

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**1(a)(i) Income Statement**

	2nd Qtr ended 31 Dec 2014 \$'000	2nd Qtr ended 31 Dec 2013 \$'000	Increase/ (Decrease) %	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000	Increase/ (Decrease) %
Revenue	2,186	3,545	(38.3)	4,512	8,354	(46.0)
Cost of sales	(1,499)	(2,395)	(37.4)	(3,005)	(4,617)	(34.9)
<b>Gross profit</b>	<b>687</b>	<b>1,150</b>	<b>(40.3)</b>	<b>1,507</b>	<b>3,737</b>	<b>(59.7)</b>
Other income	659	785	(16.1)	1,264	2,444	(48.3)
Distribution expenses	(799)	(980)	(18.5)	(1,576)	(2,164)	(27.2)
Administrative expenses	(1,818)	(1,949)	(6.7)	(3,864)	(3,857)	0.2
Other expenses	(67)	(13)	N.M.	(81)	(31)	161.3
<b>Results from operating activities</b>	<b>(1,338)</b>	<b>(1,007)</b>	<b>32.9</b>	<b>(2,750)</b>	<b>129</b>	<b>N.M.</b>
Finance costs	(218)	(232)	(6.0)	(463)	(442)	4.8
Share of results of joint ventures	(94)	-	N.M.	(195)	-	N.M.
Gain on disposal of a joint venture	25	-	N.M.	25	-	N.M.
<b>Loss before income tax</b>	<b>(1,625)</b>	<b>(1,239)</b>	<b>31.2</b>	<b>(3,383)</b>	<b>(313)</b>	<b>N.M.</b>
Income tax credit	59	72	(18.1)	119	132	(9.8)
<b>Loss for the period</b>	<b>(1,566)</b>	<b>(1,167)</b>	<b>34.2</b>	<b>(3,264)</b>	<b>(181)</b>	<b>N.M.</b>
<b>Attributable to:</b>						
Owners of the Company	(1,551)	(1,172)	32.3	(3,153)	(427)	N.M.
Non-controlling interests	(15)	5	N.M.	(111)	246	N.M.
	<b>(1,566)</b>	<b>(1,167)</b>	<b>34.2</b>	<b>(3,264)</b>	<b>(181)</b>	<b>N.M.</b>

N.M. - not meaningful.

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

**Statement of Comprehensive Income**

	2nd Qtr ended 31 Dec 2014 \$'000	2nd Qtr ended 31 Dec 2013 \$'000	Increase/ (Decrease) %	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000	Increase/ (Decrease) %
<b>Loss for the period</b>	(1,566)	(1,167)	34.2	(3,264)	(181)	N.M.
<b>Other comprehensive income:</b>						
Foreign currency translation differences from foreign subsidiaries	133	(19)	N.M.	370	(84)	N.M.
Realisation of foreign currency translation on disposal of subsidiaries	-	-	-	-	165	N.M.
<b>Other comprehensive income for the period</b>	133	(19)	N.M.	370	81	N.M.
<b>Total comprehensive income for the period</b>	(1,433)	(1,186)	20.8	(2,894)	(100)	N.M.
<b>Attributable to:</b>						
Owners of the Company	(1,336)	(1,178)	13.4	(2,786)	(323)	N.M.
Non-controlling interests	(97)	(8)	N.M.	(108)	223	(148.4)
	(1,433)	(1,186)	20.8	(2,894)	(100)	N.M.

**1(a)(ii) Loss before taxation is stated after charging/(crediting) the following:**

	2nd Qtr ended 31 Dec 2014 \$'000	2nd Qtr ended 31 Dec 2013 \$'000	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000
Interest expenses	218	232	463	442
Interest income	(38)	(108)	(79)	(208)
Depreciation of property, plant and equipment	42	48	82	101
Amortisation of intangible assets	351	384	724	768
Utilisation of prepayment for rights on use of plant and machinery	29	29	58	58
Gain on disposal of a joint venture	(25)	-	(25)	-
Gain on disposal of subsidiaries (net)	-	-	-	(826)
Gain on disposal of assets classified as held for sale	-	-	-	(65)
Gain on disposal of property, plant and equipment	(5)	(5)	(5)	(5)
Impairment loss on trade and other receivables	-	1	-	1
Provision for warranty expense	78	172	180	318
Currency exchange loss/(gain) - net	119	(37)	355	(162)
Income tax credit	(59)	(72)	(119)	(132)

