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Full Year Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	NETELUSION LIMITED
Company Registration No.	N.A.
Announcement submitted on behalf of	NETELUSION LIMITED
Announcement is submitted with respect to *	NETELUSION LIMITED
Announcement is submitted by *	Ng Lai Yick
Designation *	Executive Chairman
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2010
Description	Please see attached.

Attachments

FYE31Mar10-Results.pdf
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NeteLusion Limited

Unaudited Financial Statement And Dividend Announcement for the Full Year Ended 31 March 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

Unaudited consolidated income statement for the financial year ended 31 March 2010.

	Note	**2010**	2009	
		US$'000	US$'000	*% increase / (decrease)*
Revenue		**2,144**	1,478	*45%*
Cost of sales		**(1,001)**	(987)	*1%*
Gross profit		**1,143**	491	*133%*
Administrative expenses		**(1,878)**	(2,077)	*(10%)*
Other operating expenses		**(1,060)**	(2,281)	*(54%)*
Provision for impairment of non-current assets		**-**	(1,677)	*N/M*
Operating loss	1	**(1,795)**	(5,544)	*(68%)*
Finance income - bank interest income		**6**	25	*(76%)*
Loss before income tax		**(1,789)**	(5,519)	*(68%)*
Income tax expense		**(10)**	-	*N/M*
Loss for the year		**(1,799)**	(5,519)	*(67%)*
Attributable to:				
Equity holders of the Company		**(1,799)**	(5,519)	*(67%)*
Minority interest		**-**	-	*N/M*
		(1,799)	(5,519)	*(67%)*

N/M = not meaningful

(1(a) Continued)

Unaudited consolidated statement of comprehensive loss for the year ended 31 March 2010.

	2010	2009	
	US$'000	US$'000	*% increase / (decrease)*
Loss for the year	**(1,799)**	(5,519)	*(67%)*
Other comprehensive income/(loss):			
Currency translation differences	**17**	(27)	*N/M*
Total comprehensive loss for the year	**(1,782)**	**(5,546)**	*(68%)*
Total comprehensive loss attributable to:			
- equity holders of the Company	**(1,782)**	(5,546)	*(68%)*
- minority interest	**-**	-	*N/M*
	(1,782)	(5,546)	*(68%)*

N/M = not meaningful

(1(a) Continued)

Note:

1. Operating loss for the year was stated after charging/(crediting):

	2010 **US$'000**	2009 US$'000	*% increase/ (decrease)*
(Gain) / loss on disposal of property, plant and equipment	**(5)**	19	*N/M*
Net exchange (gain) / loss	**(33)**	115	*N/M*
Depreciation of property, plant and equipment	**31**	66	*(53%)*
Reversal of impairment of amount due from an associate	**-**	(6)	*(100%)*
Provision for impairment of interest in associates	**12**	-	*N/M*
Provision for impairment of non-current assets:			
- goodwill (note a)	-	1,543	*N/M*
- property, plant and equipment (note b)	-	134	*N/M*
Employee share-based compensation	-	28	*(100%)*

note a: The goodwill arose from additional acquisition of 40% equity interest in NeteLusion Fortune Holdings Limited in prior year. Impairment loss on goodwill had been fully provided for during the year ended 31 March 2009.

note b: On 1 December 2008, the Company entered into a conditional sale and purchase agreement for the purchase of the entire issued and paid-up share capital of Agni Inc Pte. Ltd. ("Proposed Acquisition"). On 31 March 2009, the Company entered into a conditional sale and purchase agreement with an independent third party for the sale of the entire issued and paid-up share capital of NeteLusion (Hong Kong) Limited ("NHKL") and its subsidiaries (collectively, "Disposal Group"), for a consideration of S$2,000,000 (or equivalent to approximately US$1,333,000) (the "Proposed Divestment"). The completion of these two transactions was conditional, inter alia, upon the delivery of a duly executed Proposed Acquisition and Proposed Divestment by 30 June 2009.

