



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

Second Quarter Financial Statement and Dividend Announcement

Financial period ended

31 December 2014

Statements of Financial Position

	Note	31 December 2014 \$'000	Group 30 June 2014 \$'000	Var. %	31 December 2014 \$'000	Company 30 June 2014 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	12,387	12,707	(3)	8	10	(20)
Intangible assets	4	40,808	39,711	3	–	–	–
Subsidiaries		–	–	–	86,729	86,426	–
Associates		5,403	8,039	(33)	4,868	4,868	–
Joint ventures		264	228	16	–	–	–
Financial assets		6,459	9,551	(32)	6,311	9,404	(33)
Trade and other receivables		359	495	(27)	–	–	–
Deferred tax assets		4,254	4,476	(5)	57	59	(3)
		<u>69,934</u>	<u>75,207</u>	(7)	<u>97,973</u>	<u>100,767</u>	(3)
Current assets							
Inventories		11,560	12,823	(10)	–	–	–
Trade and other receivables		32,246	33,835	(5)	226	698	(68)
Amounts due from related parties		159	338	(53)	3,500	7,532	(54)
Cash and cash equivalents	5	37,167	32,016	16	13,547	12,196	11
		<u>81,132</u>	<u>79,012</u>	3	<u>17,273</u>	<u>20,426</u>	(15)
Total assets		<u>151,066</u>	<u>154,219</u>	(2)	<u>115,246</u>	<u>121,193</u>	(5)
Equity attributable to Owners of the Company							
Share capital	6	88,773	88,773	–	88,773	88,773	–
Reserves		27,958	28,029	–	14,326	19,011	(25)
		<u>116,731</u>	<u>116,802</u>	–	<u>103,099</u>	<u>107,784</u>	(4)
Non-controlling interests							
		386	378	2	–	–	–
Total equity		<u>117,117</u>	<u>117,180</u>	–	<u>103,099</u>	<u>107,784</u>	(4)
Non-current liabilities							
Interest-bearing borrowings	7	263	651	(60)	–	–	–
Deferred tax liabilities		357	1,041	(66)	–	–	–
		<u>620</u>	<u>1,692</u>	(63)	<u>–</u>	<u>–</u>	–
Current liabilities							
Trade and other payables		21,440	23,730	(10)	833	1,352	(38)
Provisions		1,167	2,056	(43)	281	281	–
Amounts due to related parties		115	64	80	10,798	11,536	(6)
Interest-bearing borrowings	7	9,430	8,976	5	–	–	–
Current tax payable		1,177	521	126	235	240	(2)
		<u>33,329</u>	<u>35,347</u>	(6)	<u>12,147</u>	<u>13,409</u>	(9)
Total liabilities		<u>33,949</u>	<u>37,039</u>	(8)	<u>12,147</u>	<u>13,409</u>	(9)
Total equity and liabilities		<u>151,066</u>	<u>154,219</u>	(2)	<u>115,246</u>	<u>121,193</u>	(5)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	Var. %	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000	Var. %
Revenue	28,545	39,977	(29)	59,497	74,146	(20)
Cost of revenue	(18,188)	(30,975)	(41)	(38,569)	(56,439)	(32)
Gross profit	<u>10,357</u>	<u>9,002</u>	15	<u>20,928</u>	<u>17,707</u>	18
Other income	298	203	47	455	12,069	(96)
Distribution expenses	(3,366)	(2,805)	20	(6,710)	(5,971)	12
Administrative expenses	(3,928)	(4,017)	(2)	(7,679)	(7,695)	-
