

Half Year Financial Statement And Dividend Announcement for the period ended 30 September 2018
These figures have not been audited.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF-YEAR RESULTS

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

Statement of Comprehensive Income

	GROUP		
	1HFY2019 (01.04.18 to 30.09.18) S\$'000	1HFY2018 (01.04.17 to 30.09.17) S\$'000	Increase/ (Decrease) %
Revenue	8,709	7,875	11
Cost of sales (Note 1)	(4,774)	(3,831)	25
Gross profit	3,935	4,044	(3)
Other items of income			
Property income (gross)	607	607	-
Property expenses (Note 2)	(366)	(350)	5
Profit from property	241	257	(6)
Dividend income	414	354	17
Interest income	214	123	74
Other gains (Note 3)	927	310	N.M
Other items of expenses			
Marketing and distribution costs	(719)	(635)	13
Administration expenses (Note 4)	(1,141)	(1,017)	12
Other operating expenses (Note 5)	(11)	(5)	120
Other losses (Note 6)	(736)	(388)	90
Profit before tax from continuing operations	3,124	3,043	3
Income tax expense	(299)	(547)	(45)
Profits from continuing operations, net of tax	2,825	2,496	13
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(112)	12	N.M
Fair value adjustment on debt asset instruments, net of tax	848	2,971	(71)
Total other comprehensive income, net of tax	736	2,983	N.M
Total comprehensive income	3,561	5,479	(35)
Profit attributable to parent, net of tax	2,825	2,496	13
Total comprehensive income attributable to parent	3,561	5,479	(35)
Note 1			
-Included in cost of sales are			
(Write-back) / allowance for slow moving inventories	(43)	238	N.M
Depreciation of plant and equipment	(97)	(110)	(12)
Note 2			
Property expenses :			
Building maintenance expenses	(211)	(204)	3
Depreciation of investment property	(110)	(110)	-
Utilities, property tax and others	(45)	(36)	25
	(366)	(350)	5
Note 3			
-Included in other gains are:			
Gain on foreign exchange	543	-	N.M
Gain on disposal of debt asset instruments	380	-	N.M
Write back of allowance for doubtful debt	-	250	(100)
Gain on disposal of plant and equipment	-	8	(100)
Temporary Employment Credit	1	4	(75)
Sundry income	3	48	(94)
	927	310	N.M

Note 4

-Included in administrative expenses are :
Depreciation and amortization of property, plant and equipment
and intangible assets

(87)	(85)	2
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Note 5

-Included in other operating expenses are :
Project expenses

(11)	(5)	120
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Note 6

-Included in other losses are :

Fair value loss on other financial assets, current	(51)	(19)	N.M
Foreign exchange losses	-	(369)	(100)
Provision for inventories impairment	(685)	-	N.M
	(736)	(388)	90

N.M. denotes Not Meaningful

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

	Group		Company	
	30-Sep-18 S\$'000	31-Mar-18 S\$'000	30-Sep-18 S\$'000	31-Mar-18 S\$'000
<u>ASSETS LESS LIABILITIES</u>				
Non-Current Assets				
Property, plant and equipment (Note 7)	2,769	2,901	2,037	2,081
Investment property (Note 8)	17,183	17,260	17,183	17,260
Intangible assets	62	77	0	-
Investments in subsidiaries	0	-	5,398	5,398
Other financial assets (Note 9)	8,983	8,210	8,983	8,210
Other assets	9	10	9	10
Deferred tax asset	207	210	0	-
Total Non-Current Assets	29,213	28,668	33,610	32,959
Current Assets				
Inventories (Note 10)	2,174	1,570	-	-
Trade and other receivables (Note 11)	1,406	1,028	146	2,638
Other financial assets, current (Note 12)	243	295	243	295
Other assets (Note 13)	177	88	79	36
Cash and bank balances	29,354	27,346	10,025	9,060
Total Current Assets	33,354	30,327	10,493	12,029
Total assets	62,567	58,995	44,103	44,988
Current Liabilities				
Income tax payable	858	921	42	56
Trade and other payables (Note 14)	3,102	1,804	177	232
Other liabilities (Note 15)	2,696	1,511	297	287
Total Current Liabilities	6,656	4,236	516	575
Net Current Assets	26,698	26,091	9,977	11,454
Net Assets	55,911	54,759	43,587	44,413
<u>EQUITY</u>				
Share capital	34,559	34,521	34,559	34,521
Retained earnings	14,527	14,149	1,239	2,951
Other reserves	6,825	6,089	7,789	6,941
Total Equity	55,911	54,759	43,587	44,413

Note 7 : Property, plant and equipment includes owner occupied office units situated at Harrison Road. The carrying value has reduced mainly due to depreciation charge for the reporting period.

