

UNAUDITED FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 2ND QUARTER RESULTS

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

Group	2nd Quarter	2nd Quarter	Change	6 Months	6 Months	Change
	ended	ended		ended	ended	
	30/06/2015	30/06/2014	%	30/06/2015	30/06/2014	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	272,454	220,825	23.4	519,570	467,500	11.1
Cost of sales	(196,141)	(171,355)	14.5	(377,148)	(362,632)	4.0
Gross Profit	76,313	49,470	54.3	142,422	104,868	35.8
Selling and distribution expenses	(13,915)	(11,686)	19.1	(24,318)	(24,542)	(0.9)
Administrative expenses	(30,324)	(16,715)	81.4	(64,065)	(33,167)	93.2
Research and development expenses	(4,635)	(7,046)	(34.2)	(11,390)	(12,841)	(11.3)
Profit from Operations	27,439	14,023	95.7	42,649	34,318	24.3
Financial income, net	807	865	(6.7)	2,465	856	188.0
Share of profit from associate	291	-	n.m.	334	-	n.m.
Other income	9,941	23,766	(58.2)	15,761	32,074	(50.9)
Other expenses	(346)	(3,780)	(90.8)	(4,948)	(15,063)	(67.2)
Profit Before Tax	38,132	34,874	9.3	56,261	52,185	7.8
Income tax	(8,788)	(8,865)	(0.9)	(11,562)	(11,279)	2.5
Net Profit After Tax	29,344	26,009	12.8	44,699	40,906	9.3
Other Comprehensive Income Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(10,336)	59	n.m.	(10,336)	222	n.m.
Total Comprehensive Income for the period	19,008	26,068	(27.1)	34,363	41,128	(16.4)
Total comprehensive income attributable to equity holders of the Company	19,008	26,068	(27.1)	34,363	41,128	(16.4)

n.m. : not meaningful

1(a)(ii) Profit before tax is determined after crediting/(charging) the following:

(A) Other Income

	2nd Quarter	2nd Quarter	Change	6 Months	6 Months	Change
	ended	ended		ended	ended	
	30/06/2015	30/06/2014		30/06/2015	30/06/2014	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales of steel scrap	803	205	291.7	1,321	549	140.6
Net of sales of raw materials	1,154	184	527.2	1,442	833	73.1
Amortisation of deferred income	331	240	37.9	662	480	37.9
Government grants	95	1,175	(91.9)	889	1,675	(46.9)
Settlement of forward contracts	3,067	2,061	48.8	2,308	6,340	(63.6)
Fair value gain on derivative financial instruments	3,938	0	n.m.	9,139	0	n.m.
Foreign exchange gain, net	544	432	25.9	-	2,576	(100.0)
Fair value changes on contingent consideration	0	19,446	(100.0)	0	19,446	(100.0)
Others	9	23	(60.9)	-	175	(100.0)
	9,941	23,766	(58.2)	15,761	32,074	(50.9)

(B) Other Expenses

	2nd Quarter	2nd Quarter	Change	6 Months	6 Months	Change
	ended	ended		ended	ended	
	30/06/2015	30/06/2014		30/06/2015	30/06/2014	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Amortisation of land use rights	(344)	(231)	48.8	(651)	(462)	40.9
Foreign exchange loss, net	-	-	-	(4,287)	-	n.m.
Fair value loss on derivative financial instruments	0	(3,549)	(100.0)	0	(12,601)	(100.0)
Withholding tax on dividends	-	-	-	-	(2,000)	(100.0)
Others	(2)	-	n.m.	(10)	-	n.m.
	(346)	(3,780)	(90.8)	(4,948)	(15,063)	(67.2)

(C) Financial Income, net

	2nd Quarter	2nd Quarter	Change	6 Months	6 Months	Change
	ended	ended		ended	ended	
	30/06/2015	30/06/2014		30/06/2015	30/06/2014	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	1,909	910	109.8	4,193	1,559	169.0
Interest expenses	(1,054)	(45)	n.m.	(1,631)	(75)	n.m.
Unwinding of discount on contingent consideration	(48)	-	n.m.	(97)	(628)	(84.6)
	807	865	(6.7)	2,465	856	188.0

(D) Depreciation and Amortisation

	2nd Quarter ended 30/06/2015 RMB'000	2nd Quarter ended 30/06/2014 RMB'000	Change %	6 Months ended 30/06/2015 RMB'000	6 Months ended 30/06/2014 RMB'000	Change %
Depreciation on property, plant and equipment	4,413	3,699	19.3	8,693	7,281	19.4
Amortisation of land use rights	344	231	48.9	651	462	40.9
Amortisation of intangible assets	1,366	1,086	25.8	2,731	2,171	25.8
	6,123	5,016	22.1	12,075	9,914	21.8

For the 6 months ended 30 June 2015, the Group's depreciation expenses increased by 19.4% to RMB8.7 million over last corresponding period due to the addition of property, plant and equipment of Chinese subsidiaries and the acquisition of Deutsche Mechatronics GmbH ("DTMT").