Research & development expenses	(1,114)	(1,059)	5	(2,157)	(1,774)	22
Other expenses	(60)	(11)	445	(491)	(6,320)	(92)
Results from operating activities	<u>2,187</u>	<u>1,313</u>	67	<u>4,346</u>	<u>8,016</u>	(46)
Finance income	15	62	(76)	33	135	(76)
Finance expenses	(46)	(90)	(49)	(128)	(139)	(8)
Net finance expenses	<u>(31)</u>	<u>(28)</u>	11	<u>(95)</u>	<u>(4)</u>	2,275
Share of results of associates (net of tax)	91	284	(68)	126	452	(72)
Share of results of joint ventures (net of tax)	-	(56)	(100)	13	(114)	111
Profit before income tax	<u>2,247</u>	<u>1,513</u>	49	<u>4,390</u>	<u>8,350</u>	(47)
Income tax expenses	(504)	(275)	83	(932)	(746)	25
Profit for the period	<u>1,743</u>	<u>1,238</u>	41	<u>3,458</u>	<u>7,604</u>	(55)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of financial statements of foreign operations	904	(115)	886	1,114	(860)	230
Exchange differences on monetary items forming part of net investments in foreign operations	67	45	49	199	(6)	3,417
Exchange differences on disposal of an associate	-	-	-	248	-	NM
Net change in fair value of available-for-sale financial assets, net of tax	(1,137)	318	(458)	(3,092)	1,378	(324)
Other comprehensive income for the period, net of income tax	<u>(166)</u>	<u>248</u>	(167)	<u>(1,531)</u>	<u>512</u>	(399)
Total comprehensive income for the period	<u>1,577</u>	<u>1,486</u>	6	<u>1,927</u>	<u>8,116</u>	(76)
Profit attributable to:						
Owners of the Company	1,737	1,236	41	3,451	7,525	(54)
Non-controlling interests	6	2	200	7	79	(91)
Profit for the period	<u>1,743</u>	<u>1,238</u>	41	<u>3,458</u>	<u>7,604</u>	(55)
Total comprehensive income attributable to:						
Owners of the Company	1,570	1,479	6	1,919	8,045	(76)
Non-controlling interests	7	7	-	8	71	(89)
Total comprehensive income for the period	<u>1,577</u>	<u>1,486</u>	6	<u>1,927</u>	<u>8,116</u>	(76)
Earnings per share						
- Basic (cents)	0.31	0.22	41	0.62	1.36	(54)
- Diluted (cents)	0.31	0.22	41	0.62	1.36	(54)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 September 2013									
Balance as at 1 July 2013	88,773	(11,720)	1,703	2,481	(13,225)	36,475	104,487	1,910	106,397
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	6,289	6,289	77	6,366
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(732)	-	(732)	(13)	(745)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(51)	-	(51)	-	(51)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	1,060	-	-	-	1,060	-	1,060
Total other comprehensive income	-	-	1,060	-	(783)	-	277	(13)	264
Total comprehensive income for the period	-	-	1,060	-	(783)	6,289	6,566	64	6,630
Balance as at 30 September 2013	88,773	(11,720)	2,763	2,481	(14,008)	42,764	111,053	1,974	113,027

