

First Quarterly Report 2006

ACROSS ASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code 8061)

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This report, for which the Directors of AcrossAsia Limited (the “Company”) (namely, executive Director: Mr. Marshall Wallace COOPER; non-executive Directors: Dr. Cheng Wen CHENG and Mr. Bunjamin Jonatan MAILOOL; and independent non-executive Directors: Mr. Albert Saychuan CHEOK, Mr. Kwok Ming CHEUNG and Dr. Boh Soon LIM) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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For the three months ended 31st March 2006

HIGHLIGHTS

- AcrossAsia Group's turnover increased by 23.6% to HK\$1,600.4 million for the Three-month Period from HK\$1,295.2 million for the same period in 2005.
- Gross profit grew by 11.1% to HK\$436.8 million from HK\$393.1 million for the corresponding period in 2005. Gross profit margin decreased to 27.3% from 30.4% for the corresponding period in 2005.
- Profit from operations rose by 47.8% to HK\$85.3 million from HK\$57.7 million for the comparison period in 2005.
- Operating expenses amounted to HK\$385.7 million compared to HK\$363.1 million for the same period in 2005.
- EBITDA (excluding other income and expenses) increased by 47.0% to HK\$126.6 million from HK\$86.1 million for the corresponding period in 2005.
- AcrossAsia Group achieved a profit attributable to shareholders of the Company of HK\$4.2 million compared to HK\$0.9 million for the comparison period in 2005.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively "AcrossAsia Group") for the three months ended 31st March 2006 (the "Three-month Period") together with comparative figures for the corresponding period ended 31st March 2005, as follows:

	Notes	Three months ended 31st March	
		2006 HK\$'000	2005 HK\$'000
Turnover	2	1,600,408	1,295,161
Cost of sales and services rendered		(1,163,585)	(902,040)
Gross profit		436,823	393,121
Other operating income and gains		34,213	27,656
Selling and distribution costs		(109,738)	(139,335)
General and administrative expenses		(275,961)	(223,748)
Profit from operations		85,337	57,694
Finance costs		(64,390)	(50,822)
Share of results of associates		285	2,960
Profit before income tax		21,232	9,832
Income Tax expense	3	(3,097)	3,456
Profit for the period		18,135	13,288
Profit attributable to:			
Shareholders of the Company	4	4,225	914
Minority interests		13,910	12,374
		18,135	13,288
Earnings per share attributable to shareholders of the Company (<i>HK cents</i>)	4		
Basic		0.08	0.02
Diluted		N/A	N/A

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with International Financial Reporting Standards (the “IFRSs”) and the disclosure requirements set out in the GEM Listing Rules. All significant intra-group transactions have been eliminated on consolidation.

AcrossAsia Group has adopted all of the new and revised standards of IFRSs that are relevant to its operations and effective for accounting periods beginning on or after 1st January 2006. The adoption of these new and revised standards of IFRSs did not result in substantial changes to AcrossAsia Group’s accounting policies.

The audit committee has reviewed the unaudited consolidated results of AcrossAsia Group for the Three-month Period.

2. Segment information

(a)(i) An analysis of AcrossAsia Group’s revenue and results for the Three-month Period by business segment is as follows:

	Broadband			Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
	Retail HK\$'000	Services HK\$'000	IT Solutions HK\$'000			
Segment revenue:						
Sales to external customers	1,414,947	79,386	106,075	-	-	1,600,408
Intersegment sales	-	565	7,927	-	(8,492)	-
Total	1,414,947	79,951	114,002	-	(8,492)	1,600,408
Segment results	45,589	5,225	23,497	2,145	(31)	76,425
Interest income						8,912
Profit from operations						85,337
Finance costs						(64,390)
Share of results of associates	-	-	-	285	-	285
Profit before income tax						21,232
Income tax expense						(3,097)
Profit for the period						18,135

(a)(ii) An analysis of AcrossAsia Group's revenue and results for the corresponding period in 2005 by business segment is as follows:

