Allowance for doubtful loans and advances to subsidiaries	(103,467)	(36,892)
	12,062	20,127

Long-term loans and advances treated as part of the net investment in subsidiaries are quasi-equity in nature, unsecured, interest-free and have no fixed terms of repayment.

Long-term loans to subsidiaries are unsecured, interest-bearing at 0% to 6% p.a. and have fixed repayment terms of 7 years (2013: 2 to 7 years).

23 Deferred Tax

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	(3)	(3)	–	(161)
Fair value adjustments on acquisition of subsidiaries	–	(5,833)	5,833	1,296
	(3)	(5,836)		
Deferred tax assets				
Provisions	85	61	24	(478)
	85	61		
Deferred income tax credit (Note 8)			5,857	657

The impact to the consolidated income statement of fair value adjustments on acquisition of subsidiaries relates to the realisation of deferred tax on the recognition of amortisation and impairment during the financial year.

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24 Trade Creditors

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade creditors	12,112	11,416	2,328	1,683
Add:				
Other creditors and accruals (Note 25)	9,539	11,669	2,804	2,705
Lease obligations (Note 26)	656	2,721	153	174
Loans and bank borrowings (Note 27)	8,300	13,807	–	–
Due to subsidiaries (Note 15)	–	–	11,974	11,087
Provision for employee benefits (Note 32)	881	714	–	–
Total financial liabilities carried at amortised cost	31,488	40,327	17,259	15,649

Trade creditors are non-interest bearing and are normally settled on 30 to 120 days' terms.

Trade creditors denominated in foreign currencies at year end are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	3,765	1,511	–	–
Indian Rupee	114	54	–	–
Thai Baht	11	11	–	–
Malaysian Ringgit	299	937	–	–
Indonesian Rupiah	3,857	5,053	–	–
Others	1	91	1	2

25 Other Creditors and Accruals

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Amounts to related parties	454	719	22	20
Other creditors	2,446	3,212	766	637
Accrued operating expenses	6,121	7,205	1,925	1,994
Deposits received	518	533	91	54
	9,539	11,669	2,804	2,705

Amounts due to related parties are non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

As at 31 December 2014, the Group and Company's total accrued operating expenses include an amount of US$1,007,000 (2013: US$1,848,000) and US$466,000 (2013: US$380,000) trade accruals as well as US$5,114,000 (2013: US$5,357,000) and US$1,459,000 (2013: US$1,614,000) of sundry accruals respectively. These accruals are non-interest bearing and are to be settled within the next twelve months.

Sundry accruals mainly relate to accruals for payroll expenses, professional fees and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

25 Other Creditors and Accruals (cont'd)

Other creditors denominated in foreign currencies at year end are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	3,064	3,987	1,428	1,982
Indian Rupee	1,332	740	6	6
Thai Baht	252	351	–	–
Malaysian Ringgit	662	1,670	–	–
Indonesian Rupiah	2,648	2,693	–	–
Others	117	125	17	15

26 Lease Obligations

The Group has finance leases for computer equipment and motor vehicles. The leases have terms of renewal at the option of the Group. There are no escalation clauses and no restrictions placed upon the Group by entering into these leases. An obligation by a subsidiary is secured by a charge over the leased assets (Note 17). The average discount rate implicit to the leases is 6.62% (2013: 6.86%) per annum.

	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	2014		2013	
	US$'000	US$'000	US$'000	US$'000
Group				
Not later than one year	516	488	2,500	2,470
Later than one year but not later than five years	185	157	225	197
Later than five years	18	11	58	54
Total minimum lease payments	719	656	2,783	2,721
Less: Amounts representing finance charges	(63)	–	(62)	–
Present value of minimum lease payments	656	656	2,721	2,721

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

26 Lease Obligations (cont'd)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2014 US$'000	Present value of minimum lease payments 2014 US$'000	Minimum lease payments 2013 US$'000	Present value of minimum lease payments 2013 US$'000
Company				
Not later than one year	25	21	26	21
Later than one year but not later than five years	128	121	131	116
Later than five years	18	11	40	37
Total minimum lease payments	171	153	197	174
Less: Amounts representing finance charges	(18)	–	(23)	–
Present value of minimum lease payments	153	153	174	174

Lease obligations denominated in foreign currencies at year end are as follows:

	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Singapore Dollar	594	396	153	174
Thai Baht	2	4	–	–
Malaysian Ringgit	–	65	–	–
Indonesian Rupiah	60	4	–	–

27 Loans and Bank Borrowings

		Group 2014 US$'000	Group 2013 US$'000
Current			
– Trust receipts	(a)	–	1,217
– Loans	(b)	8,111	12,392
Total short term loans and bank borrowings		8,111	13,609
Non-current			
– Loans	(c)	189	198
Total loans and bank borrowings		8,300	13,807

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27 Loans and Bank Borrowings (cont'd)

(a) At 31 December 2014, the outstanding trust receipts are Nil, while as at 31 December 2013, outstanding trust receipts were repayable within 1 year from the financial year end at an effective interest rate of 6.0% per annum, and were secured by fixed deposits pledged to the financial institutions.

(b) At 31 December 2014, the current loans amounting to US$8,111,000 (2013: US$12,392,000) are denominated in IDR and SGD (2013: IDR, USD and SGD). The loans of the Group bear interest at rates ranging from 3% to 11% (2013: 3.0% to 9.5%) per annum and are repayable within the next 12 months.

(c) At 31 December 2014, the non-current loan amounting to US$189,000 (2013: US$198,000) are denominated in SGD. The loans of the Group as at 31 December 2014 bear interest at 3% per annum and are repayable within the next 2 years.

Loan amounting to US$5,348,000 (2013: US$9,517,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

During the current financial year, two of the subsidiaries of the Group have breached some of the loan covenants for one (2013: one) bank. These subsidiaries did not fulfil the requirements to maintain a current ratio of 1.0 and interest coverage ratio of 2.0 for a credit line of US$18,023,000 (2013: US$20,041,000) required by the bank.

On 24 June 2014, the bank agreed to renew and extend the expiry date of the loan until 19 April 2015. At the time these financial statements are authorised for issue, the bank has not requested for immediate repayment of the outstanding loan amount.

28 Share Capital

	Group and Company 2014 US$'000	2013 US$'000
Issued and fully paid up:		
At beginning and end of year – 5,484,980,836 (2013: 5,484,980,836) ordinary shares	410,663	410,663

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has three employee share option plans and two performance share plans (Note 32) under which, options to subscribe for the Company's ordinary shares and performance shares respectively, have been granted to Directors and employees of the Group.

As at 31 December 2013, the net proceeds from the 2011 Rights Issue had been utilised as follows:

	US$' million
Net proceeds from 2011 Rights Issue	146
Less: Proceeds utilised for:	
To partially fund the completion of the acquisition of Affinity Group	(87)
Funding part of the Group's working capital	(25)
Payment to vendors	(11)
Security Deposit, Advance Rent and Capital Expenditure for new office premises	(2)
Loans to various subsidiaries for working capital	(5)
Acquisition of remaining 49% stake in I-Gate Holding Sdn Bhd	(1)
Capital Expenditure for new office premises	(2)
Termination Payment as referred to in the Company's announcement dated 5 March 2012	(13)
Balance of net proceeds from 2011 Rights Issue unutilised	–

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29 Accumulated Losses

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At the beginning of the year	(316,768)	(258,843)	(327,642)	(252,528)
Partial disposal of interest in a subsidiary	51	–	–	–
Loss for the year	(44,154)	(57,925)	(48,974)	(75,114)
At the end of the year	(360,871)	(316,768)	(376,616)	(327,642)

30 Other Reserves

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Reserve on acquisition of non-controlling interest	3,170	3,170	–	–
Fair value adjustment reserve	90	44	90	44
Employee share-based payment reserve	197	197	197	197
Share issue costs	(6,961)	(6,961)	(6,961)	(6,961)
Total other reserves	(3,504)	(3,550)	(6,674)	(6,720)

(a) Reserve on acquisition of non-controlling interest

The reserve on acquisition of a non-controlling interest relates to the excess of the net recognised amount of the identifiable assets acquired and liabilities assumed over the fair value of the consideration on the acquisition of a non-controlling interest.