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Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
31 December 2013									
Balance as at 1 October 2013	88,773	(11,720)	2,763	2,481	(14,008)	42,764	111,053	1,974	113,027
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	1,236	1,236	2	1,238
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(120)	-	(120)	5	(115)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	45	-	45	-	45
Net change in fair value of available-for-sale financial assets, net of tax	-	-	318	-	-	-	318	-	318
Total other comprehensive income	-	-	318	-	(75)	-	243	5	248
Total comprehensive income for the period	-	-	318	-	(75)	1,236	1,479	7	1,486
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 0.20 cents per share in respect of 2013	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Total contributions by and distributions to Owners	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Total transactions with Owners	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Balance as at 31 December 2013	88,773	(11,720)	3,081	2,481	(14,083)	42,895	111,427	1,981	113,408

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Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 September 2014									
Balance as at 1 July 2014	88,773	(11,651)	4,093	2,481	(14,781)	47,887	116,802	378	117,180
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	1,714	1,714	1	1,715
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	210	–	210	–	210
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	132	–	132	–	132
Exchange differences on disposal of an associate	–	–	–	–	248	–	248	–	248
Net change in fair value of available-for-sale financial assets, net of tax	–	–	(1,955)	–	–	–	(1,955)	–	(1,955)
Total other comprehensive income	–	–	(1,955)	–	590	–	(1,365)	–	(1,365)
Total comprehensive income for the period	–	–	(1,955)	–	590	1,714	349	1	350
Balance as at 30 September 2014	88,773	(11,651)	2,138	2,481	(14,191)	49,601	117,151	379	117,530

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Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
31 December 2014									
Balance as at 1 October 2014	88,773	(11,651)	2,138	2,481	(14,191)	49,601	117,151	379	117,530
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	1,737	1,737	6	1,743
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	903	–	903	1	904
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	67	–	67	–	67
Net change in fair value of available-for-sale financial assets, net of tax	–	–	(1,137)	–	–	–	(1,137)	–	(1,137)
Total other comprehensive income	–	–	(1,137)	–	970	–	(167)	1	(166)
Total comprehensive income for the period	–	–	(1,137)	–	970	1,737	1,570	7	1,577
Transactions with Owners, recorded directly in equity Contributions by and distributions to Owners									
Final dividend of 0.18 cents per share in respect of 2014	–	–	–	–	–	(995)	(995)	–	(995)
Final special dividend of 0.18 cents per share in respect of 2014	–	–	–	–	–	(995)	(995)	–	(995)
Total contributions by and distributions to Owners	–	–	–	–	–	(1,990)	(1,990)	–	(1,990)
Total transactions with Owners	–	–	–	–	–	(1,990)	(1,990)	–	(1,990)
Balance as at 31 December 2014	88,773	(11,651)	1,001	2,481	(13,221)	49,348	116,731	386	117,117

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Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
31 December 2013					
Balance as at 1 July 2013	88,773	1,703	2,481	14,379	107,336
Total comprehensive income for the period					
Profit for the period	–	–	–	176	176
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets, net of tax	–	1,060	–	–	1,060
Total other comprehensive income	–	1,060	–	–	1,060
Total comprehensive income for the period	–	1,060	–	176	1,236
Balance as at 30 September 2013	88,773	2,763	2,481	14,555	108,572
Balance as at 1 October 2013	88,773	2,763	2,481	14,555	108,572
Total comprehensive income for the period					
Profit for the period	–	–	–	157	157
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets, net of tax	–	318	–	–	318
Total other comprehensive income	–	318	–	–	318
Total comprehensive income for the period	–	318	–	157	475
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.20 cents per share in respect of 2013	–	–	–	(1,105)	(1,105)
Total contributions by and distributions to Owners	–	–	–	(1,105)	(1,105)
Total transactions with Owners	–	–	–	(1,105)	(1,105)
Balance as at 31 December 2013	88,773	3,081	2,481	13,607	107,942

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Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
31 December 2014					
Balance as at 1 July 2014	88,773	4,093	2,481	12,437	107,784
Total comprehensive income for the period					
Profit for the period	-	-	-	169	169
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets, net of tax	-	(1,955)	-	-	(1,955)
Total other comprehensive income	-	(1,955)	-	-	(1,955)
Total comprehensive income for the period	-	(1,955)	-	169	(1,786)
Balance as at 30 September 2014	88,773	2,138	2,481	12,606	105,998
Balance as at 1 October 2014	88,773	2,138	2,481	12,606	105,998
Total comprehensive income for the period					
Profit for the period	-	-	-	228	228
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale financial assets, net of tax	-	(1,137)	-	-	(1,137)
Total other comprehensive income	-	(1,137)	-	-	(1,137)
Total comprehensive income for the period	-	(1,137)	-	228	(909)
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.18 cents per share in respect of 2014	-	-	-	(995)	(995)
Final special dividend of 0.18 cents per share in respect of 2014	-	-	-	(995)	(995)
Total contributions by and distributions to Owners	-	-	-	(1,990)	(1,990)
Total transactions with Owners	-	-	-	(1,990)	(1,990)
Balance as at 31 December 2014	88,773	1,001	2,481	10,844	103,099

