



ACROSS ASIA LIMITED

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

Half-year
Report
2008



Half-year Report 2008

For the six months ended 30th June 2008

HIGHLIGHTS

- AcrossAsia Group's turnover increased by 19.9% to HK\$4,836.7 million for the Half-year Period from HK\$4,035.2 million for the same period in 2007.
- Gross profit increased by 20.8% to HK\$1,298.7 million from HK\$1,075.5 million for the corresponding period in 2007. Gross profit margin slightly increased to 26.9% from 26.7% for the corresponding period in 2007.
- Profit from operations decreased by 24.1% to HK\$239.5 million from HK\$315.5 million for the corresponding period in 2007.
- Total operating expenses (excluding other income and expenses) increased by 24.3% to HK\$1,205.0 million from HK\$969.1 million for the same period in 2007.
- EBITDA (excluding other income and expenses) decreased by 9.0% to HK\$270.9 million from HK\$298.0 million for the same period in 2007.
- AcrossAsia Group recorded a loss attributable to the shareholders of the Company of HK\$3.1 million compared to a profit of HK\$4.7 million for the same period in 2007.

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 2008 (the "Half-year Period") together with comparative figures for the corresponding period ended 30th June 2007, as follows:

Condensed Consolidated Income Statement

	Notes	Six months ended 30th June		Three months ended 30th June	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	2	4,836,662	4,035,184	2,525,794	2,058,572
Cost of goods sold and services rendered		(3,537,954)	(2,959,695)	(1,864,644)	(1,513,884)
Gross profit		1,298,708	1,075,489	661,150	544,688
Other income	2	145,753	209,136	53,282	134,181
Selling and distribution costs		(434,495)	(307,980)	(206,130)	(140,852)
General and administrative expenses		(770,456)	(661,108)	(377,143)	(327,164)
Profit from operations	4	239,510	315,537	131,159	210,853
Finance costs		(220,696)	(257,418)	(109,818)	(127,886)
Share of results of associates		2,175	2,425	1,070	(547)
Profit before income tax		20,989	60,544	22,411	82,420
Income tax credit/(expense)	5	1,126	(6,796)	(1,324)	(13,031)
Profit for the period		22,115	53,748	21,087	69,389
(Loss)/profit attributable to:					
Shareholders of the Company	6	(3,142)	4,674	(926)	24,109
Minority interests		25,257	49,074	22,013	45,280
		22,115	53,748	21,087	69,389
(Loss)/earnings per share attributable to shareholders of the Company	6				
Basic (HK cents)		(0.06)	0.09	(0.04)	0.48
Diluted (HK cents)		N/A	N/A	N/A	N/A

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) As at 30th June 2008 HK\$'000	(Audited) As at 31st December 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,408,389	2,172,397
Investment properties		100,576	101,441
Interests in associates		21,371	22,193
Available-for-sale financial assets		182,743	187,963
Goodwill		189,395	189,667
Other intangible assets		74,761	74,269
Deferred tax assets		18,931	19,113
Non-current prepayments, deposits and receivables		2,069,885	1,620,366
Due from related companies		15,793	11,986
		5,081,844	4,399,395
Current assets			
Inventories		866,666	785,460
Trade receivables	8	236,151	220,296
Prepayments, deposits and other current assets		320,465	301,305
Financial assets at fair value through profit or loss		511,401	552,796
Pledged bank deposits		143,853	111,878
Cash and bank deposits		1,748,382	2,638,136
		3,826,918	4,609,871
TOTAL ASSETS		8,908,762	9,009,266