Note 8 : Investment property comprises land and building situated at 7 & 9 Harrison Road. The reduction in carrying value was due to due to depreciation charge, partially offset by renovation cost incurred in 1HFY2019.

Note 9 : Other non-current financial assets comprise investment in quoted equity shares which are designated as fair value through other comprehensive income. The Group disposed off a small fraction of the investment at a gain during the reporting period.

The fair market values of these equity shares were higher as at 30 September as compared to 31 March 2018.

Note 10 : Inventories comprise production raw materials, work-in progress and finished products. The increase was due to higher purchase of raw materials to meet the production need.

Note 11 : Trade and other receivable rose due primarily to high volume of sales in September 2018.

Note 12 : Other current financial assets comprise investments in quoted equity shares held for trading and designated as fair value through profit or loss. The fair market value of these investments were lower as at 30 September 2018 as compared to 31 March 2018.

Note 13: Other assets increase due mainly to higher prepayment and deposits paid.

Note 14 : Trade and other payables increased in tandem with higher inventory purchased.

Note 15 : Other liabilities comprise deposits received from customers to secure goods and services, provision for warranty and deferred revenue. The increase was due to higher amount of deposits from customers held by the Group as at 30 September 2018 as compared to 31 March 2018.

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

(a) Amount repayable in one year or less, or on demand

As at 30.09.18 (S\$'000)		As at 31.03.18 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

(b) Amount repayable after one year

As at 30.09.18 (S\$'000)		As at 31.03.18 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable

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	
	30.09.18 S\$'000	30.09.17 S\$'000
Cash flows from operating activities:		
Profit before income tax	3,124	3,043
Depreciation of property, plant and equipment	163	171
Depreciation of investment property	110	110
(Gain) / loss on disposal of property, plant and equipment	-	(8)
Provision for stock impairment	685	-
Loss / (gain) on disposal of other financial assets	(380)	-
Amortisation of intangible assets	21	23
Fair value loss on other financial assets	51	19
Dividend income	(414)	(354)
Interest Income	(214)	(123)
Foreign exchange adjustment unrealised gains / (loss)	(80)	7
Operating cash flows before changes in working capital	3,066	2,888
Inventories	(1,216)	(215)
Trade and other receivables	(377)	(636)
Other assets	(88)	(2)
Trade and other payables	1,253	(310)
Other liabilities	1,162	(31)
Net cash flows from operations	3,800	1,694
Income tax paid	(312)	(421)
Net cash flows from operating activities	3,488	1,273
Cash flows from investing activities:		
Purchase of intangible assets	(6)	(10)
Purchase of property, plant and equipment	(72)	(263)
Improvement of investment property	(33)	-
Disposal of property, plant and equipment	5	13
Disposal of other financial assets	456	1,243
Decrease / (increase) of cash restricted in use over 3 months	6,495	5,693
Interest income received	167	96
Dividend income received	414	354
Net cash flows from investing activities	7,426	7,126
Cash flows from financing activities:		
Issue of new shares under Employee Share Option Scheme	38	59
Purchase of treasury shares	-	(4)
Dividend paid	(2,447)	(2,443)
Net cash flows used in financing activities	(2,409)	(2,388)
Net increase in cash and cash equivalents	8,505	6,011
Effect of exchange rate changes on the balances of cash held in foreign currencies	(2)	-
Cash and cash equivalents, beginning balance	12,751	12,355
Cash and cash equivalents ending balance	21,254	18,366

Cash and Cash equivalents:

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	30.09.18	30.09.17
	S\$'000	S\$'000
Fixed deposits	13,545	7,325
Cash and bank balances	7,709	11,041
Unrestricted cash	21,254	18,366
Fixed deposits with maturity over 3 months	8,100	7,900
Cash at end of the period	29,354	26,266

