

ACROSS ASIA LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8061)



Half-year Report
2013

HALF-YEAR REPORT 2013

For the six months ended 30th June 2013

HIGHLIGHTS

- AcrossAsia Group's turnover increased by 18.0% to HK\$637.4 million compared to HK\$540.2 million for the same period in 2012 mainly attributable to sustainable increase in demand for broadband Internet and data communication services and cable TV services.
- AcrossAsia Group's gross profit increased by 11.9% to HK\$448.7 million from HK\$400.9 million for the same period in 2012 mainly as a result of additional demand for foregoing services.
- Gross profit margin reduced to 70.4% from 74.2% for the same period in 2012 mainly due to higher Internet access charges and cable TV programme fees incurred for meeting fast-growing demand for broadband Internet and cable TV services of HK\$103.0 million (2012: HK\$81.9 million) and higher rental for additional stations in Sitra 4G network of HK\$49.9 million (2012: HK\$28.6 million).
- AcrossAsia Group recorded a profit from operations of HK\$5.6 million compared to HK\$54.4 million for the corresponding period in 2012.
- Total operating expenses (excluding other income and expenses) increased to HK\$456.7 million from HK\$375.1 million for the same period in 2012 mainly as a result of increase in depreciation charges on property, plant and equipment and provision for legal and professional fees mainly payable for the ongoing litigations in Hong Kong and Indonesia.
- AcrossAsia Group recorded a loss attributable to the owners of the Company of HK\$78.0 million compared to HK\$32.9 million for the same period in 2012.

HALF-YEAR RESULTS (UNAUDITED)

The Directors of AcrossAsia Limited (the "Company") announce the unaudited condensed consolidated financial statements (the "Financial Statements") of the Company and its subsidiaries (collectively "AcrossAsia Group") for the six months ended 30th June 2013 (the "Half-year Period") together with comparative figures for the corresponding period ended 30th June 2012 as follows:

Condensed Consolidated Statement of Profit or Loss of AcrossAsia Group

	Note	Six months ended 30th June		Three months ended 30th June	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	4	637,351	540,243	320,301	278,947
Cost of services rendered		(188,610)	(139,359)	(87,811)	(71,435)
Gross profit		448,741	400,884	232,490	207,512
Interest income		13,853	17,194	5,673	7,419
Other income/(expenses)		230	1,578	230	(18)
Net foreign exchange (losses)/gains		(448)	9,838	718	8,175
Selling and distribution expenses		(55,815)	(48,978)	(28,848)	(25,093)
General and administrative expenses		(400,931)	(326,127)	(197,171)	(157,814)
Profit from operations	5	5,630	54,389	13,092	40,181
Finance costs		(38,669)	(30,270)	(20,336)	(21,094)
Share of results of associates		(52)	—	(78)	—
(Loss)/profit before tax		(33,091)	24,119	(7,322)	19,087
Income tax expense	6	(13,606)	(13,549)	(631)	(11,031)
(Loss)/profit for the period		(46,697)	10,570	(7,953)	8,056
(Loss)/profit attributable to:					
Owners of the Company	7	(78,042)	(32,897)	(29,992)	(14,928)
Non-controlling interests		31,345	43,467	22,039	22,984
		(46,697)	10,570	(7,953)	8,056
Loss per share attributable to owners of the Company					
Basic (HK cents)	7	(1.54)	(0.65)	(0.59)	(0.29)
Diluted (HK cents)	7	N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income of AcrossAsia Group

	Six months ended 30th June		Three months ended 30th June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
(Loss)/profit for the period	(46,697)	10,570	(7,953)	8,056
Other comprehensive income: Exchange differences on translating foreign operations	(56,272)	(69,448)	(38,450)	(83,225)
Total comprehensive income for the period	(102,969)	(58,878)	(46,403)	(75,169)
Total comprehensive income attributable to:				
Owners of the Company	(93,949)	(60,775)	(41,517)	(59,668)
Non-controlling interests	(9,020)	1,897	(4,886)	(15,501)
	(102,969)	(58,878)	(46,403)	(75,169)