	Group	
	2014 US$'000	2013 US$'000
At the beginning and end of the period	3,170	3,170

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired.

	Group and Company	
	2014 US$'000	2013 US$'000
At the beginning of the year	44	–
Net change in the reserve	46	44
At the end of the year	90	44
Net change in the reserve arises from:		
Fair value gain on quoted equity investment	46	44
At the end of the year	46	44

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30 Other Reserves (cont'd)

(c) Employee share-based payment reserve

Employee share-based payment reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

	Group and Company	
	2014 US$'000	2013 US$'000
At the beginning of the year	197	196
Value of employee services received	–	1
At the end of the year	197	197

(d) Share issue cost

Share issue cost represents accumulate expenses incurred for the issuance of shares being capitalised.

	Group and Company	
	2014 US$'000	2013 US$'000
At the beginning and end of the year	6,961	6,961

31 Translation Reserve

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At the beginning of the year	(209)	7,606	33	16
Net effect of exchange difference	(1,999)	(7,815)	1,190	17
At the end of the year	(2,208)	(209)	1,223	33

32 Employee Benefits

(a) Employee share incentive plan

The Company has an employee share incentive plan for the granting of non-transferable options to employees.

The particulars of share options of the Company are as follows:

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32 Employee Benefits (cont'd)

(a) Employee share incentive plan (cont'd)

(i) 1999 S i2i Employees' Share Option Scheme

Options are granted for terms of 5 to 10 years to purchase the Company's ordinary shares. These options are vested proportionately over four years from the date of grant. Only options that have been vested can be exercised. The first 25% of the options are vested and can be exercised at any time after the end of the quarter following the first anniversary of the date of grant. The balance of 75% of options shall vest in 12 equal quarterly instalments with the vesting of each instalment taking place successively after the end of each successive calendar quarter.

All 1999 S i2i Employees' Share Option Scheme were fully exercised or lapsed in FY 2009.

Options are granted for terms of 10 years to purchase the Company's ordinary shares at the average of the closing prices for the 5 trading days prior to the issuance of the grant. These options are vested proportionately over 4 years from the date of grant. Only options that have been vested can be exercised. The first 25% of the options are vested and can be exercised at any time after the end of the quarter following the first anniversary of the date of grant. The balance of 75% of options shall vest in 12 equal quarterly instalments with the vesting of each instalment taking place successively after the end of each successive calendar quarter.

(ii) 1999 S i2i Employees' Share Option Scheme II

As a result of the rights issue completed in August 2010, the exercise price per share and number of option shares outstanding for options granted under 1999 S i2i Employees' Share Option Scheme II had been adjusted accordingly.

As a result of market price of shares at the book closure date approximating the exercise price of the 2011 Rights Issue, no further adjustment was made for options granted under the 1999 S i2i Employees' Share Option Scheme II.

The adjusted exercise prices per share are as follows:

Expiry date	Adjusted exercise price (S$)	Adjusted number of options	Adjusted number of options outstanding as at 31 December 2014	Adjusted number of options outstanding as at 31 December 2013
26 April 2014	0.1680	233,359	–	233,359
27 April 2015	0.1294	233,359	233,359	233,359
27 April 2016	0.3016	314,286	314,286	314,286
30 October 2017	0.2553	373,217	–	–
		1,154,221	547,645	781,004

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32 Employee Benefits (cont'd)

(a) Employee share incentive plan (cont'd)

(ii) 1999 S i2i Employees' Share Option Scheme II (cont'd)

Information with respect to the number of options granted under the Company's Employees' Share Option Scheme II is as follows:

	Number of Options 2014	Weighted Average Exercise Price (S$) 2014	Number of Options 2013	Weighted Average Exercise Price (S$) 2013
Outstanding at beginning of year(1)	781,004	0.2102	1,019,841	0.1869
Lapsed	(233,359)	0.168	(238,837)	0.1106
Outstanding at end of year(1)(2)	547,645	0.2282	781,004	0.2102
Exercisable at end year	547,645	0.2282	781,004	0.2102

(1) Included within these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

(2) The range of exercise prices for options outstanding at the end of the period was S$0.1294 to S$0.3016 (2013: S$0.1294 to S$0.3016). The weighted average remaining contractual life for these options is 0.9 years (2013: 2.93 years).

The fair value of equity-settled share options as at the date of grant is estimated by an external valuer using the Trinomial model, taking into account the terms and conditions under which the options were granted.

(iii) S i2i Restricted Share Plan and S i2i Performance Share Plan

On 26 April 2006, the Company obtained the approval of its shareholders to establish and administer two new performance share plans, namely the "S i2i Restricted Share Plan" ("RSP") and "S i2i Performance Share Plan" ("PSP"), as part of an incentive plan for independent directors and key employees.

During the period, there was no new performance share plan granted under the above scheme.

All RSP and PSP Scheme were fully exercised or lapsed in FY 2009.

(iv) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employees' Share Option Scheme & the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these Schemes. Pursuant to ESOP 2014, the RC has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

No option was granted during the financial year ended 31 December 2014.

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32 Employee Benefits (cont'd)

(b) Post-Employment Defined Benefit Plans

The Group has several defined benefit plans covering eligible employees of the subsidiaries.

The estimated employee benefits liability recognised in the balance sheet are as follows:

	Group	
	2014 US$'000	2013 US$'000
Present value of employee benefits obligation	881	672
Unrecognised actuarial loss	–	42
Non-current liability for employee benefits	881	714

The employee benefits expenses recognised in the profit or loss are as follows:

	2014 US$'000	2013 US$'000
Current service costs	166	577
Recognised actuarial loss	–	29
Interest costs	44	72
Gains on curtailments and settlements	(22)	(928)
Net employee benefits expense/(credit)	188	(250)

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2014 US$'000	2013 US$'000
Benefit obligation at the beginning of the year	714	1,155
Provision/(reversal) arising from subsidiaries	167	(441)
Benefit obligation at the end of the year	881	714

The principal assumptions used by independent actuaries in determining the post-employment obligations for certain subsidiaries' plans are as follows:

Annual discount rate	:	4 – 9%
Annual salary increment rate	:	4 – 7%
Annual employee turnover rate	:	0 – 2%
Mortality rate reference	:	94-96 Ultimate and 100% TMI3
Disability rate	:	0 – 5% TMI3
Retirement rate	:	55 – 58 years

NOTES TO THE FINANCIAL STATEMENTS

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33 Related Party Transactions

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2014 US$'000	2013 US$'000
Rendering of services to entities owned by a significant shareholder	359	427
Rendering of services from companies related to a director	(7)	(120)
Sale of goods to entities owned by a significant shareholder	21	197
Sale of goods to companies related to a director	1	2
Sale of fixed asset to a company related to a director	–	1,887
Rental of office space from a company related to a director	(16)	(64)
Purchase of professional services from a company related to a director	(69)	–
Purchases from entities owned by a significant shareholder	–	(3)
Interest paid to entities owned by a significant shareholder	(1)	(127)
Loan received from a company owned by a significant shareholder	–	(7,722)

Company related to a director

The Group rendered support services for procurement of mobility products of US$359,000 to Spice Retail Limited (31 December 2013: US$427,000 to S Mobility Limited), companies owned by a significant shareholder.

During the financial year, the Group had a security deposit of US$7,000 (2013: US$16,000) with a company which is wholly owned by a director of the Company. Related party transactions in 2013 comprised:

	US$'000
Wholly owned by a director of the Company	
Airfare	12
Consultancy fees	72
Staff related claims	15
Controlled by a director of the Company	
Website maintenance fee	5

The Group received the amount of deposits/prepayments of NIL (2013: US$142,000) & sold goods of US$21,000 (2013: US$55,000) to S Mobility Limited and Spice Retails Limited, companies owned by a significant shareholder.

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31 DECEMBER 2014

33 Related Party Transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

Company related to a director (cont'd)

During the previous financial period, the Group had an arrangement with Armorcoat Technologies Pte Ltd, a firm which is owned by a director, for the sales of fixed assets for an amount of US$1,887,000. No balance was outstanding at the end of the financial period ended 31 December 2013.

During the previous financial period, the Company had also entered into a contract with Armorcoat Technologies Pte Ltd, a firm owned by a director, for the rental of an office space for an amount of US$64,000. In the current financial year, the Company made payment of rental and utilities of US$16,000 to S Global Holdings, a company owned by a director.