The Disposal Group was classified as held for sale on 31 March 2009 in accordance with International Financial Reporting Standard ("IFRS") 5 "Non-Current Assets Held for Sales and Discontinued Operations". In view of this, the Disposal Group was measured at the lower of its carrying amount and fair value less costs to sell, and a provision for impairment loss of property, plant and equipment amounting to US$134,000 was made as of 31 March 2009.

As the Disposal Group represented a substantial part of the Group except the assets and liabilities of the Company, the financial effects of the Disposal Group had not been separately disclosed in the consolidated financial statements as of 31 March 2009 and for the year then ended.

The Proposed Acquisition was not duly executed by 30 June 2009. In view of this, the Proposed Acquisition and the Proposed Divestment were withdrawn. Accordingly, the Disposal Group ceased to be classified as held for sale, and it was re-measured at the lower of its carrying amount prior to it being classified as held for sale and its recoverable amount as of 31 March 2010. No adjustments were made as a result of re-measurement.

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

	Note	Group		Company	
		2010	2009	**2010**	2009
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Non-current assets					
Intangible assets		**-**	-	**-**	-
Property, plant and equipment		**-**	-	**-**	-
Interests in associates		**-**	12	**-**	-
		-	12	**-**	-
Current assets					
Amount due from a subsidiary		**-**	-	**1,270**	1,347
Inventories		**16**	27	**-**	-
Trade receivables		**35**	41	**-**	-
Deposits, prepayments and other receivables		**194**	144	**6**	-
Cash and cash equivalents		**2,556**	2,324	**17**	11
		2,801	2,536	**1,293**	1,358
Total assets		**2,801**	2,548	**1,293**	1,358
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		**1,804**	1,504	**1,804**	1,504
Reserves		**(511)**	44	**(511)**	(146)
		1,293	1,548	**1,293**	1,358
Minority interest		**-**	-	**-**	-
Total equity		**1,293**	1,548	**1,293**	1,358
LIABILITIES					
Current liabilities					
Trade payables		**8**	18	**-**	-
Other payables and accruals		**1,500**	982	**-**	-
Total liabilities		**1,508**	1,000	**-**	-
Total equity and liabilities		**2,801**	2,548	**1,293**	1,358

(1(b)(i) Continued)

Note 1 : On 3 February 2010, 30,000,000 ordinary shares of US$0.01 each were placed at an issue price of S$0.075 each for an aggregate cash consideration of S$2,250,000 (or equivalent to approximately US$1,589,000).

Note 2 : As aforementioned, the financial position of the Disposal Group have not been separately disclosed in the consolidated balance sheet as of 31 March 2009. The Proposed Acquisition was not duly executed by 30 June 2009. Accordingly, the Disposal Group ceased to be classified as held for sale, and it was re-measured at the lower of its carrying amount prior to it being classified as held for sale and its recoverable amount as of 31 March 2010. No adjustments were made as a result of re-measurement.

Note 3 : On 20 May 2010, the following resolutions have been passed at the special general meeting of the Company's shareholders:

a) the acquisition of 1,077 ordinary shares of par value US$1 each, representing 55% shareholding, in Retail Resources Management Limited ("RRM") at a consideration of $2,750,000 (or equivalent to US$1,960,000) which would be satisfied by the allotment and issue of 36,666,667 new ordinary shares of the Company; and
b) the provision of a convertible and interest-free loan to RRM at a principal amount of S$2,000,000 (or equivalent to US$1,400,000) payable in two tranches, with the option to convert into RRM shares in two years; and
c) the non-underwritten rights issue which would raise up to S$9,769,500 (or equivalent to US$6,630,000) assuming a full subscription.

Directors are of the view that there was no impact of the above transactions to the consolidated financial statements as of 31 March 2010 and for the year then ended.

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

Not applicable.