For the 6 months ended 30 June 2015, the Group's amortisation of land use rights increased by 40.9% to RMB0.7 million over last corresponding period as the Group started to amortize 2 newly acquired pieces of land from Q4 2014.

For the 6 months ended 30 June 2015, the Group's amortisation of intangible assets increased by 25.8% to RMB2.7 million over last corresponding period as the Group started to amortize a major R&D project from Q3 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.

	Group			Company		
	As At 30/06/2015	As At 31/12/2014	Change %	As At 30/06/2015	As At 31/12/2014	Change %
	RMB'000	RMB'000		RMB'000	RMB'000	
	Unaudited	Audited		Unaudited	Audited	
Assets						
Non-current Assets						
Intangible assets	12,767	15,498	(17.6)	-	-	-
Investment in subsidiaries	-	-	-	28,416	28,925	(1.8)
Investment in associate	6,951	6,616	5.1	-	-	-
Land use rights	60,417	61,068	(1.1)	-	-	-
Property, plant and equipment	234,565	236,417	(0.8)	-	-	-
Deferred tax assets	2,165	-	n.m.	-	-	-
Total Non-current Assets	316,865	319,599	(0.9)	28,416	28,925	(1.8)
Current Assets						
Cash and bank balances	164,701	77,813	111.7	6,611	7,413	(10.8)
Available-for-sale financial assets	-	100,000	(100.0)	-	-	-
Trade receivables	177,798	164,728	7.9	2,659	2,413	10.2
Advances to suppliers	34,951	16,236	115.3	445	-	n.m.
Other receivables, deposits and prepayment	6,428	5,150	24.8	3,104	-	n.m.
Due from subsidiaries (non-trade)	-	-	-	124,165	151,962	(18.3)
Derivative financial instruments	4,518	-	n.m.	1,133	-	n.m.
Inventories	154,787	153,653	0.7	817	-	n.m.
Total Current Assets	543,183	517,580	4.9	138,934	161,788	(14.1)
Total Assets	860,048	837,179	2.7	167,350	190,713	(12.3)
Liabilities						
Current Liabilities						
Borrowings	37,089	35,449	4.6	-	-	-
Trade payables	99,141	82,969	19.5	-	2,883	(100.0)
Other payables and accruals	58,001	71,720	(19.1)	1,341	2,157	(37.8)
Due to a related party (trade)	548	442	24.0	-	-	-
Derivative financial instruments	-	4,635	(100.0)	-	1,050	(100.0)
Provision for income tax	6,083	10,014	(39.3)	-	-	-
Total Current Liabilities	200,862	205,229	(2.1)	1,341	6,090	(78.0)
Non-current Liabilities						
Long-term borrowing	10,174	7,426	37.0	-	-	-
Other payables	5,056	5,285	(4.3)	2,873	2,826	1.7
Deferred income	14,996	9,418	59.2	-	-	-
Deferred tax liabilities	14,086	4,934	185.5	-	-	-
Total Non-current Liabilities	44,312	27,063	63.7	2,873	2,826	1.7
Total Liabilities	245,174	232,292	5.5	4,214	8,916	(52.7)
Net Assets	614,874	604,887	1.7	163,136	181,797	(10.3)
Equity						
Capital and reserves attributable to the equity holders of the Company						
Share capital	168,067	168,067	-	168,067	168,067	-
Capital reserve	33,056	33,056	-	-	-	-
Revenue reserve	411,280	390,957	5.2	9,991	25,442	(60.7)
Statutory reserve	44,975	44,975	-	-	-	-
Translation deficit	(29,475)	(19,139)	54.0	(14,922)	(11,712)	27.4
Merger deficit	(13,029)	(13,029)	-	-	-	-
Total Equity	614,874	604,887	1.7	163,136	181,797	(10.3)

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

	Group		Group	
	As at 30 June 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
Amount repayable in one year	37,089	-	35,449	-
Amount repayable above one year	10,174	-	7,426	-
Total	47,263	-	42,875	-

