

## **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 31 December 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 14 February 2014 (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 31 December 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

<b><u>6 months ended 31 Dec 13</u></b>	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Pakistan RM'000</b>	<b>Other Countries RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
External revenue	14,233	1,883	4,114	3,959	(2,511)	21,678
Segment results	(1,764)	(523)	1,182	(1,799)	(384)	(3,288)
Interest income/(expense)	15	2	-	12	-	29
Share of results of jointly controlled entity	-	-	-	-	1	1
Profit/(loss) before taxation	(1,749)	(521)	1,182	(1,787)	(383)	(3,258)
Segment assets	28,858	8,118	10,042	6,269	6,280	59,567
<b><u>6 months ended 31 Dec 12</u></b>	<b>Malaysia RM'000</b>	<b>Thailand RM'000</b>	<b>Pakistan RM'000</b>	<b>Other Countries RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
External revenue	16,777	4,521	4,029	3,717	(2,478)	26,566
Segment results	(77)	1,534	1,422	(1,367)	(384)	1,128
Interest income/(expense)	(1)	13	-	54	-	66
Share of results of jointly controlled entity	-	-	-	-	(16)	(16)
Profit/(loss) before taxation	(78)	1,547	1,422	(1,313)	(400)	1,178
Segment assets	27,254	8,646	7,020	7,786	14,704	65,410

### (ii) Business Segment

<b><u>6 months ended 31 Dec 13</u></b>	<b>Mobile Solutions RM'000</b>	<b>Trading &amp; Distribution RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
External revenue	11,807	12,382	(2,511)	21,678
Segment results	(1,344)	(1,560)	(384)	(3,288)
Interest income/(expense)	32	(3)	-	29
Share of results of jointly controlled entity	-	-	1	1
Profit/(loss) before taxation	(1,312)	(1,563)	(383)	(3,258)
Segment assets	33,251	20,036	6,280	59,567

## 12. Segmental Information (cont'd)

### (ii) Business Segment (cont'd)

<u>6 months ended 31 Dec 12</u>	<b>Mobile Solutions RM'000</b>	<b>Trading &amp; Distribution RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
External revenue	14,908	14,136	(2,478)	26,566
Segment results	1,899	(387)	(384)	1,128
Interest income/(expense)	66	-	-	66
Share of results of jointly controlled entity	-	-	(16)	(16)
Profit/(loss) before taxation	<u>1,965</u>	<u>(387)</u>	<u>(400)</u>	<u>1,178</u>
Segment assets	36,416	14,290	14,704	65,410

## 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 January 2014 and 14 February 2014 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report).

**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 6 months ended	
	31-Dec-13	31-Dec-12	30-Sep-13	31-Dec-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Mobile Solutions</b>					
Revenue	5,140	7,018	5,508	10,648	14,265
Profit/(loss) before taxation	(284)	1,065	(1,028)	(1,312)	1,965
% Profit/(loss) before taxation	-5.5%	15.2%	-18.7%	-12.3%	13.8%
<b>Trading &amp; Distribution</b>					
Revenue	5,561	5,952	5,469	11,030	12,301
Profit/(loss) before taxation	(1,161)	(513)	(402)	(1,563)	(387)
% Profit/(loss) before taxation	-20.9%	-8.6%	-7.4%	-14.2%	-3.1%
<b>Adjustment</b>					
Profit/(loss) before taxation	(428)	(398)	45	(383)	(400)
<b>Total</b>					
Revenue	10,701	12,970	10,977	21,678	26,566
Profit/(loss) before taxation	(1,873)	154	(1,385)	(3,258)	1,178
% Profit/(loss) before taxation	-17.5%	1.2%	-12.6%	-15.0%	4.4%

Q2'2014 vs Q2'2013

The Group generated revenue of RM10.70 million for this reporting quarter ended 31 December 2013 ("Q2'2014"), representing a decrease of RM2.27 million as compared to RM12.97 million generated in the previous year corresponding quarter ended 31 December 2012 ("Q2'2013").

This has resulted in the decrease in profit before tax of RM2.02 million from RM0.15 million generated in Q2'2013 to loss before tax RM1.87 million in Q2'2014.