During the financial year, the Group received consultancy services on e-commerce of US$69,000 (2013: Nil) from Mobile Future Works, a company owned by a director.

During the financial year, one of the subsidiaries of the Group, Bharat IT Services Limited incurred interest of US$1,000 (2013: US$127,000) on unsecured loan from S Mobility Limited, a company owned by a significant shareholder.

During the previous financial period, the Group had procured an unsecured loan of approximately US$7,722,000 from Spice Enfotainment Ltd., a company owned by a director. No balance was outstanding at the end of the financial period towards this loan, as the same had been part of the net assets of Spice BPO Services Ltd., the disposal thereof being completed on 24 January 2013.

(b) Compensation of key management personnel

	Group	
	2014 US$'000	2013 US$'000
Short-term employee benefits	377	734
Central Provident Funds contributions	9	16
Total compensation paid to key management personnel	386	750
Comprise amounts paid to:		
Directors of the Company	171	309
Other key management personnel	215	441
	386	750

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34 Contingent Liabilities and Commitments

(a) Contingent liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them until they have the financial capability to repay the Company. The Company will also, when required, provide sufficient working capital to enable them to operate as going concern for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2014.

Corporate guarantees

Corporate guarantees of US$6,042,000 (2013: US$7,331,000) were given by the Company to enable a subsidiary to obtain a credit facility from a supplier.

Corporate guarantees of US$4,222,000 (2013: US$4,577,000) were given by the subsidiary to enable its subsidiaries to obtain a credit facility from various suppliers.

Corporate guarantee of US$2,266,000 (2013: US$2,371,000) was given by the subsidiary to enable its subsidiary to obtain banking facilities.

(b) Operating lease commitments – as lessee

The Group leases certain properties under lease agreements that are non-cancellable within a year. It has various operating lease agreements for offices, office equipment and leased equipment. There are no escalation clauses included in the contracts and no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Within 1 year	1,107	1,782	–	93
Within 2 to 5 years	640	441	–	–
	1,747	2,223	–	93

Minimum lease payments recognised as an expense in profit and loss for the financial period ended 31 December 2014 amounted to US$1,760,000 (2013: US$3,636,000) and Nil (2013: US$596,000) for the Group and Company respectively.

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35 Segment Information

(a) Operating segments

	Distribution of operator products and services US$'000	ICT distribution and managed services US$'000	Mobile devices distribution and retail US$'000	Group US$'000
2014				
Turnover – external sales	288,699	39,877	33,179	361,755
Purchases and changes in inventories and direct service fees incurred	(275,825)	(28,840)	(31,014)	(335,679)
Commissions and other selling expenses	(7)	(899)	(290)	(1,196)
Other income – operating	100	413	1,679	2,192
Personnel costs	(5,202)	(8,753)	(4,124)	(18,079)
Infrastructure costs	(957)	(1,182)	(1,930)	(4,069)
Marketing expenses	(680)	(27)	(113)	(820)
Foreign exchange gain/(loss)	(7)	756	116	865
Other expenses – operating	(1,079)	(5,197)	(4,683)	(10,959)
Loss (before interest, depreciation, amortisation and taxation) from operations	5,042	(3,852)	(7,180)	(5,990)
Interest income from deposits and investment securities	13	614	25	652
Finance costs	(494)	(323)	(273)	(1,090)
Depreciation of property, plant and equipment	(451)	(356)	(893)	(1,700)
Amortisation of intangible assets	(375)	(392)	(3,531)	(4,298)
Impairment of intangible assets	–	(6,655)	(29,508)	(36,163)
Impairment of property, plant and equipment	–	–	(394)	(394)
Others	(2)	2,066	(2,467)	(403)
Profit/(loss) before taxation	3,733	(8,898)	(44,221)	(49,386)
Taxation	(48)	(284)	5,469	5,137
Profit/(loss) after taxation	3,685	(9,182)	(38,752)	(44,249)
Assets:				
Segment assets	16,202	49,250	12,766	78,218
Segment liabilities	4,151	18,396	11,607	34,154
Capital expenditure	372	1,000	308	1,680

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35 Segment Information (cont'd)

(a) Operating segments (cont'd)

	Distribution of operator products and services US$'000	ICT distribution and managed services US$'000	Mobile devices distribution and retail US$'000	Operation related to disposal group classified as held-for-sale US$'000	Group US$'000
2013					
Turnover – external sales	498,469	88,433	182,685	682	770,269
Purchases and changes in inventories and direct service fees incurred	(479,630)	(62,643)	(168,913)	(317)	(711,503)
Commissions and other selling expenses	(7)	(5,588)	(5,155)	(5)	(10,755)
Other income – operating	291	988	1,463	54	2,796
Personnel costs	(8,047)	(14,742)	(16,126)	(323)	(39,238)
Infrastructure costs	(1,476)	(2,475)	(5,183)	(220)	(9,354)
Marketing expenses	(2,223)	(180)	(2,929)	(3)	(5,335)
Foreign exchange gain/(loss)	(413)	(1,391)	2,838	98	1,132
Other expenses – operating	(2,575)	(5,803)	(15,242)	(76)	(23,696)
Loss (before interest, depreciation, amortisation and taxation) from operations	4,389	(3,401)	(26,562)	(110)	(25,684)
Interest income from deposits and investment securities	56	816	137	91	1,100
Finance costs	(1,509)	(413)	(1,658)	(398)	(3,978)
Depreciation of property, plant and equipment	(311)	(1,731)	(2,314)	(53)	(4,409)
Amortisation of intangible assets	(55)	(1,064)	(5,195)	(7)	(6,321)
Fair value loss on investment securities	–	(91)	–	–	(91)
Impairment of intangible assets	–	(6,279)	(16,556)	–	(22,835)
Impairment of property, plant and equipment	–	(493)	–	–	(493)
Gain on disposal of investment	–	8,307	–	–	8,307
Others	(101)	(509)	(1,652)	(83)	(2,345)
Profit/(loss) before taxation	2,469	(4,858)	(53,800)	(560)	(56,749)
Taxation	(1,298)	(831)	854	–	(1,275)
Profit/(loss) after taxation	1,171	(5,689)	(52,946)	(560)	(58,024)
Assets:					
Segment assets	26,661	56,389	55,688	–	138,738
Segment liabilities	7,971	21,336	19,212	–	48,519
Capital expenditure	658	824	312	–	1,794

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35 Segment Information (cont'd)

(a) Operating segments (cont'd)

The following items are (added to)/deducted from segment other expenses to arrive at "other expenses" presented in the consolidated profit and loss:

	Group 2014 US$'000	Group 2013 US$'000
Segment results of other expenses	(10,959)	(23,696)
Foreign exchange gain	864	1,132
Other operating expenses related to disposal group classified as held-for-sale	–	(22)
Non-operating expenses:		
Fair value loss on investment securities	–	(90)
Gain/(loss) on disposal of property, plant and equipment	347	(93)
Impairment of intangible assets	(36,162)	(23,350)
Impairment of property, plant and equipment	(394)	(488)
Others	(2,818)	(1,738)
Total other expenses in consolidated profit and loss	(49,122)	(48,345)
Other expenses per profit and loss		
Other expenses – non-operating	(39,028)	(25,758)
Other expenses – operating	(10,094)	(22,587)
Total other expenses in consolidated profit and loss	(49,122)	(48,345)

(b) Geographical information

	Turnover		Non-current Assets		Capital Expenditure	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000	31.12.2014 US$'000	31.12.2013 US$'000	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000
Southeast Asia	351,966	752,698	7,586	52,645	1,670	1,757
South Asia	9,557	15,336	192	910	10	9
Others	232	1,553	33	43	–	28
Operations related to disposal group classified as held for sale	–	682	–	–	–	–
	361,755	770,269	7,811	53,598	1,680	1,794

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36 Directors' Remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
31 December 2014	–	–	–
US$250,000 to US$499,999	–	–	–
Below US$250,000	–	5	5
	–	5	5
31 December 2013			
US$250,000 to US$499,999	–	–	–
Below US$250,000	1	11	12
	1	11	12

37 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment securities, fixed deposits, cash and bank balances, lease obligations and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade creditors, which arise directly from its day-to-day operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk. The Board reviews and agrees policies for managing these risks which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process. it is, and has been throughout the current and previous financial period, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

37 Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

The carrying amounts of investment securities, trade and other receivables, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectability of all trade debts.