N.M. - not meaningful.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014

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

**Statements of Financial Position**

	<b>Group</b>		<b>Company</b>	
	<u>31 Dec 2014</u>	<u>30 Jun 2014</u>	<u>31 Dec 2014</u>	<u>30 Jun 2014</u>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Financial assets, available-for-sale	2,222	2,222	2,222	2,222
Property, plant and equipment	363	439	182	222
Intangible assets	15,449	16,173	-	-
Subsidiaries	-	-	23,671	23,671
Associates	13	13	13	13
Joint ventures	78	219	280	251
Trade receivables	884	1,150	-	-
Other non-current assets	11,503	11,664	16,198	15,923
	<u>30,512</u>	<u>31,880</u>	<u>42,566</u>	<u>42,302</u>
<b>Current assets</b>				
Inventories	2,112	1,020	-	-
Trade and other receivables	6,787	7,016	128	132
Other current assets	2,219	1,984	278	421
Cash and bank balances	6,333	8,265	4,788	6,861
	<u>17,451</u>	<u>18,285</u>	<u>5,194</u>	<u>7,414</u>
<b>Total assets</b>	<u>47,963</u>	<u>50,165</u>	<u>47,760</u>	<u>49,716</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	153,074	153,074	153,074	153,074
Reserves	1,055	688	180	180
Accumulated losses	(118,300)	(115,147)	(108,040)	(107,211)
	<u>35,829</u>	<u>38,615</u>	<u>45,214</u>	<u>46,043</u>
<b>Non-controlling interests</b>	<u>(8,964)</u>	<u>(8,856)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>26,865</u>	<u>29,759</u>	<u>45,214</u>	<u>46,043</u>
<b>Non-current liabilities</b>				
Other payables	-	-	348	332
Accruals	935	758	-	-
Financial liabilities	7,741	8,037	151	184
Derivative instrument	50	50	-	-
Deferred tax liabilities	2,889	3,008	-	-
	<u>11,615</u>	<u>11,853</u>	<u>499</u>	<u>516</u>
<b>Current liabilities</b>				
Trade and other payables	6,236	5,407	1,690	2,684
Accruals	2,271	2,148	278	395
Financial liabilities	720	695	65	64
Current tax payable	2	2	2	2
Provision for other liabilities and charges	254	301	12	12
	<u>9,483</u>	<u>8,553</u>	<u>2,047</u>	<u>3,157</u>
<b>Total liabilities</b>	<u>21,098</u>	<u>20,406</u>	<u>2,546</u>	<u>3,673</u>
<b>Total equity and liabilities</b>	<u>47,963</u>	<u>50,165</u>	<u>47,760</u>	<u>49,716</u>

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

**Amount repayable in one year or less, or on demand**

31 December 2014 (\$'000)		30 June 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
263	457	238	457

**Amount repayable after one year**

31 December 2014 (\$'000)		30 June 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
6,904	837	6,972	1,065

**Details of collateral**

As at the date of the statement of financial position, total borrowings included secured liabilities of \$7,167,000 (30 June 2014: \$7,210,000) for the Group. Secured bank loans amounting to \$385,000 (30 June 2014: \$466,000) are secured by security charges which provide for fixed charge on certain assets of a subsidiary and corporate guarantees given by the Company. Other finance lease liabilities of the Group amounting to \$239,000 (30 June 2014: \$275,000) are secured by the rights to leased motor vehicles.