The Group generated net cash flows of S\$3.488 million from operating activities contributed mainly by the profit before tax earned in 1HFY2019. Cash was mainly used in financing working capital, purchase of equipment and payment of dividends to the shareholders. As at 30.09.18, unrestricted cash stood at S\$21.254 million as compared S\$18.366 million as at 30.09.17. Restricted cash in the above cash flow statement refers to fixed deposits with maturity dates of three months and beyond as at the end of the respective reporting periods.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Treasury Shares	Debt asset instruments reserve	Reserve on consolidation	Foreign currency translation reserve	Share option reserve	Retained earnings	Total equity attributable to parent
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 April 2017	35,252	(786)	6,810	88	(991)	106	12,076	52,555
Issuance of new shares	59	-	-	-	-	-	-	59
Purchase of treasury shares	-	(4)	-	-	-	-	-	(4)
Profit, net of tax for the year	-	-	-	-	-	-	2,496	2,496
Exchange difference arising from translation of operation	-	-	-	-	12	-	-	12
Fair value adjustment on debt asset instruments	-	-	2,971	-	-	-	-	2,971
Other comprehensive income for the year	-	-	2,971	-	12	-	-	2,983
Total comprehensive income for the year	-	-	2,971	-	12	-	2,496	5,479
Dividends paid	-	-	-	-	-	-	(2,443)	(2,443)
Balance at 30 September 2017	35,311	(790)	9,781	88	(979)	106	12,129	55,646
Balance at 1 April 2018	35,311	(790)	6,835	88	(940)	106	14,149	54,759
Issuance of new shares	38	-	-	-	-	-	-	38
Profit, net of tax for the year	-	-	-	-	-	-	2,825	2,825
Exchange difference arising from translation of operation	-	-	-	-	(112)	-	-	(112)
Fair value adjustment on debt asset instruments	-	-	848	-	-	-	-	848
Other comprehensive income for the year	-	-	848	-	(112)	-	-	736
Total comprehensive income for the year	-	-	848	-	(112)	-	2,825	3,561
Dividends paid	-	-	-	-	-	-	(2,447)	(2,447)
Balance at 30 September 2018	35,349	(790)	7,683	88	(1,052)	106	14,527	55,911
Company								
Balance at 1 April 2017	35,252	(786)	6,810	-	-	106	2,518	43,900
Issuance of new shares	59	-	-	-	-	-	-	59
Purchase of treasury shares	-	(4)	-	-	-	-	-	(4)
Profit, net of tax for the year	-	-	-	-	-	-	328	328
Fair value adjustment on debt asset instruments	-	-	2,971	-	-	-	-	2,971
Total comprehensive income for the year	-	-	2,971	-	-	-	328	3,299
Dividends paid	-	-	-	-	-	-	(2,447)	(2,447)
Balance at 30 September 2017	35,311	(790)	9,781	-	-	106	403	44,811
Balance at 1 April 2018	35,311	(790)	6,835	-	-	106	2,951	44,413
Issuance of new shares	38	-	-	-	-	-	-	38
Profit, net of tax for the year	-	-	-	-	-	-	735	735
Fair value adjustment on debt asset instruments	-	-	848	-	-	-	-	848
Total comprehensive income for the year	-	-	848	-	-	-	735	1,583
Dividends paid	-	-	-	-	-	-	(2,447)	(2,447)
Balance at 30 September 2018	35,349	(790)	7,683	-	-	106	1,239	43,587

- 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 previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares, excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 was no shares held by subsidiaries as at 30 September 2018 and 31 March 2018

Total number of issued shares excluding treasury shares and total number of shares held as treasury shares as at 31 March 2018 and 30 September 2018 were as follow:

	Total number of shares including treasury shares	Total number of treasury shares	Total number of shares excluding treasury shares	Total number of shares held by subsidiaries	Share capital
					S\$ '000
As at 31 March 2018	35,748,796	849,640	34,899,156	-	35,311
Issue of shares arising upon the exercise of employees share option during 1HFY2019	54,000	-	54,000	-	38
As at 30 September 2018	35,802,796	849,640	34,953,156	-	35,349
As at 30 September 2017	35,748,796	849,640	34,899,156	-	35,311

As at 30 September 2018, all options granted have been fully exercised.

The table below set-out detailed movement of the employees' share option since the end of FY2018

Offer date	Name of scheme	Balance at 31.03.2018	Exercised	Balance at 30.09.2018	Balance at 30.09.2017	Exercise price per share
20.02.2014	Employee's' Share Option Scheme 2013	54,000	(54,000)	-	54,000	71 cents

- (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.