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

	2010	2009
	US$'000	US$'000
Cash flows from operating activities		
Loss before income tax	**(1,789)**	(5,519)
Adjustments for:		
Depreciation of property, plant and equipment	**31**	66
Share-based compensation	**-**	28
Reversal of impairment of amount due from an associate	**-**	(6)
Provision for impairment of goodwill	**-**	1,543
Provision for impairment of property, plant and equipment	**-**	134
(Gain) / Loss on disposal of property, plant and equipment	**(5)**	19
Provision for impairment of interest in associates	**12**	-
Interest income	**(6)**	(25)
Operating loss before working capital changes	**(1,757)**	(3,760)
Changes in working capital:		
Inventories	**11**	(7)
Receivables	**(44)**	455
Payables	**508**	463
Cash used in operations	**(1,282)**	(484)
Income tax paid	**(10)**	-
Net cash used in operating activities	**(1,292)**	(2,849)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(31)**	(35)
Proceeds from disposal of property, plant and equipment	**5**	10
Repayment of amount due from an associate	**-**	6
Acquisition of an associate	**-**	(5)
Net cash used in investing activities	**(26)**	(24)
Cash flows from financing activities		
Interest received	**6**	25
Proceeds from issue of shares - net of expenses	**1,527**	-
Net cash generated from financing activities	**1,533**	25
Net increase / (decrease) in cash and cash equivalents	**215**	(2,848)
Cash and cash equivalents at beginning of the year	**2,324**	5,199
Effect of exchange rate changes on cash and cash equivalents	**17**	(27)
Cash and cash equivalents at end of the year	**2,556**	2,324

Note:
As aforementioned, the cashflows of the Disposal Group had not been separately disclosed in the consolidated financial statements for the year ended 31 March 2009. The Proposed Acquisition was not duly executed by 30 June 2009. Accordingly, the Disposal Group ceased to be classified as held for sale.

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

	Attributable to equity holders of the Company							Minority interest	Total equity
	Share capital	Share premium	Merger reserve	Exchange reserve	Contributed surplus	Share-based compensation reserve	Retained profits /(accumulated losses)		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Balance at 1 April 2009	**1,504**	**3,439**	**(221)**	**(23)**	**1,957**	**194**	**(5,302)**	**-**	**1,548**
Comprehensive loss									
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(1,799)**	**-**	**(1,799)**
Other comprehensive income									
Exchange differences	**-**	**-**	**-**	**17**	**-**	**-**	**-**	**-**	**17**
Total comprehensive income / (loss)	**-**	**-**	**-**	**17**	**-**	**-**	**(1,799)**	**-**	**(1,782)**
Transactions with owners									
Issue of shares	**300**	**1,227**	**-**	**-**	**-**	**-**	**-**	**-**	**1,527**
Transfer (note a)	**-**	**-**	**-**	**-**	**(1,957)**	**-**	**1,957**		**-**
Balance at 31 March 2010	**1,804**	**4,666**	**(221)**	**(6)**	**-**	**194**	**(5,144)**	**-**	**1,293**
Balance at 1 April 2008	1,504	3,439	(221)	4	1,957	166	217	-	7,066
Comprehensive loss									
Loss for the year	-	-	-	-	-	-	(5,519)	-	(5,519)
Other comprehensive loss									
Exchange differences	-	-	-	(27)	-	-	-	-	(27)
Total comprehensive loss	-	-	-	(27)	-	-	(5,519)	-	(5,546)
Transaction with owners									
Share-based compensation	-	-	-	-	-	28	-		28
Balance at 31 March 2009	1,504	3,439	(221)	(23)	1,957	194	(5,302)	-	1,548

(1(d)(i) Continued)