On 2 April 2012, the Company entered into a convertible loan agreement with Disa Digital Safety Pte Ltd ("Disa") and Sculptor Investors pursuant to which, the Sculptor Investors agreed to grant to Disa an initial loan of an aggregate principal amount of \$7,000,000 ("1st Tranche"), and a further option for a loan of an aggregate principal amount of \$7,000,000 ("2nd Tranche"), both of which are convertible either into the Company's ordinary shares ("Shares"), or new ordinary shares in the capital of Disa in the event of a trade sale or an initial public offering of Disa at the discretion of the Sculptor Investors. The Sculptor Investors may at any time after three years from the completion date of the 1st Tranche, require Disa to repay the Sculptor Investors' contributions to the 1st Tranche and 2nd Tranche (if applicable) including any outstanding interest. In the event that any balance on the 1st Tranche and 2nd Tranche (if applicable) is not converted into the Company's shares or Disa's shares within 5 years from the completion dates of the 1st Tranche and 2nd Tranche respectively, all outstanding balance including any outstanding interest is to be repaid in cash to the Sculptor Investors. The convertible loan bears interest at 5% per annum, repayable at the end of 5 years and is secured by the Company's corporate guarantee.

The remaining unsecured, interest bearing loan of \$1,294,000 (30 June 2014: \$1,522,000) is repayable over 48 equal instalments commencing from 1 November 2013.

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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

**1(c)(i) Consolidated Statement of Cash Flows**

	2nd Qtr ended 31 Dec 2014 \$'000	2nd Qtr ended 31 Dec 2013 \$'000	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000
<b>Cash flows from operating activities</b>				
Loss for the period	(1,566)	(1,167)	(3,264)	(181)
Adjustments for:				
- Interest expenses	218	232	463	442
- Interest income	(38)	(108)	(79)	(208)
- Depreciation of property, plant and equipment	42	48	82	101
- Amortisation of intangible assets	351	384	724	768
- Utilisation of prepayment for rights on use of plant and machinery	29	29	58	58
- Gain on disposal of a joint venture	(25)	-	(25)	-
- Gain on disposal of subsidiaries (net) (Note B)	-	-	-	(826)
- Gain on disposal of assets classified as held for sale	-	-	-	(65)
- Gain on disposal of property, plant and equipment	(5)	(5)	(5)	(5)
- Impairment loss on trade and other receivables	-	1	-	1
- Provision for warranty expense	78	172	180	318
- Income tax credit	(59)	(72)	(119)	(132)
- Share of results of joint ventures	94	-	195	-
Operating (loss)/profit before working capital changes	(881)	(486)	(1,790)	271
Changes in working capital:				
- Inventories	(909)	1,285	(1,092)	1,360
- Trade and other receivables	379	(721)	451	(404)
- Other current assets	(185)	137	(173)	154
- Trade and other payables	959	(1,575)	1,048	(1,146)
- Provision for other liabilities and charges	(90)	(178)	(176)	(336)
- Exchange differences arising from consolidation	74	(21)	281	(94)
Cash used in operations	(653)	(1,559)	(1,451)	(195)
Income tax paid	-	13	-	13
<b>Net cash used in operating activities</b>	<b>(653)</b>	<b>(1,546)</b>	<b>(1,451)</b>	<b>(182)</b>
<b>Cash flows from investing activities</b>				
Interest received	35	108	73	208
Purchase of property, plant and equipment	(3)	(21)	(4)	(31)
Proceeds from sale of property, plant and equipment	6	36	6	36
Proceeds from sale of assets classified as held for sale	-	-	-	883
Proceeds from sale of a joint venture	200	-	200	-
Investment in joint ventures	(98)	-	(229)	-
Disposal of subsidiaries, net of cash disposed (Note B)	-	-	-	*
<b>Net cash from investing activities</b>	<b>140</b>	<b>123</b>	<b>46</b>	<b>1,096</b>

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

**1(c)(i) Consolidated Statement of Cash Flows (continue)**

	2nd Qtr ended 31 Dec 2014 \$'000	2nd Qtr ended 31 Dec 2013 \$'000	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000
<b>Cash flows from financing activities</b>				
Interest paid	(44)	(101)	(191)	(174)
Repayment of finance lease	(18)	(8)	(36)	(16)
Repayment of loan to a third party	(114)	(1,076)	(228)	(1,076)
Repayment of bank borrowings	(41)	(38)	(82)	(702)
<b>Net cash used in financing activities</b>	<b>(217)</b>	<b>(1,223)</b>	<b>(537)</b>	<b>(1,968)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(730)</b>	<b>(2,646)</b>	<b>(1,942)</b>	<b>(1,054)</b>
Cash and cash equivalents at beginning of the period	6,991	4,732	8,204	3,142
Net effects of exchange rate changes on cash and cash equivalents	11	5	10	3
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>6,272</b>	<b>2,091</b>	<b>6,272</b>	<b>2,091</b>

