

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31/03/2005

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

The Group	3 months ended		
	31.03.2005 \$'000	31.03.2004 \$'000	+ /(-)%
Turnover	578	773	(25.2)
Cost of sales	(203)	(263)	(22.8)
Gross profit	375	510	(26.5)
Other operating income	12	38	(68.4)
Distribution and selling expenses	(35)	(29)	20.7
Administrative expenses	(488)	(680)	(28.2)
Other operating expenses (Note 1)	(54)	(395)	(86.3)
Loss from operating activities	(190)	(556)	(65.8)
Financial Income	0	4	n.m
Financial expenses	0	(1)	n.m
Loss after financial items before taxation	(190)	(553)	(65.6)
Taxation	(0)	(2)	n.m
Loss after taxation and attributable to shareholders	(190)	(555)	(65.8)
Earning per share (in cents) – basic & fully diluted	(0.12)	(0.34)	

n.m. = not meaningful

Note:

1. Other operating expenses decreased significantly in 1Q05 due mainly to a provision for doubtful debts of \$345,000 incurred in 1Q04.

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

	Group		Company	
	31.03.2005 \$'000	31.12.2004 \$'000	31.03.2005 \$'000	31.12.2004 \$'000
Share Capital	8,233	8,228	8,233	8,228
Share Premium	2,037	2,037	2,037	2,037
Capital Reserve	171	114	171	114
Accumulated Losses	(5,636)	(5,759)	(5,953)	(5,877)
Translation Reserve	(270)	(307)	0	0
Shareholders' Funds	4,535	4,313	4,488	4,502
Fixed Assets	130	157	0	0
Development Costs (Note 1)	370	235	0	0
Intellectual property	244	265	0	0
Investments in Subsidiaries	0	0	4,576	4,576
Goodwill on consolidation, net (Note 2)	1,294	980	0	0
Goodwill on acquisition, net (Note 2)	723	717	0	0
Cash at Bank	132	147	59	102
Fixed deposits	47	47	0	0
Trade receivables	2,041	2,103	29	0
Inventories & Work in progress	244	348	164	171
Other receivables	127	164	8	30
Amount due from Related Party	6	6	0	0
Amount due from Subsidiary	0	0	105	98
Amount due from Associates	292	274	0	0
Current Assets	2,889	3,089	365	401
Trade payables	386	347	170	182
Bank overdraft	0	35	0	0
Other creditors and accruals	728	747	266	276
Amount due to Subsidiary	0	0	17	17
Taxation	1	1	0	0
Current Liabilities	1,115	1,130	453	475
Net current assets/(liabilities)	1,774	1,959	(88)	(74)
Net Assets	4,535	4,313	4,488	4,502

Note:

1. Development costs relate to costs incurred in developing our Internet Banking software application (iBankStar™) as well as E-Learning software application (LearningStar™).
2. The increase in goodwill is the result of the adoption of FRS 103. There was no amortisation of goodwill for the quarter ended 31 March 2005 and the balance of negative goodwill amounting to \$313,240 was adjusted to the opening balance of accumulated losses as at 1 January 2005.

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

Amount repayable in one year or less, or on demand				Amount repayable after one year			
As at 31/03/05		As at 31/12/04		As at 31/03/05		As at 31/12/04	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
0	0	\$35,000	0	0	0	0	0

Details of any collateral

The bank overdraft was secured by a fixed deposit of RM108,304 placed by a subsidiary.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended (\$'000)	
	31/03/05	31/03/04
CASHFLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(190)	(553)
Adjustments to reconcile loss before taxation to net cash provided by operating activities:		
Depreciation of fixed assets	30	80
Amortisation of intangible assets	24	28
Amortisation of goodwill	0	27
Share option expenses	57	0
Interest expense	0	1
Interest income	0	(4)
Translation differences	28	13
Operating loss before changes in working capital	(51)	(408)
Decrease in trade receivables	61	289
Decrease / (increase) in inventories and work-in-progress	104	(5)
Decrease in other current assets	37	8
(Increase) in amount due from associated companies	(18)	(21)
Increase in trade payables	39	138
(Decrease) / increase in other current liabilities	(19)	133
Cash generated from operating activities	153	134
Interest paid	0	(1)
Income tax (paid)/refund	(2)	0
Net cash generated from operating activities	151	133
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1)	(57)
Interest received	0	4
Development costs incurred	(135)	0
Net cash used in investing activities	(136)	(53)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of new shares	5	0
Expenses incurred in relation to issue of shares	0	(11)
Net cash generated from/(used in) financing activities	5	(11)
Net increase in cash & cash equivalent	20	69
Cash & cash equivalents at beginning of the quarter	159	93
Cash and cash equivalents at end of the quarter	179	162

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.

