

# UniVision Engineering Limited

(“UniVision” or the “Group”)

## Interim Results For the Six Months Ended 30 September 2009

UniVision Engineering Limited, the Hong Kong based Group whose principal activities are the supply, design, installation and maintenance of closed circuit television and surveillance systems, and the sale of security related products, today announces its interim results for the six months ended 30 September 2009.

### Highlights

- Revenue decreased by 31% to HK\$44m (H1 2008: HK\$64m).
- Operating profit decreased by 39% to HK\$6.8m (H1 2008: HK\$11.2m).
- Profit attributable to equity holders of the parent at HK\$2.8m (H1 2008: HK\$3.8m).
- Basic earnings per ordinary share of HK\$0.007 (H1 2008: HK\$0.010).

### Mr. Stephen Sin Mo KOO, Executive Chairman, added:

“Our performance has been affected as a result of the global economic downturn which has hindered progress in our larger projects. We are unable to access funds easily for our projects and thus still remain cautious on further expansion and getting involved in potential projects

The Group remains confident it will maintain a competitive advantage in the second half of the year in its core CCTV and surveillance business which still experiences strong demand, and achieve growth through the Electrical and Mechanical (“E&M”) business.”

For further information visit [www.uvel.com](http://www.uvel.com) or contact:

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Chun Hung WONG, Chief Executive Officer  
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## Chairman's Statement

I am pleased to report on the results of the Group for the six months ended 30 September 2009.

### Financial Review

During the period revenue decreased by 31% to HK\$44m (H1 2008: HK\$64m).

The business has been affected by the continuing adverse economic condition of the global economy and from market fluctuations. Operating profit during the period decreased by 39% to HK\$6.8m (H1 2008: HK\$11.2m), whilst profit attributable to the equity holders of the parent decreased by 26% to HK\$2.8m (H1 2008: HK\$3.8m) mainly due to the decrease in turnover generated for the six month period.

Basic and fully diluted earnings per share decreased to HK\$0.007 (H1 2008: HK\$0.010).

The Group is currently involved in a small number of significant projects which require high levels of capital expenditure, which was the main reason for the re-financing of the Zhongshan Project, as announced on 10 December 2009. We remain confident that these projects will come to fruition in the second half of this year. Though the finance costs for the period have caused some burden to the profit during the period, we are cautiously optimistic of a good trading performance for the year as a whole.

During the period under review, the relative strengthening in the HK\$ against sterling has led to an 18.8% appreciation in the GBP reporting amount in the consolidated income statement and an 11.5% appreciation in the consolidated balance sheet. All figures in GBP in the financial statements need to be adjusted for comparative purposes. The financial data is also presented in HK\$ to show a fair comparison with the comparative figures in 2008 that were unaffected by exchange rate fluctuations.

### Business Review

#### *Markets*

The Board of UniVision are of the view that IP Video still plays the role of the transitional technology from analogue to digital in the CCTV industry. An increasing number of users are leveraging IP video to improve business and operational efficiency and effectiveness. For example, IMS Research predicted in 2008 that over the next three years, the market for megapixel cameras will grow at a compound growth rate in excess of 100%. IMS Research also stated recently that the growth rate for global IP video surveillance equipment is likely to exceed 15% per annum in contrast while the global market for analogue video surveillance equipment is expected to fall in the coming years. The Group is working with different solutions, including video compression technology, digital encoder and decoders with a built-in video analysis algorithm, as well as video management platforms.

The Board is confident that the network video market will have strong growth potential in the coming years and considers that the Company is well placed to reap the benefits of this growth.

The property linked E&M business in the People's Republic of China ("PRC") is still our primary target for growth. We have a successful shopping mall project in Zhongshan which we expect to be completed and ready for sales in approximately four months. However, the timetable for completion will heavily depend on the funding available for the project. As announced on 10 December 2009 a sale and re-purchase agreement has been entered into by the property developer and re-purchaser to provide short-term financing to assist in the completion of the Zhongshan project.

#### *Technologies, Solutions and Products*

The Board believes that the Group will be among the pioneers in providing the most effective solutions for businesses involved in airport, rail and traffic surveillance industry as technological advances will bring the development of more sophisticated, intelligent and integrated systems.