**1(c)(ii) Notes to Consolidated Statement of Cash Flows**

**Note A:**

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	6 months ended 31 Dec 2014 \$'000	6 months ended 31 Dec 2013 \$'000
Cash at bank and on hand	6,272	2,091
Short-term bank deposits	61	61
Cash and bank balances per Group statement of financial position	6,333	2,152
Less: Deposits placed with banks as security	(61)	(61)
Cash and cash equivalents per consolidated statement of cash flows	<b>6,272</b>	<b>2,091</b>

**Note B:**

On 6 September 2013, the Company announced the disposal of its wholly-owned subsidiary, Hinterland Property Development Pte Ltd ("HPD"), at a consideration of \$1 in cash. The effect of disposal of HPD is set out below:

	\$'000
Property, plant and equipment	1
Cash at bank *	-
Other receivables	29
Trade and other payables	(751)
Provisions for other liabilities and charges	(270)
Net identifiable liabilities	(991)
Realisation of foreign currency translation differences	165
Gain on disposal	(826)

\* The net cash outflow on cash disposed was less than one hundred dollar.

Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) 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.

**Statements of Changes in Equity**

**Group**

	Share capital \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Other capital reserves \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>FY 2015</b>								
Balance as at 1 July 2014	153,074	(228)	21	895	(115,147)	38,615	(8,856)	29,759
<u>Total comprehensive income</u>								
- Loss for the period	-	-	-	-	(3,153)	(3,153)	(111)	(3,264)
<u>Other comprehensive income for the period</u>								
- Foreign currency translation differences from foreign subsidiaries	-	367	-	-	-	367	3	370
<b>Total comprehensive income for the financial period</b>	-	367	-	-	(3,153)	(2,786)	(108)	(2,894)
<b>Balance as at 31 December 2014</b>	<b>153,074</b>	<b>139</b>	<b>21</b>	<b>895</b>	<b>(118,300)</b>	<b>35,829</b>	<b>(8,964)</b>	<b>26,865</b>
<b>FY 2014</b>								
Balance as at 1 July 2013	146,418	53	135	300	(111,966)	34,940	(8,827)	26,113
<u>Total comprehensive income</u>								
- Loss for the period	-	-	-	-	(427)	(427)	246	(181)
<u>Other comprehensive income for the period</u>								
- Foreign currency translation differences from foreign subsidiaries	-	104	-	-	-	104	(23)	81
<b>Total comprehensive income for the financial period</b>	-	104	-	-	(427)	(323)	223	(100)
<b>Others</b>								
Disposal of subsidiaries	-	-	-	595	(595)	-	-	-
<b>Balance as at 31 December 2013</b>	<b>146,418</b>	<b>157</b>	<b>135</b>	<b>895</b>	<b>(112,988)</b>	<b>34,617</b>	<b>(8,604)</b>	<b>26,013</b>

**Company**

	Share capital \$'000	Share option reserve \$'000	Other capital reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>FY 2015</b>					
Balance as at 1 July 2014	153,074	21	159	(107,211)	46,043
Total comprehensive income for the financial period	-	-	-	(829)	(829)
<b>Balance as at 31 December 2014</b>	<b>153,074</b>	<b>21</b>	<b>159</b>	<b>(108,040)</b>	<b>45,214</b>
<b>FY 2014</b>					
Balance as at 1 July 2013	146,418	94	160	(104,096)	42,576
Total comprehensive income for the financial period	-	-	-	1,359	1,359
<b>Balance as at 31 December 2013</b>	<b>146,418</b>	<b>94</b>	<b>160</b>	<b>(102,737)</b>	<b>43,935</b>

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**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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**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 issue, 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) Changes in share capital during the financial period**

There were no changes to the share capital during the financial period. The issued share capital of the Company as at 31 December 2014 comprises 4,913,729,645 (30 June 2014: 4,913,729,645; 31 December 2013: 3,930,983,716) ordinary shares.