	Issued Capital	Share Premium	Capital Reserve	(Accumulated Losses)	Translation Reserve	Total
Group	\$'000					
Balance at 1 January 2004	7,059	2,049	0	(4,756)	(196)	4,156
Issue of 20,385,000 new shares of \$0.05 each to acquire a subsidiary	1,019	0	0	0	0	1,019
Expense incurred in relation to new shares issued	0	(11)	0	0	0	(11)
Net loss during the period	0	0	0	(555)	0	(555)
Exchange difference during the period	0	0	0	0	(34)	(34)
Balance at 31 March 2004	8,078	2,038	0	(5,311)	(230)	4,575
Issue of 2,827,000 new shares of \$0.05 each for ESOS	141	0	0	0	0	141
Expense incurred in relation to new shares issued	0	(1)	0	0	0	(1)
Net profit during the period	0	0	0	605	0	605
Exchange difference during the period	0	0	0	0	94	94
Balance at 30 June 2004	8,219	2,037	0	(4,706)	(136)	5,414
Net profit during the period	0	0	0	303	0	303
Exchange difference during the period	0	0	0	0	(56)	(56)
Balance at 30 September 2004	8,219	2,037	0	(4,403)	(192)	5,661
Issue of 174,000 new shares of \$0.05 each for ESOS	9	0	0	0	0	9
Net loss during the period	0	0	0	(1,242)	0	(1,242)
Exchange difference during the period	0	0	0	0	(115)	(115)
Balance at 31 December 2004	8,228	2,037	0	(5,645)	(307)	4,313
Adjustment on Share Option Expenses (FRS 102)	0	0	114	(114)	0	0
Balance at 1 January 2005 (Restated)	8,228	2,037	114	(5,759)	(307)	4,313
Adjustment on Negative Goodwill (FRS 103)	0	0	0	313	0	313
Balance at 1 January 2005 (Adjusted)	8,228	2,037	114	(5,446)	(307)	4,626
Issue of 93,000 new shares of \$0.05 each for ESOS	5	0	0	0	0	5
Net loss during the period	0	0	0	(190)	0	(190)
Capital reserve for the period (FRS 102)	0	0	57			57
Exchange difference during the period	0	0	0	0	37	37
Balance at 31 March 2005	8,233	2,037	171	(5,636)	(270)	4,535

	Issued Capital	Share Premium	Capital Reserve	(Accumulated Losses)	Translation Reserve	Total
Company						
						\$'000
Balance at 1 January 2004	7,059	2,049	0	(2,600)	0	6,508
Issue of 20,385,000 new shares of \$0.05 each to acquire a subsidiary	1,019	0	0	0	0	1,019
Expense incurred in relation to new shares issued	0	(11)	0	0	0	(11)
Net loss during the period	0	0	0	(33)	0	(33)
Balance at 31 March 2004	8,078	2,038	0	(2,633)	0	7,483

Issue of 2,827,000 new shares of \$0.05 each for ESOS	141	0	0	0	0	0	141
Expense incurred in relation to new shares issued	0	(1)	0	0	0	0	(1)
Net loss during the period	0	0	0	0	(92)	0	(92)
Balance at 30 June 2004	8,219	2,037	0	0	(2,725)	0	7,531
Net loss during the period	0	0	0	0	(76)	0	(76)
Balance at 30 September 2004	8,219	2,037	0	0	(2,801)	0	7,455
Issue of 174,000 new shares of \$0.05 each for ESOS	9	0	0	0	0	0	9
Net loss during the period	0	0	0	0	(2,962)	0	(2,962)
Balance at 31 December 2004	8,228	2,037	0	0	(5,763)	0	4,502
Adjustment on Share Option Expenses (FRS 102)	0	0	114	0	(114)	0	0
Balance at 1 January 2005 (Restated)	8,228	2,037	114	0	(5,877)	0	4,502
Issue of 93,000 new shares of \$0.05 each for ESOS	5	0	0	0	0	0	5
Net loss during the period	0	0	0	0	(76)	0	(76)
Capital reserve for the period (FRS 102)	0	0	57	0	0	0	57
Balance at 31 March 2005	8,233	2,037	171	0	(5,953)	0	4,488

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 the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

The Company offered 6,230,000 share options to the Group's directors and employees in May 2003 under the "Cyber Village Share Option Scheme" approved in May 2003. The Table below shows the movement of the share options as at 31 March 2005.