Details of any collateral

As at 30 June 2015, borrowings comprised:

- (1) A loan of USD1.0 million (equivalent to RMB6.2 million) was obtained by a PRC subsidiary of the Company from Citi Bank to finance the working capital.
- (2) A mortgage loan of USD0.8 million (equivalent to RMB4.6 million) was obtained by a US subsidiary of the Company from East West Bank to finance the acquisition of a warehouse in USA. The Company provided corporate guarantee for the loan.
- (3) A loan of EUR0.7 million (equivalent to RMB4.6 million) was obtained from Deutsche Leasing by Format Tresorbau GmbH & Co. KG to finance the purchase of machine. The loan was secured by the machine itself.
- (4) Deutsche Mechatronics GmbH ("DTMT") has an outstanding loan of EUR4.2 million (equivalent to RMB28.7 million) from a German commercial bank and finance leases of EUR0.5 million (equivalent to RMB3.2 million) with effective interest rate ranging from 2.6% to 5.49% per annum. The loan was secured on the land of DTMT.

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.**

GROUP CASH FLOW STATEMENT	2nd Quarter ended 30/06/2015 RMB'000	2nd Quarter ended 30/06/2014 RMB'000	6 Months ended 30/06/2015 RMB'000	6 Months ended 30/06/2014 RMB'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax	38,132	34,874	56,261	52,185
Adjustments:				
Amortisation of land use rights	344	231	651	462
Amortisation of intangible assets	1,366	1,086	2,731	2,171
Amortisation of deferred government grant	(331)	(240)	(662)	(480)
Depreciation of property, plant and equipment	4,413	3,699	8,693	7,281
Fair value changes on contingent consideration	-	(19,446)	-	(19,446)
Fair value (gain)/loss on derivative financial instruments	(3,938)	3,549	(9,139)	12,601
Settlement of forward contracts	(3,067)	(2,061)	(2,308)	(6,340)
Interest expenses	1,054	45	1,631	75
Interest income	(1,909)	(910)	(4,193)	(1,559)
Unwinding of discount on contingent consideration	48	-	97	628
Share of profits from associate	(291)	-	(334)	-
Operating profit before working capital changes	35,821	20,827	53,428	47,578
Trade receivables	(27,514)	37,869	(15,015)	528
Other receivables, deposits and prepayments	(2,128)	2,444	(1,439)	3,360
Advances to suppliers	(16,868)	(11,661)	(19,124)	(15,434)
Trade payables	17,750	(8,246)	17,379	(19,382)
Other payables and accruals	10,333	13,331	(12,916)	3,357
Due to a related party (trade)	173	1,000	106	(197)
Inventories	(12,828)	4,454	(7,613)	17,340
Cash generated from operations	4,739	60,018	14,806	37,150
Income tax paid	(2,236)	(2,566)	(8,233)	(3,780)
Net cash generated from operating activities	2,503	57,452	6,573	33,370
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of property, plant and equipment	(5,585)	(18,173)	(14,050)	(24,887)
Interest received	1,909	910	4,193	1,559
Settlement of forward contracts	3,067	2,061	2,308	6,340
Government grants received	2,340	-	6,240	-
Proceeds from the maturity of available-for-sale financial assets	38,000	-	100,000	-
Net cash generated from/(used in) investing activities	39,731	(15,202)	98,691	(16,988)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Dividend paid	(24,376)	(17,736)	(24,376)	(17,736)
Proceeds from bank borrowings	4,717	5,408	10,880	5,408
Repayment of short-term loans	(870)	-	(1,970)	-
Due to a related party (non-trade)	-	-	-	(3,600)
Interest paid	(1,054)	283	(1,631)	(223)
Release from pledged deposits	967	569	14,879	569
Net cash used in financing activities	(20,616)	(11,476)	(2,218)	(15,582)
Net increase in cash and cash equivalents	21,618	30,774	103,046	800
Effects of exchange rate changes in cash and cash equivalents	892	(120)	(1,279)	197
Cash and cash equivalents at beginning of the period	139,983	119,545	60,726	149,202
Cash and cash equivalents at end of the period	162,493	150,199	162,493	150,199
Note:				
For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised:				
-Cash at bank and in hand	196	69,503	196	69,503
-Fixed deposits with banks	164,505	99,687	164,505	99,687
	164,701	169,190	164,701	169,190
Less: Pledged deposit	(2,208)	(18,991)	(2,208)	(18,991)
Cash and cash equivalents per consolidated statement of cash flows	162,493	150,199	162,493	150,199