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets;
- A nominal amount of US$6,042,000 (2013: US$7,331,000) relating to corporate guarantees provided by the Company to enable a subsidiary to obtain a credit facility from a supplier;
- A nominal amount of US$4,222,000 (2013: US$4,577,000) relating to corporate guarantees provided by the subsidiary to enable its subsidiaries to obtain credit facilities from various suppliers; and
- A nominal amount of US$2,266,000 (2013: US$2,371,000) relating to corporate guarantee provided by the subsidiary to enable its subsidiary to obtain banking facilities.

The Group has no significant concentration of credit risk. Information regarding trade receivables that are either past due or impaired is disclosed in Note 12.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

37 Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on the contractual undiscounted repayment obligations.

	Within 1 year US$'000	1 to 5 years US$'000	After 5 years US$'000	Total US$'000
Group				
2014				
Financial assets:				
Investment securities	906	1,429	–	2,335
Trade and other receivables	15,580	297	–	15,877
Fixed deposits	24,286	–	–	24,286
Cash and bank balances	9,495	–	–	9,495
Total undiscounted financial assets	50,267	1,726	–	51,993
Financial liabilities:				
Trade and other creditors and accruals	20,679	–	–	20,679
Due to related parties	454	–	–	454
Lease obligations	516	185	18	719
Loans and bank borrowings	8,111	189	–	8,300
Total undiscounted financial liabilities	29,760	374	18	30,152
Total net undiscounted financial assets/(liabilities)	20,507	1,352	(18)	21,841
2013				
Financial assets:				
Investment securities	–	2,747	–	2,747
Trade and other receivables	30,132	282	–	30,414
Fixed deposits	20,423	–	–	20,423
Cash and bank balances	8,634	–	–	8,634
Total undiscounted financial assets	59,189	3,029	–	62,218
Financial liabilities:				
Trade and other creditors and accruals	21,833	–	–	21,833
Due to related parties	719	–	–	719
Lease obligations	2,500	225	58	2,783
Loans and bank borrowings	13,609	198	–	13,807
Total undiscounted financial liabilities	38,661	423	58	39,142
Total net undiscounted financial assets/(liabilities)	20,528	2,606	(58)	23,076

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37 Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

	Within 1 year US$'000	1 to 5 years US$'000	After 5 years US$'000	Total US$'000
Company				
2014				
Financial assets:				
Investment securities	906	1,429	–	2,335
Trade and other receivables	1,415	–	–	1,415
Due from subsidiaries	632	12,062	–	12,694
Fixed deposits	21,171	–	–	21,171
Cash and bank balances	1,881	–	–	1,881
Total undiscounted financial assets	26,005	13,491	–	39,496
Financial liabilities:				
Trade and other creditors and accruals	5,019	–	–	5,019
Amounts due to related parties	22	–	–	22
Due to subsidiaries	11,974	–	–	11,974
Lease obligations	25	146	–	171
Total undiscounted financial liabilities	17,040	146	–	17,186
Total net undiscounted financial assets	8,965	13,345		22,310
2013				
Financial assets:				
Investment securities	–	2,747	–	2,747
Trade and other receivables	1,653	–	–	1,653
Due from subsidiaries	10,602	1,866	18,316	30,784
Fixed deposits	14,876	–	–	14,876
Cash and bank balances	1,799	–	–	1,799
Total undiscounted financial assets	28,930	4,613	18,316	51,859
Financial liabilities:				
Trade and other creditors and accruals	4,314	–	–	4,314
Amounts due to related parties	20	–	–	20
Due to subsidiaries	11,087	–	–	11,087
Lease obligations	26	131	40	197
Total undiscounted financial liabilities	15,447	131	40	15,618
Total net undiscounted financial assets	13,483	4,482	18,276	36,241

The table below shows the contractual expiry by maturity of the company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

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37 Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

	Within 1 year US$'000	1 to 5 years US$'000	After 5 years US$'000	Total US$'000
Company				
31 December 2014				
Corporate guarantees	12,530	–	–	12,530
31 December 2013				
Corporate guarantees	14,279	–	–	14,279

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their investment securities, loans and bank borrowings, fixed deposits and cash and bank balances.

To manage interest rate risk, surplus funds are placed with reputable banks and invested in bonds and investment securities.

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk.

	Within 1 year US$'000	1-2 years US$'000	After 5 years US$'000	Total US$'000
Group				
31 December 2014				
Fixed rate				
Loans and bank borrowings	(2,763)	(189)	–	(2,952)
Floating rate				
Cash and bank balances and fixed deposits	33,781	–	–	33,781
Loan and bank borrowings	(5,348)	–	–	(5,348)
31 December 2013				
Fixed rate				
Investment securities	–	2,747	–	2,747
Loans and bank borrowings	(9,517)	(198)	–	(9,715)
Floating rate				
Cash and bank balances and fixed deposits	29,057	–	–	29,057
Loan and bank borrowings	(4,092)	–	–	(4,092)

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37 Financial Risk Management Objectives and Policies (cont'd)

(c) Interest rate risk (cont'd)

	Within 1 year US$'000	1-2 years US$'000	After 5 years US$'000	Total US$'000
Company				
31 December 2014				
Fixed rate				
Due from subsidiaries	–	–	12,062	12,062
Floating rate				
Cash and bank balances and fixed deposits	23,052	–	-	23,052
31 December 2013				
Fixed rate				
Due from subsidiaries	3,734	20,127	–	23,861
Investment securities	122	2,625	–	2,747
Floating rate				
Cash and bank balances and fixed deposits	16,675	–	-	16,675

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the balance sheet date, if USD interest rates had been 100 (31 December 2013: 100) basis points lower/ higher with all other variables held constant, the Group's profit net of tax would have been US$259,000 (31 December 2013: US$136,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

At the balance sheet date, if SGD interest rates had been 100 (31 December 2013: 100) basis points lower/ higher with all other variables held constant, the Group's profit net of tax would have been US$7,000 (31 December 2013: US$23,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits.

At the balance sheet date, if MYR interest rates had been 100 (31 December 2013: 100) basis points lower/ higher with all other variables held constant, the Group's profit net of tax would have been US$7,000 (31 December 2013: US$8,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

At the balance sheet date, if IDR interest rates had been 100 (31 December 2013: 100) basis points lower/ higher with all other variables held constant, the Group's profit net of tax would have been US$37,000 (31 December 2013: US$63,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

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37 Financial Risk Management Objectives and Policies (cont'd)

(c) Interest rate risk (cont'd)

At the balance sheet date, if INR interest rates had been 100 (31 December 2013: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$17,000 (31 December 2013: US$23,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and bank balances.

At the balance sheet date, if THB interest rates had been 100 (31 December 2013: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$2,000 (31 December 2013: US$740) lower/higher, arising mainly as a result of lower/higher interest income from cash and fixed deposits and lower/higher interest expense from loan and bank borrowings.

(d) Foreign exchange risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities, primarily USD, Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Chinese Renminbi ("RMB"), Malaysian Ringgit ("MYR"), Indian Rupee ("INR") and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

The Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 97% (31 December 2013: 94%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 96% (31 December 2013: 82%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in SGD, INR and IDR) amount to US$7,961,000 and US$787,000 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore -Singapore Dollar ("SGD"), Hong Kong – Hong Kong Dollar ("HKD"), India – Indian Rupee ("INR"), Indonesia – Indonesian Rupiah ("IDR"), Malaysia- Malaysian Ringgit ("MYR") and Thailand – Thai Baht (THB).

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37 Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Profit before tax 2014 US$'000	Group Profit before tax 2013 US$'000
SGD/USD	– strengthened 5% (31 December 2013: 5%)	(7)	14
	– weakened 5% (31 December 2013: 5%)	7	(14)
HKD/USD	– strengthened 1% (31 December 2013: 1%)	(1)	–
	– weakened 1% (31 December 2013: 1%)	1	–
MYR/USD	– strengthened 8% (31 December 2013: 5%)	1	(1)
	– weakened 8% (31 December 2013: 5%)	(1)	1
INR/USD	– strengthened 5% (31 December 2013: 8%)	2	113
	– weakened 5% (31 December 2013: 8%)	(2)	(113)
THB/USD	– strengthened 5% (31 December 2013: 5%)	(44)	–
	– weakened 5% (31 December 2013: 5%)	44	–
IDR/USD	– strengthened 5% (31 December 2013: 8%)	(418)	(504)
	– weakened 5% (31 December 2013: 8%)	418	504

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential.