	Share capital	Share premium	Merger reserve	Exchange reserve	Contributed surplus	Share-based compensation reserve	Retained profits /(accumulated losses)	Minority interest	Total equity
	Attributable to equity holders of the Company								
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Company									
Balance at 1 April 2009	**1,504**	**3,439**	**-**	**-**	**1,957**	**194**	**(5,736)**	**-**	**1,358**
Comprehensive loss									
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(1,592)**	**-**	**(1,592)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(1,592)**	**-**	**(1,592)**
Transactions with owners									
Issue of shares	**300**	**1,227**	**-**	**-**	**-**	**-**	**-**	**-**	**1,527**
Transfer (Note 1)	**-**	**-**	**-**	**-**	**(1,957)**	**-**	**1,957**		**-**
Balance at 31 March 2010	**1,804**	**4,666**	**-**	**-**	**-**	**194**	**(5,371)**	**-**	**1,293**
Balance at 1 April 2008	1,504	3,439	-	-	1,957	166	-	-	7,066
Comprehensive loss									
Loss for the year	-	-	-	-	-	-	(5,736)	-	(5,736)
Total comprehensive loss	-	-	-	-	-	-	(5,736)	-	(5,736)
Transaction with owners									
Share-based compensation	-	-	-	-	-	28	-		28
Balance at 31 March 2009	1,504	3,439	-	-	1,957	194	(5,736)	-	1,358

Note 1:
Pusuant to the directors' approval on 30 September 2009, a balance of contributed surplus of US$1,957,000 was applied to set off accumulated losses of Company as at that date.

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

a) Issued ordinary shares

	Number of shares	US$'000
As at 1 April 2009	150,422,582	1,504
Issue of new shares for cash (Note 1)	30,000,000	300
As at 31 March 2010	**180,422,582**	**1,804**

Note 1:On 3 February 2010, 30,000,000 shares of US$0.01 each were placed at an issue price of S$0.075 each for an aggregate cash consideration of S$2,250,000 (or equivalent to approximately US$1,589,000).

There was no change in the Company's share capital during the year ended 31 March 2009.

b) There were no shares held as treasury shares as at 31 March 2010 (2009: Nil).

c) Details of outstanding share options granted to the employees, under the existing share option scheme including directors of the Company, as at 31 March 2010 are as follows:-

	Number of unissued ordinary shares of US$0.01 each under option				
Exercise price US$	**Balance at 1 April 2009**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance at 31 March 2010**
0.1	2,160,000	-	-	(150,000)	2,010,000
0.3	1,000,000	-	-	-	1,000,000
0.4	200,000	-	-	-	200,000
0.7	460,000	-	-	-	460,000
0.8	365,000	-	-	-	365,000
0.9	95,000	-	-	-	95,000
	4,280,000	-	-	(150,000)	4,130,000

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

Total number of issued shares excluding treasury shares as at 31 March 2010 was 180,422,582 (2009: 150,422,582 shares).

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

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2009, except as disclosed under item 5 below.

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

(i) The following new and amended IFRSs are mandatory for the year ended 31 March 2010 which are relevant to the Group's operations:

IAS 1 (revised), 'Presentation of financial statements'
IFRS 7, 'Financial instruments: disclosures'
IFRS 8, 'Operating segments'

(ii) The following IFRSs have been issued but are not yet effective for the year ended 31 March 2010 and have not been early adopted by the Group:

IFRS 1 (Revised)	'First-time adoption of HKFRS', effective for annual periods beginning on or after 1 July 2009
IFRS 3 (Revised)	'Business combination', effective for annual periods beginning on or after 1 July 2009
IFRS 9	'Financial Instruments' effective for annual periods beginning on or after 1 January 2013
IAS 24 (Revised)	'Related Party Disclosures', effective for annual periods beginning on or after 1 January 2011
IAS 27 (Revised)	'Consolidated and separate financial statements, effective for annual periods beginning on or after 1 July 2009
Amendment to IAS 32	'Classification of Rights Issues', effective for annual periods beginning on or after 1 February 2010
Amendment to IAS 39	'Financial Instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009
Amendment to IFRIC 14	'Prepayment to Minimum Funding Requirements', effective for annual periods beginning on or after 1 January 2011
IFRIC 17	'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009
IFRIC 18	'Extinguishing financial liabilities with equity instruments', effective for annual periods beginning on or after 1 July 2010
IFRIC 19	'Extinguishing financial liabilities with equity instruments', effective for annual periods beginning on or after 1 July 2010
Amendment to IFRS 1	'Additional Exemptions for First-time Adopters' effective for annual periods beginning on or after 1 January 2010
Amendment to IFRS 2	'Group Cash-settled Share-based Payment Transactions', effective for annual periods beginning on or after 1 January 2010

Certain IASB's improvements to IFRS published in April 2009 by IASB.