Condensed Consolidated Statement of Financial Position of AcrossAsia Group

	Note	(Unaudited) As at 30th June 2013 HK\$'000	(Audited) As at 31st December 2012 HK\$'000
Non-current assets			
Property, plant and equipment	8	2,002,516	1,713,449
Investments in associates		14,486	10,202
Available-for-sale financial assets		3,984	4,119
Goodwill		3,649	3,775
Other intangible assets		86,678	86,350
Deferred tax assets		165,114	122,587
Non-current prepayments, deposits and receivables		233,384	249,767
		2,509,811	2,190,249
Current assets			
Trade receivables	9	91,966	86,093
Due from related companies		2	68
Prepayments, deposits and other current assets		161,030	189,762
Bank and cash balances		328,943	685,364
		581,941	961,287
TOTAL ASSETS		3,091,752	3,151,536
SHAREHOLDERS' EQUITY			
Share capital		50,646	50,646
Reserves		23,696	117,645
Equity attributable to owners of the Company		74,342	168,291
Non-controlling interests		1,186,635	1,195,655
Total equity		1,260,977	1,363,946
Non-current liabilities			
Employees' benefits obligations		42,577	35,044
Interest-bearing borrowings		217,884	165,776
Bond payable		574,319	588,280
Finance lease payable		34,243	91,525
Due to a related company		22,904	23,694
		891,927	904,319
Current liabilities			
Interest-bearing borrowings		399,230	329,108
Notes payable		3,899	4,034
Finance lease payable		32,053	29,455
Due to a related company		4,000	4,000
Trade payables	10	239,615	271,354
Receipts in advance		6,875	10,452
Other payables and accruals		210,930	170,031
Current tax payable		42,246	64,837
		938,848	883,271
Total Liabilities		1,830,775	1,787,590
TOTAL EQUITY AND LIABILITIES		3,091,752	3,151,536
Net current (liabilities)/assets		(356,907)	78,016
Total assets less current liabilities		2,152,904	2,268,265

Condensed Consolidated Statement of Changes in Equity of AcrossAsia Group

	<i>Attributable to owners of the Company</i>				Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>			
At 1st January 2012	50,646	414,318	(37,665)	(128,754)	298,545	1,192,334	1,490,879
Total comprehensive income and changes in equity for the period	—	—	(27,878)	(32,897)	(60,775)	1,897	(58,878)
At 30th June 2012	50,646	414,318	(65,543)	(161,651)	237,770	1,194,231	1,432,001
At 1st January 2013	50,646	414,318	(77,626)	(219,047)	168,291	1,195,655	1,363,946
Total comprehensive income and changes in equity for the period	—	—	(15,907)	(78,042)	(93,949)	(9,020)	(102,969)
At 30th June 2013	50,646	414,318	(93,533)	(297,089)	74,342	1,186,635	1,260,977

Condensed Consolidated Statement of Cash Flows of AcrossAsia Group

	Six months ended 30th June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(22,842)	127,959
Net cash outflow from investing activities	(404,589)	(198,695)
Net cash inflow from financing activities	88,962	116,099
Net (decrease)/increase in cash and cash equivalents	(338,469)	45,363
Cash and cash equivalents, beginning of period	685,364	691,568
Effect of foreign exchange rate changes	(17,952)	(42,069)
Cash and cash equivalents, end of period	328,943	694,862
Analysis of balances of cash and cash equivalents		
Bank and cash balances	328,943	694,862

Notes:

1. Basis of preparation and accounting policies

The interim financial statements are unaudited, condensed and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and the applicable disclosures required by the GEM Listing Rules.

The accounting policies and basis of preparation adopted in the preparation of the Financial Statements are consistent with those used in AcrossAsia Group's audited consolidated financial statements for the year ended 31st December 2012.

The audit committee has reviewed the Financial Statements.