	Broadband			Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
	Retail HK\$'000	Services HK\$'000	IT Solutions HK\$'000			
Segment revenue:						
Sales to external customers	1,112,074	69,005	114,082	-	-	1,295,161
Intersegment sales	-	4,837	74	-	(4,911)	-
Total	1,112,074	73,842	114,156	-	(4,911)	1,295,161
Segment results	22,538	4,973	20,548	(3,445)	285	44,899
Interest income						12,795
Profit from operations						57,694
Finance costs						(50,822)
Share of results of associates	-	-	-	2,960	-	2,960
Profits before income tax						9,832
Income tax expense						3,456
Profits for the period						13,288

(b) Geographical segments

Over 90% of AcrossAsia Group's revenue and results are attributable to its operations in Indonesia. Accordingly, no analysis by geographical segment is presented.

3. Income tax expense

No Hong Kong profits tax has been provided, as AcrossAsia Group had no assessable profits arising in Hong Kong during the Three-month Period (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which AcrossAsia Group operates, based on existing legislation, interpretations and practices in respect thereof.

AcrossAsia Group's subsidiaries and associates incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 30% (2005: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

	Three months ended 31st March	
	2006 HK\$'000	2005 HK\$'000
AcrossAsia Group		
Current income tax*	2,353	3,269
Deferred income benefits*	744	(6,725)
	3,097	(3,456)

* Imposed outside Hong Kong

4. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the Three-month Period of HK\$4,225,000 (2005: HK\$914,000) and 5,064,615,385 (2005: 5,064,615,385) ordinary shares in issue during the Three-month Period.

Diluted earnings per share for the Three-month Period and the corresponding period in 2005 are not disclosed as there were no dilutive potential ordinary shares.

5. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Equity transactions of associates HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January 2005	32,877	1,464,802	3,531	(662,760)	(780,950)	57,500	1,291,382	1,348,882
Currency translation differences	-	-	-	(7,900)	-	(7,900)	(22,413)	(30,313)
Total expenses for the period recognised directly in reserves	-	-	-	(7,900)	-	(7,900)	(22,413)	(30,313)
Profit for the period	-	-	-	-	914	914	12,374	13,288
Total income/(expense) for the period	-	-	-	(7,900)	914	(6,986)	(10,039)	(17,025)
At 31st March 2005	32,877	1,464,802	3,531	(670,660)	(780,036)	50,514	1,281,343	1,331,857
At 1st January 2006	32,877	1,464,802	7,659	(685,616)	(784,710)	35,012	1,421,668	1,456,680
Equity transactions of associates	-	-	(1,454)	-	-	(1,454)	-	(1,454)
Dividends paid	-	-	-	-	-	-	(28,365)	(28,365)
Change in equity of subsidiaries	-	-	-	-	-	-	(1,280)	(1,280)
Currency translation differences	-	-	-	49,040	-	49,040	119,368	168,408
Total income/(expenses) for the period recognised directly in reserves	-	-	(1,454)	49,040	-	47,586	89,723	137,309
Profit for the period	-	-	-	-	4,225	4,225	13,910	18,135
Total income/(expense) for the period	-	-	(1,454)	49,040	4,225	51,811	103,633	155,444
At 31st March 2006	32,877	1,464,802	6,205	(636,576)	(780,485)	86,823	1,525,301	1,612,124

6. Comparative figures

Certain comparative figures in relation to share of results of associates and income tax expenses have been reclassified to conform with current year's presentation.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Three-month Period (2005: Nil).

FINANCIAL REVIEW

The results of AcrossAsia Group for the Three-month Period were analysed by three main business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

AcrossAsia Group's turnover increased by 23.6% to HK\$1,600.4 million from HK\$1,295.2 million for the same period in 2005. By business segment, Retail's turnover increased by 27.2% to HK\$1,414.9 million from HK\$1,112.1 million mainly attributable to its aggressive expansion in response to the market indication of change of consumers' shopping behaviour from traditional supermarkets to hypermarkets; Broadband Services' revenue increased by 15.1% to HK\$79.4 million from HK\$69.0 million for the corresponding period in 2005 mainly as a result of an increase in subscription income from cable TV ; and IT Solutions posted a revenue of HK\$106.1 million, 7.0% lower than HK\$114.1 million for the same period in 2005 which was mainly due to a drop in sales of hardware equipment and the project-based nature of the business.