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

Group	Note	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Operating Activities		1,743	1,238	3,458	7,604
Profit for the period					
Adjustments for:					
Allowance/(Reversal of allowance) for:					
- inventory obsolescence		62	15	18	79
- doubtful debts from trade and other receivables		-	(769)	(10)	(769)
Depreciation of property, plant and equipment		702	710	1,316	1,158
Interest income		(15)	(62)	(33)	(135)
Interest expense		46	90	128	139
Bad debts written off		-	-	-	7
Inventories written off		2	55	29	65
Property, plant and equipment written off		-	-	22	10
Gain on disposal of property, plant and equipment		(20)	(11)	(217)	(30)
Amortisation of intangible assets		187	164	363	329
Loss on disposal of an associate		-	-	343	-
Acquisition-related costs		-	-	-	1,083
Post-acquisition integration and restructuring costs		-	-	-	5,214
Reversal of retrenchment costs		(52)	-	(52)	-
Dividend income from other financial asset		-	-	-	(175)
Negative goodwill on business combination		-	-	-	(11,489)
Share of results of associates and joint ventures (net of tax)		(91)	(228)	(139)	(338)
Income tax expense		504	275	932	746
Operating profit before working capital changes		3,068	1,477	6,158	3,498
Changes in working capital:					
Inventories		1,129	(448)	1,740	(1,295)
Project-in-progress		-	(1,887)	-	(3,877)
Amounts due from related parties (trade)		67	37	87	136
Amounts due to related parties (trade)		58	(95)	50	(446)
Trade and other receivables		2,103	1,298	2,369	2,793
Trade and other payables		(3,023)	(610)	(3,044)	377
Post-acquisition integration and restructuring cost paid		(389)	(1,232)	(806)	(1,232)
(Placement)/Release of pledged deposits with financial institutions		(79)	219	1,327	553
Cash generated from/(used in) operations		2,934	(1,241)	7,881	507
Interest received		15	62	33	135
Interest paid		(46)	(90)	(128)	(139)
Income tax paid		(384)	(306)	(669)	(254)
Cash flows generated from/(used in) operating activities		2,519	(1,575)	7,117	249
Investing activities					
Purchase of property, plant and equipment ⁽¹⁾		(824)	(2,340)	(1,217)	(2,724)
Purchase of intangible assets		(10)	(15)	(63)	(18)
Proceeds from disposal of property, plant and equipment		26	114	248	138
Proceeds from disposal of an associate		-	-	1,209	-
Dividend received from associates		-	-	906	-
Dividend received from other financial asset		-	-	-	175
Amounts due from related parties (non-trade)		30	209	92	168
Net cash inflow from acquisition of businesses ⁽²⁾		-	-	-	1,876
Acquisition-related costs paid		-	(293)	-	(970)
Cash flows (used in)/generated from investing activities		(778)	(2,325)	1,175	(1,355)

	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Financing Activities				
Drawdown of bank loans	3,142	3,583	6,894	11,887
Repayment of bank loans	(3,663)	(3,881)	(7,216)	(7,904)
Repayment of finance lease creditors	(26)	(42)	(55)	(55)
Amounts due to related parties (non-trade)	(2)	(4)	1	(28)
Dividend paid	(1,990)	(1,105)	(1,990)	(1,105)
Cash flow (used in)/generated from financing activities	(2,539)	(1,449)	(2,366)	2,795
Net (decrease)/increase in cash and cash equivalents	(798)	(5,349)	5,926	1,689
Cash and cash equivalents at beginning of period	37,304	37,444	30,377	30,744
Effect of exchange rate changes on balances in foreign currencies	349	175	552	(163)
Cash and cash equivalents at end of period	36,855	32,270	36,855	32,270