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						Total RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2015	168,067	44,975	(13,029)	33,056	390,957	(19,139)	604,887
Total comprehensive income for the period	-	-	-	-	44,699	(10,336)	34,363
Dividends	-	-	-	-	(24,376)	-	(24,376)
Balance at 30 June 2015	168,067	44,975	(13,029)	33,056	411,280	(29,475)	614,874

	Group						Total RMB'000
	Share capital	Statutory reserve	Merger deficit	Capital reserve	Revenue reserve	Translation deficit	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2014	168,067	38,740	(13,029)	33,056	237,504	(1,611)	462,727
Total comprehensive income for the period	-	-	-	-	40,906	222	41,128
Dividends	-	-	-	-	(17,736)	-	(17,736)
Balance at 30 June 2014	168,067	38,740	(13,029)	33,056	260,674	(1,389)	486,119

	Company			
	Share capital	Revenue reserve	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	168,067	25,442	(11,712)	181,797
Total comprehensive loss for the period	-	8,925	(3,210)	5,715
Dividends	-	(24,376)	-	(24,376)
Balance at 30 June 2015	168,067	9,991	(14,922)	163,136

	Company			
	Share capital	Revenue reserve/(accumulated losses)	Translation deficit	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	168,067	(43,027)	(4,342)	120,698
Total comprehensive income for the period	-	84,163	5,136	89,299
Dividends	-	(17,736)	-	(17,736)
Balance at 30 June 2014	168,067	23,400	794	192,261

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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.**

There have been no changes in the Company's share capital during the 6 months ended 30 June 2015.

The Company did not hold any treasury shares as at 30 June 2015 or 31 December 2014 respectively.

- 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 Company's total number of issued shares was 356,536,000 as at 30 June 2015 and as at 31 December 2014 respectively.

- 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 thereon.**

Not applicable.

- 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 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.**

There are certain new Singapore Financial Reporting Standards ("FRS") that are published and mandatory for accounting periods beginning on or after 1 January 2015. The adoption of these FRS where applicable did not have any material impact on the financial statements for 6 months ended 30 June 2015. Apart from this, the same accounting policies and methods of computation have been consistently applied.

- 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 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.

	Group			
	2nd Quarter ended	2nd Quarter ended	6 Months ended	6 Months ended
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
<u>Earnings per ordinary share of the group</u>				
<u>(in RMB cents):</u>				
(a) Based on weighted average number of ordinary shares on issue; and	8.23	7.29	12.54	11.47
Weighted average number of ordinary shares for basic earnings per share computation ('000)	356,536	356,536	356,536	356,536
(b) On a fully diluted basis	8.23	7.29	12.54	11.47
Weighted average number of ordinary shares adjusted for the effect for dilution ('000)	356,536	356,536	356,536	356,536

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.

	Group		Company	
	As at	As at	As at	As at
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in RMB cents)	172.46	169.66	45.76	50.99
No. of ordinary shares used in computing net asset value ('000)	356,536	356,536	356,536	356,536

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 earning 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 report on.

OUR BUSINESS

The Group is a global leading manufacturer in the high security equipment. We supply safes for Automated Teller Machines ("ATM") in the banking industry as well as for commercial and residential purposes. With its UL and CEN certified production base in China and Germany, the Group has a global market presence in all major countries.

The Group also provides business solutions to customers by designing, engineering, manufacturing and assembling electro-mechanical equipment and modules, semi-conductor instruments and other products.

Priding itself on core competencies in precision engineering, the Group endeavours to provide integrated solutions to its customers by leveraging on its R&D capabilities, production expertise and excellent customer service.

(a) Profit statement of the Group

For the 6 months ended 30 June 2015:

Revenue

The Group achieved sales of RMB519.6 million, representing an increase of 11.1% or RMB52.1 million over last corresponding period.

Sales of the High Security Segment decreased by 18.1% or RMB78.4 million to RMB356.0 million over last corresponding period due to the drop in orders for gaming terminals.

Sales of the Business Solutions Segment increased by RMB130.5 million to RMB163.5 million over last corresponding period due to the acquisition of DTMT, sales of which was RMB130.2 million during the period.

Gross Profit

Gross profit of the Group increased by 35.8% or RMB37.5 million to RMB142.4 million.

