



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 2015 ("1H2016")

	Group		Change Increase / (Decrease) %
	1H2016 S\$'000	1H2015 S\$'000	
Revenue	2,088	9,174	(77.24)
Cost of goods and services sold	(1,411)	(4,597)	(69.32)
Gross profit	677	4,577	(85.21)
Other operating income	164	19	757.77
Selling and distribution expenses	(701)	(560)	25.18
Administrative expenses	(2,662)	(2,394)	11.22
Other operating expenses	(1,005)	(1,328)	(24.34)
Finance costs	(203)	(189)	7.59
Operating expenses, net	(4,407)	(4,452)	(1.01)
Net (loss) / profit before income tax	(3,730)	125	NM
Income tax	-	-	-
Net (loss) / profit for the period - Note (i)	(3,730)	125	NM
Other comprehensive income:			
Currency translation differences arising from consolidation	(94)	(24)	NM
Total comprehensive (loss) / profit for the period	(3,824)	101	NM
Net (loss) / profit attributable to shareholders of the Company	(3,730)	125	
Total comprehensive (loss) / income attributable to shareholders of the Company	(3,824)	101	
(Loss) / profit per share (cents)			
- basic and diluted	(0.24)	0.01	

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 (loss) / profit for the period

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

	Group		Change Increase / (Decrease) %
	1H2016 S\$'000	1H2015 S\$'000	
Amortisation of intangible assets	901	1,227	(26.55)
Depreciation of plant and equipment	104	101	2.38
Employee share option expense	40	50	(20.07)
Interest expense	203	189	7.59
Interest income	(10)	(2)	545.97

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.

In connection with the Restructuring Exercise which was completed on 6 April 2015 as announced, the Company herein refers to The Stratech Group Limited.

**Unaudited Statements of Financial Position
As at 30 September 2015 ("1H2016")**

	Note	Group S\$'000		Company S\$'000	
		1H2016	FY2015	1H2016	FY2015
Assets					
Non-current assets					
Plant and equipment		520	571	-	-
Investments in subsidiaries		-	-	-*	-*
Intangible assets		2,437	3,022	-	-
		<u>2,957</u>	<u>3,593</u>	<u>-</u>	<u>-*</u>
Current assets					
Inventories		1,033	355	-	-
Trade and other receivables	1	9,611	8,098	5,962	-
Fixed deposit		4,023	4,092	-	-
Cash and bank balances		10	149	-	-
		<u>14,677</u>	<u>12,694</u>	<u>5,962</u>	<u>-</u>
Total assets		<u>17,634</u>	<u>16,287</u>	<u>5,962</u>	<u>-*</u>
Equity and liabilities					
Current liabilities					
Bank borrowings		3,982	1,749	-	-
Finance lease		88	86	-	-
Trade and other payables	2	9,289	6,026	222	15
Provisions	3	1,369	1,691	-	-
		<u>14,728</u>	<u>9,552</u>	<u>222</u>	<u>15</u>
Non-current liabilities					
Finance lease		121	166	-	-
Net assets / (liabilities)		<u>2,785</u>	<u>6,569</u>	<u>5,740</u>	<u>(15)</u>
Equity attributable to equity holders of the Company					
Share capital		112,709	112,709	112,709	-*
Other reserves		-	-	(107,137)	-
Share option reserve		387	347	387	-
Translation reserve		(29)	65	-	-
Accumulated losses		(110,282)	(106,552)	(219)	(15)
Total equity		<u>2,785</u>	<u>6,569</u>	<u>5,740</u>	<u>(15)</u>
Total equity and liabilities		<u>17,634</u>	<u>16,287</u>	<u>5,962</u>	<u>-*</u>

* Denote less than S\$1,000

Note 1: Trade and other receivables

	Group S\$'000		Company S\$'000	
	1H2016	FY2015	1H2016	FY2015
Trade receivables	3,725	2,995	-	-
Allowance for doubtful debts on trade receivables	(1,165)	(1,120)	-	-
<i>Net trade receivables</i>	<u>2,560</u>	<u>1,875</u>	-	-
Accrued revenue	5,204	4,422	-	-
Allowance for impairment	(343)	(343)	-	-
	<u>4,861</u>	<u>4,079</u>	-	-
Other receivables	1,205	1,136	9	-
Allowance for doubtful debts on other receivables	(579)	(556)	-	-
<i>Net other receivables</i>	<u>626</u>	<u>580</u>	<u>9</u>	-
Amount due from a subsidiary	-	-	5,953	-
Receivable in respect of a guarantee from a director-cum-shareholder	1,564	1,564	-	-
<i>Total trade and other receivables</i>	<u>9,611</u>	<u>8,098</u>	<u>5,962</u>	-