Gross Profit

AcrossAsia Group posted a gross profit of HK\$436.8 million, an 11.1% increase over the HK\$393.1 million for the same period in 2005. Gross profit margin reached 27.3% compared to 30.4% for the corresponding period in 2005 mainly due to thinner-margin from the sales of hardware of IT Solutions business.

Profit from Operations

AcrossAsia Group's profit from operations rose by 47.8% to HK\$85.3 million from HK\$57.7 million for the comparison period in 2005.

Other operating income and gains increased by 23.5% to HK\$34.2 million from HK\$27.7 million for the same period in 2005 mainly due to increase in foreign exchange gain.

Total operating expenses (excluding other income and expenses) increased by 6.2% to HK\$385.7 million from HK\$363.1 million for the corresponding period in 2005 mainly resulting from increase in depreciation which was in line with the increase in costs of capital expenditure for Retail.

AcrossAsia Group extended its track record of positive EBITDA (excluding other income and expenses) into the fifth consecutive year. EBITDA increased by 47.0% to HK\$126.6 million from HK\$86.1 million for the same period in 2005.

Share of Results from Associates

AcrossAsia Group's share of results from associates decreased by 90.0% to HK\$0.3 million from HK\$3.0 million for the same period in 2005.

Profit attributable to Shareholders

AcrossAsia Group recorded a profit attributable to the shareholders of the Company of HK\$4.2 million compared to HK\$0.9 million for the same period in 2005.

BUSINESS REVIEW

AcrossAsia Group has been implementing its strategy to strength its position as a leading consumer-oriented service provider and offers value, fashion and quality services catering to the rising middle and upper-income market in Asia, particularly in Indonesia and China through the following major subsidiaries:

Matahari

PT Matahari Putra Prima Tbk ("Matahari", an indirect subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange in which the Company has a 25.6% effective interest), the flagship of Retail, is the largest publicly listed modern retailer with nationwide retail networks of department stores, multi-format supermarkets and family entertainment centres in Indonesia. As of 31st March 2006, Matahari Department Stores operated 80 stores, whereas Matahari Supermarkets operated 36 supermarkets, 18 compact hypermarkets under the brand name "Hypermart" and 5 soft discount stores under the brand name "Cut Price", and TimeZone family entertainment centres had a total of 106 outlets throughout Indonesia.

During the Three-month Period, Matahari continued improvement in its operational and business processes with better produce procurement, shrinkage control and promotion strategy. TimeZone, which is the market leader in family entertainment centres in Indonesia, offers customers of all ages the chance to experience real-life thrills on various driving, skiing, motorbike riding and other action-packed video games along with conventional mechanical games. To maintain its growth momentum, Matahari has started to implement its 2006 expansion plan with cautiously optimistic approach to keep Matahari's market leader position. It opened one Hypermart store during the Three-month Period.

Matahari continued its efforts to serve the community through its extensive store network, employees and valuable customers.

Broadband Multimedia

PT Broadband Multimedia Tbk (“Broadband Multimedia”, a subsidiary of the Company listed on the Surabaya Stock Exchange in which the Company has a 66.34% effective interest), the flagship of Broadband Services, offers total service solutions by using the well-established cable (both fiber-optic and coaxial) and latest satellite network technologies to its customers. It operates the largest two-way HFC (Hybrid Fibre Coaxial) network in Indonesia, offering digital cable and satellite TV, data communication, Internet access, leased line and VPN (Virtual Private Network) services. As of 31st March 2006, the network reached over 2,840 km, passing more than 244,480 homes and covering major residential and central business districts in prime cities in Indonesia.