2. Going Concern Basis

AcrossAsia Group incurred a loss attributable to the owners of the Company of HK\$78,042,000 for the Half-year Period and as at 30th June 2013, AcrossAsia Group had net current liabilities and current liabilities of HK\$356,907,000 and HK\$938,848,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on AcrossAsia Group's ability to continue as a going concern. Therefore, AcrossAsia Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Financial Statements have been prepared on a going concern basis, the validity of which depends upon the continued support of AcrossAsia Group's bankers. AcrossAsia Group (including PT First Media Tbk ("First Media")) is negotiating with its bankers for the renewal the banking facilities. The Directors are confident that the banking facilities will be renewed and increased. The Directors are therefore of the opinion that it is appropriate to prepare the Financial Statements on a going concern basis. Should AcrossAsia Group be unable to continue as a going concern, adjustments would have to be made to the Financial Statements to adjust the value of AcrossAsia Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. Adoption of new and revised International Financial Reporting Standards

In the current period, AcrossAsia Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting period beginning on 1st January 2013. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to AcrossAsia Group's accounting policies, presentation of AcrossAsia Group's financial statements and amounts reported for the current period and prior years.

Amendments to IAS 1 titled "Presentation of Items of Other Comprehensive Income" introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. The application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. Adoption of new and revised International Financial Reporting Standards (Continued)

Revised IAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised IAS 19 eliminates the “corridor method” under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised IAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not. The adoption of revised IAS 19 did not result in significant changes and material impact to AcrossAsia Group’s accounting policies, presentation of AcrossAsia Group’s financial statements and amounts reported for the current period and prior periods.

AcrossAsia Group has not applied the new IFRSs that have been issued but are not yet effective. AcrossAsia Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

4. Turnover and segment information

	Six months ended 30th June		Three months ended 30th June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Subscription fees for cable television	199,040	165,604	101,230	84,190
Subscription fees for fast speed broadband Internet	292,482	242,466	150,053	121,294
Data communication	66,820	58,175	33,811	30,043
Media sales	39,553	27,725	22,417	15,950
Wireless broadband	5,214	7,383	2,177	5,224
Others	34,243	38,890	10,613	22,246
	637,352	540,243	320,301	278,947

No segment information is presented for the Half-year Period and the corresponding period in 2012 as AcrossAsia Group principally engages in the single operating segment of the provision of broadband network services, broadband Internet services and cable television services in Indonesia and all revenue, expenses, results, assets and liabilities and capital expenditures are predominately attributable to this single operating segment.

None of AcrossAsia Group’s customers contributed 10% or more of AcrossAsia Group’s revenue during the Half-year Period and the corresponding period in 2012 and accordingly, no major customers information is presented.

5. Profit from operations

AcrossAsia Group's profit from operations is arrived at after charging/crediting:

	Six months ended 30th June		Three months ended 30th June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Depreciation	127,622	95,876	70,107	49,506
Amortisation of intangible assets	8,522	7,420	4,586	3,987
Bad debt expense/provision for doubtful debts	11,611	13,495	6,117	4,454
Net gain/(loss) on disposal of plant and equipment	230	1,578	230	(19)
Impairment loss on property, plant and equipment	3,861	—	3,880	—

6. Income tax expense

	Six months ended 30th June		Three months ended 30th June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Current tax — overseas	61,085	52,480	30,067	26,082
Deferred tax benefit	(47,479)	(38,931)	(29,436)	(15,051)
	13,606	13,549	631	11,031

No provision for Hong Kong Profits Tax is required since AcrossAsia Group's income is derived from overseas sources which is not liable to Hong Kong Profits Tax (2012: Nil).

Taxes charged 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, interpretation and practices in respect thereof.

The Company's subsidiaries incorporated and operating in Indonesia are subject to Indonesian income tax at a maximum rate of 25% of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

7. Loss per share

The calculation of basic loss per share attributable to the owners of the Company is based on the loss attributable to the owners of the Company for the Half-year Period of HK\$78,042,000 (2012: HK\$32,897,000) and 5,064,615,385 ordinary shares in issue for the Half-year Period and the corresponding period in 2012.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares for the Half-year Period and the corresponding period in 2012.

8. Property, plant and equipment

During the Half-year Period, AcrossAsia Group spent approximately HK\$628,754,000 (2012: HK\$241,485,000) on acquisition of property, plant and equipment and disposed of property, plant and equipment at net book value of HK\$118,214,000 (2012: HK\$33,534,000).