Significant non-cash transactions

- (1) Property, plant and equipment amounting to \$Nil (31 December 2013: \$200,000) were acquired through hire purchase arrangement and finance lease.
- (2) The fair value of identifiable assets acquired and liabilities assumed and effect of business acquisition were determined and disclosed below:

Group	Note	1 July 2013 to 31 December 2013 \$'000
Property, plant and equipment		4,939
Intangible assets		1,541
Finance assets		152
Inventories		3,711
Trade and other receivables		5,415
Tax recoverable		44
Cash and cash equivalents		5,528
Trade and other payables		(4,837)
Interest-bearing borrowings		(967)
Deferred tax liabilities		(385)
Net identifiable assets and liabilities acquired		15,141
Negative goodwill on business combination	8	(11,489)
Consideration satisfied in cash		3,652
Cash acquired from business combination		(5,528)
Net cash inflow		(1,876)

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The announcement was authorised for issue by the directors on 9 February 2015.

1. Basis of Preparation

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the audited financial statements for the year ended 30 June 2014. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2014 (see note 2).

The financial statements were not audited or reviewed by the auditors.

2. Changes in the Accounting Policies, Methods of Computation and Accounting Standards

At the beginning of the financial year, 1 July 2014, the Company and the Group adopted new or revised FRSs (below), which are effective for the first time:

- FRS27 *Separate Financial Statements*
- FRS28 *Investments in Associates and Joint Ventures*
- FRS110 *Consolidated Financial Statements*
- FRS111 *Joint Arrangement*
- FRS112 *Disclosure of Interests in Other Entities*
- Amendments to FRS32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS36 *Impairment Assets – Recoverable Amount Disclosure for Non-Financial Assets*
- INT FRS121 *Levies*
- Amendments to FRS19 *Employee Contributions*

In addition, the Company and the Group have also adopted the Improvements to FRSs (*January 2014*) and Improvements to FRSs (*February 2014*) which are effective 1 July 2014.

The adoption of these accounting standards and improvements has no material financial effect on the results, earnings per share and the financial position of the Company and the Group for the current and previous financial periods.

3. Property, Plant and Equipment

Group	Freehold land and building \$'000	Leasehold land and building \$'000	Leasehold improvement \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
31 December 2014										
Cost										
At 1 July 2014	2,968	1,975	3,495	566	1,167	3,797	158	31,287	2	45,415
Additions	9	–	24	2	10	245	86	805	36	1,217
Disposals/Write off	–	–	(40)	(15)	(15)	(8)	–	(818)	–	(896)
Translation difference on consolidation	(465)	117	66	(18)	(52)	171	6	1,506	2	1,333
At 31 December 2014	<u>2,512</u>	<u>2,092</u>	<u>3,545</u>	<u>535</u>	<u>1,110</u>	<u>4,205</u>	<u>250</u>	<u>32,780</u>	<u>40</u>	<u>47,069</u>
Accumulated depreciation and impairment losses										
At 1 July 2014	63	378	2,614	376	576	3,234	122	25,345	–	32,708
Depreciation charge for the period	40	25	166	33	67	161	10	814	–	1,316
Disposals/Write off	–	–	(12)	(11)	(11)	(7)	–	(802)	–	(843)
Translation difference on consolidation	(59)	24	66	(11)	(5)	148	6	1,332	–	1,501
At 31 December 2014	<u>44</u>	<u>427</u>	<u>2,834</u>	<u>387</u>	<u>627</u>	<u>3,536</u>	<u>138</u>	<u>26,689</u>	<u>–</u>	<u>34,682</u>
Carrying amount										
At 1 July 2014	2,905	1,597	881	190	591	563	36	5,942	2	12,707
At 31 December 2014	<u>2,468</u>	<u>1,665</u>	<u>711</u>	<u>148</u>	<u>483</u>	<u>669</u>	<u>112</u>	<u>6,091</u>	<u>40</u>	<u>12,387</u>

