



First Quarter Financial Statement And Dividend Announcement for the Period Ended 30/06/2011 (Unaudited)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year:

	Quarter ended 30 Jun		
	2011	2010	%
	US\$'000	US\$'000	Change
Turnover (Note 1)	162,409	62,435	160.1%
Other income (Note 2)	975	960	1.6%
Direct service fees incurred and cost of goods sold (Note 1)	(136,546)	(47,035)	190.3%
Commissions and other selling expenses (Note 5)	(3,821)	(4,226)	-9.6%
Personnel costs (Note 6)	(9,597)	(5,750)	66.9%
Infrastructure costs (Note 7)	(2,293)	(1,491)	53.8%
Depreciation of property, plant and equipment	(1,141)	(1,044)	9.3%
Amortisation of intangible assets (Note 8)	(2,627)	(591)	344.5%
Marketing expenses (Note 9)	(5,939)	(998)	495.1%
Foreign exchange loss (Note 10)	(1,044)	(162)	544.4%
Finance costs (Note 11)	(1,491)	(426)	250.0%
Other expenses (Note 12)	(5,962)	(1,939)	207.5%
Share of results of associates	(10)	(10)	0.0%
Loss before taxation	(7,087)	(277)	N.M.
Taxation (Note 15)	567	282	101.1%
(Loss)/ profit for the period	(6,520)	5	N.M.
(Loss)/ profit attributable to:			
Owners of the parent	(6,447)	(230)	N.M.
Non-controlling interest	(73)	235	N.M.
Total	(6,520)	5	N.M.

N.M. - Not Meaningful

Note 1

The increase in revenue and direct service fees and cost of goods sold for the quarter ended 30 June 2011 ("Q1 2012") was mainly due to additional revenue from newly acquired subsidiaries/ businesses and associated costs. The acquisitions included Affinity Capital Pte Ltd and its subsidiaries ("Affinity Group") in May 2011, I-Gate Holdings Sdn Bhd, CSL Multimedia Sdn Bhd, CSL Mobilecare (M) Sdn Bhd, Mobile Concepts (M) Sdn Bhd (collectively known as "CSL entities") in April 2011 and Newtel Corporation Company Limited and its subsidiaries ("Newtel Group") in December 2010. The acquired subsidiaries are engaged mainly in the business of sales of mobile handsets, related accessories and services.

Note 2

Other income

	Quarter ended 30 Jun		
	2011	2010	%
	US\$'000	US\$'000	Change
Interest income from bonds, deposits and investment securities	192	204	-5.9%
Fair value gain on investment securities (Note 3)	-	616	-100.0%
Gain on bargain purchase based on provisional valuation (Note 4)	506	-	100.0%
Others	277	140	97.9%
Total other income	975	960	1.6%

Note 3

The fair value gain on investment securities for the quarter ended 30 June 2010 ("Q2 2010") arose from the changes in fair value of investment securities. Due to redemption of matured investment securities in November 2010, there had not been any gain during Q1 2012.

Note 4

The gain on bargain purchase recognised based on provisional valuation during Q1 2012 arose from the acquisition of Mobile Concepts (M) Sdn Bhd in April 2011.

Note 5

Commissions and other selling expenses, mainly incurred for the distribution of voice services, have decreased due to drop in the sales of voice services during Q1 2012.

Note 6

The increase in personnel costs in Q1 2012 was mainly due to increase in Group headcount arising from expansion of the mobility business and acquisition of Newtel Group in December 2010, CSL entities and Affinity Group in Q1 2012.

Note 7

The increase in infrastructure costs in Q1 2012 was mainly due to higher office rentals arising from acquisition of Newtel Group in December 2010, CSL entities and Affinity Group from Q1 2012.

Note 8

The increase in amortisation of intangible assets in Q1 2012 was due to commencement of amortisation of intangible assets recognised upon the acquisition of Spice-CSL Pte Ltd from December 2010, Newtel Group from January 2011 and Affinity Group from Q1 2012.

Note 9

The increase in marketing expenses in Q1 2012 was mainly due to advertising and promotional costs arising from acquisition of Newtel Group in December 2010, CSL entities and Affinity Group in Q1 2012.

Note 10

The increase in Q1 2012 was mainly due to realised exchange loss of US\$1.6 million on conversion of SGD funds to USD for the acquisition of Affinity Group. This was partially offset by unrealised and realised foreign exchange gain due to appreciation of SGD, MYR and IDR against USD.