ESOS I – Issued in May 2003	Options granted	Options lapsed	Options exercised	Outstanding options	Weighted average exercise prices
Balance at 1 Jan 2005	6,230,000	(2,008,000)	(3,001,000)	1,221,000	\$0.05
Movement during the period	0	0	(93,000)	(93,000)	\$0.05
Balance at 31 Mar 2005	6,230,000	(2,008,000)	(3,094,000)	1,128,000	\$0.05

The Company offered 6,206,000 (3,103,000 market price options and 3,103,000 incentive options) share options to the Group's directors and employees in June 2004 under the "Cyber Village Share Option Scheme" approved in April 2004. The Table below shows the movement of the share options as at 31 March 2005.

ESOS II – Issued in Jun 2004	Options granted	Options lapsed	Options exercised	Outstanding options	Weighted average exercise prices
Market Options					
Balance at 1 Jan 2005	3,103,000	(501,500)		2,601,500	\$0.27
Movement during the period	0	(165,500)		(165,500)	\$0.27
Balance at 31 Mar 2005	3,103,000	(667,000)		2,436,000	\$0.27
Incentive Options					
Balance at 1 Jan 2005	3,103,000	(501,500)		2,601,500	\$0.23
Movement during the period	0	(165,500)		(165,500)	\$0.23
Balance at 31 Mar 2005	3,103,000	(667,000)		2,436,000	\$0.23

The Company offered a total of 12,436,000 share options to the Group's directors and employees as at 31 March 2005 under the "Cyber Village Share Option Scheme" approved in May 2003 and April 2004. The Table below shows the summary movement of the share options as at 31 March 2005. There are 6,000,000 share options outstanding as at 31 March 2005 (31 March 2004: 4,517,000).

Total ESOS	Options granted	Options lapsed	Options exercised	Outstanding options
Balance at 1 Jan 2005	12,436,000	(3,011,000)	(3,001,000)	6,424,000
Movement during the period	0	(331,000)	(93,000)	(424,000)
Balance at 31 Mar 2005	12,436,000	(3,342,000)	(3,094,000)	6,000,000

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 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.

Except as disclosed in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the Group's most recently audited financial statements for the financial year ended 31 December 2004.

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.

The Group and the Company have adopted the following new / revised Singapore Financial Reporting Standards ("FRS") with effect from 1 January 2005 : -

FRS 102: "Share-Based Payment"

FRS 102 has resulted in a change in accounting policy for share-based payments which requires the Company and the Group to recognise an expense in the income statement. The total amount to be recognised is determined by reference to the fair value of the options at the date of grant and the number of options to be vested by the vesting date. Previously, the granting of options by the Company to its employees did not result in any charge in the income statement.

As a result of adopting FRS 102, the Company's and the Group's loss for FY2004 was increased by \$114,200. However, there was no impact to the Company's and the Group's loss for 1Q04 since the options were granted at the end of June 2004. The opening accumulated losses of the Company and the Group as at 1 January 2005 was restated upwards by \$114,200 and the capital reserve was credited by the same amount. Overall, there was no impact on the shareholders' funds as at 1 January 2005. The share option expense charged to the income statement of 1Q05 amounted to \$57,000.

FRS 103: "Business Combinations"

Revised FRS 36 : "Impairment of Assets"

Revised FRS 38 : "Intangible Assets"

FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. Accordingly, the Group has discontinued amortising its positive goodwill and negative goodwill and has derecognised the carrying amount of negative goodwill of \$313,240 with a corresponding adjustment to the accumulated losses as at 1 January 2005.

Other new / revised FRSs

Apart from the above, the Company and the Group have adopted various other new / revised FRSs with effect from 1 January 2005. These FRSs do not have any material financial impact to the Company and the Group.

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.

