



Half-Year Financial Statement and Dividend Announcement

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

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

Unaudited Consolidated Statement of Comprehensive Income For the financial period ended 30 September 2014 ("1H2015")

	Group		
	1H2015 S\$'000	1H2014 S\$'000	Change Increase / (Decrease) %
Revenue	9,174	1,276	618.95
Cost of goods and services sold	(4,597)	(862)	433.30
Gross profit	4,577	414	1,005.51
Gross profit %	49.9%	32.4%	
Other operating income	19	412	(95.35)
Selling and distribution expenses	(560)	(569)	(1.57)
Administrative expenses	(2,394)	(2,146)	11.54
Other operating expenses	(1,328)	(1,346)	(1.32)
Finance costs	(189)	(292)	(35.36)
Operating expenses, net	(4,452)	(3,941)	12.97
Net profit / (loss) before income tax	125	(3,527)	NM
Income tax	-	-	-
Net profit / (loss) for the period - Note (i)	125	(3,527)	NM
Other comprehensive income:			
Currency translation differences arising from consolidation	(24)	- *	NM
Total comprehensive income / (loss) for the period	101	(3,527)	NM
Net profit / (loss) attributable to shareholders of the Company	125	(3,527)	
Total comprehensive income / (loss) attributable to shareholders of the Company	101	(3,527)	
Profit / (loss) per share (cents)			
- basic and diluted	0.01	(0.23)	

NM - not meaningful

* denote less than S\$1000

1(a)(ii). The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Note (i) - Net profit / (loss) for the period

This is determined after charging / (crediting) the following:

	Group		
	1H2015	1H2014	Change
	Dr/(Cr)	Dr/(Cr)	Increase /
	S\$'000	S\$'000	(Decrease)
			%
Amortisation of intangible assets	1,227	1,268	(3.25)
Depreciation of plant and equipment	101	76	33.40
Employee share option expense	50	86	(41.81)
Interest expense	189	292	(35.36)
Interest income	(2)	(39)	(96.03)

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.

Unaudited Statements of Financial Position
As at 30 September 2014 ("1H2015")

		Group S\$'000		Company S\$'000	
	Note	1H2015	FY2014	1H2015	FY2014
Assets					
Non-current assets					
Plant and equipment		434	467	434	467
Investments in subsidiaries		-	-	876	876
Intangible assets		3,485	4,243	3,485	4,243
		3,919	4,710	4,795	5,586
Current assets					
Inventories		944	1,219	697	1,219
Trade and other receivables	1	7,387	7,208	7,054	6,287
Fixed deposit		4,089	4,086	4,089	4,086
Cash and bank balances		2,506	1,989	2,302	1,808
		14,926	14,502	14,142	13,400
Total assets		18,845	19,212	18,937	18,986
Equity and liabilities					
Current liabilities					
Bank borrowings		3,561	-	3,561	-
Finance lease		33	33	33	33
Trade and other payables	2	6,842	10,033	6,468	9,716
Provisions	3	2,217	3,089	2,217	3,089
		12,653	13,155	12,279	12,838
Net current assets		2,273	1,347	1,863	562
Non-current liabilities					
Finance lease		98	114	98	114
Net assets		6,094	5,943	6,560	6,034
Equity attributable to equity holders of the Company					
Share capital		112,709	112,709	112,709	112,709
Share option reserve		406	485	406	485
Translation reserve		220	244	-	-
Accumulated losses		(107,241)	(107,495)	(106,555)	(107,160)
Total equity		6,094	5,943	6,560	6,034
Total equity and liabilities		18,845	19,212	18,937	18,986

Note 1: Trade and other receivables

	Group S\$'000		Company S\$'000	
	1H2015	FY2014	1H2015	FY2014
Trade receivables	3,484	3,365	2,746	2,626
Allowance for doubtful debts on trade receivables	(1,004)	(1,004)	(1,004)	(1,004)
<i>Net trade receivables</i>	2,480	2,361	1,742	1,622
Accrued revenue	2,963	2,605	2,963	2,605
Allowance for impairment	(343)	(343)	(343)	(343)
	2,620	2,262	2,620	2,262
Other receivables	1,232	1,530	1,230	1,527
Allowance for doubtful debts on other receivables	(509)	(509)	(509)	(509)
<i>Net other receivables</i>	723	1,021	721	1,018
Amount due from subsidiaries	-	-	1,971	1,385
Receivable in respect of a guarantee from a director-cum-shareholder	1,564	1,564	-	-
<i>Total trade and other receivables</i>	7,387	7,208	7,054	6,287