Note 11

The increase in finance costs in Q1 2012 was mainly due to recognition of interest expense of US\$0.4 million in relation to fair value of deferred consideration recognised for acquisition of Newtel Group and Affinity Group and also finance costs incurred on account of borrowings by Affinity Group.

Note 12

Other expenses include the following:

	Quarter ended 30 Jun		
	2011	2010	%
	US\$'000	US\$'000	Change
Allowance for doubtful trade debts	(118)	(232)	-49.1%
Allowance for stock obsolescence	(303)	(9)	N.M
Bank Charges	(142)	(120)	18.3%
Collection service fees	(263)	(56)	369.6%
Equipment maintenance	(347)	(246)	41.1%
Equipment rental	(39)	(4)	875.0%
Freight and postage fees	(67)	(44)	52.3%
(Loss)/ gain on disposal of property, plant and equipment	(5)	97	N.M
Professional fees (Note 13)	(2,618)	(619)	322.9%
Telecommunication expenses	(271)	(101)	168.3%
Travelling & entertainment (Note 14)	(1,134)	(396)	186.4%
Write off of stock	(35)	-	100.0%
Write off of trade debts	(12)	-	100.0%
Write-back of allowance for doubtful trade debts	25	90	-72.2%
Others	(633)	(299)	111.7%
Total other expenses	(5,962)	(1,939)	207.5%

N.M. - Not Meaningful

Note 13

The increase in professional fees was mainly due to legal and consultancy fees incurred in respect of acquisition of subsidiaries.

Note 14

The increase in travelling and entertainment expenses was mainly on account of travelling and entertainment expenses incurred by Newtel Group acquired in December 2010, CSL entities and Affinity Group which were acquired in Q1 2012.

Note 15

The movement in taxation in Q1 2012 was mainly due to reversal of deferred tax liabilities consequent to amortisation of intangibles during the quarter, partially offset by provision of tax recognised by newly acquired Affinity Group.

1(a)(ii) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended 30 Jun		
	2011	2010	%
	US\$'000	US\$'000	Change
(Loss)/ profit for the period	(6,520)	5	N.M
Other comprehensive income:			
Foreign currency translation (Note 16)	1,737	234	642.3%
Net loss on available-for-sale financial assets	(17)	-	-100.0%
Other comprehensive income for the period	1,720	234	635.0%
Total comprehensive (loss)/ profit for the period	(4,800)	239	N.M
Total comprehensive (loss)/ profit attributable to:			
Owners of the parents	(4,729)	(15)	N.M.
Non-controlling interest	(71)	254	N.M.
Total	(4,800)	239	N.M

N.M. - Not Meaningful

Note 16

The increase in foreign currency translation was mainly due to appreciation of SGD and MYR against USD in Q1 2012.

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

	Group		Company	
	30 Jun 11	31 Mar 11	30 Jun 11	31 Mar 11
	US\$'000	US\$'000	US\$'000	US\$'000
Share capital (Note 17)	410,663	288,061	410,663	288,061
Accumulated losses	(77,830)	(71,383)	(88,288)	(84,811)
Other reserves (Note 18)	(1,896)	1,716	(6,821)	(3,209)
Translation reserve (Note 16)	11,287	9,552	28	32
Equity attributable to the owner of the parent	342,224	227,946	315,582	200,073
Non-controlling interest (Note 19)	(986)	-	-	-
Total Equity	341,238	227,946	315,582	200,073
Property, plant and equipment (Note 20)	21,931	11,625	1,005	847
Intangible assets (Note 21)	246,811	103,512	1,825	1,819
Investment in subsidiaries (Note 22)	-	-	257,692	93,873
Investment in associates	397	406	432	432
Investment securities, non-current	3,777	3,708	3,777	3,708
Long-term loans and advances to subsidiaries	-	-	3,599	3,604
Deferred tax assets (Note 23)	5,304	4,405	-	-
Trade debtors, non-current	192	292	-	-
Other debtors and deposits, non-current	261	341	-	-
Current assets	349,022	190,049	145,898	128,333
Stocks (Note 24)	72,847	23,846	339	238
Trade debtors, current (Note 25)	100,878	52,955	13,842	11,192
Other debtors and deposits, current (Note 26)	33,107	20,592	11,064	9,648
Prepayments (Note 27)	27,081	2,837	695	786
Due from subsidiaries	-	-	40,966	28,604
Due from associates	56	60	56	60
Cash and bank deposits pledged	16,738	2,995	-	-
Cash and bank balances (Note 28)	98,219	86,764	78,936	77,805
Tax recoverable	96	-	-	-
Current liabilities	205,116	65,190	47,540	25,134
Trade creditors (Note 29)	49,698	10,720	7,408	3,758
Other creditors and accruals, current (Note 30)	58,392	25,217	30,818	11,264
Deferred revenue (Note 31)	3,180	4,019	1,138	1,115
Lease obligations, current	1,385	1,388	20	-
Loans and bank borrowings, current (Note 32)	89,119	23,037	-	-
Due to subsidiaries	-	-	8,028	8,869
Due to associates	128	128	128	128
Tax payable (Note 33)	3,214	681	-	-
Net current assets	143,906	124,859	98,358	103,199
Non-current liabilities	81,341	21,202	51,106	7,409
Deferred tax liabilities (Note 34)	25,958	9,430	-	-
Lease obligations, non-current	644	677	208	-
Loans and bank borrowings, non-current (Note 32)	3,477	3,590	-	-
Provision for employee benefits	364	96	-	-
Other creditors and accruals, non-current (Note 30)	50,898	7,409	50,898	7,409
Net Assets	341,238	227,946	315,582	200,073