	Notes	(Unaudited) As at 30th June 2008 HK\$'000	(Audited) As at 31st December 2007 HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		506,462	506,462
Reserves		136,524	125,109
		642,986	631,571
Minority interests		2,478,175	2,457,147
Total equity		3,121,161	3,088,718
Non-current liabilities			
Provisions		98,556	97,791
Interest-bearing borrowings		731,728	1,181,130
Notes payable		1,188,674	1,219,880
Bonds payable		376,304	370,028
Finance Lease payables		23,017	1,273
Due to a related company		4,000	4,000
Derivative financial instruments		30,456	19,046
Non-current other payables		106,954	98,813
Deferred tax liabilities		4,735	10,831
		2,564,424	3,002,792
Current liabilities			
Provisions		51,708	48,990
Interest-bearing borrowings		1,399,991	1,152,635
Notes payable		165,755	2,349
Finance lease payables		468	953
Due to related companies		5,689	5,816
Trade payables	9	826,484	944,984
Receipts in advance		54,823	25,642
Other payables and accruals		688,963	716,890
Current tax payable		29,296	19,497
		3,223,177	2,917,756
TOTAL EQUITY AND LIABILITIES		8,908,762	9,009,266
NET CURRENT ASSETS		603,741	1,692,115
TOTAL ASSETS LESS CURRENT LIABILITIES		5,685,585	6,091,510

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company									
	Equity									
	Issued capital	Share premium account	Capital reserve	transactions of associates	Investment revaluation reserve	Translation reserve	Accumulated Losses	Total	Minority interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2007	506,462	32,877	1,464,802	7,659	12,319	(632,484)	(773,058)	618,577	1,629,061	2,247,638
Rights issue of subsidiaries	—	—	—	—	—	—	—	—	568,749	568,749
Change in equity	—	—	—	—	—	—	—	—	(10,739)	(10,739)
Currency translation differences	—	—	—	—	—	(11,180)	—	(11,180)	3,297	(7,883)
Net income recognised directly in equity	—	—	—	—	—	(11,180)	—	(11,180)	561,307	550,127
Profit for the period	—	—	—	—	—	—	4,674	4,674	49,074	53,748
Total recognised income for the period	—	—	—	—	—	(11,180)	4,674	(6,506)	610,381	603,875
Dividends paid to minority interests	—	—	—	—	—	—	—	—	(23,067)	(23,067)
At 30th June 2007	506,462	32,877	1,464,802	7,659	12,319	(643,664)	(768,384)	612,071	2,216,375	2,828,446
At 1st January 2008	506,462	32,877	1,464,802	7,659	(17,529)	(652,979)	(709,721)	631,571	2,457,147	3,088,718
Currency translation differences	—	—	—	—	—	14,557	—	14,557	31,075	45,632
Net income recognised directly in equity	—	—	—	—	—	14,557	—	14,557	31,075	45,632
(Loss)/profit for the period	—	—	—	—	—	—	(3,142)	(3,142)	25,257	22,115
Total recognised income for the period	—	—	—	—	—	14,557	(3,142)	11,415	56,332	67,747
Dividends paid to minority interest	—	—	—	—	—	—	—	—	(35,304)	(35,304)
At 30th June 2008	506,462	32,877	1,464,802	7,659	(17,529)	(638,422)	(712,863)	642,986	2,478,175	3,121,161

Condensed Consolidated Cash Flow Statement

	Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Net cash (outflow)/inflow from operating activities	(300,956)	341,070
Net cash outflow from investing activities	(269,209)	(923,489)
Net cash (outflow)/inflow from financing activities	(322,810)	1,005,027
Net (decrease)/increase in cash and cash equivalents	(892,975)	422,608
Cash and cash equivalents, beginning of period	2,638,136	1,347,900
Effect of foreign exchange rate changes	3,221	2,420
Cash and cash equivalents, end of period	1,748,382	1,772,928
Analysis of balances of cash and cash equivalents		
Cash and bank deposits	1,748,382	1,772,928

Notes:

1. Basis of preparation

The Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and the disclosure requirements set out in the GEM Listing Rules. The accounting policies applied in the preparation and presentation of the Financial Statements are consistent with those used in the audited consolidated financial statements for the year ended 31st December 2007 (the “2007 Financial Statements”).

The Financial Statements should be read in conjunction with the 2007 Financial Statements.