	30.09.2018	31.03.2018
Total number of issued shares excluding treasury shares	34,953,156	34,899,156

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares at the end of the current financial period reported on.

- (v) A Statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings at the end of the current financial year.

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 auditors.

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

The figures have not been audited or reviewed by the 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

Yes.

The Group has consistently applied the same accounting policies and methods of computation in the preparation of the Group's financial statements for the current reporting period as in the audited financial statements for the reporting year ended 31 March 2018.

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

No change in the accounting policies and methods of computation.

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

	Group	
	1H FY2019	1H FY2018
Earnings per Ordinary Share for the year based on net gain attributable to shareholders:-		
(i) Based on weighted average number of ordinary shares on issue	8.09 cents	7.16 Cents
(ii) On a fully diluted basis	8.09 cents	7.16 Cents

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :

- a) current period reported on; and**
(b) immediately preceding financial year

	Group		Company	
	30-Sep-19	31-Mar-18	30-Sep-19	31-Mar-18
	S\$	S\$	S\$	S\$
Net Asset Value per Ordinary Share based on issued share capital at the end of the reporting period	1.60	1.57	1.25	1.27

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.

Revenue

The Group derives its revenue from the manufacturing and sale of wireless connectivity hardware which include high performance wireless radio modules, embedded boards, and indoor/ outdoor access points. Our products are deployed by various major industry players in factory automation, hospitality, health care and security surveillance.

Our proprietary 4x4 11ac wireless modules had gained greater recognition as more customers are adopting these modules in their new products. This has helped in enhancing our sales revenue.

Apart from sale of products, the Group also provides customized design, engineering services, and other product related services. The Group achieved a 11% year-on-year increase in revenue for 1H FY2019 amid the unabated challenge of product components shortage and long delivery lead time. The growth was contributed from continuous support by our regular customers as well as orders secured from newly developed customers.

The Group's products are sold globally. In terms of geographical spread, 36% of the total revenue was from Asia, 31% from Europe, 18% from USA and 15% from other regions.

Gross profit

Gross profit declined by 3% from S\$ 4.044 in 1H FY2018 to S\$ 3.935 million in 1H FY2019 while gross profit margin eased from 51% to 45%. The reduced gross profit margin was attributable mainly to lower income from product certification, design, engineering and other product related services.

Property profit

Based on research released by Colliers International, the overall industrial property market is still finding its footing, with selected segments remained soft in the first half of year 2018. Against the backdrop of this market sentiment, property profit declined 6% year-on-year on the back of flat rental income while property expenses rose by 5%.

The increase in property expenses came mainly from higher utilities and general maintenance costs.

Other gains

Other gains in 1H FY2019 derived mainly from :

- i) foreign exchange gain which in turn was due to the strengthening of US\$ against S\$ during the reporting period; and
 ii) gain on disposal of debt asset instruments

In 1H FY2018, the Group recorded a loss in foreign exchange. The loss was shown as " Other losses".

Marketing and distribution / Administrative expenses

The increase was due mainly to the rise in staff related costs. Staff cost was lower in 1H FY2018 due partly to unfilled vacant positions.

Other losses

Other losses in 1H FY2018 comprises

- i) fair value loss on financial assets caused by the decline in fair value of the equity shares held for trading.
 ii) provision for inventories impairment.

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

Not applicable. No forecast or prospect statement has been previously disclosed.

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

Wireless connectivity has, over the decade, become a way of life for individuals as well as corporations. The unabated quest for all things connected had fuelled demand for improved technologies as well as reliable hardware devices. According to Global Info Research, the worldwide market for Wireless Connectivity is expected to grow at the compound annual growth rate of roughly 11.6% over the next five years. While optimistic on the market outlook for the next 12 months, the Group is also mindful that the protracted trade war between USA and China may have negative impact on our growth. The Group is currently looking into diversifying the production facilities for expansion.

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 closing date

Not Applicable

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

No dividend has been declared / recommended.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No interested person transactions mandate has been obtained from shareholders.
There was no reportable interested person transactions during the reporting period ended 30 September 2018.

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

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the half-year ended 30 September 2018 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has complied with Rule 720(1).

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
Date : 9 November 2018