Note 17

The Company's issued and paid up share capital increased on account of 2,742,490,418 new ordinary shares pursuant to rights issue in May 2011 ("2011 Rights issue").

Note 18

The decrease in other reserves was mainly due to capitalisation of 2011 rights issue costs of approximately US\$3.6 million in May 2011.

Note 19

Non-controlling interest represents minority stakes in one of the subsidiaries of I-Gate Holdings Sdn Bhd and Mobile Concepts (M) Sdn Bhd acquired in April 2011 and Affinity Group acquired in May 2011.

Note 20

The increase in property, plant and equipment was mainly due to newly acquired CSL entities and Affinity Group.

Note 21

The increase in intangible assets was mainly due to US\$2.1 million and US\$141.3 million of intangibles recognised on acquisition of CSL entities and Affinity Group respectively.

The purchase price allocation exercise for these acquisitions has to be finalised within 12 months from the respective dates of acquisition. Adjustments if any, to the above provisionally determined intangibles will be accounted for retrospectively to the dates of acquisition during the respective measurement periods.

Note 22

The increase in investment in subsidiaries was mainly due to the Company's investment of US\$0.8 million and US\$163.0 million in CSL entities and Affinity Group respectively.

Note 23

The increase in deferred tax assets was mainly in respect of Spice-CSL Pte Ltd and Affinity Group.

Note 24

The increase in stocks was mainly due to US\$3.4 million and US\$45.7 million on account of acquisition of CSL entities and Affinity Group respectively.

Note 25

The increase in trade debtors was mainly due to US\$1.9 million & US\$45.9 million arising from the acquisition of CSL entities and Affinity Group respectively.

Note 26

The increase in other debtors and deposits was mainly due to US\$12.5 million from the acquisition of Affinity Group of which US\$8.5 million related to GST recoverable.

Note 27

The increase in prepayments was mainly due to US\$23.3 million arising from the acquisition of Affinity Group, of which US\$12.2 million and US\$6.2 million relates to prepayments made for purchases of mobile handsets and rentals of properties.

Note 28

The increase in cash and bank equivalents was mainly due to balance funds against proceeds of 2011 rights issue in May 2011.

Note 29

The increase in trade creditors was mainly due to US\$2.1 million and US\$34.4 million arising from acquisition of CSL entities and Affinity Group respectively.

Note 30

The increase in current and non-current other creditors and accruals was mainly due to deferred purchase consideration of US\$20.2 million and US\$43.1 million respectively, payable to a vendor on fulfilment of certain conditions agreed during purchase of the Affinity Group and US\$13.2 million arising from the acquisition of CSL entities and Affinity Group.

Note 31

The decrease in deferred revenue was mainly due to fulfilment of IT services in Q1 2012.

Note 32

The increase in loans and bank borrowings was mainly due to inclusion of US\$69.3 million of bank borrowings of the newly acquired Affinity Group. The increase is partially offset by part repayment of USD loan from a Director.

Note 33

The increase in taxation was mainly due to provision for taxation in respect of newly acquired Affinity Group.

Note 34

The increase in deferred tax liabilities was mainly due to deferred tax arising from intangibles recognised on business combinations.