The audit committee has reviewed the Financial Statements.

2. Turnover and other income

An analysis of AcrossAsia Group’s turnover and other income is as follows:

	Six months ended 30th June		Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover				
Retail	4,368,422	3,588,949	2,289,880	1,862,049
Broadband Services	228,645	206,067	121,729	96,485
IT Solutions	239,595	240,168	114,185	100,038
	4,836,662	4,035,184	2,525,794	2,058,572
Other income				
Interest income	100,504	89,061	47,109	45,006
Rental income	25,789	30,218	358	20,884
Unrealised gain on revaluation of financial assets at fair value through profit or loss	—	67,268	—	61,128
Exchange gain	16,755	12,478	16,755	—
Others, net	2,705	10,111	(10,940)	7,163
	145,753	209,136	53,282	134,181
Total	4,982,415	4,244,320	2,579,076	2,192,753

3. Segment information

(a) Business segments

The following tables present revenue and profit for the period information regarding AcrossAsia Group's business segments for the Half-year Period and the corresponding period in 2007.

(i) The Half-year Period

	Retail HK\$'000	Broadband Services HK\$'000	IT Solutions HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue:						
Sales to external customers	4,368,422	228,645	239,595	—	—	4,836,662
Intersegment sales	—	10,553	13,671	—	(24,224)	—
Total	4,368,422	239,198	253,266	—	(24,224)	4,836,662
Segment results	96,679	20,228	24,531	(2,343)	(89)	139,006
Interest income						100,504
Profit from operations						239,510
Finance costs						(220,696)
Share of results of associates	—	—	—	2,175	—	2,175
Profit before income tax						20,989
Income tax credit						1,126
Profit for the period						22,115

(ii) The corresponding period in 2007

	Retail HK\$'000	Broadband Services HK\$'000	IT Solutions HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue:						
Sales to external customers	3,588,949	206,067	240,168	—	—	4,035,184
Intersegment sales	—	1,838	10,590	—	(12,428)	—
Total	3,588,949	207,905	250,758	—	(12,428)	4,035,184
Segment results	141,302	12,577	81,870	(6,319)	(2,954)	226,476
Interest income						89,061
Profit from operations						315,537
Finance costs						(257,418)
Share of results of associates	—	—	—	2,425	—	2,425
Profit before income tax						60,544
Income tax expense						(6,796)
Profit for the period						53,748

(b) Geographical segments

Over 90% of AcrossAsia Group's revenue for the Half-year Period and the corresponding period in 2007 was attributable to its operations in Indonesia. Accordingly, no analysis by geographical segments is presented.

4. Profit from operations

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

	Six months ended 30th June		Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Cost of inventories sold	3,236,224	2,853,601	1,521,226	1,462,982
Depreciation	177,155	191,603	100,767	99,849
Amortisation of intangible assets	14,303	15,070	6,716	7,675
Bad debt expense/provision for doubtful debts	422	110	382	98
Net loss/(gain) on disposal of property and equipment	6,646	(467)	(592)	(1,416)

5. Income tax (credit)/expense

	Six months ended 30th June		Three months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Current tax – overseas	4,970	3,071	2,547	2,978
Deferred income tax (credit)/expense	(6,096)	3,725	(3,871)	10,053
	(1,126)	6,796	(1,324)	13,031

No provision for Hong Kong profits tax has been made for the Half-year Period (2007: Nil) as AcrossAsia Group did not generate any assessable profits arising in Hong Kong. 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, 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% (2007: 30%) of the individual entities' respective assessable profits in accordance with Indonesian income tax law.

6. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to the shareholders of the Company is based on the loss attributable to the shareholders of the Company for the Half-year Period of HK\$3,142,000 (2007: profit of HK\$4,674,000) and 5,064,615,385 (2007: 5,064,615,385) ordinary shares issued during the Half-year Period.

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the Half-year Period and the corresponding period in 2007.