The embedded DVR, which is sold under the UniVision brand, has been used in several projects in Hong Kong. The newly developed Video Amplifier with an on-screen display function has also been used in one of our projects. We are working on video analysis algorithms as well as video management platform which we expect to launch in the coming financial year.

#### *Acquisitions and Investments*

The Group currently has no acquisitions or investments in the pipeline. However, we are always assessing possible opportunities with a view to making further strategic investments in the markets which we operate in.

#### **Prospects**

While we are focusing on various maintenance projects and the market for our hybrid IP system, we will also be assessing and developing new technologies and solutions to cope with future opportunities.

The E&M business in the PRC is still one of our growth target markets. We have a shopping mall project in Zhongshan, the PRC, which is in the final stage of completion. Also, another resort project in Huangshan in the PRC has been started.

On behalf of the Board, I would like to thank our customers, suppliers and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all the staff for their contribution and dedication to the Group.

MR. STEPHEN SIN MO KOO  
EXECUTIVE CHAIRMAN  
23 December 2009

Consolidated Income Statement (Unaudited)  
For the six months ended 30 September 2009

For the six months ended 30 September

	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	HK\$000	HK\$000	£ '000	£ '000
<b>Revenue</b>	44,408	64,473	3,628	4,276
Cost of sales	(26,589)	(41,205)	(2,172)	(2,733)
Gross profit	17,819	23,268	1,456	1,543
Other income	14	1,459	12	97
Selling and distribution expenses	(577)	(564)	(47)	(37)
Administrative expenses	(10,585)	(12,947)	(865)	(859)
Profit from operations	6,802	11,216	556	744
Finance costs	(3,852)	(5,850)	(315)	(388)
<b>Profit before income tax</b>	2,950	5,366	241	356
Income tax expense	(484)	(1,491)	(39)	(99)
<b>Profit for the period</b>	2,466	3,875	202	257
<b>Profit attributable to:</b>				
Equity holders of the parent	2,807	3,802	230	252
Minority interest	(341)	73	(28)	5
	2,466	3,875	202	257
Earnings per ordinary share	HK\$	HK\$	Pence	Pence
Basic	0.007	0.010	0.060	0.066

Diluted

N/A

N/A

N/A

N/A

Consolidated Balance Sheet (Unaudited)  
As at 30 September 2009

	As at 30 September			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	HK\$000	HK\$000	£ '000	£ '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	3,141	5,167	254	369
Goodwill	10,125	14,284	693	1,021
Total non-current assets	13,266	19,451	947	1,390
<b>Current assets</b>				
Inventories	10,857	17,620	877	1,259
Amounts due from construction contract customers	152,959	143,106	12,355	10,224
Trade receivables	24,614	24,275	1,988	1,734
Deposits, prepayments and other receivables	32,552	30,469	2,630	2,177
Tax recoverable	273	257	22	18
Cash and cash equivalents	5,601	6,274	452	448
Total current assets	226,856	222,001	18,324	15,860
<b>Total assets</b>	<b>240,122</b>	<b>241,452</b>	<b>19,271</b>	<b>17,250</b>

Consolidated Balance Sheet (Unaudited) (Continued)  
As at 30 September 2009

	As at 30 September			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	HK\$000	HK\$000	£ '000	£ '000
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Amounts due to construction				
contract customers	11,095	15,417	896	1,101
Bank loans	11,764	32,097	951	2,293
Loan from a related company	46,800	39,000	3,780	2,786
Trade and other payables	49,038	28,800	3,960	2,057
Tax payable	13,976	9,327	1,129	667
Obligation under finance lease	47	47	4	4
<b>Total current liabilities</b>	<b>132,720</b>	<b>124,688</b>	<b>10,720</b>	<b>8,908</b>
<b>Non-current liabilities</b>				
Obligation under finance lease	83	130	7	9
<b>Total liabilities</b>	<b>132,803</b>	<b>124,818</b>	<b>10,727</b>	<b>8,917</b>
<b>Capital and reserves</b>				
Share capital	23,980	23,980	1,698	1,698
Share premium	31,054	31,054	2,193	2,193
Special capital reserve	4,188	4,188	299	299
Retained earnings	43,562	52,013	2,845	3,422
Exchange reserve	2,223	3,062	1,322	554
	105,007	114,297	8,357	8,166
<b>Minority interest</b>	<b>2,312</b>	<b>2,337</b>	<b>187</b>	<b>167</b>
<b>Total shareholders' equity</b>	<b>107,319</b>	<b>116,634</b>	<b>8,544</b>	<b>8,333</b>
<b>Total liabilities and equity</b>	<b>240,122</b>	<b>241,452</b>	<b>19,271</b>	<b>17,250</b>

## Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2009

	Share capital	Share premium	Retained earnings	Special capital reserve "A"	Special capital reserve "B"	Exchange reserve	Sub-total	Minority interest	Total equity
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 April 2008	1,698	2,193	3,170	156	143	(223)	7,137	154	7,291
Net profit for the six months ended 30 September 2008	-	-	252	-	-	-	252	5	257
Effect of translation	-	-	-	-	-	777	777	8	785
Balance at 30 September 2008	1,698	2,193	3,422	156	143	554	8,166	167	8,333
Net loss for the six months ended 31 March 2009	-	-	(807)	-	-	-	(807)	24	(783)
Effect of translation	-	-	-	-	-	1,619	1,619	41	1,660
Balance at 31 March 2009	1,698	2,193	2,615	156	143	2,173	8,978	232	9,210
Net profit for the six months ended 30 September 2009	-	-	230	-	-	-	230	(28)	202
Effect of translation	-	-	-	-	-	(851)	(851)	(17)	(868)
Balance at 30 September 2009	1,698	2,193	2,845	156	143	1,322	8,357	187	8,544

## Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2009

	Share capital	Share premium	Retained earnings	Special capital reserve "A"	Special capital reserve "B"	Exchange reserve	Sub-total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2008	23,980	31,054	48,211	2,117	2,071	2,634	110,067	2,401	112,468
Net profit for the six months ended 30 September 2008	-	-	3,802	-	-	-	3,802	73	3,875
Effect of translation	-	-	-	-	-	428	428	(137)	291
Balance at 30 September 2008	23,980	31,054	52,013	2,117	2,071	3,062	114,297	2,337	116,634
Net loss for the six months ended 31 March 2009	-	-	(11,258)	-	-	-	(11,258)	327	(10,931)
Effect of translation	-	-	-	-	-	(1,446)	(1,446)	(99)	(1,545)
Balance at 31 March 2009	23,980	31,054	40,755	2,117	2,071	1,616	101,593	2,565	104,158
Net profit for the six months ended 30 September 2009	-	-	2,807	-	-	-	2,807	(341)	2,466
Effect of translation	-	-	-	-	-	607	607	88	695
Balance at 30 September 2009	23,980	31,054	43,562	2,117	2,071	2,223	105,007	2,312	107,319

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 September 2009

	For the six months ended 30 September			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>HK\$000</b>	<b>HK\$000</b>	<b>£'000</b>	<b>£'000</b>
Profit before income tax	2,950	5,366	241	356
Adjustments for:				
Depreciation	390	644	32	43
Loss on disposal of plant and equipment	-	7	-	1
Interest income	(2)	(61)	(1)	(4)
Interest expenses	3,852	5,808	316	385
<b>Operating cash generated before working capital changes</b>	<b>7,190</b>	<b>11,764</b>	<b>588</b>	<b>781</b>
Decrease/(increase) in inventories	736	(2,520)	59	(180)
(Increase)/decrease in trade receivables	(4,066)	2,453	(328)	175
Increase in amounts due from construction contract customers	(1,761)	(13,827)	(142)	(988)
Decrease in deposits, prepayments and other receivables	297	3,073	24	219
(Increase)/decrease in tax recoverable	(175)	257	(14)	18
(Decrease)/increase in amounts due to construction contract customers	(4,233)	2,550	(342)	182
Increase/(decrease) in trade and other payables	3,885	(12,181)	314	(870)
Increase in tax payable	3,312	1,611	267	115
<b>Net cash generated from/(used in) operations</b>	<b>5,185</b>	<b>(6,820)</b>	<b>426</b>	<b>(548)</b>
Income tax paid	-	(10)	-	(1)
<b>Net cash generated from/(used in) operating activities</b>	<b>5,185</b>	<b>(6,830)</b>	<b>426</b>	<b>(549)</b>

