



FRONTLINE TECHNOLOGIES CORPORATION LTD
Company Registration No. 199801489G

Half Year Financial Statement And Dividend Announcement

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**

UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2007

	Group		
	30/09/2007	30/09/2006	fav / (unfav)
Note	\$'000	\$'000	%
Revenue	110,593	93,545	18.2
Cost of sales	(81,730)	(68,066)	(20.1)
Gross profit	28,863	25,479	13.3
	26.1%	27.2%	
Other operating income	386	1,208	(68.1)
Distribution and selling expenses	(15,629)	(13,857)	(12.8)
Administrative expenses	(8,300)	(7,899)	(5.1)
Financial expenses, net	(1,125)	(1,216)	7.5
Share of results of associated companies	A 2,872	1,433	100.4
Profit from operations before tax	7,067	5,148	37.3
Tax	(865)	(614)	(40.9)
Profit for the period	6,202	4,534	36.8
Attributable to:			
Equity holders of the Company	4,630	3,546	30.6
Minority interest	1,572	988	59.1
	6,202	4,534	

Notes

A Share of results of associated companies

This represents share of profit (net of tax) contributed by our associates, MDCL-Frontline (China) Limited, G-Able Co., Ltd, Ecquaria Ltd and PT E Metrodata Com.

1(a) Additional information for the income statement

	Group		
	30/09/2007 \$'000	30/09/2006 \$'000	fav / (unfav) %
Depreciation of property, plant & equipment	2,392	2,802	14.6
Amortisation of intangible assets	623	208	(199.7)
Allowance for doubtful trade receivables	69	364	80.9
Gain on disposal of property, plant & equipment	-	(34)	NM
Gain on foreign exchange, net	(57)	(115)	(50.5)
Property, plant & equipment written off	-	44	NM
Interest income	(354)	(446)	(20.7)
Interest expenses	1,508	1,509	0.1

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	
	30/09/2007 \$'000	31/03/2007 \$'000	30/09/2007 \$'000	31/03/2007 \$'000
Non-Current Assets				
Property, plant and equipment	9,049	9,601	-	-
Subsidiaries	-	-	47,274	46,999
Associated companies	41,881	40,839	44,992	44,962
Other Investments	2,227	2,150	199	235
Deferred tax assets	1,152	1,105	-	-
Goodwill on acquisition	7,668	7,668	-	-
Intangibles assets	7,866	7,664	-	-
Other receivables	4,935	4,294	-	-
Total Non-Current Assets	74,778	73,321	92,465	92,196
Current Assets				
Inventories	14,175	13,688	-	-
Trade and other receivables	B 111,321	104,057	8,600	8,768
Cash and cash equivalents	24,583	39,245	2,378	388
Total Current Assets	150,079	156,990	10,978	9,156
Current Liabilities				
Trade and other payables	C 73,242	81,334	17,711	17,435
Tax payable	879	576	-	-
Borrowings and loans	D 17,534	25,016	-	-
Total Current Liabilities	91,655	106,926	17,711	17,435
Net Current Assets	58,424	50,064	(6,733)	(8,279)
Non-Current Liabilities				
Deferred tax liabilities	2,113	1,745	-	-
Hire purchase creditors	339	697	-	-
Unearned revenue	4,410	3,253	-	-
Total Non-Current Liabilities	6,862	5,695	-	-
Net Assets	126,340	117,690	85,732	83,917
Equity				
Issued and paid up capital	85,114	85,114	85,114	85,114
Reserves	13,089	7,313	618	(1,197)
	98,203	92,427	85,732	83,917
Minority interest	28,137	25,263	-	-
	126,340	117,690	85,732	83,917

Balance Sheet (con't)**Notes****B Trade and other receivables**

	Group		Company	
	30/09/2007 \$'000	31/03/2007 \$'000	30/09/2007 \$'000	31/03/2007 \$'000
Trade receivables	88,720	83,673	-	-
Other receivables, deposits and prepayments	22,601	20,384	8,600	8,768
	111,321	104,057	8,600	8,768

C Trade and other payables

	Group		Company	
	30/09/2007 \$'000	31/03/2007 \$'000	30/09/2007 \$'000	31/03/2007 \$'000
Trade payables	30,853	33,949	-	-
Other payables, deposits and accruals	23,997	23,614	17,711	17,435
Hire purchase creditors	5,090	5,325	-	-
Unearned revenue	13,302	18,446	-	-
	73,242	81,334	17,711	17,435

D Borrowings & loans

Borrowings & loans are from our operations in India, Malaysia and the Philippines. These include working capital loans, notes & bills payable etc.