7. Property, plant and equipment

During the Half-year Period, AcrossAsia Group spent approximately HK\$416,328,000 (2007: HK\$215,355,000) on acquisition of property, plant and equipment.

8. Trade receivables

AcrossAsia Group's trading terms with its customers other than those in Retail segment 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's sales to customers in the Retail segment are mainly on cash basis, either in cash, by debit card or credit card payments. There is no fixed credit policy as their major trade receivables arise from credit card sales and all ages fall into one month.

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 2008 HK\$'000	As at 31st December 2007 HK\$'000
Within 3 months	203,159	189,602
3 to 6 months	15,528	22,847
Over 6 months	20,751	10,785
	239,438	223,234
Less: Provision for doubtful debts	(3,287)	(2,938)
	236,151	220,296

As at 30th June 2008, trade receivables of AcrossAsia Group included receivables from certain related companies, which were directly or indirectly owned, controlled or influenced by the principal beneficial shareholders of the Company, totalling HK\$9,537,000 (as at 31st December 2007: HK\$9,470,000). The balances were unsecured, interest-free and repayable principally in accordance with normal trading terms.

9. Trade payables

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

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Within 3 months	808,658	934,703
3 to 6 months	1,275	1,983
Over 6 months	16,551	8,298
	826,484	944,984

As at 30th June 2008, the trade payables of AcrossAsia Group included payables to certain related companies, which were directly or indirectly owned, controlled or influenced by the principal beneficial shareholders of the Company, totalling HK\$443,000 (as at 31st December 2007: HK\$175,000). The balances were unsecured, interest-free and payable principally in accordance with normal trading terms.

10. Capital commitments

As at 30th June 2008, the Company had capital commitments of HK\$114,660,000 in respect of the injection of additional capital into an associate. As at 31st December 2007, the Company had capital commitments of HK\$109,827,000 and HK\$114,660,000 in respect of the injection of additional capital into an associate and the acquisition of plant and equipment respectively.

11. Contingent liabilities

As at 30th June 2008, the Company had a corporate guarantee to a bank to secure certain banking facilities granted to a subsidiary of the Company and the facilities were utilised up to approximately HK\$12,941,000 (as at 31st December 2007: HK\$35,034,000).

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 2007 Financial Statements, 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	
	2008 HK\$'000	2007 HK\$'000
Subscription fee income for fast speed Internet access:		
— PT Lippo Karawaci	273	—
— PT Natrindo Telepon Seluler	—	19,201
Insurance expense charged to:		
— PT Lippo General Insurance Tbk	92	—
Marketing expenses to:		
— Avel Pty. Limited	2,013	1,824
Other sales, services and operating expenses:		
— PT Natrindo Telepon Seluler	—	2,313

14. Comparative figures

Certain comparative figures have been reclassified to conform to the Half-year Period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of AcrossAsia Group.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-year Period (2007: Nil).

FINANCIAL REVIEW

The results of AcrossAsia Group for the Half-year Period were analysed based on its three core business segments namely, Retail, Broadband Services and IT Solutions.

Turnover

AcrossAsia Group's turnover increased by 19.9% to HK\$4,836.7 million from HK\$4,035.2 million for the same period in 2007. In terms of business segments, turnover from Retail grew by 21.7% to HK\$4,368.4 million from HK\$3,588.9 million for the same period in 2007. Broadband Services recorded a 11.0% growth in turnover to HK\$228.6 million from HK\$206.1 million for the same period in 2007. IT Solutions had a slight drop of 0.2% in revenue to HK\$239.6 million from HK\$240.2 million compared to the same period in 2007.

Gross Profit

AcrossAsia Group's gross profit increased by 20.8% to HK\$1,298.7 million from HK\$1,075.5 million for the corresponding period in 2007. Gross profit margin slightly increased to 26.9% from 26.7% for the corresponding period in 2007 mainly due to continuous enhancement in sales volume from Retail's high profit margin products.

