

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2013.

2. Significant Accounting Policies

The accounting policies applied by the Group in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 30 June 2013. The Group has also adopted the following accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2013 :

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (revised)
- MFRS 127, Separate Financial Statements (revised)
- MFRS 128, Investments in Associates and Joint Ventures (revised)
- Amendments to MFRS 7, Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, Consolidated Financial Statements : Transition Guidance
- Amendments to MFRS 11, Joint Arrangements : Transition Guidance
- Amendments to MFRS 12, Disclosure of Interests in Other Entities : Transition Guidance
- Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

The adoption of the above-mentioned accounting standards and amendments does not have any material impacts to the financial statements of the Group.

3. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

4. Unusual Items due to their Nature, Size or Incidence

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the current quarter under review.

5. Changes in Accounting Estimates and Errors

There were no changes in estimates that have a material effect in the current quarter under review.

6. Debt and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-back, shares cancellations, shares held as treasury shares and resale of treasury shares in the current quarter under review.

7. Dividend Paid

No dividend has been proposed for the financial period ended 30 September 2013.

8. Property, Plant and Equipment Valuation

There has been no valuation undertaken for the Group's property, plant and equipment.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

10. Contingent Liabilities and Contingent Assets

As at 22 November 2013 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report), there were no changes in contingent liabilities and contingent assets since 30 September 2013.

11. Capital commitments

There were no material capital commitments as at the end of the current quarter under review.

12. Segmental Information

Segmental information of the results of the Group for the cumulative quarter is as follows:

(i) Geographical Segment

3 months ended 30 Sep 13	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	6,955	793	1,998	2,273	(1,042)	10,977
Segment results	(922)	(374)	514	(659)	48	(1,393)
Interest income/(expense)	3	2	-	6	-	11
Share of results of jointly controlled entity	-	-	-	-	(3)	(3)
Profit/(loss) before taxation	(919)	(372)	514	(653)	45	(1,385)
Segment assets	29,731	9,392	9,749	7,554	6,488	62,914
3 months ended 30 Sep 12	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	8,295	1,939	1,944	1,941	(523)	13,596
Segment results	202	812	730	(758)	11	997
Interest income/(expense)	-	10	-	30	-	40
Share of results of jointly controlled entity	-	-	-	-	(13)	(13)
Profit/(loss) before taxation	202	822	730	(728)	(2)	1,024
Segment assets	23,144	8,661	9,028	7,822	13,716	62,371

(ii) Business Segment

3 months ended 30 Sep 13	Mobile Solutions RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	5,604	6,415	(1,042)	10,977
Segment results	(1,040)	(401)	48	(1,393)
Interest income/(expense)	12	(1)	-	11
Share of results of jointly controlled entity	-	-	(3)	(3)
Profit/(loss) before taxation	(1,028)	(402)	45	(1,385)
Segment assets	36,080	20,346	6,488	62,914

12. Segmental Information (cont'd)

(ii) Business Segment (cont'd)

<u>3 months ended 30 Sep 12</u>	Mobile Solutions RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
External revenue	7,278	6,841	(523)	13,596
Segment results	861	125	11	997
Interest income/(expense)	39	1	-	40
Share of results of jointly controlled entity	-	-	(13)	(13)
Profit/(loss) before taxation	900	126	(2)	1,024
Segment assets	35,663	12,992	13,716	62,371

13. Related party transactions

There was no related party transaction during the financial quarter under review.

14. Subsequent Events

There was no material event that took place between 1 October 2013 and 22 November 2013 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report) saved as disclosed under Note 19 - Status of corporate proposals.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

15. Performance Review

Business Segment	Current quarter 3 months ended			Cumulative quarter 3 months ended	
	30-Sep-13	30-Sep-12	30-Jun-13	30-Sep-13	30-Sep-12
	RM'000	RM'000	RM'000	RM'000	RM'000
Mobile Solutions					
Revenue	5,508	7,247	6,207	5,508	7,247
Profit/(loss) before taxation	(1,028)	900	(8,792)	(1,028)	900
% Profit/(loss) before taxation	-18.7%	12.4%	-141.6%	-18.7%	12.4%
Trading & Distribution					
Revenue	5,469	6,349	4,717	5,469	6,349
Profit/(loss) before taxation	(402)	126	(956)	(402)	126
% Profit/(loss) before taxation	-7.4%	2.0%	-20.3%	-7.4%	2.0%
Adjustment					
Profit/(loss) before taxation	45	(2)	1,912	45	(2)
Total					
Revenue	10,977	13,596	10,924	10,977	13,596
Profit/(loss) before taxation	(1,385)	1,024	(7,836)	(1,385)	1,024
% Profit/(loss) before taxation	-12.6%	7.5%	-71.7%	-12.6%	7.5%

Q1'2014 vs Q1'2013

The Group generated revenue of RM10.98 million for this reporting quarter ended 30 September 2013 ("Q1'2014"), representing a decrease of RM2.62 million as compared to RM13.60 million generated in the previous year corresponding quarter ended 30 September 2012 ("Q1'2013").