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 6% (31 December 2013: 10%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been US$12,000 (31 December 2013: US$12,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

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38 Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. Fair value of financial instruments that are carried at fair value

	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group				
31 December 2014				
Designated at fair value through profit or loss (Note 21)				
– Hybrid instrument	–	–	2,142	2,142
Available-for-sale (Note 21)				
– Equity investment (quoted)	193	–	–	193
	193	–	2,142	2,335
31 December 2013				
Designated at fair value through profit or loss (Note 21)				
– Hybrid instrument	–	–	2,625	2,625
Available-for-sale (Note 21)				
– Equity investment (quoted)	122	–	–	122
	122	–	2,625	2,747

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer of financial instruments between Level 1 and Level 2 during the financial period ended 31 December 2014 and 31 December 2013.

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38 Fair Values of Financial Instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

Determination of fair value

Hybrid instrument (Note 21): The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

In the previous financial year, for hybrid instrument, the fair value had been determined using the Binomial Tree Model based on assumptions of certain dividend yield and discount rate that are not supported by observable market prices or data. In the current financial year, the fair value had been determined using the discounted cash flow. The valuation requires management to make estimates about expected future cash flows of the shares which are discounted at current market rates. The Group applied a sensitivity analysis of 3.5% to its key assumptions, which are considered by the Group to be within range of reasonably possible alternatives based on dividend yield and/or discount rate of companies with similar risk profiles.

Quoted equity investment (Note 21): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (level 3):

	Designated at fair value through profit and loss Hybrid instrument (unquoted)	
	2014 US$'000	**2013 US$'000**
Group		
Opening balance	2,625	2,700
Repayment	(617)	–
Interest income for financial year ended 31 December 2014	159	–
Interest income for financial period ended 31 December 2013, previously recognised in other receivables, now reclassified	147	–
Fair value loss recognised in profit or loss	–	(90)
Exchange (loss)/gain recognised in profit or loss	(172)	15
Closing balance	2,142	2,625

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38 Fair Values of Financial Instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

Impact of changes to key assumptions on fair value of level 3 financial instruments

The following table shows the impact on fair value of level 3 financial instruments by using reasonably possible alternative assumptions:

	2014		2013	
	Carrying amount US$'000	Effect of reasonably possible alternative assumptions US$'000	Carrying amount US$'000	Effect of reasonably possible alternative assumptions US$'000
Group				
Fair value through profit or loss				
– investment securities (unquoted)	2,142	75	2,625	92

The valuation of the hybrid instrument is highly sensitive to assumptions and selection of parameters, particularly to the selection of discount rate. Extrapolation of credit spread was constructed based on assumptions that there is an exponential trend in credit spread movement as companies move across the credit ratings and the exponential trend would apply for bonds rated Ca and below. The choice of credit spread, which ultimately affects the discount rate, is highly judgmental and dependent on the market conditions, as such, the reasonable range of credit spread could possibly be very wide.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, trade and other creditors, amounts due from/(to) subsidiaries and current loans and bank borrowings.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

38 Fair Values of Financial Instruments (cont'd)

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
31 December 2014				
Financial assets				
Lease receivables	371	371	–	–
Financial liabilities				
Lease obligations	656	653	153	149
31 December 2013				
Financial assets				
Lease receivables	250	250	–	–
Financial liabilities				
Lease obligations	2,722	2,610	174	167

Determination of fair value

The fair values of lease receivables and lease obligations are estimated by discounting expected future cash flows at current market incremental lending rates for similar types of lending and leasing arrangements at the end of reporting period and are included in level 2 of the fair value hierarchy.

39 Capital Management

The primary objective of the Group's is to ensure that it maintains healthy capital ratios and a positive cash position in order to support its business and maximise shareholder value.

The Group manages its capital structure and marks adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

To maintain a positive cash position, the Group ensures that it has sufficient cash balances and enters into loans when necessary. In order to achieve positive cash position, the Group focuses on deriving positive cash profits as well as through better working capital management.

No changes were made in the objectives, policies or processes during the period ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

39 Capital Management (cont'd)

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2014 US$'000	2013 US$'000
Total gross debt		
– Loans and bank borrowings	8,300	13,807
Shareholders' equity		
– Share capital	410,663	410,663
– Accumulated losses	(360,871)	(316,768)
– Other reserves	(3,504)	(3,550)
– Translation reserve	(2,208)	(209)
	44,080	90,136
Gross debt equity ratio	18.83%	15.32%
Cash and bank balances and fixed deposits	33,781	29,057
Less: Total gross debt	(8,300)	(13,807)
Net cash position	25,481	15,250

40 Events Occurring after the Balance Sheet Date

(a) The Company granted 274,200,000 stock options to Directors of the Company on 27 March 2015.

(b) Dilip Modi, Umang Das and Preeti Malhotra have resigned as directors of the Company and Ashok Kumar Goyal and Maneesh Tripathi were appointed as directors of the Company on 27 March 2015.

(c) The Company has changed its presentation currency from US dollar to Singapore dollar with effect from 1 January 2015.

(d) The Company proposed to consolidate its shares in the ratio of 400:1.

(e) The Company has been notified by the Singapore Exchange Securities Trading Limited that it is being placed on the watch list with effect from 4 March 2015 due to three consecutive financial years of losses.

(f) The Group Chief Financial Officer has resigned on 27 February 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

41 Prior Year Comparative

The financial statements for the year ended 31 December 2014, covers the 12-month period from 1 January 2014 to 31 December 2014. The comparative figures for the prior year cover the 18-month period from 1 July 2012 to 31 December 2013.

The Company has changed its presentation format for the statement of comprehensive income and redefined its operating segments to facilitate better understanding of the current business. Accordingly, the following prior period's figures have been rearranged/reclassified to conform with current year's presentation and improve overall readability of the results.

	As reclassified	As previously reported
	For the period from 1.7.2012 to 31.12.2013 US$'000	For the period from 1.7.2012 to 31.12.2013 US$'000
Statement of comprehensive income		
Purchases and changes in inventories and direct service fees incurred	711,282	–
Direct service fees incurred and cost of goods sold	–	716,823
Foreign exchange gain (shown under "other expenses – operating")	–	(1,034)
Other expenses	–	43,838
Other expenses – operating	22,587	–
Other expenses – non-operating	25,758	–
Other income	–	(12,203)
Other income – operating	(2,743)	–
Other income – non-operating	(8,451)	–
Interest income from deposits and investment securities	(1,009)	–

42 Update on matters raised by the auditors in their report dated 24 March 2014 in the financial statements for the period ended 31 December 2013

The financial statements for the previous financial period ended 31 December 2013 were audited by another firm of auditors whose report dated 24 March 2014 contained a qualified opinion on the following matters:

– Appropriateness of the carrying values of certain assets and liabilities as well as the turnover and related direct service fee incurred and cost of goods sold of "Cavu Group" (comprising Cavu Corp Pte Ltd and its subsidiaries) due to significant control deficiencies and other related evidence noted; and

– Appropriateness of revenue recognised by PT Selular Group (comprising PT Selular and its subsidiaries) on certain sales transactions.

In the current financial year, the above matters have been resolved as follows:

– With respect to Cavu Group, the previous auditors undertook additional audit procedures subsequent to 24 March 2014. Their audit report on Cavu Corporation Pte Ltd and its subsidiaries for the financial period ended 31 December 2013 dated 8 July 2014 was unqualified.

– With respect to PT Selular Group, the Group engaged an independent firm of auditors to undertake a special audit in relation to the matters raised by the Group's statutory auditors. The special audit report dated 27 August 2014 did not find any material financial change in the sales related reporting made by PT Selular Group for the period ended 31 December 2013.

As a result of the above, management is of the opinion that there is no material error in the financial statements previously presented in respect of the financial period ended 31 December 2013.