Gross margin of the Group increased from 22.4% in last corresponding period to 27.4%. Gross margin of the High Security Segment increased from 21.4% to 31.4% due to the change of product mix and better cost control. Gross margin of the Business Solutions Segment decreased from 35.8% to 18.7% mainly due to lower gross margin of DTMT's products.

Selling and Distribution Expenses

Selling and distribution expenses decreased marginally by 0.9%, or RMB0.2 million to RMB24.3 million mainly due to the decrease in commission, export freight and after-sales service expenses. This was mainly in line with the decline in sales of gun safes.

DTMT incurred RMB3.4 million of selling and distribution expense during the period.

Administrative Expenses

Administrative expenses increased by 93.2%, or RMB30.9 million to RMB64.1 million mainly due to the acquisition of DTMT which incurred RMB21.6 million in administrative expenses during the period.

Research and Development Expenses

Research and development expenses decreased by 11.3%, or RMB1.5 million to RMB11.4 million due to the Group's focus on a few key R&D projects during the period.

Financial Income

Net financial income increased by RMB1.6 million. It was mainly due to the increase of the interest income.

Share of Profit in Associate

The Group recognized a profit of RMB0.3 million in an associate as the result of acquisition of DTMT, which indirectly owns a 50% share of the company in China.

Other Income

Other income decreased by RMB16.3 million to RMB15.8 million mainly due to the decrease in settlement of forward contracts, foreign exchange gain and fair value changes on contingent consideration, partially offset by the increase of fair value gain on derivative financial instruments.

The Group continued to enter RMB/USD forward contracts for hedging purposes during the period.

Other Expenses

Other expenses decreased by RMB10.2 million to RMB4.9 million mainly due to the decrease in fair value loss on derivative financial instruments and withholding tax on dividends, partially offset by the increase in foreign exchange loss.

Profit before Tax from Operations

Profit before tax was RMB56.3 million, representing an increase of 7.8% or RMB4.1 million as compared to RMB52.2 million during last corresponding period.

Profit from Operations, Net of Tax

Profit after tax was RMB44.7 million, representing an increase of 9.3% or RMB3.8 million as compared to RMB40.9 million during last corresponding period.

For the 3 months ended 30 June 2015:

Revenue

The Group achieved sales of RMB272.5 million, representing an increase of 23.4% or RMB51.7 million over last corresponding period.

Sales of the High Security Segment decreased by 4.7% or RMB9.4 million to RMB192.5 million over last corresponding period due to the drop in orders for gaming terminals.

Sales of the Business Solutions Segment increased by RMB61.1 million to RMB79.9 million over last corresponding period due to the acquisition of DTMT, sales of which was RMB63.5 million during the period.

Gross Profit

Gross profit of the Group increased by 54.3% or RMB26.8 million to RMB76.3 million.

Gross margin of the Group increased from 22.4% in last corresponding period to 28.0%. Gross margin of the High Security Segment increased from 21.5% to 32.3% due to the change of product mix and better cost control. Gross margin of the Business Solutions Segment decreased from 32.4% to 17.7% mainly due to lower gross margin of DTMT's products.

Selling and Distribution Expenses

Selling and distribution expenses increased by 19.1%, or RMB2.2 million to RMB13.9 million mainly due to the acquisition of DTMT and the increase in logistic cost in Q2.

DTMT incurred RMB1.7 million of selling and distribution expense during the period.

Administrative Expenses

Administrative expenses increased by 81.4%, or RMB13.6 million to RMB30.3 million mainly due to the acquisition of DTMT which incurred RMB10.6 million in administrative expenses during the period.

Research and Development Expenses

Research and development expenses decreased by 34.2%, or RMB2.4 million to RMB4.6 million due to the Group's focus on a few key R&D projects during the period.

Share of Profit in Associate

The Group recognized a profit of RMB0.3 million in an associate as the result of acquisition of DTMT, which indirectly owns a 50% share of the company in China.

Other Income

Other income decreased by RMB13.9 million to RMB9.9 million mainly due to the decrease in fair value changes on contingent consideration, partially offset by the increase of fair value gain on derivative financial instruments.

Other Expenses

Other expenses decreased by RMB3.5 million to RMB0.3 million mainly due to the decrease in fair value loss on derivative financial instruments.

Profit before Tax from Operations

Profit before tax was RMB38.1 million, representing an increase of 9.3% or RMB3.2 million as compared to RMB34.9 million for Q2 2014.

Profit from Operations, Net of Tax

Profit after tax was RMB29.3 million, representing an increase of 12.8% or RMB3.3 million as compared to RMB26.0 million for Q2 2014.