Note 2: Trade and other payables

	Group S\$'000		Company S\$'000	
	1H2015	FY2014	1H2015	FY2014
Trade payables	1,308	2,032	1,271	2,029
Accruals	477	1,038	167	760
Deferred income	1,301	4,154	1,301	4,148
Due to director-cum-shareholder	1,515	1,771	1,500	1,756
Others payables	1,835	385	1,831	381
Salaries payable	406	653	398	642
	6,842	10,033	6,468	9,716

Included in other payables are loans of S\$1.25 million (FY2014: S\$0.25 million) from third parties. These loans are unsecured, repayable on demand and bear interest of 18% per annum (FY2014: 18%).

Note 3: Provisions

	Group S\$'000		Company S\$'000	
	1H2015	FY2014	1H2015	FY2014
Litigation	387	1,259	387	1,259
Foreseeable project loss	1,275	1,275	1,275	1,275
Unutilised leaves	555	555	555	555
	2,217	3,089	2,217	3,089

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

Amount repayable in one year or less, or on demand

1H2015		FY2014	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
3,594	-	33	-

Amount repayable after one year

1H2015		FY2014	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
98	-	114	-

At the end of the financial period, the secured borrowings were : (1) a hire purchase arrangement for an asset and (2) bank borrowings secured by fixed deposits.

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

Consolidated Statement of Cash Flows

	Group S\$'000	
	1H2015 S\$'000	1H2014 S\$'000
Cash flows from operating activities		
Profit / (loss) before income tax	125	(3,527)
Adjustments for:		
Amortisation of intangible assets	1,227	1,268
Depreciation of plant and equipment	101	76
Equity-settled share option expenses granted to employees	50	86
Currency translation losses	(24)	- *
Interest income	(3)	(39)
Finance costs	189	292
Operating cash flow before working capital changes	1,665	(1,844)
Trade and other receivables	(179)	(3,273)
Trade and other payables	(4,802)	1,895
Inventories	275	(1)
Cash used in operations	(3,041)	(3,223)
Interest paid	(189)	(292)
Interest received	3	-
Net cash used in operating activities	(3,227)	(3,515)
Cash flows from investing activities		
Additions to intangible assets	(469)	(497)
Acquisition of plant and equipment	(69)	(2)
Net cash used in investing activities	(538)	(499)

Consolidated Statement of Cash Flows (Cont'd)

	Group	
	S\$'000	
	1H2015	1H2014
	S\$'000	S\$'000
Cash flows from financing activities		
Repayment to hire purchase creditor	(16)	(15)
Proceeds from issuance of shares	-	3,525
Proceeds of loan from financial institution	-	2,075
Proceeds from short-term loans	1,250	-
Repayment of a short-term loan	(255)	-
Decrease in amount due to a director-cum-shareholder	(256)	(179)
Share issue expenses	-	(213)
Decrease in fixed deposit pledged as security for banking facilities	-	(1,150)
Net cash generated from financing activities	<u>723</u>	<u>4,043</u>
Net (decrease) / increase in cash and cash equivalents	(3,042)	29
Cash and cash equivalents at start of the period	6,075	37
Cash and cash equivalents at end of the period	<u>3,033</u>	<u>66</u>
Cash and cash equivalents		
Short-term bank fixed deposits ⁱ	4,089	12,922
Cash and bank balances	2,506	66
Bank overdraft	(3,561)	-
Less: Fixed deposit pledged, excluding pledged for overdraft	-	(12,922)
	<u>3,033</u>	<u>66</u>

* denote less than S\$1000

- i. Short-term bank fixed deposit pledged in relation to the security grant for certain bank borrowings. It was readily available to reduce those bank borrowings.

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.