Profit from Operations

AcrossAsia Group's profit from operations decreased by 24.1% to HK\$239.5 million from HK\$315.5 million for the corresponding period in 2007. In terms of business segments, Retail recorded a profit from operations of HK\$96.7 million compared to HK\$141.3 million for the same period in 2007 mainly due to the increase in operating expenses of 27.6% against the relatively smaller increase in gross profit of 23.5% compared to the figures for the same period in 2007. Broadband Services posted a profit from operations of HK\$20.2 million compared to a profit of HK\$12.6 million for the same period in 2007. IT Solutions' profit from operations reduced to HK\$24.5 million compared to HK\$81.8 million for the same period in 2007 as a result of keen competition.

Other income (non-core business income) decreased by 30% to HK\$145.8 million from HK\$209.1 million for the corresponding period in 2007. The drop mainly resulted from: interest income of HK\$100.5 million compared to HK\$89.1 million for the same period in 2007 due to higher return gained from short-term investments; no unrealised gain on revaluation of financial assets at fair value through profit and loss by comparing to HK\$67.3 million for the corresponding period in 2007; and rental income of HK\$25.8 million from letting space to third parties compared to HK\$30.2 million for the same period in 2007.

Total operating expenses (excluding other income and expenses) increased by 24.3% to HK\$1,205.0 million from HK\$969.1 million for the same period in 2007. The increase was mainly due to opening of new stores of Retail as part of the expansion plan. Also, wages and salaries amounted to HK\$332.8 million, 10.0% higher than HK\$302.5 million for the same period in 2007.

EBITDA (excluding other income and expenses) decreased by 9.0% to HK\$270.9 million from HK\$298.0 million for the same period in 2007.

Share of Results of Associates

AcrossAsia Group's share of the results of associates decreased to HK\$2.2 million from HK\$2.4 million for the corresponding period in 2007.

(Loss)/Profit attributable to Shareholders

AcrossAsia Group recorded a loss attributable to the shareholders of the Company of HK\$3.1 million compared to a profit of HK\$4.7 million for the same period in 2007.

BUSINESS REVIEW

AcrossAsia Group continued to focus on its core business operations so as to enhance its leading position as a consumer-oriented service provider through the following major subsidiaries:

Matahari

PT Matahari Putra Prima Tbk ("Matahari", a subsidiary of the Company listed on the Indonesia Stock Exchange in which the Company has a 25.6% effective interest), the core of Retail, maintains its status as the largest listed multi-format modern retailer in Indonesia. As at 30th June 2008, it operated 80 Matahari Department Stores, 39 Hypermart stores, 29 foodmart stores, 47 Boston healthcare outlets, 90 TimeZone family entertainment centres and 1 international bookstore in over 50 cities across Indonesia. During the Half-year Period, 2 new Hypermart stores and 1 new Matahari Department Store were opened.

The strong sales achievement was supported by the continuing growth from its two core businesses, the Department Store Group and the Food Group. The performance of the Department Store Group and the Food Group in terms of comparable store sales growth has been outstanding compared to respective sectors' average in the first half of 2008 despite limited new store expansion during that period. That was attained through the management's continuing focus on further strengthening of Matahari's core strategies such as stronger promotion strategy, better merchandising selection and procurement strategy and vendors' overall support.

Matahari has a Matahari Club Card program which has won over 4.5 million loyal customers. Through Matahari Club Card, it offers customers with multiple beneficial promotions and maintains valuable relationships. Matahari has been devoted to innovate and create better shopping environment with international standards for its customers.

Matahari received "Service Quality Gold Award 2008 — The Company with Best Service" in Department Store category from MARKETING Magazine & CARRE of Center Customer for Satisfaction and Loyalty in Indonesia. It also received "IMAC Award 2008 — The Company with The Best Corporate Image" in Department Store category from The Fortune Group & Business Week Indonesia.

Matahari's corporate and bonds' ratings were maintained at B+/Stable (S&P's), A1/Stable (Moody's) and A+/Stable (PEFINDO).