**B) Share options - Equation Executives' Share Option Scheme ("ESOS")**

As at 31 December 2014, share options granted pursuant to the ESOS for the subscription of 550,000 (30 June 2014: 550,000; 31 December 2013: 600,000) ordinary shares in the share capital of the Company were outstanding. 50,000 ordinary shares of the share options were forfeited during the financial year ended 30 June 2014.

Save for the above, there are no unissued shares of the Company under option as at the end of the financial period.

**C) Treasury shares**

No treasury shares were held by the Company as at 31 December 2014, 30 June 2014 and 31 December 2013.

**D) Convertible loans**

The convertible loans are convertible at the lenders option into 444,602,525 (30 June 2014: 444,602,525; 31 December 2013: 413,315,855) ordinary shares of the Company (refer 1(b)(ii)).

**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.**

The number of issued shares as at 31 December 2014 is 4,913,729,645 (30 June 2014: 4,913,729,645) ordinary 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.**

The Company does not have any treasury shares.

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

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

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

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

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

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period compared with the audited financial statements for the financial year ended 30 June 2014.

**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.**

The Group has adopted the new/revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective for accounting period beginning on or before 1 July 2014. The adoption of these new/revised FRSs and INT FRSs did not result in any material change to the Group's accounting policies or any significant impact on the financial statements.



**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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.**

**Earning per share**

- (a) Basic earnings per share (cents per share)  
 - Weighted average number of ordinary shares in issue for basic earnings per share
- (b) Diluted earnings per share (cents per share)  
 - Adjusted weighted average number of ordinary shares in issue for diluted earnings per share

<b>Group</b>			
2nd Qtr ended 31 Dec 2014	2nd Qtr ended 31 Dec 2013	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
(0.03)	(0.03)	(0.06)	(0.01)
4,913,729,645	3,930,983,716	4,913,729,645	3,930,983,716
(0.03)	(0.03)	(0.06)	(0.01)
4,913,729,645	3,930,983,716	4,913,729,645	3,930,983,716

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding. As the effect is anti-dilutive, the diluted earnings per share is the same as the basic earnings per share.

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 financial period reported on; and (b) immediately preceding financial year.**

Net asset value per ordinary share attributable to owners of the  
 Company and non-controlling interests based on issued share capital (cents)

<b>Group</b>		<b>Company</b>	
As at 31 Dec 2014	As at 30 Jun 2014	As at 31 Dec 2014	As at 30 Jun 2014
0.55	0.61	0.92	0.94

The net asset value per ordinary share attributable to owners of the Company and non-controlling interests is computed based on 4,913,729,645 (30 June 2014: 4,913,729,645) ordinary shares.

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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

**(A) Income Statement (Second Quarter Ended 31 December 2014 ("Q2 FY2015") versus Second Quarter Ended 31 December 2013 ("Q2 FY2014") and Half Year Ended 31 December 2014 ("1H FY2015") versus Half Year Ended 31 December 2013 ("1H FY2014"))**

**i) Revenue**

The Group's revenue decreased by \$1.3 million (38.3%) from \$3.5 million in Q2 FY2014 to \$2.2 million in Q2 FY2015 ("QoQ"). This was mainly due to decrease in sales in Consumer electronic products segment (\$1.4 million); partially mitigated by the increase in sales in E-waste/Recycling segment (\$0.1 million). Consumer electronic products segment reported lower sales was mainly due to weak consumer sentiment in Europe in Q2 FY2015 (\$1.2 million) and depreciation of Euro against Singapore dollar (\$0.2 million). Increase in sales in E-waste/Recycling segment was mainly due to revenue generated from higher collection of recycled materials.