Group 1H2015	Share capital S\$'000	Share option reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2014	112,709	485	244	(107,495)	5,943
Total comprehensive loss for the period	-	-	(24)	125	101
Reversal of equity-settled share options		(129)	-	129	-
Employee share option expense	-	50	-	-	50
As at 30 September 2014	112,709	406	220	(107,241)	6,094

Group 1H2014	Share capital S\$'000	Share option reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2013	109,184	520	(223)	(108,366)	1,115
Total comprehensive loss for the period	-	-	- *	(3,527)	(3,527)
Issuance of new shares	3,525	-	-	-	3,525
Share issue expenses	-	-	-	(213)	(213)
Employee share option expense	-	86	-	-	86
As at 30 September 2013	112,709	606	(223)	(112,106)	986

Company 1H2015	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2014	112,709	485	(107,160)	6,034
Total comprehensive profit for the period	-	-	476	476
Reversal of equity-settled share options	-	(129)	129	-
Employee share option expense	-	50	-	50
As at 30 September 2014	112,709	406	(106,555)	6,560

Company 1H2014	Share capital S\$'000	Share option reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2013	99,508	353	(94,450)	5,411
Total comprehensive loss for the period			(3,984)	(3,984)
Issuance of new shares	9,193	-	-	9,193
Reversal of equity-settled share options	-	(11)	11	-
Employee share option expense	-	111	-	111
As at 30 September 2013	108,701	453	(98,423)	10,731

* denote less than S\$1000

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.

	<u>No. of ordinary shares</u>	<u>Share capital</u> S\$'000
At start and end of the period	1,567,183,371	112,709

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 the Company's appointed external auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 same accounting policies and methods of computation in the financial statements have been consistently applied by the Group for the period presented.

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.

Not applicable.

6. Earnings/(loss) 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.

	1H2015	1H2014
Consolidated net profit / (loss) attributable to the equity holders of the Company (S\$'000)	125	(3,527)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (million)	1,567	1,563
Profit /(loss) per share - basic and diluted (cents)	0.01	(0.23)

The basic and fully diluted earnings per ordinary share are the same as the Group did not have any potentially dilutive effects on its ordinary shares outstanding at the end of the period.

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 current financial period reported on, and immediately preceding financial year.

	Group		Company	
	1H2015	FY2014	1H2015	FY2014
Net assets (S\$'000)	6,094	5,943	6,560	6,034
Number of shares outstanding (million)	1,567	1,567	1,567	1,567
Net asset value per ordinary share based on issued share capital at end of the period (cents)	0.39	0.38	0.42	0.39

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.

COMPREHENSIVE INCOME STATEMENT

Revenue and Gross Earnings Analysis

The Group recorded revenue of S\$9.17 million for 1H2015 compared with S\$1.28 million recorded in 1H2014. The revenue in 1H2015 was generated from projects, maintenance contracts and sales of products. The increase was attributed mainly to new contracts previously secured.

Gross profit margin has increased from 32.4% in 1H2014 to 49.9% in 1H2015 due to profit margin from projects which contributed significantly to the Group's revenue in 1H2015.

Accordingly, the Group recorded net profit after tax of S\$0.13 million for 1H2015, compared with a net loss after tax of S\$3.53 million for 1H2014.

Other Operating Income

Other operating income in 1H2015 was lower by S\$0.39 million as compared to 1H2014 mainly due to government grants of S\$0.28 million received in 1H2014 with respect to certain one-off professional fees incurred in prior period on potential acquisitions which were subsequently aborted.

Administrative Expenses

The administrative expenses increased from S\$2.15 million in 1H2014 to S\$2.39 million in 1H2015 mainly due to marginally higher operating expenses.

Finance Costs

Finance costs reduced from S\$0.29 million in 1H2014 to S\$0.19 million in 1H2015. The reduction was mainly from interest expense on bank facilities.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Non-current assets reduced by S\$0.79 million mainly due to reduction in additions to intangible assets.

Current assets

Current assets of the Group totalled S\$14.93 million as at 1H2015 with an increase of S\$0.42 million from S\$14.50 million as at FY2014, the immediate preceding financial year. The increase was mainly due to higher cash and bank balances as at 1H2015.