9. Trade receivables

AcrossAsia Group's trading terms with its customers are mainly on credit. AcrossAsia Group generally allows an average credit period ranging from 30 to 90 days to its customers, except for certain well-established customers where the terms are extended beyond 90 days.

AcrossAsia Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aging analysis of the trade receivables, based on invoice date, is as follows:

	As at 30th June 2013 HK\$'000	As at 31st December 2012 HK\$'000
Within 1 month	38,575	37,813
1 to 2 months	24,123	15,194
2 to 3 months	15,639	8,357
Over 3 months	13,629	24,729
	91,966	86,093

As at 30th June 2013, the trade receivables of AcrossAsia Group included receivables from certain related companies of HK\$2,986,000 (as at 31st December 2012: HK\$4,593,000). The balances were unsecured, interest free and are repayable principally in accordance with normal trading terms.

10. Trade payables

An aging analysis of the trade payables, based on invoice date, is as follows:

	As at 30th June 2013 HK\$'000	As at 31st December 2012 HK\$'000
Within 1 month	72,843	106,769
1 to 2 months	43,266	44,409
2 to 3 months	6,055	13,419
Over 3 months	117,451	106,757
	239,615	271,354

As at 30th June 2013, the trade payables of AcrossAsia Group included payables to certain related companies of HK\$59,197,000 (as at 31st December 2012: HK\$66,423,000). The balances were unsecured, interest-free and are repayable principally in accordance with normal trading terms.

11. Capital commitments

The Company had no capital commitments as at 30th June 2013 and 31st December 2012.

12. Material changes

There were no material changes in status to the information relating to liquidity and financial resources, capital structure, commitments, charges on assets, derivative financial instruments, contingent liabilities and exposure to fluctuations in exchange rates of AcrossAsia Group disclosed in the Annual Report 2012 of the Company (the "Annual Report"), save as mentioned in this Report.

13. Related party transactions

Significant related party transactions of AcrossAsia Group are summarised as follows:

	Six months ended 30th June	
	2013 HK\$'000	2012 HK\$'000
Subscription fee income for data communications services received from PT Matahari Putra Prima Tbk	—	318

14. Comparative Figures

Certain comparative figures have been reclassified to conform to the Half-year Period's presentation.

15. Litigation

Subsequent to the disclosure in the Company's First Quarterly Report 2013, the Company attended before the Hong Kong Court on 13th June 2013 in respect of the garnishee proceedings in Hong Kong. The Company refers to its announcement dated 13th June 2013 as to the directions given at the hearing. The Company is now preparing for the upcoming trial which will take place in September 2013.

In respect of the Indonesian bankruptcy proceedings, pursuant to the Indonesian bankruptcy order (the "Indonesian Bankruptcy Order"), the 3 receivers appointed by the Indonesian Court to act as receivers and curators for the Company ("the Indonesian Receivers") have requested for documents of the Company and the Company has complied. Further, the Company was notified on 5th August 2013 that the Company's appeal to the Supreme Court of Indonesia against the Indonesian Bankruptcy Order has been dismissed. The Company intends to file an application for judicial review of such decision of the Supreme Court of Indonesia.

Based on legal opinions obtained from the Company's Hong Kong lawyer and Indonesian lawyer respectively, the Board of Directors of the Company's (the "Board") is of the opinion that there is a reasonable prospect of resisting the garnishee proceedings in Hong Kong and that good grounds have been raised by the Company in the Petition for Cassation/Appeal against the Indonesian Bankruptcy Order pursuant to Indonesian laws and accordingly the aforesaid judicial review is appropriate.

Further, as stated in the Annual Report, the Company has been advised by the Company's Cayman Islands and Hong Kong lawyers that as no winding up order has been made in the Cayman Islands (the Company's place of incorporation) or Hong Kong where the Company is listed and where it maintains its head office, the Board continues to have authority to act for the Company outside Indonesia as a matter of Hong Kong and Cayman Islands laws.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-year Period (2012: Nil).

