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PALADIN LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 495 and 642 (Preference Shares))

ANNOUNCEMENT OF RESULTS OF A SUBSIDIARY, SENSORS INTEGRATION TECHNOLOGY LIMITED, FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

In accordance with the circular dated 8 June 2007, the board of directors (the “Board”) of Paladin Limited is pleased to announce the unaudited interim results of a wholly-owned subsidiary, Sensors Integration Technology Limited (the “Company”), and its subsidiaries (the “Group”) for the six months ended 31 December 2014 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

		Six months ended 31 December	
		2014	2013
	<i>NOTES</i>	HK\$	HK\$
		(Unaudited)	(Unaudited)
Turnover		471,938	697,960
Other income		227	13,225
Administrative expenses		(2,309,831)	(3,807,975)
Loss for the period	5	(1,837,666)	(3,096,790)
Other comprehensive income (expense)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising on translation		3,459,502	(12,360)
Total comprehensive income (expenses) for the period		<u>1,621,836</u>	<u>(3,109,150)</u>
Loss per share	7		
Basic		<u>(0.71) HK cents</u>	<u>(1.19) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	31.12.2014 <i>HK\$</i> (Unaudited)	30.6.2014 <i>HK\$</i> (Audited)
Non-current assets		
Property, plant and equipment	<u>60,945</u>	<u>39,152</u>
Current assets		
Other receivables and prepayments	106,864	114,048
Amounts due from fellow subsidiaries	–	49,847,898
Bank balances and cash	<u>207,911</u>	<u>387,798</u>
	<u>314,775</u>	<u>50,349,744</u>
Current liabilities		
Other payables and accruals	6,111,385	7,850,969
Amount due to an intermediate holding company	75,394,796	11,675,281
Amount due to a fellow subsidiary	–	113,493,933
Amount due to a director	<u>110,313</u>	<u>231,323</u>
	<u>81,616,494</u>	<u>133,251,506</u>
Net current liabilities	<u>(81,301,719)</u>	<u>(82,901,762)</u>
Net liabilities	<u><u>(81,240,774)</u></u>	<u><u>(82,862,610)</u></u>
Capital and reserves		
Share capital	2,597,634	2,597,634
Reserves	<u>(83,838,408)</u>	<u>(85,460,244)</u>
Deficiency of shareholder's fund	<u><u>(81,240,774)</u></u>	<u><u>(82,862,610)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

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 2014 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\$81,301,719 as at 31 December 2014. 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.

Taking into account the available unutilised bank credit facility of Paladin Group as at 31 December 2014 and the estimated proceeds which can be received from future sales of developed properties of Paladin Group, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and contribution of hedge accountings
HK(IFRIC) – INT 21	Levies

The application of the above amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

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.

5. LOSS FOR THE PERIOD

	Six months ended	
	31 December	
	2014	2013
	HK\$	HK\$
Loss for the period has been arrived at after (charging) crediting:		
Depreciation	(19,215)	(10,768)
Interest income	227	110
	<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 loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	31 December	
	2014	2013
	HK\$	HK\$
Loss		
Loss for the purpose of basic loss per share	<u>(1,837,666)</u>	<u>(3,096,790)</u>

	Six months ended	
	31 December	
	2014	2013
Number of shares		
Number of shares for the purposes of basic loss per share	<u>259,763,430</u>	<u>259,763,430</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.

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.

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 plan is in early stage and it only generated a revenue of approximately HK\$0.5 million for the six months ended 31 December 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, net current liabilities of the Company were approximately HK\$81 million. The current ratio was 0.004. The bank balances were approximately HK\$0.2 million.

As at 31 December 2014, the major outstanding liabilities of the Company was amount due to intermediate holding company of approximately HK\$75 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 2014, the Company had no material acquisitions and disposals of subsidiaries.

As at 31 December 2014, the Company had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Company employed a total of 14 employees. They were remunerated according to market conditions.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six month ended 31 December 2014.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement of the Company is available for viewing on the website of the Stock Exchange and on the website of Paladin Limited at <http://www.aplushk.com/clients/00642paladin/>. The interim report of the Company will be despatched to the holders of preference shares of Paladin Limited in due course.

By order of the Board
Oung Shih Hua James
DIRECTOR

Hong Kong, 25 February 2015

As at the date of this announcement, the Chairman and executive director of Paladin Limited is Dr. Oung Shih Hua, James; the two non-executive directors of Paladin Limited are Mr. Yuen Chi Wah and Mr. Chan Chi Ho; and the independent non-executive directors of Paladin Limited are Mr. Kwok Wai Chi and Professor Huang Weizong Martin