Note 2: Trade and other payables

	Group S\$'000		Company S\$'000	
	1H2016	FY2015	1H2016	FY2015
Trade payables	1,503	729	-	-
Accruals	1,939	1,852	101	3
Deferred income	525	348	-	-
Due to director-cum-shareholder	2,559	1,721	-	-
Due to a subsidiary	-	-	8	-
Others payables	2,763	1,376	113	12
	<u>9,289</u>	<u>6,026</u>	<u>222</u>	<u>15</u>

Included in other payables are loans of S\$1.5 million (FY2015: S\$0.5 million) from third parties which are unsecured, and bears interests 15% - 18% (FY2015: 18%) per annum. The interest rate charged is due to the relatively short-term and unsecured nature of the loan.

Note 3: Provisions

	Group S\$'000		Company S\$'000	
	1H2016	FY2015	1H2016	FY2015
Litigation	94	416	-	-
Foreseeable project loss	1,275	1,275	-	-
	<u>1,369</u>	<u>1,691</u>	-	-

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

Amount repayable in one year or less, or on demand

1H2016		FY2015	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
4,070	-	1,835	-

Amount repayable after one year

1H2016		FY2015	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
121	-	166	-

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	
	1H2016	1H2015
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss) / profit before income tax	(3,730)	125
Adjustments for:		
Amortisation of intangible assets	901	1,227
Depreciation of plant and equipment	104	101
Equity-settled share option expenses granted to employees	40	50
Interest income	(10)	(3)
Finance costs	203	189
Operating cash flow before working capital changes	(2,492)	1,689
Trade and other receivables	(1,513)	(179)
Trade and other payables	3,242	(1,264)
Inventories	(678)	275
Cash (used in) / generated from operations	(1,441)	521
Interest paid	(203)	(189)
Interest received	10	3
Net cash (used in) / generated from operating activities	(1,634)	335
Cash flows from investing activities		
Additions to intangible assets	(316)	(469)
Acquisition of plant and equipment	(53)	(69)
Net cash used in investing activities	(369)	(538)

Consolidated Statement of Cash Flows (Cont'd)

	Group	
	1H2016	1H2015
	S\$'000	S\$'000
Cash flows from financing activities		
Repayment to hire purchase creditor	(43)	(16)
Proceeds from short-term loans	1,500	1,250
Repayment of a short-term loan	(500)	(255)
Increase / (decrease) in amount due to a director-cum-shareholder	838	(256)
Fixed deposit pledged as security for banking facilities	(10)	(3)
Drawn down of fixed deposit	79	-
Net cash generated from financing activities	<u>1,864</u>	<u>720</u>
Net (decrease) / increase in cash and cash equivalents	(139)	517
Cash and cash equivalents at start of the period	149	1,989
Cash and cash equivalents at end of the period	<u>10</u>	<u>2,506</u>
Cash and cash equivalents		
Short-term bank fixed deposits and cash and bank balances	4,033	6,595
Less: Fixed deposit pledged as security for banking facilities	(4,023)	(4,089)
Cash and cash equivalents in consolidated statement of cash flows	<u>10</u>	<u>2,506</u>

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 1H2016	Share capital S\$'000	Share option reserve S\$'000	Translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2015	112,709	347	65	(106,552)	6,569
Total comprehensive loss for the period	-	-	(94)	(3,730)	(3,824)
Employee share option expense	-	40	-	-	40
As at 30 September 2015	112,709	387	(29)	(110,282)	2,785

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 income 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

Company 1H2016	Share capital S\$'000	Share option reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
At 1 April 2015	- *	-	-	(15)	(15)
Pursuant to the restructuring exercise	112,709	347	(107,137)	-	5,919
Total comprehensive loss for the period	-	-	-	(204)	(204)
Employee share option expense	-	40	-	-	40
As at 30 September 2015	112,709	387	(107,137)	(219)	5,740

* Denote less than S\$1,000

As the Company was incorporated on 9 October 2014, there is no comparative statement for the corresponding period of the immediately preceding financial year.