FINANCIAL REVIEW

AcrossAsia Group's results for the Half-year Period were analysed as follows:

Turnover

AcrossAsia Group's turnover increased by 18.0% to HK\$637.4 million compared to HK\$540.2 million for the same period in 2012 mainly attributable to sustainable increase in demand for broadband Internet and data communication services by HK\$58.7 million in aggregate to HK\$359.3 million compared to HK\$300.6 million for the same period in 2012 and for cable TV services by HK\$33.4 million to HK\$199.0 million from HK\$165.6 million for the corresponding period in 2012.

Gross Profit

AcrossAsia Group's gross profit increased by 11.9% to HK\$448.7 million from HK\$400.9 million for the same period in 2012 mainly as a result of additional demand for foregoing services. The gross profit margin reduced to 70.4% from 74.2% for the same period in 2012 mainly due to higher Internet access charges and cable TV programme fees incurred for meeting fast-growing demand for broadband Internet and cable TV services of HK\$103.0 million (2012: HK\$81.9 million) and higher rental for additional stations in Sitra 4G network of HK\$49.9 million (2012: HK\$28.6 million).

Loss from Operations

AcrossAsia Group recorded a profit from operations of HK\$5.6 million compared to HK\$54.4 million for the corresponding period in 2012. Total operating expenses (excluding other income and expenses) increased to HK\$456.7 million from HK\$375.1 million for the same period in 2012 mainly as a result of increase in depreciation charges on property, plant and equipment of HK\$127.6 million (2012: HK\$70.1 million) and provision for legal and professional fees mainly payable for the ongoing litigations in Hong Kong and Indonesia of HK\$45.2 million (2012: HK\$12.6 million).

Loss attributable to Owners of the Company

AcrossAsia Group recorded a loss attributable to the owners of the Company of HK\$78.0 million compared to HK\$32.9 million for the same period in 2012.

BUSINESS REVIEW

AcrossAsia Group through First Media (a subsidiary of the Company listed on the Indonesia Stock Exchange in which the Company has a 55.1% interest) and its subsidiaries (collectively "First Media Group") continued the growth trend in its services for the Half-year Period. First Media Group is the leading multimedia service provider in Indonesia offering broadband Internet and digital-quality cable TV services through a two-way HFC (Hybrid Fibre Coaxial) network, and the first pay-TV network in Indonesia offering High-Definition TV programmes. With its major Triple-play services, namely FastNet, HomeCable and DataComm, First Media Group offers a new edutainment and lifestyle of experience and high speed, 24/7 broadband Internet connectivity as well as digital quality pay-TV access to its valuable residential and business customers in Indonesia.

FastNet is an unlimited high-speed Internet access service offering a variety of connection speeds with smart values and best deals. The service is being enhanced and upgraded continuously. Packages offered currently range from 6 Mbps to 30 Mbps with minimum subscription fees at Rp359,000 per month. With 30 Mbps of unlimited access, First Media Group offers the fastest broadband Internet service in Indonesia. It sells premium packages to its target customers by leveraging on its exclusive access to high-end customer segments. First Media Group also provides innovative and content-protected FastNet KIDS packages for kids' Internet access. It also supports the Indonesia Government program called "Indonesia Connected" by expanding the coverage of cable Internet network to over 220 km per month.

HomeCable now offers a total of 102 SD (standard definition) channels of local and international TV plus 32 HD (high definition) channels (including exclusive HD channels) covering news, education, movies, lifestyle, entertainment, sports and music for various demographic groups of audience. Packages offered include HomeCable Family Plus HD, HomeCable Ultimate HD, Sport Channels and attractive selection packs/add-ons with a minimum subscription fee at Rp179,000 per month, depending on the number of channels/selections.

DataComm services provide excellent connectivity and availability for decision making process and business continuity. DataComm continues to serve the demand from corporate customers for high reliability connection using the latest technology of fibre optic cable. The Metro Ethernet technology applied in the network backbone gives the corporate customers simple and flexible technology to adapt. Through its DataComm business, First Media Group remains as the market leading provider of high capacity and high speed data communications solutions to its commercial subscribers with advanced technology in coverage of key commercial office buildings and hotels in Jakarta region. DataComm has been the sole network provider to the Indonesia Stock Exchange for its JATS-Remote Trading for over ten years now. As at 30th June 2013, total corporate subscribers were 950 and total links were 1,450.