On a year-to-date ("YoY") comparison, the Group's revenue decreased by \$3.8 million (46.0%) from \$8.3 million (1H FY2014) to \$4.5 million (1H FY2015). This was mainly due to decrease in sales in the Consumer electronic products segment (\$2.4 million), Supply of construction materials (\$1.6 million) and Technology segment (\$0.1 million); partially mitigated by the increase in sales in Energy management services segment (0.2 million) and E-waste/Recycling segment (\$0.1 million). The decrease in sales in Consumer electronic products was mainly due to weak consumer sentiment in Europe (\$2.2 million) and depreciation of Euro against Singapore dollar (\$0.2 million) as mentioned above. The decrease in sales in Supply of construction materials segment was mainly due to one-off cash income (\$1.6 million) in relation to sand business which was non-recurring and took place in 1H FY2014, while the decrease in sales in Technology segment was mainly due to lower customers' order in 1H FY2014. The increase in sales in Energy management services segment was mainly due to higher revenue generated from consultancy services. The increase in sales in E-waste/Recycling segment was mainly due to revenue generated from higher collection of recycled materials. The breakdown of revenue is represented in Table A below:

**Table A**

	2nd Qtr ended 31 Dec 2014 \$'000	% to total revenue	2nd Qtr ended 31 Dec 2013 \$'000	% to total revenue	6 months ended 31 Dec 2014 \$'000	% to total revenue	6 months ended 31 Dec 2013 \$'000	% to total revenue
Consumer electronic products	1,910	87.4%	3,354	94.6%	3,961	87.8%	6,390	76.5%
Supply of construction materials	-	N.M.	-	N.M.	-	N.M.	1,553	18.6%
E-waste/Recycling	167	7.6%	78	2.2%	282	6.3%	218	2.6%
Energy management services	107	4.9%	55	1.6%	266	5.9%	108	1.3%
Technology	2	0.1%	58	1.6%	3	N.M.	85	1.0%
	2,186	100.0%	3,545	100.0%	4,512	100.0%	8,354	100.0%

N.M. - not meaningful.

**ii) Cost of sales and gross profits**

Cost of sales ("COGS") decreased by \$0.9 million from \$2.4 million in Q2 FY2014 to \$1.5 million in Q2 FY2015. The decrease was mainly due to lower sales which resulted in lower COGS recorded in the Consumer electronic products segment (\$1.0 million). This decrease was partially offset by increase in the E-waste/Recycling segment (\$0.1 million) which was in line with the higher sales in Q2 FY2015.

COGS for 1H FY2015 (\$3.0 million) decreased by \$1.6 million as compared to 1H FY2014 (\$4.6 million). This was mainly due to lower COGS recorded in Consumer electronic products segment (\$1.8 million); offset by higher COGS recorded in E-waste/Recycling segment (\$0.1 million) and Energy management services segment (\$0.1 million). Lower COGS in Consumer electronic products segment, which was mainly due to depreciation of Euro against Singapore dollar (\$0.2 million) and lower products sold (\$1.6 million) during the financial period. For both E-waste/Recycling and Energy management services segments, the higher COGS was due to higher revenue in this financial period as mentioned above.

The Group reported a slight decrease in gross profit margin ("GP%") from 32.4% in Q2 FY2014 to 31.4% in Q2 FY2015.

On YoY basis, GP% decreased by 11.3% from 44.7% (1H FY2014) to 33.4% (1H FY2015). The higher GP% recorded for 1H FY2014 was mainly due to one-off cash income (\$1.6 million) received from sand business (as mentioned in revenue section above). Without this one-off cash income, the GP% for 1H FY2014 should have been 32.1% (adjusted). The slight increase in the adjusted GP% (YoY) was mainly contributed by the Consumer electronic products segment due to lower unit costs and higher GP during the financial period.

Due to the reasons explained above, the Group recorded a lower gross profit of \$0.7 million in Q2 FY2015 and \$1.5 million in 1H FY2015.

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**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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**iii) Other income**

Other income decreased by \$0.1 million from \$0.8 million in Q2 FY2014 to \$0.7 million in Q2 FY2015. The decrease was mainly due to lower interest income during the period.

On YoY basis, other income decreased by \$1.2 million for 1H FY2015 as compared to 1H FY2014. This was mainly due to (i) \$0.8 million one-off gain on disposal of a subsidiary, Hinterland Property Development Pte Ltd ("HPD"); (ii) productivity and innovative credit ("PIC") incentive of \$0.2 million; (iii) gain on disposal of assets classified as held for sale of \$0.1 million; and (iv) trade payables written off of \$0.1 million. These items were non-recurring and took place in 1H FY2014.