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

Amount repayable in one year or less, or on demand

As at 30/06/2011		As at 31/03/2011	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
69,660	19,459	362	22,675

Amount repayable after one year

As at 30/06/2011		As at 31/03/2011	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
55	3,422	75	3,515

Details of any collateral

- Subsidiaries' current assets of US\$121.3 million (31/03/2011 : US\$8.6 million) and property, plant and equipment with carrying amount of US\$5.9 million (31/03/2011 : US\$6.2 million) and are pledged as security for bank guarantees, standby letters of credit and other bank services.
- Corporate guarantees of US\$7.4 million (31/03/2011 : US\$5.9 million) were given by the Company to enable its subsidiaries to obtain banking facilities.
- Corporate guarantees of US\$6.5 million (31/03/2011 : US\$6.3 million) were given by the Company to enable a subsidiary to obtain credit facility from a supplier.
- Corporate guarantees of US\$5.0 million (31/03/2011 : US\$4.8 million) were given by a subsidiary to enable its subsidiaries to obtain credit facility from a supplier.
- Trust receipts of US\$1.5 million (31/03/2011 : US\$0.6 million) is secured by corporate guarantees given by the Company and two of its subsidiaries.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Quarter ended	
	30 Jun 11	30 Jun 10
	US\$'000	US\$'000
Cash flows from operating activities		
Loss before taxation	(7,087)	(277)
Adjustment for:		
Allowance for doubtful trade debts	118	232
Allowance for stock obsolescence	303	9
Amortisation of intangible assets	2,627	591
Depreciation of property, plant and equipment	1,141	1,044
Fair value gain on investment securities	-	(616)
Loss/ (gain) on disposal of property, plant and equipment	5	(97)
Interest expense	1,491	426
Interest income from bonds, deposits and investment securities	(192)	(204)
Gain on bargain purchase based on provisional valuation	(506)	-
Share of results of associates	10	10
Share-based payments	(16)	6
Translation differences	318	1,251
Write-back of allowance for doubtful trade debts	(25)	(90)
Write-off of stock	35	-
Write-off of bad trade debts	12	-
Operating (loss)/ profit before working capital changes	(1,766)	2,285
Decrease/ (increase) in stocks	1,580	(8,724)
Increase in trade debtors	(2,353)	(10,848)
Decrease/ (increase) in other debtors and deposits	20,637	(1,985)
Increase in prepayments	(4,639)	(1,200)
Decrease in amount due from associates	4	31
Increase in trade creditors	6,151	4,387
(Decrease)/ increase in other creditors and accruals	(25,616)	1,547
Decrease in deferred revenue	(857)	(1,485)
Cash used in operating activities	(6,859)	(15,992)
Interest paid	(1,085)	(426)
Tax paid	(416)	(7)
Net cash used in operating activities	(8,360)	(16,425)
Cash flows from investing activities		
Interest income received from bonds, deposits and investment securities	201	241
Acquisition of subsidiary I-Gate Group, net of cash acquired	53	-
Acquisition of subsidiary Mobile Concepts, net of cash acquired	(10)	-
Acquisition of subsidiary CSL Multimedia, net of cash acquired	(272)	-
Acquisition of subsidiary CSL Mobilecare, net of cash acquired	1	-
Acquisition of subsidiary Affinity Group, net of cash acquired	(94,293)	-
Proceeds from disposal of property, plant and equipment	49	100
Purchase of property, plant and equipment	(217)	(1,004)
Additions to intangible assets	(243)	(351)
Net cash used in investing activities	(94,731)	(1,014)
Cash flows from financing activities		
Dividend paid on ordinary shares	-	(980)
Decrease/ (increase) in cash and bank deposits pledged	868	(646)
Repayment of loans	(568)	(588)
Proceeds from/ (repayment of) bank borrowings	818	(1,642)
Net proceeds from rights issue	119,023	-
(Repayment of)/ proceeds from loan given by a director	(4,972)	20,000
Repayment of obligations under finance leases	(623)	(319)
Net cash generated from financing activities	114,546	15,825
Net increase/ (decrease) in cash and cash equivalents	11,455	(1,614)
Cash and cash equivalents at beginning of the period	86,764	62,154
Cash and cash equivalents at end of the period	98,219	60,540