Broadband Multimedia is the largest cable TV operator in Indonesia offering 24-hour on-air national and international channels of programming with 63 channels under the brand name “Kabelvision” and 88 channels under the brand name “Digital 1”. Channels are categorized under education, entertainment, International, kids, news, local terrestrial, sport and premium channels. As at 31st March 2006, the number of cable TV subscribers was approximately 131,270 with penetration reaching 54.9%.

“MyNet”, a new high-speed broadband Internet access service, provides a platform for users to enjoy online applications and access to data, games, audio and movies. The total number of broadband Internet consumer subscribers was approximately 16,570 as of 31st March 2006.

Broadband Multimedia is migrating to a full digital platform that is expected to be completed in 2007. The digitisation of its cable network has commenced with phase 1 focusing on 120,000 homes in new areas.

Multipolar

PT Multipolar Corporation Tbk (“Multipolar”, a 51.15% owned subsidiary of the Company listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange), the flagship of IT Solutions, is one of the prominent IT system integration and services providers in Indonesia. It offers total IT solutions, ranging from hardware and software to consultancy, for the banking, telecommunications, government, utilities, distribution and retail industries in Indonesia. It has three major units: hardware and infrastructure, business solutions and consultation services.

During the Three-month Period, the economic conditions in Indonesia was encouraging, which was reflected in rising stock price index, and strengthening of Rupiah against US dollar. The system integration unit enjoyed its revenue growth while still facing gross margin squeeze and keen competition. The performance of the business solutions unit and the consulting services unit was not as encouraging due to market conditions and personnel change.

PROSPECTS

AcrossAsia Group is well on its track to foster its leadership in multi-format retailing, broadband services and IT solutions in Indonesia. Matahari continues its expansion plan to further capture its market share through selective opening of new Matahari Department Stores, Hypermart stores, and TimeZone entertainment centres in Indonesia and other Asian markets.

Broadband Multimedia is rolling out its new digital cable TV services that are expected to increase the penetration of its cable TV coverage as well as broadband and multimedia services. Multipolar will continue to amplify sales of the non-hardware business units and expand its range of products and services.

AcrossAsia Group will continue to look for strategic investors and partners and funding opportunities for its operations to foster their growth and dominance. It is also exploring new markets and investment opportunities in China and other Asian countries.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 31st March 2006, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as notified to the Company and

the Stock Exchange under Rule 5.46 of the GEM Listing Rules or as otherwise required by Rule 23.07 of the GEM Listing Rules were as follows:

Long Position in Shares and Debentures of the Company and Associated Corporations

Mr. Albert Saychuan CHEOK was interested in 2,600,000 shares of the Company (representing approximately 0.05% in the issued share capital thereof).

Saved as disclosed herein, none of the Directors or the chief executive of the Company were interested in any long position in the shares or debentures of the Company or any of its associated corporations.

Long Position in Underlying Shares of the Company and Associated Corporations

(i) *Physically settled equity derivatives*

Pursuant to the Pre-IPO Share Option Plan of the Company (the "Pre-IPO Plan"), the Directors and the chief executive of the Company were granted on 23rd June 2000 (the "Grant Date") options to subscribe for shares of the Company at a subscription price of HK\$3.28 per share as follows:

Name	Granted	Number of underlying shares		Percentage of enlarged issued share capital
		Lapsed	Outstanding as of 31st March 2006	
Dr. Cheng Wen Cheng	13,150,000	–	13,150,000 <i>(note 1)</i>	0.25
Mr. Kwok Ming Cheung	2,364,000	–	2,364,000 <i>(note 2)</i>	0.04
Mr. Marshall Wallace Cooper	355,000	–	355,000 <i>(note 3)</i>	0.01
Total	15,869,000	–	15,869,000	

Notes:

1. 1,330,000 shares became exercisable from 14th January 2001 and 2,364,000 shares from each of 1st June 2001, 1st June 2002, 1st June 2003, 1st June 2004 and 1st June 2005.
2. 236,400 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 472,800 shares from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.
3. 35,500 shares became exercisable from each of 14th January 2001 and 1st April 2001 and 71,000 shares from each of 1st April 2002, 1st April 2003, 1st April 2004 and 1st April 2005.
4. The exercise period for all such shares shall end 10 years from the Grant Date (the "Expiry Date").
5. Mr. Richard Arthur Woolcott ceased as a Director of the Company after the Annual General Meeting held on 2nd May 2006. As a result, his option to subscribe for 3,546,000 shares shall lapse on 2nd November 2006.