The borrowings and loans have been reduced by \$7.5m as a result of repayment of loans from our operations in India and Malaysia.

1(b) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30/09/07		As at 31/03/07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
14,021	3,513	21,750	3,266

Amount repayable after one year

As at 30/09/07		As at 31/03/07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
0	0	0	0

Details of any collateral

The Group's borrowings are secured by letters of credit from financial institutions, fixed deposits pledged and corporate guarantees from holding company. The corporate guarantees given by holding company with respect to loans secured are for the Malaysia operations only.

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

	30/09/2007	30/09/2006
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	7,067	5,148
<u>Adjustments for:</u>		
Impairment of goodwill	17	-
Amortisation of intangible assets	623	208
Depreciation of property, plant & equipment	2,392	2,802
Gain on disposal of property, plant & equipment	-	(34)
Gain on divestment of subsidiary	-	(44)
Gain on acquisition of subsidiary	(147)	(321)
Property, plant & equipment written off	-	44
Interest Income	(354)	(446)
Interest expenses	1,508	1,509
Share of results of associated companies	(2,872)	(1,433)
Share of results of joint ventures	(36)	-
Operating profit before working capital changes	8,198	7,433
Inventories	(487)	(889)
Trade and other receivables	(7,905)	(5,660)
Trade and other payables	(6,699)	(6,994)
Translation difference	1,921	(1,243)
Cash used in operations	(4,972)	(7,353)
Income taxes paid	(241)	(722)
Interest received	354	446
Interest paid	(1,508)	(1,509)
Net Cash used in operating activities	(6,367)	(9,138)
Cash flows from Investing activities		
Purchase of property, plant & equipment	(1,323)	(1,512)
Additions of other investments	(2)	(46)
Proceeds from disposal of property, plant and equipment	-	130
Additions to intangible assets	(406)	-
Acquisition of a subsidiary	-	(28)
Additional investment in subsidiary	(275)	(1,897)
Dividends received from associated companies	2,133	836
Withdrawal of long-term fixed deposits	-	4,000
Net cash generated from investing activities	127	1,483
Cash flows from Financing activities		
Increase in fixed deposits pledged to banks	(465)	-
Net (payment) / addition to hire-purchase creditors	(593)	654
Shares buy back	(348)	(125)
(Repayment of) / Increase in borrowings	(7,482)	3,730
Net cash (used in) generated from Financing activities	(8,888)	4,259
Net decrease in cash and cash equivalents	(15,128)	(3,396)
Cash and cash equivalents at the beginning of the period	37,446	26,798
Cash and cash equivalents at the end of the period (Note E)	22,318	23,402

Cash flow statement (con't)

Note E : Cash and cash equivalents

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

	30/09/2007 S\$'000	30/09/2006 S\$'000
Fixed deposits (unpledged portion)	5,760	6,880
Cash and bank balances	16,558	16,522
Total Cash and cash equivalents	22,318	23,402
Fixed deposits (pledged portion)	2,265	1,951
Total Cash and cash equivalents per Balance Sheet	24,583	25,353

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

	Group		Company	
	30/9/2007 \$'000	31/03/2007 \$'000	30/9/2007 \$'000	31/03/2007 \$'000
Issued and paid-up capital				
Balance at beginning of the period / year	85,114	85,114	85,114	85,114
Balance at end of the period / year	85,114	85,114	85,114	85,114
Revenue reserve				
Balance at beginning of the period / year	10,946	5,631	(552)	(848)
Net profit	4,630	9,266	2,163	4,247
Dividend	-	(3,951)	-	(3,951)
Balance at end of the period / year	15,576	10,946	1,611	(552)
Treasury Shares				
Balance at beginning of the period / year	(645)	(645)	-	(645)
Purchase of treasury shares	(348)	-	(993)	-
Balance at end of the period / year	(993)	(645)	(993)	(645)
Translation reserve				
Balance at beginning of the period / year	(2,988)	(2,051)	-	-
Translation differences	1,494	(937)	-	-
Balance at end of the period / year	(1,494)	(2,988)	-	-
Attributable to equity holders of the Company	98,203	92,427	85,732	83,917
Minority interest				
Balance at beginning of the period / year	25,263	14,348	-	-
Net profit	1,572	2,579	-	-
Acquisition of additional shares in a subsidiary	(422)	(308)	-	-
Dividend	-	(849)	-	-
Issuance of additional shares in a subsidiary	-	9,371	-	-
Translation differences	1,724	122	-	-
Balance at end of the period / year	28,137	25,263	-	-
Total equity	126,340	117,690	85,732	83,917

1(d) 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.