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity attributable to the owner of the parent					Non-controlling interest US\$'000	Total Equity US\$'000
	Share capital US\$'000	Accumulated losses US\$'000	Other reserves US\$'000	Translation reserve US\$'000	Total US\$'000		
The Group							
Balance as at 1 April 2011	288,061	(71,383)	1,716	9,552	227,946	-	227,946
Total comprehensive (loss)/ income for the period	-	(6,447)	(17)	1,735	(4,729)	(71)	(4,800)
Acquisition of controlling interest	-	-	-	-	-	(915)	(915)
Issuance of shares	122,602	-	-	-	122,602	-	122,602
Share issue cost	-	-	(3,579)	-	(3,579)	-	(3,579)
Value of employee services received	-	-	(16)	-	(16)	-	(16)
Balance as at 30 June 2011	410,663	(77,830)	(1,896)	11,287	342,224	(986)	341,238
Balance as at 1 April 2010	186,888	(70,736)	(88)	3,130	119,194	15,349	134,543
Total comprehensive (loss)/ income for the period	-	(230)	-	215	(15)	254	239
Dividend on ordinary shares	-	(980)	-	-	(980)	-	(980)
Value of employee services received	-	-	6	-	6	-	6
Balance as at 30 June 2010	186,888	(71,946)	(82)	3,345	118,205	15,603	133,808

	Share capital US\$'000	Accumulated losses US\$'000	Other reserves US\$'000	Translation reserve US\$'000	Total US\$'000
The Company					
Balance as at 1 April 2011	288,061	(84,811)	(3,209)	32	200,073
Total comprehensive loss for the period	-	(3,477)	(17)	(4)	(3,498)
Issuance of shares	122,602	-	-	-	122,602
Share issue cost	-	-	(3,579)	-	(3,579)
Value of employee services received	-	-	(16)	-	(16)
Balance as at 30 June 2011	410,663	(88,288)	(6,821)	28	315,582
Balance as at 1 April 2010	186,888	(78,525)	(88)	24	108,299
Total comprehensive (loss)/ income for the period	-	(696)	-	1	(695)
Dividend on ordinary shares	-	(980)	-	-	(980)
Value of employee services received	-	-	6	-	6
Balance as at 30 June 2010	186,888	(80,201)	(82)	25	106,630

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of Shares	
	30/06/2011	30/06/2010
Issued shares at the beginning of the period	2,742,490,418	1,371,206,221
Shares issued pursuant to the rights issue exercise in May 2011	2,742,490,418	-
Total issued shares at the end of the period	5,484,980,836	1,371,206,221

The details of the outstanding share options and share awards granted under the Employees' Share Option Schemes and Share Plans respectively are as follows:-

	No. of Shares	
	30/06/2011	30/06/2010
Options granted under 1999 S i2i Employees' Share Option Scheme II	2,374,683	3,457,367

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares as at 30 June 2011 was 5,484,980,836 (31 March 2011 : 2,742,490,418).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 March 2011, except as disclosed in Note 5.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 April 2011, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. The FRS that are relevant to the Group include:

- (a) FRS 24 (revised) Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities.

The adoption of the above FRS does not have any significant impact on the financial statements, as it is a disclosure standard.

6. Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	First Quarter	
	2011	2010
Earning per ordinary share for the period after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary share in issue (US cent)	(0.14 cent)	(0.02 cent)
ii) On a fully diluted basis (US cent)	(0.14 cent)	(0.02 cent)

Basic earning per share is calculated based on the weighted average number of 4,607,383,902 (30/06/2010 : 1,296,729,172) ordinary shares in issue.

Diluted earning per share is calculated based on the adjusted weighted average number of 4,607,383,902 (30/06/2010 : 1,297,905,691) ordinary shares.

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

	Group		Company	
	30/06/2011	31/03/2011	30/06/2011	31/03/2011
Net asset backing per ordinary share is calculated based on 5,484,980,836 (31/03/2011 : 2,742,490,418) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (US cent).	6.22 cent	8.31 cent	5.75 cent	7.30 cent

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The group recorded a turnover of US\$162.4 million in Q1 2012 – an increase of 160.1% over the corresponding quarter.

Acquisition of Newtel Group in December 2010, CSL entities and Affinity Group in Q1 2012 has mainly contributed to significant increase in turnover over the corresponding quarter. The acquired entities are engaged in business of sale of mobile handsets, related accessories and services.

The increase in revenue had an impact on the costs as direct service fees incurred and cost of goods sold increased by 190.3% in Q1 2012. In addition, the Group witnessed increase in other overheads mainly personnel costs, infrastructure costs, amortisation of intangible assets, marketing expenses, finance costs, professional fees and travelling & entertainment expenses as a consequence of the Group's acquisition of Newtel Group in December 2010 and CSL entities and Affinity Group in Q1 2012.

