

PALADIN LIMITED

(incorporated in Bermuda with limited liability)
Stock Code : 495 and 642 (Preference Shares)

INTERIM REPORT OF A SUBSIDIARY – SENSORS INTEGRATION TECHNOLOGY LIMITED

2015

For the six months ended 31 December 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

		Six months ended 31 December	
		2015	2014
	NOTES	HK\$	HK\$
		(Unaudited)	(Unaudited)
Turnover		372,666	471,938
Other income		–	227
Administrative expenses		(229,288)	(2,309,831)
		<hr/>	<hr/>
Profit (loss) for the period	5	143,378	(1,837,666)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on translation		1,786,677	3,459,502
		<hr/>	<hr/>
Total comprehensive income for the period		1,930,055	1,621,836
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Earnings (loss) per share	7		
Basic		0.06 HK cents	(0.71) HK cents
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	31.12.2015 <i>HK\$</i> (Unaudited)	30.6.2015 <i>HK\$</i> (Audited)
Non-current assets			
Property, plant and equipment	9	34,339	58,879
Current assets			
Other receivables and prepayments		177,802	102,288
Bank balances and cash		192,108	187,026
		369,910	289,314
Current liabilities			
Other payables and accruals		5,607,950	7,344,225
Amount due to an intermediate holding company	10	82,287,185	82,287,185
Amount due to a related party		88,204	150,311
Bank overdrafts		–	75,617
		87,983,339	89,857,338
Net current liabilities		(87,613,429)	(89,568,024)
Net liabilities		(87,579,090)	(89,509,145)
Capital and reserves			
Share capital	11	2,597,634	2,597,634
Reserves		(90,176,724)	(92,106,779)
Deficiency of shareholder's fund		(87,579,090)	(89,509,145)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Share capital <i>HK\$</i>	Translation reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 1 July 2015 (audited)	2,597,634	293,856	(92,400,635)	(89,509,145)
Profit for the period	–	–	143,378	143,378
Exchange differences arising on translation and other comprehensive income for the period	–	1,786,677	–	1,786,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	–	1,786,677	143,378	1,930,055
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015 (unaudited)	<u>2,597,634</u>	<u>2,080,533</u>	<u>(92,257,257)</u>	<u>(87,579,090)</u>
At 1 July 2014 (audited)	2,597,634	(2,023,721)	(83,436,523)	(82,862,610)
Loss for the period	–	–	(1,837,666)	(1,837,666)
Exchange differences arising on translation and other comprehensive income for the period	–	3,459,502	–	3,459,502
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income (expense) for the period	–	3,459,502	(1,837,666)	1,621,836
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014 (unaudited)	<u>2,597,634</u>	<u>1,435,781</u>	<u>(85,274,189)</u>	<u>81,240,774</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Net cash from (used in) operating activities	<u>77,490</u>	<u>(87,107)</u>
Investing activities		
Interest received	–	227
Purchase of property, plant and equipment	–	<u>(41,994)</u>
Net cash used in investing activities	<u>–</u>	<u>(41,767)</u>
Cash from financing activities		
Advance from an intermediate holding company	–	<u>73,480</u>
Net increase (decrease) in cash and cash equivalents	77,490	(55,394)
Cash and cash equivalents at beginning of the period	111,409	387,798
Effect of foreign exchange rate changes	3,209	<u>(124,493)</u>
Cash and cash equivalents at the end of the period, representing bank balance and cash	<u>192,108</u>	<u>207,911</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the articles of association of the Company amended on 8 June 2007, the condensed consolidated financial statements for the six months ended 31 December 2015 have been prepared solely for the information of the Company’s directors and published in the website of The Stock Exchange of Hong Kong Limited.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the net current liabilities of approximately HK\$87,613,429 as at 31 December 2015. Paladin Limited and its subsidiaries (collectively the “Paladin Group”) has agreed to provide adequate funds for the Group to meet in full its financial obligations as they fall due for the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015.

4. SEGMENT INFORMATION

The Group’s operating activities are attributable to a single reporting and operating segment focusing on provision of information technology consultancy services. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies as disclosed in note 3 that are regularly reviewed by the directors of the Company.

The directors of the Company review the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of the single reporting segment is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 31 December 2015

5. LOSS FOR THE PERIOD

	Six months ended 31 December	
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Loss for the period has been arrived at after (charging) crediting:		
Depreciation	(18,550)	(19,215)
Interest income	–	227
	<u> </u>	<u> </u>

6. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both interim periods.

7. LOSS PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 December	
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Earnings (loss)		
Profit (loss) for the purpose of basic earnings (loss) per share	143,378	(1,837,666)
	<u> </u>	<u> </u>
Six months ended 31 December		
	2015	2014
Number of shares		
Number of shares for the purposes of basic loss per share	259,763,430	259,763,430
	<u> </u>	<u> </u>

No diluted loss per share is presented for both periods as the Company did not have any potential dilutive ordinary shares outstanding during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 31 December 2015

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, depreciation of HK\$18,550 (1.7.2014 to 31.12.2014: HK\$19,215) were charged in respect of the Group's property, plant and equipment. No addition to property, plant and equipment during the current interim period (1.7.2014 to 31.12.2014: HK\$41,994).

10. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount is unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

HK\$

Authorised:

At 1 July 2014, 31 December 2014, 30 June 2015
and 31 December 2015 (*Note*)

N/A

Issued and fully paid:

At 1 July 2014, 30 June 2015, 31 December 2014
and 31 December 2015
– 259,763,430 ordinary shares with no par value (*Note*)

2,597,634

Note: The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

12. MAJOR NON-CASH TRANSACTION

During the six months ended 31 December 2014, amounts due from fellow subsidiaries of HK\$49,847,898 (1.7.2015 to 31.12.2015: nil) and amount due to a fellow subsidiary of HK\$113,493,933 (1.7.2015 to 31.12.2015: nil) were wholly offset by and transferred to the amount due to an intermediate holding company, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of the Company is the research and development of high technology systems and applications.

BUSINESS REVIEW AND PROSPECT

The Company has planned to conduct research and development of digital camera, camcorder, surveillance, video capturing and processing technology. The revenue was approximately HK\$0.4 million for the six months ended 31 December 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, net current liabilities of the Company were approximately HK\$88 million. The current ratio was 0.004. The bank balances were approximately HK\$0.2 million.

As at 31 December 2015, the major outstanding liabilities of the Company was amount due to an intermediate holding company of approximately HK\$82 million, and other payables and accruals of approximately HK\$6 million.

The majority of the Company's assets and borrowings are denominated either in Hong Kong dollars or US dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of HK dollars and US dollars, the directors consider that the Company has no significant exposure to exchange fluctuation and does not pledge against foreign exchange risk.

The directors consider that it is not meaningful to publish a gearing ratio of the Company until such time the Company is in a positive shareholders equity position.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2015, the Company had no material acquisitions and disposals of subsidiaries.

As at 31 December 2015, the Company had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Company employed a total of 9 employees. They were remunerated according to market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six month ended 31 December 2015.

ACKNOWLEDGEMENT

On behalf of my fellow directors, I wish to thank all staff and employees for their diligence and loyal support during the period under review.

By order of the Board
Oung Shih Hua James
DIRECTOR

Hong Kong, 29 February 2016