Q2'2014 vs Q1'2014

When compared to the previous quarter ended 30 September 2013 ("Q1'2014"), revenue of the group decreased by RM0.28 million from RM10.98 million to RM10.70 million in Q2'2014.

The loss before tax for Q2'2014 also increased by RM0.49 million as compared to loss before tax of RM1.38 million generated in Q1'2014.

Q1-Q2'2014 vs Q1-Q2'2013

The Group generated revenue of RM21.68 million for the 6 months ended 31 December 2013 ("Q1-Q2'2014"), representing a decrease of RM4.89 million as compared to RM26.57 million generated for the 6 months ended 31 December 2012 ("Q1-Q2'2013").

This has also resulted in the decrease in profit before tax of RM4.44 million from profit before tax of RM1.18 million generated in Q1-Q2'2013 to loss before tax of RM3.26 million in Q1-Q2'2014.

The loss experienced in Q2'2014 was contributed by the decline in Value Added Services (VAS) and Distribution revenue. Under VAS, the 3 countries which contributed to this loss are Indonesia, due to significantly scaling down of the operations; in Thailand, as a result of a change in legislation and in Malaysia due to the drop in demand for consumer based services. In Distribution, there was a slow down in sales across the board due to the maturity, and inevitably, decrease in demand of our primary product category, namely GPS devices.

## 16. Commentary on Prospects

The challenging period of our business continues in this second quarter. However, strict cost management protocols have been implemented to reduce expenses in individual subsidiaries. The restructuring exercise which was conducted in Q2'2014 is expected to improve our focus on the VAS and Distribution business units. In Distribution, we recognize that we have reached a maturity with our main product category, i.e. GPS devices and the need to identify new products to compensate this drop in demand. Under VAS, the focus will be on rationalizing this business in each subsidiary.

The Group notes that these operational losses in the past quarters will require stringent controls in managing and monitoring expenses to ensure sustainability. The Group remains cautiously optimistic to improve its performance by the end of this financial year, ending 30th 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 6 months ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
In respect of current period:-				
- Malaysian tax	48	126	116	293
- Foreign tax	87	306	193	571
	<u>135</u>	<u>432</u>	<u>309</u>	<u>864</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

Further to our announcement on the 22 November 2013, the Company is waiting for Fotokem's vendors' fulfillment on the conditions precedent in order to settle the purchase consideration based on the terms and conditions as stipulated in our Shares Sale and Purchase agreements.

## 20. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2013 and 30 June 2013 are as follows:

	<b>31-Dec-13</b>	<b>30-Jun-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<u>Secured</u>		
- Obligation under finance leases	135	126
- Term loan	56	53
- Bank borrowings (Denominated in US Dollar)	2,332	2,638
	<u>2,523</u>	<u>2,817</u>
<b>Non-current</b>		
<u>Secured</u>		
- Obligation under finance leases	316	409
- Term loan	560	589
	<u>876</u>	<u>998</u>
Total Group borrowings	<u><u>3,399</u></u>	<u><u>3,815</u></u>

The Group did not have any debt securities as at 31 December 2013.

## 21. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 31 December 2013 and 30 June 2013 are analysed as follows:

	<b>31-Dec-13</b>	<b>30-Jun-13</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realised	17,547	20,750
- Unrealised	(318)	(337)
Total share of retained profits from a jointly controlled entity		
- Realised	(202)	(203)
Consolidation adjustments	1,879	2,286
Total group retained earnings as per unaudited consolidated financial statement	<u><u>18,906</u></u>	<u><u>22,496</u></u>

## 22. Changes in Material Litigation

As at 14 February 2014 (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:

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>
Profit/(loss) after tax and non-controlling interests (RM'000)	(1,991)	(364)	(3,590)	51
Weighted average number of ordinary shares in issue	177,057,240	171,691,907	177,057,240	166,326,573
<u>Earnings/(loss) Per Share</u>				
Basic/Diluted (Sen)	(1.12)	(0.21)	(2.03)	0.03

### 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  
20 February 2014