The decrease in revenue was caused by the continuous decline in Mobile Solutions revenue specifically due to the stringent guidelines in Thailand on subscription services and the drop in mobile solutions business returns from content services through mobile network partnerships in Malaysia.

This has also resulted in the decrease in profit before tax of RM2.40 million from RM1.02 million generated in Q1'2013 to loss before tax RM1.38 million in Q1'2014.

Q1'2014 vs Q4'2013

When compared to the previous quarter ended 30 June 2013 ("Q4'2013"), revenue of the group increased by RM0.06 million from RM10.92 million to RM10.98 million in Q1'2014.

The loss before tax for Q1'2014 also reduced by RM6.45 million as compared to loss before tax of RM7.83 million generated in Q4'2013.

This was mainly due to the significant impairment loss on goodwill of RM7.83 million in Q4'2013. Despite that, the loss before tax in Q1'2014 was increased due to the increase in cost of goods sold and revenue sharing with mobile network partnerships.

16. Commentary on Prospects

This is a challenging period for our business, as the market dynamics in most of our countries have changed. As such, we have begun a Group-wide restructuring exercise which is aimed to improve the focus on our primary business channels namely, Value Added Mobile Services (VAS) and Distribution. The immediate objective is to ensure that we cease further decline in returns, and incrementally better our performances in all subsidiaries, with the hope of recognizable improvements in future quarters.

The Group notes that the recent operation loss and business operation require stringent monitoring and controls to ensure operation sustainability. The Group has taken steps and also put in place various strategies aimed at reducing operations cost and increasing its revenue and profit. The Group is cautiously optimistic to turnaround its performance by end of the financial year ending 30 June 2014.

17. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee.

18. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30-Sep-13 RM'000	30-Sep-12 RM'000	30-Sep-13 RM'000	30-Sep-12 RM'000
In respect of current period:-				
- Malaysian tax	68	167	68	167
- Foreign tax	106	265	106	265
	<u>174</u>	<u>432</u>	<u>174</u>	<u>432</u>

The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

19. Status of Corporate Proposals

The Company had on 15 June 2013 completed the financial, tax and legal due diligence of Fotokem and its subsidiary companies (“**Fotokem Group**”) and is satisfied with the outcome of the due diligence exercise. Following this, the Company had on 22 November 2013 entered into:

- a conditional Share Sale & Purchase Agreement (“**SSA**”) with the Fotokem's vendors in relation to the Proposed Acquisition, subject to the fulfilment of the terms and conditions as stipulated in the SSA;
- a Shareholders Agreement with Fotokem's remaining Shareholders based on the terms and conditions as stipulated therein; and
- a Profit Guarantee Agreement with a major shareholder of Fotokem based on the terms and conditions as stipulated therein.

20. Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2013 and 30 June 2013 are as follows:

	30-Sep-13 RM'000	30-Jun-13 RM'000
Current		
<u>Secured</u>		
- Obligation under finance leases	159	126
- Term loan	49	53
- Bank borrowings (Denominated in US Dollar)	1,601	2,638
	<u>1,809</u>	<u>2,817</u>
Non-current		
<u>Secured</u>		
- Obligation under finance leases	332	589
- Term loan	580	409
	<u>912</u>	<u>998</u>
Total Group borrowings	<u><u>2,721</u></u>	<u><u>3,815</u></u>

The Group did not have any debt securities as at 30 September 2013.

21. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 30 September 2013 and 30 June 2013 are analysed as follows:

	30-Sep-13 RM'000	30-Jun-13 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	19,062	20,750
- Unrealised	(253)	(337)
Total share of retained profits from a jointly controlled entity		
- Realised	(206)	(203)
Consolidation adjustments	2,294	2,286
Total group retained earnings as per unaudited consolidated financial statement	<u><u>20,897</u></u>	<u><u>22,496</u></u>

22. Changes in Material Litigation

As at 22 November 2013 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report), the Company was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

23. Earnings Per Share

The earnings per share was calculated by dividing the Company's profit after taxation and non-controlling interests by the weighted average number of ordinary shares in the respective period as follows:

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
Profit/(Loss) after tax and non-controlling interests (RM'000)	(1,599)	415	(1,599)	415
Weighted average number of ordinary shares in issue	177,057,240	160,961,240	177,057,240	160,961,240
<u>Earnings Per Share</u>				
Basic/Diluted (Sen)	(0.90)	0.26	(0.90)	0.26

24. Derivatives

The Group did not enter into any derivatives during the current quarter under review.

25. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss for the current quarter under review.

26. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2013 was not qualified.

By order of the Board of Directors

Lim Seng Boon
Director
29 November 2013