Apart from the above, a number of improvements and minor amendments to IFRSs have also been issued but are not yet effective for the year ended 31 March 2010 and have not been adopted in these financial statements.

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

	2010	2009
(i) Basic loss per share	**US (1.16) cents**	US (3.67) cents
(ii) Diluted loss per share	**US (1.16) cents**	US (3.67) cents

The basic loss per share is attributable to equity holders of the Company calculated by dividing the loss for the year by the weighted average number of ordinary shares in issue during the year of 155,107,514 (2009 : 150,422,582) of US$0.01 each.

The conversion of all potential ordinary shares from the share options granted by the Company would have an anti-dilutive effect on the loss per share for the years ended 31 March 2010 and 2009. The loss per share on a fully diluted basis is calculated on the weighted average number of ordinary shares of 155,107,514 (2009 : 150,422,582) in issue during the year.

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

	Group		**Company**	
	31-Mar-10	31-Mar-09	**31-Mar-10**	31-Mar-09
	US cents	US cents	**US cents**	US cents
Net asset value per ordinary share based on issued share capital	**0.72**	1.03	**0.72**	0.90

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

FINANCIAL REVIEW

FY2010 VS FY2009

The Group's turnover increased by 45% from US$1.5 million to US$2.1 million. This was attributable mainly to the increase in turnover in the Game Development and Operation division as a result of the Group's strategy to engage more resources in developing casual games in South East Asia.

The Group's gross profit increased by 133% from US$0.5 million to US$1.1 million primarily due to increase in turnover from the Game Development and Operation division.

Administrative and other operating expenses decreased by 33% from US$4.4 million to US$2.9 million due mainly to:

i) Restructuring and rationalization efforts of the Games Services Division since late FY2009; and
ii) Additional legal and professional fees incurred in FY2009 in connection with the proposed acquisition of Agni Inc Pte Ltd .

A provision for impairment of intangible assets of US$1.5 million and a provision for impairment of property, plant and equipment of US$0.1 million were made in FY2009 after management's valuation on goodwill and the Disposal Group in accordance with IAS 38 and IFRS 5 respectively.

Net loss of US$1.8 million was recorded for FY2010 compared to a net loss of US$5.5 million in FY2009.

The net cash used in operating activities was US$1.3 million for FY2010. Cash used in investing activities was approximately US$26,000 for FY2010 due mainly to purchase of equipment. Cash generated from financing activities was mainly proceeds of US$1.5 million from issue of placement shares in February 2010.

As a result, the Group's cash and cash equivalents increased from US$2.3 million at the beginning of the financial year to US$2.6 million as at 31 March 2010.

BUSINESS SEGMENT OVERVIEW

GAME DEVELOPMENT AND OPERATION

This division engages in the development and operation of online games. During FY2010, the Group focused on the Game operation business in Malaysia, Singapore and Philippines.

GAME SERVICES

This division (i) operates a point card distribution for online games in Malaysia, (ii) develops in-game advertising technologies and (iii) operates a service platform for the exchange of in-game virtual items in China, USA and Europe. The service platform for exchange of virtual items ceased operation in December 2008, and the development team of In-game Advertising Technologies was down sized in September 2009.

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

No prospect statement has been previously disclosed to shareholders.

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

The Directors are of the opinion that the Game Operation business remains challenging. The Games division which is engaged in point card distribution is expected to maintain its current business level.