	Number of Ordinary Shares issued and fully paid
As at 1 April 2007	824,044,945
As at 30 September 2007	824,044,945 *

* This includes 7,500,000 treasury shares held by the Company.

2(a) Negative Assurance

We, STEVE TING TUAN TOON and LIM CHIN HU being two directors of Frontline Technologies Corporation Ltd (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half-year financial results to be false or misleading.

On behalf of the board of directors

STEVE TING TUAN TOON

Director

LIM CHIN HU

Director

Singapore
14 November 2007

2(b) Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

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

The same accounting policies and method of computation are followed in the financial statements as compared with the most recently issued audited financial statements.

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.

Not applicable.

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

(a) Based on weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	30/09/2007	30/09/2006
Earnings per ordinary share for the period after deducting any provision for preference dividends :-	Cents (\$)	Cents (\$)
a) Based on existing issued share capital	0.57	0.43
b) On a fully diluted basis	0.57	0.43

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30/9/2007	31/03/2007	30/9/2007	31/03/2007
	Cents (\$)	Cents (\$)	Cents (\$)	Cents (\$)
Net asset value per ordinary share based on issued share capital as at the end of the reporting period	15.44	14.37	10.48	10.14

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.

The Group recorded its nine consecutive half-year of double-digit growth in revenue and net profit.

Total revenues for the Group grew 18.2% from \$93.5m in 1H FY2007 to \$110.5m in 1H FY2008 while net profit after tax increased 36.8% from \$4.5m in 1H FY2007 to \$6.2m in this period. Profit attributable to shareholders amounted to \$4.6m in 1H FY2008, an increase of 30.6% from the same period last year. The increase was due largely to higher contributions from IT Services.

IT Services, which includes Outsourcing, Consulting and Implementation, contributed \$55.7m or 50.3% of total revenue contribution, with the remaining from IT Infrastructure. Compared to 1H FY2007, this represented an increase of \$10.3m or 22.8%.

In line with revenues growth, gross profit also increased 13.3% from \$25.5m to \$28.9m in 1H-FY2008. Gross profit percentages remain within our expectations at 26.1% in 1H FY2008 compared to 27.2% for the same period last year.

Total operating expenditure increased \$2.1m from \$23.0m to \$25.1m, or an increase of about 9.1%. This is due to an increase in the cost of delivery services and staff cost required to support the Group's expansion and revenue growth. This cost increase is in line with the general industry trend. Management remains vigilant over cost increases to ensure optimal level of costs.

Earnings per share for 1H FY2008 is 0.57 cts per share compared to 0.43 cts last year, reflecting an increase of 32.6%.

Strong Balance Sheet

The Group continues to maintain a strong financial position with cash and cash equivalents of \$24.6m. The lower cash and cash equivalents is due to a reduction in the borrowings and loans by \$7.5m for the operations in India and Malaysia, a higher trade receivables of \$5m and payment of trade payables of \$3m.

Net assets improved from \$117.7m to \$126.4m, an increase of 7.3%. Net assets value per share rose to 15.44 cts from 14.37 cts as at 31 March 2007.

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

Not applicable.

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.

The Group expects further growth from its key drivers of IT Services and overseas operations. Revenue from IT Services which provide for higher margin and a recurring revenue stream, now accounted for half of total revenue. This is expected to grow further as the Group's operations continue to focus on fulfilling the increasing demand for IT Services in the region.

The Group plans to expand its regional presence from the current nine countries to tap into the growing markets in Asia Pacific. The Group has a healthy backlog and pipelines of orders to be fulfilled. As such, the Group is optimistic that it will continue to break new grounds and achieve higher growth in FY08.

11 Dividend

a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.48 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.60 cents per ordinary share (less tax)
Tax Rate	20%

c) Date payable

The dividend will be paid on 28 December 2007.

d) Books closure date

The Transfer Books and the Register of Members of the Company will be closed at 5pm on 13 December 2007 for the preparation of the dividend warrants.

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

Not applicable.

BY ORDER OF THE BOARD

STEVE TING TUAN TOON
EXECUTIVE CHAIRMAN
Wednesday, November 14, 2007