The Group's revenue of Q2 FY2014 and 1H FY2014 amounted to \$99,000 and \$274,000 respectively, were reclassified from Revenue to Other Income to conform to the current period's presentation and to better reflect the nature of the transactions. The reclassifications had no impact on profit for the period and equity.

**iv) Distribution expenses**

Distribution expenses decreased by \$0.2 million from \$1.0 million in Q2 FY2014 to \$0.8 million in Q2 FY2015. This was mainly due to (i) lower provision for warranty expense of \$0.1 million; and (ii) lower sales related expenses of \$0.1 million as a result of lower sales in Consumer electronic products segment.

On YoY basis, distribution expenses decreased by \$0.6 million for 1H FY2015 as compared to 1H FY2014. This was mainly due to lower staff costs of \$0.3 million which was mainly attributable to internal restructuring in the Group. Consumer electronic products segment reported (i) lower sales commission of \$0.1 million; (ii) lower provision for warranty expense of \$0.1 million; and (iii) lower sales related expenses of \$0.1 million as a result of lower sales in 1H FY2015.

**v) Administrative expenses**

Administrative expenses decreased by \$0.2 million from \$2.0 million in Q2 FY2014 to \$1.8 million in Q2 FY2015. This was mainly attributable to lower staff costs of \$0.1 million and lower professional fees of \$0.2 million; partially offset by foreign exchange movement of \$0.1 million.

On YoY basis, administrative expenses in 1H FY2015 remained fairly the same as compared to 1H FY2014. This was mainly attributable to (i) lower staff costs (\$0.1 million); (ii) lower professional fees of \$0.2 million; (iii) lower depreciation & amortisation of \$0.1 million; and (iv) other miscellaneous administrative expenses of \$0.1 million; partially offset by foreign currency movement of \$0.5 million.

**vi) Other expenses**

Other expenses increased by \$0.1 million in QoQ and YoY comparison. This was mainly due to waiver of debts from a joint venture of \$0.1 million during the financial period.

**vii) Finance costs**

Finance costs remained fairly the same in QoQ comparison. The slight increase in finance costs was mainly due to a new finance lease drawdown during the quarter ended 30 June 2014.

Due to the reasons above, the Group recorded a net loss of \$1.6 million in Q2 FY2015 and \$3.3 million in 1H FY2015.

**(B) Statements of Financial Position**

Total assets of the Group decreased by \$2.2 million from \$50.2 million as at 30 June 2014 to \$48.0 million as at 31 December 2014, mainly due to the following:

i) Property, plant and equipment decreased by \$0.1 million, mainly due to depreciation charge for the period.

ii) Intangible assets pertaining to the core technology and development costs of Disa Anti-Theft system decreased by an amortisation charge of \$0.7 million from \$16.2 million as at 30 June 2014 to \$15.5 million as at 31 December 2014.

iii) Joint ventures decreased by \$0.1 million from \$0.2 million as at 30 June 2014 to \$0.1 million as at 31 December 2014. This was mainly due to increase investment in joint ventures of \$0.1 million which was partially offset by S\$0.2 from the share of results of joint ventures and disposal of a joint venture during the financial period.

iv) Other non-current assets were mainly made up of (i) prepayment for the rights, interest in and ownership of granite in Indonesia; (ii) prepayment for the rights on use of plant and machinery; and (iii) long-term loans to third parties. Other non-current assets decreased by \$0.2 million from \$11.7 million as at 30 June 2014 to \$11.5 million as at 31 December 2014 and this was mainly due to (i) partial reclassification of loan to a third party of \$0.1 million from non-current assets into current assets; and (ii) utilisation of prepayment for rights on use of plant and machinery of \$0.1 million for the financial period.