First Media

PT First Media Tbk ("First Media", a subsidiary of the Company listed on the Indonesia Stock Exchange in which the Company has a 72.38% effective interest) is the flagship of Broadband Services.

First Media offers a new lifestyle of experience and connectivity to its valued customers in Indonesia through Triple-play, namely FastNet, HomeCable & DataComm. FastNet, an unlimited high speed Internet access service, provides a variety of connection speeds with smart values; HomeCable offers a wide range of local and international TV channels covering news, movies, lifestyle, entertainment, sports, music, education and kids; DataComm offers high-level business solutions by rendering reliable and efficient broadband services to its institutional clients.

As at 30th June 2008, the network reached approximately 4,200 km and passed through approximately 452,000 homes and MDUs (multiple dwelling units such as apartments, hospitals and other multi-storey buildings), with widespread coverage of the major residential and central business districts in greater Metropolitan Jakarta and other prime cities in Indonesia.

The cable TV subscribers amounted to approximately 111,000 representing a penetration rate of 25%. To further boost its market share, First Media recently launched the new products entitled "HomeCable 66" and "HomeCable 33" respectively. Through the recent unveiling of 2-in-1 bundled service package which combines FastNet Internet service with either HomeCable 33 (33 TV channels) or HomeCable 66 (66 TV channels) as well as an array of add-on channels in accordance with the individuals' personal preferences, First Media aims to further increase its penetration rate.

Currently, First Media has approximately 77,500 broadband FastNet subscribers. First Media continues to be the sole network provider of the Indonesia Stock Exchange's JATS-Remote Trading project enabling the stockbrokers to remotely trade from their respective offices via the fibre-optic network.

Multipolar

PT Multipolar Tbk ("Multipolar", a 51.15% owned subsidiary of the Company listed on the Indonesia Stock Exchange), being the core of IT Solutions, is one of the prominent professional IT solutions providers in Indonesia with four core units: hardware and infrastructure, business solutions, consulting services and outsourcing services.

Multipolar offers innovative services to its clients with its experienced teams, world-class IT solutions partners (such as IBM, Cisco Systems, Sun, and Oracle), latest technologies and quality services. Its range of services can provide different solutions to different clientele, ranging from small medium business to larger enterprises. Several solutions have been developed, introduced and implemented to suit different corporate needs.

Multipolar's outsourcing services unit has shown significant growth with three core offerings — data centre shared facilities, field services and micro-payment. Such offerings comprise data centre maintenance and Business Process Outsourcing (BPO) ranging from Electronic Data Center (EDC) to Automatic Teller Machine (ATM), and also provides shared services for various applications such as core banking system, financial system, document management, facilities management and HR management.

In its IT business operations, the management's efforts to strategically expand market share to sectors other than banking and finance and its participation in many exhibitions and seminars, develop its IT service business as well as manage operational costs to a higher level of efficiency have in turn strengthened Multipolar's strategic position in the market as the leading and trusted IT solutions provider. This has lead Multipolar to many awards and high levels of confidence from a number of leading organizations within Indonesia.

PROSPECTS

Matahari intends to implement a new stores expansion program by opening a total of 8 new department stores, 8 hypermarkets and several additional supporting format outlets including TimeZone entertainment centers and Times Bookstores in 2008, but it will continue to monitor the market and economic conditions (particularly the adverse effects of the subprime mortgage problems in USA as well as oil and commodities' price fluctuations) throughout the rest of the year and take necessary steps to adjust its expansion pace in line with any significant changes in such situations accordingly.