(ii) Cash settled and other equity derivatives

None of the Directors or the chief executive of the Company were interested in any long position in cash settled or other equity derivatives of the Company or any of its associated corporations.

Short position in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

None of the Directors or the chief executive of the Company were interested in any short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

As at 31st March 2006, the interests and short positions of the substantial shareholders of the Company in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in Shares of the Company

Name	Number of shares	Percentage of issued share capital
Grandhill Asia Limited	500,000,000	9.87
Lippo Cayman Limited	3,669,576,788	72.45
Lanius Limited	3,669,576,788	72.45
Dr. Mochtar Riady	3,669,576,788	72.45
Madam Lidya Suryawaty	3,669,576,788	72.45

Note:

The shares of the Company were held by direct and indirect wholly-owned subsidiaries (including Cyport Limited and its wholly-owned subsidiary, Grandhill Asia Limited) of Lippo Cayman Limited ("Lippo Cayman") and Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30% interest. Lanius Limited ("Lanius") was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust included Dr. Mochtar Riady and his family members. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.

Long Position in Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any long position in the underlying shares of the Company.

Short Position in Shares and Underlying Shares of the Company

None of the substantial shareholders of the Company were interested in any short position in the shares or underlying shares of the Company.

Other Persons

As at 31st March 2006, no other persons had any interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company according to the registers required to be kept by the Company under the SFO.

SHARE OPTIONS

As at 31st March 2006, options granted on the Grant Date to 11 participants (other than the Directors of the Company) to subscribe for an aggregate of 12,766,000 shares of the Company at a subscription price of HK\$3.28 per share were outstanding. The option for each grantee is exercisable in accordance with the Pre-IPO Plan at any time during a period commencing from the respective commencement dates and ending on the Expiry Date in accordance with the following schedule:

Commencement date	Percentage of underlying shares
14th January 2001	10
1st April 2001	10
1st April 2002	20
1st April 2003	20
1st April 2004	20
1st April 2005	20

The following options under the Pre-IPO Plan were outstanding during the Three-month Period:

Participant	Number of underlying shares		
	As at 1st January 2006	Lapsed during the period	As at 31st March 2006
Directors (including a retired Director)	19,415,000	–	19,415,000
Others	12,766,000	–	12,766,000
Total	32,181,000	–	32,181,000

The Company also has a share option scheme adopted on 14th May 2002 (the "2002 Scheme") under which employees of AcrossAsia Group (including the Directors of the Company) and other persons may be granted on or after 15th May 2002 options to subscribe for shares of the Company subject to the terms and conditions stipulated in the 2002 Scheme. No options had been granted under the 2002 Scheme as at 31st March 2006.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. Mochtar Riady and his family have a direct or indirect interest; the Lippo Group is not a legal entity and does not operate as one; each of the companies in the Lippo Group operates within its own legal, corporate and financial framework) might have had or developed interests in other technology related business, including telecommunications in Hong Kong and other parts in Asia during the Three-month Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Three-month Period.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that have competed or may compete with the business of AcrossAsia Group and any other conflicts of interests which any such person had or may have with AcrossAsia Group.

AUDIT COMMITTEE

The Board established an audit committee (the "Audit Committee") on 23rd June 2000 with written terms of reference in accordance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are, inter alia, to review and monitor the financial reporting and audit matters as well as the financial control, internal control and risk management systems of AcrossAsia Group. The Audit Committee has met twice this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Three-month Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries.

By Order of the Board
Dr. Cheng Wen CHENG
Chairman

Hong Kong, 12th May 2006