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
31 December 2014				
Cost				
At 1 July 2014 and 31 December 2014	9	7	21	37
Accumulated depreciation				
At 1 July 2014	9	7	11	27
Depreciation charge for the period	–	–	2	2
At 31 December 2014	9	7	13	29
Carrying amount				
At 1 July 2014	–	–	10	10
At 31 December 2014	–	–	8	8

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,514,000 (30 June 2014: \$1,451,000) and \$653,000 (30 June 2014: \$696,000) respectively, have been pledged to banks as securities for certain bank loans (note 7).

The carrying amount of property, plant and equipment includes amounts totalling \$81,000 (30 June 2014: \$59,000) for the Group in respect of assets acquired under finance leases (note 7).

4. Intangible Assets

Group	Computer software \$'000	Technology licence \$'000	Intellectual property \$'000	Development expenditure \$'000	Goodwill \$'000	Total \$'000
31 December 2014						
Cost						
At 1 July 2014	719	1,941	9,665	5,133	27,248	44,706
Additions	27	–	36	–	–	63
Translation difference on consolidation	7	113	574	304	639	1,637
At 31 December 2014	753	2,054	10,275	5,437	27,887	46,406
Accumulated amortisation and impairment losses						
At 1 July 2014	583	834	2,358	476	744	4,995
Amortisation for the period	38	51	268	6	–	363
Translation difference on consolidation	7	52	152	29	–	240
At 31 December 2014	628	937	2,778	511	744	5,598
Carrying amount						
At 1 July 2014	136	1,107	7,307	4,657	26,504	39,711
At 31 December 2014	125	1,117	7,497	4,926	27,143	40,808

Company	Computer software \$'000
31 December 2014	
Cost	
At 1 July 2014 and 31 December 2014	11
Accumulated amortisation	
At 1 July 2014 and 31 December 2014	11
Carrying amount	
At 1 July 2014 and 31 December 2014	–

5. Cash and Cash Equivalents

Note	Group		Company	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand	33,233	28,328	10,545	10,196
Deposits with financial institutions	3,934	3,688	3,002	2,000
	37,167	32,016	13,547	12,196
Deposits held as securities by financial institutions	7 (312)	(1,639)		
Cash and cash equivalents in the consolidated cash flow statement	36,855	30,377		

6. Share Capital

	Group and Company 31 December 2014		Group and Company 30 June 2014	
	No. of share '000	Share capital \$'000	No. of share '000	Share capital \$'000
Fully paid ordinary shares, with no par value:				
Ordinary shares				
At 1 July 2014 and 1 July 2013	552,794	88,773	552,794	88,773
At 31 December 2014 and 30 June 2014	552,794	88,773	552,794	88,773

The Group had not acquired any treasury shares for the financial period ended 31 December 2014. There were no treasury shares held by the Group as at 30 June 2014 and 31 December 2014.

Options

During the financial period, a group of options totaling 18,900,000 options and with grant date of 26 October 2009, lapsed. As at 31 December 2014, 13,763,000 (31 December 2013: 37,606,000) options were outstanding. The remaining 13,763,000 outstanding options were granted on 25 August 2010 and have exercise price and expiry date of \$0.14 per share and 24 August 2015 respectively.

7. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
Non-current liabilities		
Secured bank loans	246	331
Unsecured bank loans	–	273
Obligations under hire purchase agreements and finance leases	17	47
	263	651
Current liabilities		
Secured bank loans	182	177
Unsecured bank loans ⁽¹⁾	9,187	8,718
Obligations under hire purchase agreements and finance leases	61	81
	9,430	8,976

⁽¹⁾ One of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loans as at 31 December 2014 and 30 June 2014. The breach involves one term loan (30 June 2014: two term loans) and the outstanding amount of the loan as at 31 December 2014 was JPY23,000,000 approximately \$253,000 (30 June 2014: JPY40,360,000 or \$497,000). The bank will not demand for the immediate settlement of the outstanding borrowing, provided the subsidiary continues to service the loan instalments. The Group and the subsidiary have the funds to fulfil the obligations if the bank requires immediate repayment of the loans.