First Media will focus on penetration of its core businesses via Triple-play services. Multipolar will continuously focus on its core IT services and other value added services to further enhance its clientele and performance.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Half-year Period, AcrossAsia Group financed its operations, acquired plant and equipment and repaid loans and debts with its internally resources. It utilised an aggregate amount of HK\$893.0 million for the above activities but still retained cash and cash equivalents of HK\$1,748.4 million as at 30th June 2008. It had current assets of HK\$603.7 million as at 30th June 2008. Total interest-bearing borrowings reduced by HK\$202.0 million to HK\$2,131.7 million as at 30th June 2008 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 interest-bearing borrowings were secured by the pledge of the Group's property, plant and equipment, investment properties, available-for-sales financial assets, inventories, trade receivables and bank deposits.

During the Half-year Period, AcrossAsia Group implemented and is continuing to implement the following management plan to further improve its financial position through restructuring of current borrowings to long-term loans; enhancement of operational efficiency; procurement of long term debt/equity financing; enlargement of Retail's market share by expansion of the Department Store Group and the Food Group, extension of the penetration of the cable TV and other broadband services; development of the high margin IT solutions; and exploration of new business opportunities. AcrossAsia Group's gearing ratio, representing total borrowings divided by shareholders' funds, was 6.0 times as at 30th June 2008.

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 no material adverse impact on AcrossAsia Group's results. AcrossAsia Group will continue to take measures to minimize its foreign exchange exposure.

EMPLOYEES

As at 30th June 2008, AcrossAsia Group had approximately 19,700 employees. For the Half-year Period, the staff costs (including Directors' emoluments) were approximately HK\$332.8 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 share options granted or to be granted under the share option, incentive bonus and training schemes.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors and Chief Executive

As at 30th June 2008, 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% 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

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	Lapsed	Number of underlying shares		Percentage of enlarged issued share capital
			Outstanding as of 30th June 2008		
Dr. Cheng Wen Cheng	13,150,000	—	13,150,000	<i>(Note 1)</i>	0.25
Mr. Marshall Wallace Cooper	355,000	—	355,000	<i>(Note 2)</i>	0.01
Total	13,505,000	—	13,505,000		

Notes:

- 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.
- 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.
- The exercise period for all such shares shall end 10 years from the Grant Date (the "Expiry Date").

(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 2008, 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 ("Dr. 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. Riady is the founder. The beneficiaries of the trust included Dr. Riady and his family members. Dr. 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 30th June 2008, 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 30th June 2008, 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 Half-year Period:

Participant	Number of underlying shares		
	As at 1st January 2008	Lapsed during the period	As at 30th June 2008
Directors	13,505,000	—	13,505,000
Others	12,766,000	—	12,766,000
Total	26,271,000	—	26,271,000

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 30th June 2008.

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 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 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has implemented measures to meet the Code on Corporate Governance Practices 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 and are not aware of any non-compliance with the CG Code during the Half-year Period save as disclosed herein.

Following the resignation of Mr. Kwok Ming CHEUNG as an independent non-executive Director of the Company with effect from 1st July 2007 and prior to the appointment of Mr. Kwong Yiu MAK ("Mr. Mak"), the Board only included two independent non-executive Directors out of the total five Directors (of which two of the other three are non-executive Directors). In addition, the Audit Committee only comprised two members. Following the appointment of Mr. Mak as an independent non-executive Director of the Company with effect from 17th March 2008, the Company has complied with the requirements pursuant to Rule 5.05 and Rule 5.28 of the GEM Listing Rules.

The Company's management identified certain transactions entered into by certain indirect subsidiaries of the Company in October 2007 which were not announced to the shareholders at the relevant time. As a result, the Company has made the announcements dated 17th March 2008, 16th May 2008 and 24th July 2008 respectively, and despatched the circulars dated 6th June 2008 and 31st July 2008 respectively disclosing details of those transactions to the shareholders. The Company will disclose further information to the shareholders as soon as practicable to comply with its obligations under the GEM Listing Rules. As disclosed in the announcement of the Company dated 16th May 2008, the Company had appointed external professionals to assist its board of directors to review and improve the Group's systems with a view to facilitating compliance with the GEM Listing Rules.

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
Marshall Wallace Cooper
Director and Chief Executive Officer

Hong Kong, 13th August 2008