(b) Statement of financial position of the Group

Non-current Assets

The Group's non-current assets decreased by RMB2.7 million from RMB319.6 million as at 31 December 2014 to RMB316.9 million as at 30 June 2015 mainly due to depreciation and amortization in property, plant and equipment, land use right and intangible assets.

Current Assets

The Group's current assets increased by RMB25.6 million from RMB517.6 million as at 31 December 2014 to RMB543.2 million as at 30 June 2015 mainly due to the increase in trade receivables and advance to suppliers.

The available-for-sale financial assets refers to the treasury products issued by Ping An Trust and Hua Tai Securities. The maturity of these products range from 3 - 6 months with annualized return of 6.3%-6.6%. During the period, RMB100.0 million of these products has matured.

Advances to suppliers increased by RMB18.8 million from RMB16.2 million as at 31 December 2014 to RMB35.0 million as at 30 June 2015 mainly due to the increase in advance payment for purchase of raw materials.

Current Liabilities

Current liabilities decreased by RMB4.3 million from RMB205.2 million as at 31 December 2014 to RMB200.9 million as at 30 June 2015 mainly due to the decrease in other payables and accruals, derivative financial instruments and provision for income tax, partially offset by the increase in trade payables.

Trade payables increased by RMB16.1 million from RMB83.0 million as at 31 December 2014 to RMB99.1 million as at 30 June 2015, which was mainly due to the increase of purchase of raw materials.

Other payables and accruals decreased by RMB13.7 million from RMB71.7 million as at 31 December 2014 to RMB58.0 million as at 30 June 2015 mainly due to the accrued bonus as at 31 December 2014.

Derivative financial instruments decreased by RMB4.6 million due to the fluctuation of the exchange rate of Chinese Yuan against USD during the period.

Non-current Liabilities

Non-current liabilities increased by RMB17.2 million from RMB27.1 million as at 31 December 2014 to RMB44.3 million as at 30 June 2015 mainly due to the increase in long-term borrowing, deferred income and deferred tax liabilities.

Deferred income increased by RMB5.6 million as compared to 31 December 2014 due to the increase in government grant.

Deferred tax liabilities increased by RMB9.2 million from RMB4.9 million as at 31 December 2014 to RMB14.1 million as at 30 June 2015 due to the deferred tax recognized on the undistributed profits of its China subsidiaries.

Shareholders' Equity

As a result of the Group's positive total comprehensive income generated during the period, the shareholders' equity increased from RMB604.9 million as at 31 December 2014 to RMB614.9 million as at 30 June 2015.

(c) Cash Flow Statement of the Group

Net cash generated from operating activities was RMB6.6 million for the 6 months ended 30 June 2015 which was mainly due to increase in the operating profit before working capital changes and increase in trade payables, partially offset by the increase in trade receivables, other receivables, deposits and prepayments, advance to suppliers and inventories and decrease in other payables and accruals.

Net cash generated from investing activities was RMB98.7 million for the 6 months ended 30 June 2015 mainly due to the proceeds from the maturity of available-for-sale financial assets, partially offset by the addition of property, plant and equipment.

Net cash used in financing activities was RMB2.2 million for the 6 months ended 30 June 2015 mainly due to the payment of interim dividends, partially offset by the proceeds from bank borrowing and release from pledged deposits.

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

Not applicable.

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 will continue its efforts in expanding markets in the Asia Pacific region, USA and Europe. We will continue to focus on innovation, value-added product development and production efficiency.

Continuous efforts will be made to enhance our growing self-service machine and gaming terminal businesses. The management will also focus on the restructuring and turnaround of DTMT.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Interested Person Transactions (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nantong Mayway Products Corp.	Rental for land and buildings for Q2 2015: RMB0.9 million	NIL

*As stated in our Prospectus dated 24 July 2007, under the Restructuring Exercise, the Group has entered into two lease agreements with a related company, Nantong Mayway Products Corp, for the lease of land and buildings for a minimum period of 12 years commencing 1 January 2007. The annual rental will be re-negotiated at the end of the three years at the then prevailing market rate.

The Group has re-negotiated with Nantong Mayway Products Corp. and the two lease agreements was renewed for a period of 3 years commencing from 1 January 2013 with aggregate annual rental at RMB3.74 million.

14. Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we confirm, 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 2nd quarter ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Johnny Liu Jiayan
Chairman & CEO

Liu Bin
Executive Director

BY ORDER OF THE BOARD

Johnny Liu Jia Yan
Chairman & CEO
4 August 2015