During the Half-year Period, First Media Group continued to roll out its HFC network and improve its services and customer satisfaction. It also conducted marketing campaigns to promote its service offerings and introduced more channels and packages as aforesaid to meet market needs.

First Media Group is pursuing second-phase network coverage expansions. During the Half-year Period, it has added over 112,830 home pass to its HFC network. By the end of June 2013, its fibre optic cable reached over 6,510 km whilst its coaxial cable network reached over 8,630 km, passing more than 1,045,670 homes. This HFC network covers major residential and central business districts in Greater Metropolitan Jakarta and other prime cities in Indonesia such as Surabaya and Bali. As at 30th June 2013, the number of cable TV subscribers and broadband Internet subscribers were over 264,000 and over 293,940 respectively.

First Media Group is rolling out its high speed 4G wireless broadband Internet service "Sitra 4G" to cope with rising demand for mobile data service while monitoring the associated risks caused by the prevailing laws in Indonesia which have not managed to stimulate the development of the business. Sitra 4G introduced portable modem (MiniME), which makes it easier for the public to connect with social media, conduct e-commerce transactions, communicate, uploading and downloading information, images and videos, as well as watching video streaming and live streaming. The network already covers some prominent areas in Jabodetabek (Jakarta, Bogor, Depok, Tangerang and Bekasi). Sitra 4G is expanding its subscriber base and has devised a series of marketing activities to boost the revenue.

First Media Group is also developing new businesses such as BeritaSatu News Channel, film TV and advertisement content. BeritaSatu, a news channel which is unaffiliated to any political party, aims at providing accurate and independent news and information to the public. It is the first news channel to be broadcasted in HD quality through the HomeCable live and the Internet. Right after its launch, BeritaSatu has become the main choice of HomeCable pay-TV network subscribers. It will continue to expand its audience by cooperation with several local TVs in big cities in Indonesia and other pay-TVs.

Content becomes an important element in megamedia business as it can be delivered through TV network services and the Internet. First Media Group, is therefore continuing to develop and increase the quality of its content by producing advertising materials and cinema movies, and developing film TV and new channels for music, health and others.

PROSPECTS

Indonesia is expected to maintain its momentum in economic growth in 2013 as evidenced by the strong domestic consumption and booming foreign direct investment for the Half-year Period. With such positive trends and the expanding middle-class in Indonesia which is AcrossAsia Group's main target customer base for its Quadruple-play megamedia businesses, AcrossAsia Group will continue to strengthen and diversify such businesses.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Half-year Period, AcrossAsia Group financed its operations, acquired property, plant and equipment, purchased financial and intangible assets and repaid loans and debts with its internal resources and additional interest-bearing borrowings. It utilised an aggregate amount of HK\$732.0 million for the above activities but still retained cash and cash equivalents of HK\$328.9 million as at 30th June 2013. It had current assets of HK\$581.9 million as at 30th June 2013. Total loans and debts including interest-bearing borrowings, notes payable, finance lease payables and bond payable increased by HK\$53.5 million to HK\$1,261.6 million as at 30th June 2013 and were mainly denominated in Indonesian Rupiah and United States Dollars, with interest generally chargeable at market rates and maturity dates ranging from less than a year to 5 years. Certain loans and debts were secured by the pledge of the AcrossAsia Group's trade receivables and property, plant and equipment.

During the Half-year Period, AcrossAsia Group implemented and is continuing to implement the following management plan to further improve its financial position: restructuring of current borrowings to long-term loans; enhancement of operational efficiency; procurement of long-term debt/equity financing; extension of the penetration of the cable TV and other services; and exploration of new business opportunities. AcrossAsia Group's gearing ratio, representing total borrowings divided by equity attributable to the owners of the Company, was 17.0 times as at 30th June 2013 compared to 4.6 times as at 30th June 2012.