	3 months ended	
	31/03/05	31/03/04
Earnings per ordinary share after deducting any provision for preference dividends based on weighted average number of ordinary shares in issue:		
(a) Basic (in cents)	(0.12)	(0.34)
(b) Fully diluted (in cents)	(0.12)	(0.34)
Earnings per share was calculated based on weighted average number of ordinary shares in issue: ('000)		
(a) Basic	164,627	161,565
(b) Fully diluted	164,627	161,565

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

Net asset value per ordinary share based on existing issued share capital of 164,659,000 shares as at 31 March 2005 (31 December 2004: 164,566,000 shares) (in cents)	The Group		The Company	
	31/03/05	31/12/04	31/03/05	31/12/04
	2.75	2.62	2.73	2.74

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.

Turnover

The Group recorded a turnover of \$578,000 in the first quarter of the current financial year, FY2005 ("1Q05"). This represents a decrease of 25.2% from the first quarter of FY2004 ("1Q04"). The drop in revenue is largely due to lower billings for secured contracts carried forward from FY2004 as well as a weaker quarter in terms of new business.

Costs of sales

The costs of sales also decreased by a corresponding 22.8% in 1Q05 compared to 1Q04, from \$263,000 to \$203,000.

Gross Profit

As a result, gross profit is reduced by \$135,000 to \$375,000 between 1Q04 and 1Q05.

Loss after Tax

For the 1Q05, the Group recorded a loss of \$190,000 as compared to a loss of \$555,000 in 1Q04. This represents an improvement of \$365,000 over the corresponding period. The reduction in losses was achieved due in part to the fact that we had made a provision for doubtful debt in 1Q04 amounting to \$345,000. Without taking into consideration of the provision for doubtful debts of \$345,000 in 1Q04, stop amortising on goodwill and the share option expense in 1Q05, the results is relatively unchanged. The lower gross profit for 1Q05 is compensated by lower cost of operations.

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

In the prospect statement for our financial statements for FY2004, we stated that we would continue the steps we had undertaken in the past year by actively seeking new and renewal business from our pool of potential and existing clients in the region. In addition, the Management had highlighted that despite the increase in the order book, we were expecting a substantial portion of some of the projects secured in FY2004 to be billed only in subsequent quarters of the current financial year, which would result in a weaker 1Q05.

Hence, for 1Q05, the results was weaker than the previous quarter largely due to slower progress with some of the projects we have in hand, as well as our anticipation that work will only commence for one of our sizeable contracts in China in the second or third quarter of the current financial year. However, as we have managed to contain and lower the operating cost of the Group, our losses have reduced significantly from \$555,000 in 1Q04 to \$190,000 in 1Q05 despite the lower turnover.

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.

In 1Q05, we have added only approximately \$0.5m to our order book which will raise the total order book we have at hand for FY2005 to \$4.1m. The slowdown in contracts secured in 1Q05 was mainly due to delays in the conclusion of several contracts of which the Group has been pursuing since 2H04. These contracts are fairly sizeable and if successfully secured, will make significant contributions to the revenue and profits of the Group. The contracts are largely from Malaysia with a large oil & gas company as well as several banks and financial institutions. We expect these contracts to be concluded only in the second and third quarters of FY2005.

Should the Group be successful in securing the contracts highlighted above, the Group will be able to achieve better results for 2Q05 as compared to 1Q05.

At the same time, to enable the Group to compete successfully in China, the Management is currently reviewing various options to raise further funds for the Group in order to establish the Group as a credible e-business solution provider in the Greater China market. These funds will serve to strengthen the foundation of the Group, as well as enable the Group to market itself more readily and secure contracts and business opportunities in the region. The Management is also reviewing opportunities to acquire companies in similar business as the Group in the region which will significantly improve our performance and profitability over a longer term.

The Management will continue to be prudent with our cost and operation structure to ensure the continued sustainability and viability of the Group, as well as providing the foundation for improved profitability. In addition, our tighter credit policies as well as more selective clientele have largely ensured that we have been reasonably successful in collection with our current and new trade debtors.

11. Dividend

- (a) **Any dividend declared for the current financial period reported on?** None
- (b) **Any dividend declared for the corresponding period of the immediately preceding financial year?** None
- (c) **Date payable** - Not Applicable.
- (d) **Books closure date** - Not Applicable.

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

No dividend is proposed to be paid for 1Q05 and no dividend was paid out for FY2004.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

17. Interested Party Transactions

The aggregate value of interested person transactions for 1Q05 amounted to less than \$100,000. Being less than the minimum amount required to be disclosed under Rule 907, no disclosure was considered necessary.

BY ORDER OF THE BOARD

Tony Pua Kiam Wee
Chief Executive Officer
10 May 2005