CONSOLIDATED INCOME STATEMENT (In SGD)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Impact of change in presentation currency – Memoranda financial statements in Singapore dollar (Neither reviewed nor audited by statutory auditors)

	Group		Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000	Year ended 31.12.2014 S$'000	Period from 1.7.2012 to 31.12.2013 S$'000
Turnover	361,755	769,587	457,454	958,489
Operating expenses				
Purchases and changes in inventories and direct service fees incurred	(335,679)	(711,282)	(424,480)	(885,873)
Commissions and other selling expenses	(1,196)	(10,654)	(1,512)	(13,269)
Other income – operating	2,192	2,743	2,772	3,416
Personnel costs	(18,079)	(38,914)	(22,862)	(48,466)
Infrastructure costs	(4,069)	(9,134)	(5,145)	(11,376)
Marketing expenses	(820)	(5,332)	(1,037)	(6,641)
Other expenses – operating	(10,094)	(22,587)	(12,764)	(28,131)
Loss (before interest, depreciation, amortisation and taxation) from operations	(5,990)	(25,573)	(7,575)	(31,850)
Other income – non-operating	2,068	8,451	2,615	10,525
Other expenses – non-operating	(39,028)	(25,758)	(49,353)	(32,081)
Interest income from deposits and investment securities	652	1,009	824	1,257
Finance costs	(1,090)	(3,580)	(1,378)	(4,459)
Depreciation of property, plant and equipment	(1,700)	(4,356)	(2,150)	(5,425)
Amortisation of intangible assets	(4,298)	(6,314)	(5,435)	(7,864)
Share of results of associates	–	(68)	–	(85)
Loss before taxation	(49,386)	(56,189)	(62,451)	(69,981)
Taxation	5,137	(1,275)	6,496	(1,588)
Loss for the year/period from continuing operations	(44,249)	(57,464)	(55,955)	(71,569)
Operation related to disposal group classified as held for sale				
Loss for the period from discontinued operations, net of tax	–	(560)	–	(697)
Net loss for the year/period	(44,249)	(58,024)	(55,955)	(72,267)
Loss attributable to:				
Owners of the parent	(44,154)	(57,925)	(55,835)	(72,143)
Non-controlling interest	(95)	(99)	(120)	(123)
Total	(44,249)	(58,024)	(55,955)	(72,267)
Loss per share attributable to owners of the parent (cents per share)				
– Basic	(0.80)	(1.06)	(1.02)	(1.32)
– Diluted	(0.80)	(1.06)	(1.02)	(1.32)

BALANCE SHEETS (In SGD)

AS AT 31 DECEMBER 2014

Impact of change in presentation currency – Memoranda financial statements in Singapore dollar
(Neither reviewed nor audited by statutory auditors)

		Group		Company		Group		Company	
	Note	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Assets									
Current assets									
Inventories	11	14,309	20,992	83	195	18,945	26,555	110	247
Trade receivables	12	11,887	24,458	618	843	15,738	30,940	818	1,066
Other receivables and deposits	13	3,693	5,666	797	810	4,889	7,168	1,055	1,025
Prepayments	14	2,498	4,078	394	381	3,307	5,159	522	482
Due from subsidiaries	15	–	–	632	10,657	–	–	837	13,481
Investment securities	21	906	–	906	–	1,200	–	1,200	–
Cash and bank deposits pledged	16	5,795	6,424	3,607	3,448	7,672	8,127	4,776	4,362
Cash and cash equivalents	16	27,986	22,633	19,445	13,227	37,053	28,631	25,745	16,732
Tax recoverable	13	3,333	889	–	–	4,413	1,125	–	–
		70,407	85,140	26,482	29,561	93,217	107,704	35,062	37,395
Non–current assets									
Property, plant and equipment	17	4,988	5,984	273	394	6,604	7,570	361	498
Intangible assets	18	184	40,745	62	501	244	51,543	82	634
Investment in subsidiaries	19	–	–	5,899	38,946	–	–	7,810	49,268
Investment in associates	20	–	–	–	–	–	–	–	–
Investment securities	21	1,429	2,747	1,429	2,747	1,892	3,475	1,892	3,475
Long–term loans and advances to subsidiaries	22	–	–	12,062	20,127	–	–	15,970	25,461
Deferred tax assets	23	85	61	–	–	113	77	–	–
Trade receivables	12	207	215	–	–	274	272	–	–
Tax recoverable	13	848	3,782	–	–	1,123	4,784	–	–
Other receivables and deposits	13	70	64	–	–	93	81	–	–
		7,811	53,598	19,725	62,715	10,342	67,803	26,115	79,336
Total assets		78,218	138,738	46,207	92,276	103,559	175,507	61,177	116,731
Current liabilities									
Trade creditors		12,112	11,416	2,328	1,683	16,036	14,441	3,082	2,129
Other creditors and accruals		9,539	11,669	2,804	2,705	12,629	14,762	3,712	3,422
Deferred revenue		1,290	1,174	352	293	1,708	1,485	466	371
Lease obligations, current		168	2,470	21	21	222	3,125	28	27
Loans and bank borrowings		8,111	13,609	–	–	10,739	17,216	–	–
Due to subsidiaries		–	–	11,974	11,087	–	–	15,853	14,025
Tax payable		1,373	1,182	–	–	1,818	1,495	–	–
		32,593	41,520	17,479	15,789	43,152	52,524	23,142	19,973
Non–current liabilities									
Deferred tax liabilities		3	5,836	–	–	4	7,383	–	–
Lease obligations		488	251	132	153	1,166	903	–	–
Provision for employee benefits		881	714	–	–	646	318	175	194
Loan and bank borrowings		189	198	–	–	250	250	–	–
		1,561	6,999	132	153	2,067	8,854	175	194
Total liabilities		34,154	48,519	17,611	15,942	45,219	61,378	23,317	20,167
Equity Attributable to owners of the Company									
Share capital		410,663	410,663	410,663	410,663	543,708	519,498	543,708	519,498
Accumulated losses		(360,871)	(316,768)	(376,616)	(327,642)	(477,785)	(400,719)	(498,631)	(414,474)
Other reserves		(3,504)	(3,550)	(6,674)	(6,720)	(4,433)	(4,491)	(8,836)	(8,501)
Translation reserve		(2,208)	(209)	1,223	33	(3,130)	(264)	1,619	42
		44,080	90,136	28,596	76,334	58,361	114,024	37,860	96,564
Non–controlling interest		(16)	83	–	–	(21)	105	–	–
Total equity		44,064	90,219	28,596	76,334	58,340	114,129	37,860	96,564
Total liabilities and equity		78,218	138,738	46,207	92,276	103,559	175,507	61,177	116,731

CONSOLIDATED STATEMENT OF
CASH FLOWS (In SGD)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Impact of change in presentation currency – Memoranda financial statements in Singapore dollar (Neither reviewed nor audited by statutory auditors)