Non-current liabilities

Non-current liabilities of the Group represent non-current portion of the existing finance lease.

Current liabilities

The Group reported current liabilities of S\$12.65 million as at 1H2015, a decrease of S\$0.50 million from S\$13.16 million as at FY2014. The decrease was mainly due to reduction in provisions arising from settlement of S\$0.87 million, reduction in trade and other payables of S\$3.16 million, offset by utilization of banking facilities of S\$3.56 million in 1H2015.

CASH FLOWS

Cash used in operating and investing activities in 1H2015 is approximately the same as in 1H2014.

Net cash generated from financing activities in 1H2014 of S\$4.04 million was higher than that of S\$0.72 million in 1H2015 due to proceeds from issuance of shares.

UPDATE PURSUANT WITH LISTING RULE 1313(2) FOR THE QUARTER ENDED 30 SEPTEMBER 2014 ("2Q2015")

The Company was included in the watch-list pursuant to Rule 1311 of the Listing Manual with effect from 5 June 2013.

In accordance with Listing Rule 1313(2) of the Listing Manual, the Board of Directors of the Company wishes to provide the following updates.

(i) Financial update

For 2Q2015, the Group recorded gross profit of S\$1.34 million and net loss of S\$0.76 million, against gross profit of S\$3.24 million and net profit of S\$0.88 million for the previous quarter ended 30 June 2014 ("1Q2015"). The contracts secured previously are nearing completion.

As a result of the Group's continued cost containment efforts, the administrative and other operating expenses of S\$0.98 million and S\$0.68 million respectively recorded for 2Q2015 continued to show a reducing trend, compared with FY2014, on a pro-rated basis (administrative and other operating expenses were S\$4.48 million and S\$2.87 million respectively).

Net assets stood at S\$6.09 million as at 30 September 2014.

(ii) Business update

Please refer to paragraph 10 for the business update.

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

Save for the announcement made on 30 September 2013, 22 January 2014 and 3 February 2014, the Company did not make any forecast or a prospect statement 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 Group continues to engage potential customers such as airports of various countries, where discussions are on-going, and to build on its channel-partner network to grow its market reach globally for all of the Group's products and capabilities. The Group is currently in the midst of competing in and/or preparing for several tenders.

In view of the nature of its business, the Group may continue to experience delays in the issue of tenders and award of contracts, and there is inherent uncertainty of success due to competition.

Operationally, the Group will continue to focus on cost effectiveness and project execution to enhance its profit margin and cash flow, and to review the Group's structure to streamline and enhance its operations. The Group continues to be committed to seeking ways to monetise and unlock the full potential and value of its intellectual properties.

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

No dividend has been declared or recommended for the current financial year or the immediately preceding financial year.

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

Not Applicable

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 & 10.

15. A breakdown of sales.

Not applicable

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

None.

17. Interested Person Transactions ("IPT")

(a) Dr. David K.M. Chew ("Dr. Chew") provided a continuing guarantee for the recovery of outstanding debts from Procurement Bureau of the Republic of China, Taiwan, Ministry of National Defence ("MOND") and EDS Electronic Data Systems (HK) LTD ("EDS").

(b) During 1H2015, Mr. Lim Kim Choon, a director of the Company and a subsidiary of the Company has rendered consultancy service to the subsidiary with a fee of S\$49,800 (1H2014: S\$79,600).

In accordance with Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"):

Name of interested person	Aggregate value of IPT in the year S\$	Aggregate value of IPT conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual
Dr. David K.M. Chew (Para 17(a))	2,303,669	Nil
Lim Kim Choon (Para 17 (b))	49,800	Nil

Other than those disclosed above, there are no IPT under shareholders' mandate or IPT disclosable under Chapter 9 of the Listing

18. Confirmation by Directors pursuant to Rule 705(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Board of Directors of the Company confirms, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Half Year Financial Statement and Dividend Announcement for the financial period ended 30 September 2014 to be false or misleading.

Dr. David K.M. Chew
Executive Chairman

Ms. Leong Sook Ching
Executive Director

14 November 2014