As a result of substantial operations in Indonesia, AcrossAsia Group has exposed foreign currency risk from borrowings denominated in Indonesian Rupiah and United States Dollars and funds received and spent mainly denominated in Indonesian Rupiah. During the Half-year Period, the foreign currency exposure had negative impact on AcrossAsia Group's results. AcrossAsia Group will continue to monitor and manage its foreign exchange exposure.

EMPLOYEES

As at 30th June 2013, AcrossAsia Group had approximately 1,063 employees. For the Half-year Period, the staff costs (including Directors' emoluments) were approximately HK\$120.8 million. The remuneration, promotion and salary review of the employees are assessed based on job responsibilities, work performance, professional experiences and prevailing industry practices. AcrossAsia Group's employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other benefits include incentive bonus and training schemes.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th June 2013, 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 ("Mr. Cheok") was interested in 1,000,000 shares of the Company (representing approximately 0.02% of the issued share capital thereof).

Save 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*

None of the Directors or the chief executive of the Company were interested in any physically settled equity derivatives of the Company or any of its associated corporations.

(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 30th June 2013, 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 ("Lippo Cayman")	3,669,576,788	72.45
Lanius Limited ("Lanius")	3,669,576,788	72.45
Dr. Mochtar RIADY ("Dr. Riady")	3,669,576,788	72.45
Madam Lidya SURYAWATY ("Madam Suryawaty")	3,669,576,788	72.45

Notes:

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 and Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30% interest. Lanius was the registered shareholder of the entire issued share capital of Lippo Cayman. Lanius is the trustee of a discretionary trust, which was founded by Dr. Riady who does not have any interest in the shares of Lanius. The beneficiaries of the trust include his family members.

Dr. Riady and his wife, Madam Suryawaty, are taken to be interested in the shares of the Company under the provisions of the SFO.

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 30th June 2013, 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.

COMPETING INTERESTS

The Lippo Group (a general reference to the companies (including Lippo Cayman) in which Dr. 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 businesses in Hong Kong and other parts in Asia similar to those of AcrossAsia Group during the Half-year Period. There was a chance that such businesses might have competed with AcrossAsia Group during the Half-year Period.

Save as disclosed herein, the Directors are not aware of any business or interest of the Directors, the substantial 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 three times this year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CHANGE OF INFORMATION OF DIRECTOR

In July 2013, Mr. Cheok was appointed as the chairman and an independent non-executive director of New Smart Energy Group Limited, a company listed on the Stock Exchange.

CORPORATE GOVERNANCE CODE

The Company has implemented measures to meet the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules (the "CG Code"). To the knowledge of the Directors, they consider that the Company has applied the principles of the CG Code and to a certain extent, of the recommended best practices thereof. Mr. Cheok, the Chairman of the Board, was not able to attend the Annual General Meeting of the Company held on 8th May 2013 due to an urgent family medical matter. For occasional months, the Company's management has not been able to provide the Board with monthly updates relating to AcrossAsia Group's performance, position and/or prospects in sufficient details due to non-provision by First Media of the relevant information. As announced, the Company is the subject of the Hong Kong garnishee proceedings and the Indonesian bankruptcy proceedings and as a result, the Company is faced with the dilemma of not being able to fully comply with the various orders against it, which it would have otherwise been able to. The consequence is that the Indonesian Receivers have been appointed over the Company's assets in Indonesia, being essentially the Company's 55.1 % interest in First Media, as is more particularly set out in Note 15 (Litigation) above. Following the appointment of the Indonesian Receivers, the Company has not been kept informed as to corporate actions undertaken by First Media and as a result, while efforts have been made by the Company's management to try to monitor developments within First Media, there can be no assurance that the Company has fully complied with the GEM Listing Rules at all times, whether in relation to the timely release of announcements or otherwise in relation to matters involving First Media and/or its subsidiaries. Save as aforesaid, the Directors are not aware of any non-compliance with the CG Code during the Half-year Period.

SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Half-year Period.

By Order of the Board
Vicente B. ANG
Director and Chief Executive Officer

Hong Kong, 9th August 2013