	Group		Group	
	Year ended 31.12.2014 US$'000	Period from 1.7.2012 to 31.12.2013 US$'000	Year ended 31.12.2014 S$'000	Period from 1.7.2012 to 31.12.2013 S$'000
Cash Flows from Operating Activities				
Loss before taxation from continuing operations	(49,386)	(56,189)	(62,451)	(69,981)
Loss before taxation from discontinued operations	–	(560)	–	(697)
Total loss before taxation	(49,386)	(56,749)	(62,451)	(70,678)
Adjustments for:				
Depreciation and amortisation	5,998	10,730	7,585	13,364
Allowance for/write-off of doubtful non-trade debts, net	713	112	902	139
Allowance for/write-off of doubtful trade debts, net	832	929	1,052	1,157
Allowance for/write-off of inventory obsolescence, net	701	2,029	886	2,527
Gain on disposal of a subsidiary	–	(8,281)	–	(10,314)
Interest income from bonds, deposits and investment securities	(652)	(1,100)	(824)	(1,370)
Impairment of property, plant and equipment	394	493	498	614
Impairment of intangible assets	36,163	23,350	45,730	29,081
Finance costs	1,090	3,978	1,378	4,954
Unrealised exchange differences	(2,170)	(7,529)	(1,798)	(9,999)
Others	(213)	257	(269)	320
Operating cash flows before working capital changes	(6,530)	(31,781)	(7,311)	(40,205)
Decrease in inventories	6,265	10,709	8,295	13,547
Decrease in trade receivables	11,762	24,535	15,573	31,037
Decrease in other receivables and deposits	1,218	981	1,613	1,241
Decrease in prepayments	1,580	4,358	2,092	5,513
Increase in amount due (to)/from associates	–	(128)	–	(162)
Increase/(decrease) in trade creditors	695	(18,459)	920	(23,351)
Decrease in other creditors and accruals	(2,130)	(6,481)	(2,820)	(8,199)
Increase/(decrease) in deferred revenue	117	(830)	155	(1,050)
Cash flows generated from/(used in) operating activities	12,977	(17,096)	18,517	(21,629)
Interest paid	(1,090)	(3,978)	(1,443)	(5,032)
Income tax paid/(refunded)	(153)	2,240	(203)	2,834
Net cash flows generated from/(used in) operating activities	11,734	(18,834)	16,871	(23,827)
Cash flows from Investing Activities				
Interest income received from bonds and investment securities	430	932	569	1,179
Acquisition of subsidiary MSI China, net of cash acquired	–	(198)	–	(250)
Acquisition of subsidiary CSL Shenzhen, net of cash acquired	–	(306)	–	(387)
Disposal of subsidiary Mobile Concept, net of cash disposed	–	122	–	154
Disposal of subsidiary Spice BPO, net of cash disposed	–	(902)	–	(1,141)
Proceeds from disposal of intangible assets	–	32	–	40
Proceeds from disposal of property, plant and equipment	616	3,455	816	4,371
Purchase of property, plant and equipment	(950)	(961)	(1,258)	(1,216)
Additions to intangible assets	(184)	(753)	(244)	(953)
Partial redemption of investment securities	617	–	817	–
Net cash flows (used in)/generated from investing activities	529	1,421	700	1,797
Cash Flows from Financing Activities				
Decrease in cash and bank deposits pledged	629	1,356	833	1,715
Repayment of loans and bank borrowings	(5,283)	(24,628)	(6,995)	(31,155)
(Repayment of)/proceeds from obligations under finance leases	(2,612)	1,521	(3,458)	1,924
Net cash flows used in financing activities	(7,266)	(21,751)	(9,620)	(27,516)
Net increase/(decrease) in cash and cash equivalents	4,997	(39,164)	7,951	(49,546)
Effect of exchange rate changes on cash and cash equivalents	356	152	471	195
Cash and cash equivalents at beginning of year/period	22,633	61,645	28,631	77,982
Cash and cash equivalents at the end of the year/period of the continuing operations	27,986	22,633	37,053	28,631

Notes:

1. The company has decided to change its presentation currency from United States dollar to Singapore dollar with effect from 1st January 2015.
2. For above statements, the company has used average exchange rate (USD:SGD) during respective year/s for income statement and year end exchange rate of respective year/s for balance sheet. For cash flow statement, for items related to income statement and balance sheet, respective rates applicable to income statement and balance sheet have been used and difference has been shown as translation difference.
3. These statements have neither been reviewed nor audited by the statutory auditors.

STATISTICS OF SHAREHOLDINGS

AS AT 27 MARCH 2015

Class of equity securities : Ordinary share
Number of equity securities : 5,484,980,836
Voting rights : One vote per share

Shareholdings of Substantial Shareholders as at 27 March 2015

Name	Note	No. of Shares Direct Interest	Deemed Interest	Total Interest	%
Dr Bhupendra Kumar Modi ("BKM")	2	–	1,671,580,940	1,671,580,940	30.48
Dilip Modi ("DLM")	3	–	1,455,568,754	1,455,568,754	26.54
Divya Tongya ("DYM")	4	–	1,455,568,754	1,455,568,754	26.54
S Global Innovation Centre Pte Ltd	2a,3,4,5a	1,455,568,754	–	1,455,568,754	26.54
S Global Holdings Pte Ltd	5	164,264,186	1,490,116,754	1,654,380,940	30.16
Paramount Assets Investments Pte. Ltd	6,7,8	710,220,000	–	710,220,000	12.95
Lee Foundation, States Of Malaya	6	–	710,220,000	710,220,000	12.95
Lee Foundation	7	–	710,220,000	710,220,000	12.95
Lee Pineapple Company (Pte) Limited	8	–	710,220,000	710,220,000	12.95

Notes:

(1) The above percentages are calculated based on the Company's share capital comprising of 5,484,980,836 issued and paid-up Shares as at 27 March 2015.

(2) BKM is deemed to be interested in 1,671,580,940 Shares comprising the following:

(a) 1,455,568,754 Shares held directly by S Global Innovation Centre Pte Ltd as S Global Innovation Centre Pte Ltd is controlled by BKM, DLM and DYM. By virtue of Section 7 of the Companies Act, Spice Global Investments Pvt Ltd, Orion Telecoms Ltd, Dai (Mauritius) Company Ltd, Falcon Securities Ltd, Guiding Star Ltd, Christchurch Investments Ltd, S Global Holdings Ltd, Prospective Infrastructure Pvt Ltd and Smart Ventures Private Ltd (previously "Si2i Mobility Private Ltd") are deemed to be interested in the 1,455,568,754 shares held through S Global Innovation Centre Pte Ltd;

(b) 164,264,186 Shares held directly by S Global Holdings Pte Ltd as S Global Holdings Pte Ltd is wholly-owned by BKM;

(c) 34,548,000 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by S Global Holdings Pte Ltd, which is in turn wholly-owned by BKM; and

(d) 17,200,000 Shares held directly by Innovative Management Pte Ltd as Innovative Management Pte Ltd is wholly-owned by BKM.

(3) DLM is deemed to be interested in 1,455,568,754 Shares through S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYM.

(4) DYM is deemed to be interested in 1,455,568,754 Shares through by S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYM.

(5) S Global Holdings Pte Ltd is deemed to be interested in 1,490,116,754 Shares comprising the following:

(a) 1,455,568,754 Shares indirectly held through S Global Innovation Centre Pte. Ltd.; and

(b) 34,548,000 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by S Global Holdings Pte Ltd.

(6) Lee Foundation, States of Malaya, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 710,220,000 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 27 MARCH 2015

(7) Lee Foundation, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 710,220,000 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

(8) Lee Pineapple Company (Pte) Ltd is deemed to be interested in 710,220,000 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

PUBLIC FLOAT

As at 27 March 2015, 56.40% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	79	0.51	1,252	0.00
100 – 1,000	1,116	7.19	1,084,033	0.02
1,001 – 10,000	4,937	31.84	26,821,172	0.49
10,001 – 1,000,000	9,025	58.20	1,156,742,768	21.09
1,000,001 and above	350	2.26	4,300,331,611	78.40
TOTAL	15,507	100.00	5,484,980,836	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	S GLOBAL INNOVATION CENTRE PTE LTD	1,455,568,754	26.54
2	PARAMOUNT ASSETS INVESTMENTS PTE LTD	710,220,000	12.95
3	PHILLIP SECURITIES PTE LTD*	207,150,309	3.78
4	DBS NOMINEES (PRIVATE) LIMITED	206,643,497	3.77
5	UOB KAY HIAN PRIVATE LIMITED***	142,245,384	2.59
6	S GLOBAL HOLDINGS PTE LTD.	104,114,552	1.90
7	OCBC SECURITIES PRIVATE LIMITED	98,528,897	1.80
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	66,590,713	1.21
9	CITIBANK NOMINEES SINGAPORE PTE LTD	57,789,370	1.05
10	TAI TAK SECURITIES PTE LTD	39,000,000	0.71
11	RAFFLES NOMINEES (PTE) LIMITED	38,173,515	0.70
12	LIM & TAN SECURITIES PTE LTD	34,868,000	0.64
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	30,676,200	0.56
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	26,586,252	0.48
15	LEE SENG TEE	25,800,000	0.47
16	HSBC (SINGAPORE) NOMINEES PTE LTD**	24,602,000	0.45
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	22,088,500	0.40
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	21,723,750	0.40
19	CHONG KAH LIN	20,400,000	0.37
20	LI YAN	19,500,000	0.36
TOTAL		3,352,269,693	61.13

* Includes (0.6299%) Shareholdings of Spice Bulls Pte Ltd

** Includes (0.3136%) Shareholdings of Innovative Management Pte Ltd

*** Includes (1.0966%) Shareholdings of S Global Holdings Pte Ltd

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Fax: +65 6441 3013
Email: enterprise@s-i2i.com