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 of the period	2	- *
Pursuant to the restructuring exercise	1,567,183,369	112,709
	<hr/>	<hr/>
At end of the period	1,567,183,371	112,709
	<hr/>	<hr/>

* Denote less than S\$1,000

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.

	1H2016	1H2015
Consolidated net (loss) / profit attributable to the equity holders of the Company (S\$'000)	(3,730)	125
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (million)	1,567	1,567
(Loss) / profit per share - basic and diluted (cents)	(0.24)	0.01

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	
	1H2016	FY2015	1H2016	FY2015
Net assets (S\$'000)	2,785	6,569	5,740	(15)
Number of shares outstanding (million)	1,567	1,567	1,567	- *
Net asset value per ordinary share based on issued share capital at end of the period (cents)	0.18	0.42	0.37	NM

* Denote less than S\$1,000

NM - not meaningful

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\$2.09 million for 1H2016 compared with S\$9.17 million recorded in 1H2015. The revenue in 1H2016 was generated from projects, maintenance contracts and sales of products. The decrease was mainly attributed to lower level of project activities in line with the project milestones of the on-going projects. As a substantial portion of the Group's business is project-based, revenue tends to be lumpy and dependent on the project milestones whereas the operation division costs remain relatively constant, as a result, lower gross margin was achieved in 1H2016.

Accordingly, the Group recorded net loss after tax of S\$3.73 million for 1H2016, compared with a net profit after tax of S\$0.13 million for 1H2015.

Other Operating Income

Other operating income in 1H2016 was marginally higher by S\$0.15 million as compared to 1H2015 mainly due to increase in exchange differences.

Administrative Expenses

The administrative expenses increased marginally from S\$2.39 million in 1H2015 to S\$2.64 million in 1H2016.

Other Operating Expenses

The other operating expenses decreased from S\$1.32 million in 1H2015 to S\$1.01 million in 1H2016 mainly due to decrease in amortisation of intangible assets.

STATEMENT OF FINANCIAL POSITION

Non-current assets and non-current liabilities

Non-current assets reduced by S\$0.64 million mainly due to amortisation of intangible assets and plant and equipment. Non-current liabilities of the Group represent non-current portion of the existing finance lease.

Current assets and current liabilities

Current assets of the Group totalled S\$14.68 million as at 1H2016 with an increase of S\$1.98 million from S\$12.69 million as at FY2015, the immediate preceding financial year. This was mainly due to increase in inventories and trade receivables of S\$1.36 million. The Group reported current liabilities of S\$14.73 million as at 1H2016, an increase of S\$5.18 million from S\$9.55 million as at FY2015. This was mainly due to higher utilization of banking facilities of S\$2.23 million and increase in trade and other payables of S\$3.26 million offset by settlement of provision for litigation of S\$0.32 million.

CASH FLOWS

Cash used in operating activities in 1H2016 mainly due to increase in trade and other receivables, inventories and offset by increase in trade and other payables.

Net cash generated from financing activities increased by S\$1.14 million from S\$0.72 million in 1H2015 to S\$1.86 million in 1H2016 was mainly due to an increase in amount due to a director-cum-shareholder.

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 21 July 2015 and 21 October 2015, 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 has won and was awarded the contracts announced on 21 July 2015 to install and maintain iFerret™ at Miami International Airport and on 21 October 2015 for the upgrade of iFerret™ for the second runway at Singapore Changi Airport (plus options for the installation of iFerret™ at the airport's upcoming third runway, maintenance and other works), but these have not contributed to 1H2016 and are expected to contribute to the Group's activities from 2H2016 and beyond.

The Group has submitted proposals for tenders for several major international airports and is in the midst of preparing proposals for several other tenders in different countries.

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.

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) (i) A receivable in respect of a personal guarantee from Dr. David K.M Chew ("Dr. Chew"), (ii) and Dr. Chew's continuing guarantee for the recovery of an outstanding debt from an external party.

(b) During 1H2016, 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 (1H2015: S\$49,800).

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))	2,416,385	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 2015 to be false or misleading.

Dr. David K.M. Chew
Executive Chairman

Ms. Leong Sook Ching
Executive Director

13 November 2015