**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

- v) Inventories increased by \$1.1 million, mainly due to increase in inventories in the Consumer electronic products segment as a result of lower sales during the financial period.
- vi) Total trade and other receivables decreased by \$0.5 million from \$8.2 million as at 30 June 2014 to \$7.7 million as at 31 December 2014. This was mainly due to collection of debts from customers and lower sales during the financial period.
- vii) Other current assets increased by \$0.2 million from \$2.0 million as at 30 June 2014 to \$2.2 million as at 31 December 2014. This was mainly due to (i) deposit paid for trade purchases of \$0.2 million; and (ii) reclassification of loan to a third party of \$0.1 million from non-current assets. These were partially offset by repayment of advances for trade purchases from a third party of \$0.1 million.
- viii) Decrease in cash and cash equivalents of \$1.9 million (Refer to explanation in "8(C) Cash flow" below).
- Total liabilities of the Group increased by \$0.7 million from \$20.4 million as at 30 June 2014 to \$21.1 million as at 31 December 2014, mainly due to the following:
- i) Total accruals increased by \$0.3 million from \$2.9 million as at 30 June 2014 to \$3.2 million as at 31 December 2014 and this was mainly due to accrued interests of \$0.3 million on convertible loan for the financial period.
- ii) Total financial liabilities decreased by \$0.2 million from \$8.7 million as at 30 June 2014 to \$8.5 million as at 31 December 2014 and this was mainly due to repayments of loan to a third party of \$0.2 million during the financial period.
- iii) Deferred tax liabilities decreased by \$0.1 million during the period and this was mainly due to amortisation charge for the financial period.
- iv) Trade and other payables increased by \$0.8 million from \$5.4 million as at 30 June 2014 to \$6.2 million as at 31 December 2014. This was mainly due to increase in trade payables of \$1.1 million in the Consumer electronic products segment which was in line with higher stock purchased during the financial period. This was partially offset by repayment to advances from a director of \$0.3 million.

**(C) Cash Flows**

Cash and cash equivalents (net of overdraft and deposits placed with a bank as security) (refer to 1(C)(ii)) decreased by approximately \$1.9 million from \$8.2 million as at 30 June 2014 to \$6.3 million as at 31 December 2014, mainly due to funds generated/utilised as follows:

- i) Proceeds from disposal of a joint venture of \$0.2 million;
- ii) Interest received of \$0.1 million; offset against;
- iii) Cash used in operating activities (net of non-cash items) of \$1.5 million;
- iv) Interest paid of \$0.2 million;
- v) Investment in joint ventures of \$0.2 million;
- vi) Repayment of loan to a third party of \$0.2 million; and
- vii) Repayment of bank borrowings of \$0.1 million.

**(D) Use of Proceeds**

On 17 February 2014, the Company announced a renounceable, partially underwritten, rights issue ("Rights Issue") in the capital of the Company ("Rights Shares") at an issue price of \$0.007 for each Rights Share, on the basis of one (1) Rights Share for every four (4) existing ordinary shares held by entitled shareholders. Net proceeds of \$6.7 million was raised. The Company had utilised \$3.3 million for investment and working capital purposes as at 31 December 2014.

	<u>\$'000</u>
Net proceeds from Rights Issue	6,656
Less utilisation:	
- Investment	(480)
- Working capital expenditures	(2,834)
Balance as at 31 December 2014	<u>3,342</u>

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**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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

No forecast or prospect statement was disclosed to shareholders previously.

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

With the incorporation of two new subsidiaries in the People's Republic of China as well as additional investment in a technology company, the Group aims to further strengthen its focus in the interactive technology and mobile applications' sector.

This is evident as the Company had just announced that its joint venture, Citrine Wireless Pte Ltd, a Singapore-based technology solutions provider for mobile devices will deploy its revolutionary audio technology, ListenIN, for a trial at the iconic Gardens by the Bay, one of Singapore's foremost tourist attractions.

**11. Dividend****(a) Current financial period reported on.**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding period of the immediately preceding financial year.**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been recommended for the financial period ended 31 December 2014.

**13. If the group has obtained a general mandate from shareholder for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained a statement to that effect.**

The Company has no general IPT mandate and no IPT transactions for the period under review.

**BY ORDER OF THE BOARD**

**CHNG WENG WAH**  
Executive Director/Chief Executive Officer

11 February 2015

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Summit Limited

(Company Registration No. 197501110N)

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**Unaudited Financial Statement and Dividend Announcement for the financial period ended 31 December 2014**

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**NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST**

We, Chng Weng Wah and Lau Kay Heng, being two directors of Equation Summit Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the quarter ended 31 December 2014 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

**CHNG WENG WAH**  
Executive Director/Chief Executive Officer

11 February 2015

**LAU KAY HENG**  
Non-Executive and Independent Director