The Group incurred a loss before tax of US\$7.1 million in Q1 2012 as against the loss before tax of US\$0.3 million in corresponding quarter.

The loss before tax during Q1 2012 was higher mainly on account of professional fee of US\$1.9 million in respect of acquisition of subsidiaries, realised exchange loss of US\$1.6 million on conversion of SGD funds to USD for the acquisition of Affinity Group, US\$2.1 million on account of commencement of amortisation of intangible assets recognised upon the acquisition of Spice-CSL from December 2010, Newtel Group from January 2011 and Affinity Group from Q1 2012, increase of US\$0.4 million in finance costs due to recognition of interest expense in relation to fair value of deferred consideration recognised for acquisition of Newtel Group and Affinity Group and also the finance costs on account of borrowings incurred by Affinity Group.

The company raised US\$122.6 million as share capital on account of issue of 2,742,490,418 shares pursuant to its Rights Issue in May 2011. Share issue expenses of US\$3.6 millions have been shown separately as part of other reserves.

The company utilised balance funds of SGD 36.9 million (US\$30.0 million) against its Rights issue 2010 and SGD 87.0 million (US\$70.0 million), against its 2011 Rights Issue of SGD 146.4 million (US\$122.6 million) in Q1 2012, for funding the completion of acquisition of Affinity Group in May 2011.

Acquisitions of the above mentioned subsidiaries and rights issue during Q1 2012 had affected the cash flow, working capital, assets and liabilities of the Group as at 30th June 2011. The net assets of the Group have gone up to US\$341.2 million as at 30th June 2011 from US\$227.9 million as at 31st March 2011.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or prospect statement disclosed to shareholders previously.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Having completed major acquisition of Affinity Group in May 2011, the Group is now poised to consolidate the acquisitions and aggregate the Supply Chain Management to reduce procurement costs of mobile handsets. With the vast platform of mobile handsets being available, there is a further large scope of VAS/ services to be preloaded on mobile handsets to get annuity revenue.

The Group believes that new competitors will continue to enter the mobile internet, VAS, mobile devices and other managed services by the Group. Other inherent risks arising from post acquisition integration of new acquisitions include management, cultural integration and financial integration.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. **If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared or recommended.

13. **Utilisation of Rights Issue proceeds**

As at 30 June 2011, the net proceeds from the 2010 Rights Issue have been utilised as follows:

	Amount S\$ Million
Net Proceeds from 2010 Rights Issue	132.7
Less Proceeds utilised for:	
Funding the acquisition of Newtel Corporation Company Limited and capitalisation exercise referred to in the Company's announcement dated	22.3
Funding the acquisition of 35% stake in Spice-CSL Pte Ltd	16.2
Partial repayment of loan from DEC to Spice-CSL Pte Ltd under the loan agreement	13.0
Funding the acquisition of CSL acquisition referred to in the Company's announcement dated 4 April 2011	1.0
To partially fund the completion of the Proposed Acquisition of Affinity Group referred to in the Company's announcement dated 23 May	36.9
Funding part of the Group's working capital	43.3
Balance of net proceeds from 2010 Rights Issue unutilised	-

As at 30 June 2011, the net proceeds from the 2011 Rights Issue have been utilised as follows:

	Amount S\$ Million
Net Proceeds from 2011 Rights Issue	146.4
Less Proceeds utilised for:	
To partially fund the completion of the Proposed Acquisition of Affinity Group.	87.0
Funding part of the Group's working capital	6.9
Balance of net proceeds from 2011 Rights Issue unutilised	52.5

14. **Interested persons transactions disclosure**

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	Quarter ended 30 Jun	Quarter ended 30 Jun
	US\$'000	US\$'000
S Mobility Limited (formerly known as Spice Mobility Limited)	61	530
Gibson Dunn & Crutcher LLP	1,536	-
J & B Mobile Care Sdn. Bhd.	69	-
CSL Manufacturing (M) Sdn. Bhd.	-	(10,905)
Dato Eric Chuah	-	781

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently**
Not Applicable.

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or**
Not Applicable.

17. **A breakdown of sales.**
Not Applicable.

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**
Not Applicable.

19. **Statement Pursuant to Rule 705(5) of The Listing Manual**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the quarter ended 30 June 2011 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Kul Taran Singh Anand
Chief Financial Officer

12 August 2011