Consolidated Cash Flow Statement (Unaudited)

(Continued)

For the six months ended 30 September 2009

	For the six months ended 30 September			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	HK\$000	HK\$000	£'000	£'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of plant and equipment	(1)	(494)	-	(35)
Proceeds from disposal of plant and equipment	10	-	1	-
Interest received	2	61	-	4
Decrease/(increase) in pledged bank deposits	4,324	(4,045)	349	(289)
<b>Net cash generated from/(used in) investing activities</b>	<b>4,335</b>	<b>(4,478)</b>	<b>350</b>	<b>(320)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid	(337)	(603)	(31)	(40)
(Repayment of)/proceeds from interest-bearing borrowings	(2,731)	10,879	(220)	777
Capital element of finance lease rentals paid	(24)	(24)	(2)	(2)
Interest element of finance lease rentals paid	(5)	(5)	(1)	(1)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,097)</b>	<b>10,247</b>	<b>(254)</b>	<b>734</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,423</b>	<b>(1,061)</b>	<b>522</b>	<b>(135)</b>
<b>EFFECT OF CHANGE IN FOREIGN EXCHANGE RATES</b>	<b>306</b>	<b>533</b>	<b>32</b>	<b>145</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(1,128)</b>	<b>6,802</b>	<b>(102)</b>	<b>438</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5,601</b>	<b>6,274</b>	<b>452</b>	<b>448</b>

# Notes to the Interim financial statements for the six months ended 30 September 2009

## 1. Basis of preparation

The unaudited interim financial statements for the six months ended 30 September 2009 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) using the policies consistent with those applied to the annual financial statements for the year ended 31 March 2009. The interim financial statements, together with the comparative information contained in this report for the six months ended 30 September 2008, does not constitute the statutory accounts of the Company.

## 2. Earnings per share

The calculation of basic earnings per ordinary share is based on the profit attributable to equity holders of the Group for the six months ended 30 September 2009 of HK\$2.8m (H1 2008: HK\$3.8m), and the weighted average of 383,677,323 (H1 2008: 383,677,323) ordinary shares in issue during the period.

There were no potential dilutive instruments at either financial period end.

## 3. Post balance sheet event

During the month of November 2009 the Group’s wholly owned subsidiary, Leader Smart Engineering (Shanghai) Limited (“Leader Smart”) entered into a sale and re-purchase agreement as the guarantor between Zhongshan Fu Li Wa Property Development Limited (the “Property Developer”) and Zhongshan Jun Yue Property Development Limited (the “Re-Purchaser”), (the “Agreement”). The Agreement is for the Re-Purchaser to acquire five construction contracts for the ownership of certain parts of the premises within the Zhongshan Project, for a total consideration of RMB 40 million (GBP 3.6 million). The Board of UniVision expects that these funds will allow the Property Developer to bring the Zhongshan Project to completion in an expected timeframe of four months.

Leader Smart has been the main contractor responsible for interior design and installation for the Zhongshan Project. It is carrying out construction contracts on the Zhongshan Project worth GBP 11.4 million. The Board of Univision expect these contracts will be settled either in cash from the proceeds of the sale of the shopping mall once completed or through the provision of interest on property rights from the Property Developer on completion of the Zhongshan Project.

The Re-Purchaser is a third party finance provider and is purchasing the construction contracts for the ownership of certain portions of the premises within the Zhongshan Project. The Agreement is repayable 5 months from the delivery of the contracts. The first contract, signed on 30 November 2009, is valued at RMB 29.5 million (GBP 2.6 million).

#### 4. Interim report

Copies of the interim report will be available for inspection at the registered office of the Company, 8/F Lever Tech Centre, 69-71 King Yip Street, Kwan Tong, Hong Kong and available on the Company's website ([www.uvel.com](http://www.uvel.com)).