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Email: sales-sg@s-i2i.com

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Email: sales@cavucorp.com.sg

Peremex Pte Ltd
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Tel: +65 63036808
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Centia Pte Ltd
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Email: sales@centiatech.com

Delteq Pte Ltd
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Email: info@delteq.com.sg

Delteq Systems Pte Ltd
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Fax: +65 6472 8180
Email: info@delteq.com.sg

Spice-CSL Pte. Ltd.
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Level 4, Smart Innovation Centre
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Fax: +65 6441 3013

Affinity Capital Pte Limited
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Tomang Jakarta Barat 11440,
Indonesia
Tel: +62 21 5602 111
Fax: +62 21 56940 111

GROUP OFFICES

MALAYSIA

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Delteq Systems (M) Sdn Bhd
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CSL Mobile Care (M) Sdn Bhd
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CSL Multimedia Sdn Bhd
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BTC Academy Sdn Bhd
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Dot Mobile Sdn Bhd
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Homestead Shop (M) Sdn Bhd
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RVT Event & Retail Management Sdn Bhd
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INDONESIA

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GROUP
OFFICES

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BRITISH VIRGIN ISLANDS

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Maxworld Asia Limited
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EUROPE

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CHINA

Alpha One Limited
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THAILAND

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NOTICE OF
ANNUAL GENERAL MEETING

S i2i Limited
(Company Registration No. 199304568R)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of S i2i Limited (the "Company") will be held at 10, Eunos Road 8, Singapore Post Centre, Singapore 408600 on Thursday, 30 April 2015 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:

Mr. Thomas Henrik Zilliacus	(Retiring under Article 104)	**(Resolution 2)**
Mr. Ashok Kumar Goyal	(Retiring under Article 108)	**(Resolution 3)**
Mr. Maneesh Tripathi	(Retiring under Article 108)	**(Resolution 4)**

[See Explanatory Note (i)]

Mr. Thomas Henrik Zilliacus will, upon re-election as Director of the Company, remain as Chairman of the Nominating and Remuneration Committee and a member of the Audit Committee and will be considered independent.

Mr. Ashok Kumar Goyal will, upon re-election as Director of the Company, remain as member of the Nominating Committee, Remuneration Committee and Audit Committee and will be considered non-independent.

3. To approve the payment of Director's fees of S$216,000 for year ended 31 December 2014 (FY2013: S$310,194) **(Resolution 5)**

4. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF
ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 7)

7. Authority to issue shares under the 1999 S i2i Employees' Share Option Scheme II

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the prevailing 1999 S i2i Employees' Share Option Scheme II (the "ESOS II"), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the ESOS II, S i2i Restricted Share Plan, S i2i Performance Share Plan and the 2014 Employee Stock Option Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

NOTICE OF
ANNUAL GENERAL MEETING

8. **Authority to issue shares under the S i2i Restricted Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards under the prevailing S i2i Restricted Share Plan (the "RSP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the terms and conditions under the RSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the RSP, 1999 S i2i Employees' Share Option Scheme II, S i2i Performance Share Plan and the 2014 Employee Stock Option Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 9)

9. **Authority to issue shares under the S i2i Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards under the prevailing S i2i Performance Share Plan (the "PSP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the terms and conditions under the PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the PSP, 1999 S i2i Employees' Share Option Scheme II, S i2i Restricted Share Plan and the 2014 Employee Stock Option Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

(Resolution 10)

10. **Authority to issue shares under the 2014 Employee Stock Option Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant options under the prevailing 2014 Employee Stock Option Plan (the "2014 ESOP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the terms and conditions under the 2014 ESOP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the 2014 ESOP, 1999 S i2i Employees' Share Option Scheme II, S i2i Restricted Share Plan and S i2i Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (vi)]

(Resolution 11)

NOTICE OF
ANNUAL GENERAL MEETING

11. Proposed Share Consolidation

That with effect from the date to be determined by the Directors of the Company and pursuant to the Articles of Association of the Company, approval be and is hereby given:

(a) for the proposed consolidation of every 400 Existing Shares held by Shareholders ("Proposed Share Consolidation") as at a books closure date to be determined by the Directors in their absolute discretion ("Books Closure Date") into one (1) Consolidated Share on the terms and in the manner set out in the circular to Shareholders dated 15 April 2015 pursuant to which upon completion of the Proposed Share Consolidation, the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share;

(b) any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and where the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional shares cancelled and not issued;

(c) the Directors of the Company be authorised to fix the Books Closure Date and the date on which the Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and

(d) the Directors of the Company and each of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution and the Proposed Share Consolidation.

Capitalised terms used for this Ordinary Resolution No. 12 above which are not defined herein shall have the same meanings ascribed to them in the Circular dated 15 April 2015 to the shareholders of the Company.

[See Explanatory Note (vii)]

(Resolution 12)

By Order of the Board

Kim Yi Hwa
Company Secretary

Singapore, 15 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolutions 2, 3 and 4 in item 2 above will be individually proposed at the Annual General Meeting. The Ordinary Resolution 2 is for the re-election of a Director of the Company who retires by rotation at the Annual General Meeting. The Ordinary Resolutions 3 and 4 are for the re-election of a Director of the Company who joined the Board of Directors of the Company on 27 March 2015, after the last Annual General Meeting. For more information on the respective Directors, please refer to the "Board of Directors" section and pages 8 to 9 in the Annual Report 2014. There are no material relationships (including immediate family relationships) between Mr. Thomas Henrik Zilliacus, Mr. Ashok Kumar Goyal, Mr. Maneesh Tripathi and the other Director or the Company.

(ii) The Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted pursuant to the ESOS II, provided always that the aggregate number of ordinary shares to be issued and issuable in respect of the ESOS II, S i2i Restricted Share Plan, S i2i Performance Share Plan and the 2014 Employee Stock Option Plan collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

(iv) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the grant of awards under the RSP, provided always that the aggregate number of shares to be issued and issuable in respect of the RSP, 1999 S i2i Employees' Share Option Scheme II, S i2i Performance Share Plan and the 2014 Employee Stock Option Plan collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

(v) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the grant of awards under the PSP, provided always that the aggregate number of shares to be issued and issuable in respect of the PSP,1999 S i2i Employees' Share Option Scheme II, S i2i Restricted Share Plan and the 2014 Employee Stock Option Plan collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

NOTICE OF
ANNUAL GENERAL MEETING

(vi) The Ordinary Resolution 11 in item 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the grant of awards under the 2014 ESOP, provided always that the aggregate number of shares to be issued and issuable in respect of the 2014 ESOP,1999 S i2i Employees' Share Option Scheme II, S i2i Restricted Share Plan and S i2i Performance Share Plan collectively, shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

(vii) The Ordinary Resolution 12 in item 11 above is to approve the proposed consolidation of every 400 existing shares into one (1) consolidated share as at the Book Closure Date, the terms and details of which are set out in the Circular dated 15 April 2015 to the shareholders of the Company.

Capitalised terms used for this Ordinary Resolution 12 above which are not defined in the resolution shall have the same meanings ascribed to them in the Circular dated 15 April 2015 to the shareholders of the Company.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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S I2I LIMITED
(Company Registration No. 199304568R)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy S i2i Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________
of ______________________________
being a member/members of S i2i Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 30 April 2015 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Report and Audited Financial Statements for the year ended 31 December 2014		
2.	Re-election of Mr. Thomas Henrik Zilliacus as a Director		
3.	Re-election of Mr. Ashok Kumar Goyal as a Director		
4.	Re-election of Mr. Maneesh Tripathi as a Director		
5.	Approval of Director's fees amounting to S$216,000 for the year ended 31 December 2014		
6.	Re-appointment of Moore Stephens LLP as Auditors		
7.	Authority to issue shares		
8.	Authority to issue shares under the 1999 S i2i Employees' Share Option Scheme II		
9.	Authority to issue shares under the S i2i Restricted Share Plan		
10.	Authority to issue shares under the S i2i Performance Share Plan		
11.	Authority to issue shares under the 2014 Employee Stock Option Plan		
12.	Proposed Share Consolidation		

Dated this ______________ day of ________________ 2015

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *Delete where inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the shareholder may wish to specify in the appointments the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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