In an effort to improve the Company's prospects and return to profitability, Management embarked on an acquisition of a lifestyle retail business in the PRC.

On 20 May 2010, shareholders of the Company approved:

(1) the proposed acquisition of 1,077 ordinary shares in the share capital of Retail Resources Management Limited ("RRM") (the "Acquisition");

(2) the extend by the Company to RRM an interest-free loan of the principal amount of S$2,000,000 (the "Proposed Loan") with the option (at the Company's sole discretion) to convert the Proposed Loan and all other sums payable or due into 783 new RRM Shares ("RRM Conversion Shares");

(3) the proposed allotment and issue of up to 651,300,000 new ordinary shares of par value US$0.01 each in the capital of the Company (the Rights Shares") pursuant to a non-renounceable non-underwritten rights issue in the capital of the Company, on the basis of three (3) Rights shares for every one (1) existing share held by shareholders of the Company; and

(4) the proposed change of name of the Company to "The Style Merchants Limited" subject to the completion of the Acquisition and the approval of the Bermuda Registrar of Companies being obtained.

Further updates in these respects will be provided to shareholders of the Company in due course.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Whether the dividend is before tax, net of tax or tax exempted

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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

No dividend has been recommended for the financial year ended 31 March 2010.

13. Segmented revenue and results for business of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	2010			
	Game Development & Operation US$'000	**Game Services US$'000**	**Unallocated US$'000**	**Total US$'000**
Gross segment revenue	**1,829**	**381**	**-**	**2,210**
Less: inter-segment revenue	**-**	**(66)**	**-**	**(66)**
	1,829	**315**	**-**	**2,144**
LBITDA	**(1,011)**	**(84)**	**(657)**	**(1,752)**
Depreciation of property, plant and equipmen	**(30)**	**-**	**(1)**	**(31)**
Privison for impairment of interest in associat	**-**	**-**	**(12)**	**(12)**
Operating loss	**(1,041)**	**(84)**	**(670)**	**(1,795)**
Finance income	**5**	**-**	**1**	**6**
Loss before income tax	**(1,036)**	**(84)**	**(669)**	**(1,789)**
Income tax expense				**(10)**
Loss for the year				**(1,799)**
Segment assets	**790**	**45**	**1,966**	**2,801**
Segment liabilities	**(1,255)**	**(19)**	**(234)**	**(1,508)**
Capital expenditure	**(30)**	**-**	**(1)**	**(31)**

(13. Continued)

	2009			
	Game Development & Operation US$'000	Game Services US$'000	Unallocated US$'000	Total US$'000
Gross segment revenue	870	631	-	1,501
Inter-segment revenue	-	(23)	-	(23)
	870	608	-	1,478
LBITDA	(1,583)	(725)	(1,499)	(3,807)
Depreciation of property, plant and equipment	(51)	(8)	(7)	(66)
Reversal of impairment of amounts due from an associate	-	-	6	6
Provision for impairment of non-current asset	(130)	(1,543)	(4)	(1,677)
Operating loss	(1,764)	(2,276)	(1,504)	(5,544)
Finance income	2	2	21	25
Loss before income tax	(1,762)	(2,274)	(1,483)	(5,519)
Income tax expense				-
Loss for the year				(5,519)
Segment assets	713	44	1,779	2,536
Segment liabilities	(462)	(38)	(500)	(1,000)
Capital expenditure	(18)	(17)	-	(35)

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15. A breakdown of sales.

	2010 US$'000	2009 US$'000	*% increase/ (decrease)*
Sales reported for first half year	**959**	623	*54%*
Operating loss after tax before minority interest reported for first half year	**(734)**	(3,420)	*(79%)*
Sales reported for second half year	**1,185**	855	*39%*
Operating loss after tax before minority interest reported for second half year	**(1,065)**	(2,099)	*(49%)*

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

BY ORDER OF THE BOARD
Michael Ng Lai Yick
Executive Chairman
21/5/2010