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	31 December 2014	30 June 2014
	\$'000	\$'000
Within 1 year	9,369	8,895
After 1 year but within 5 years	246	604
	9,615	9,499

The borrowings are secured on the following assets:

	Note	Group	
		31 December 2014 \$'000	30 June 2014 \$'000
Leasehold land and building	3	1,514	1,451
Plant and equipment	3	653	696
Deposits with financial institutions	5	312	1,639
Total carrying amount		2,479	3,786

Obligations under finance leases

Group	31 December 2014			30 June 2014		
	Principal \$'000	Interest \$'000	Total \$'000	Principal \$'000	Interest \$'000	Total \$'000
Repayable within 1 year	61	4	65	81	5	86
Repayable after 1 year but within 5 years	12	3	15	41	3	44
Repayable after 5 years	5	–	5	6	*	6
	78	7	85	128	8	136

* Less than \$1,000

8. Results from Operating Activities

Group	Note	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Other income					
Rental income		3	–	15	–
Gain on disposal of property, plant and equipment		20	11	217	30
Negative goodwill on business combination		–	–	–	11,489
Dividend income from financial asset		–	–	–	175
Reversal of provision for restructuring & retrenchment costs		52	–	52	–
Sundry income		12	277	74	303
Exchange gain/(loss), net		97	(85)	97	72
		184	203	455	12,069
Other expenses					
Reversal of allowance for doubtful debts from trade receivables		–	(769)	(10)	(769)
Allowance for inventory obsolescence		62	15	18	79
Depreciation of property, plant and equipment	3	702	710	1,316	1,158
Amortisation of intangible assets	4	187	164	363	329
Bad debts written off		–	–	–	7
Inventories written off		2	55	29	65
Property, plant and equipment written off		–	–	22	10
Acquisition-related costs		–	–	–	1,083
Post-acquisition integration and restructuring costs		–	–	–	5,214
Loss on disposal of an associate		–	–	343	–

The higher depreciation expenses were due to the increase in property, plant and equipment arising from the business acquisition and capital spending during the last financial year.

The loss on disposal of an associate arises from the disposal of the wholly-owned subsidiary's (iNETest Resources Pte Ltd) 49% interest in IRC Technologies Ltd (an associate incorporated in Thailand) in August 2014, for a total consideration of Thai baht 31,000,000.

9. Net Finance (Expenses)/Income

Group	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Finance income				
Interest income from:				
- financial institutions	4	26	8	35
- third parties	9	29	21	65
- joint venture	2	-	4	-
Interest income arising from the unwinding discount implicit in the interest-free third parties receivables	-	7	-	35
	15	62	33	135
Finance expenses				
Interest expenses to:				
- finance leases	(4)	(8)	(5)	(10)
- financial institutions	(42)	(82)	(123)	(129)
	(46)	(90)	(128)	(139)
Net finance expenses	(31)	(28)	(95)	(4)

10. Income Tax Expense

Group	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Current tax expense				
- Current year	544	262	1,000	556
- withholding tax	-	35	273	53
- under/(over) provision in prior year	6	(8)	6	(8)
	550	289	1,279	601
Deferred tax (credit)/expense				
- origination and reversal of temporary differences	(26)	(9)	(327)	(30)
- (over)/under provision in prior year	(20)	(5)	(20)	175
	(46)	(14)	(347)	145
Total income tax expenses	504	275	932	746

11. Earnings Per Share

Group	1 October 2014 to 31 December 2014 \$'000	1 October 2013 to 31 December 2013 \$'000	1 July 2014 to 31 December 2014 \$'000	1 July 2013 to 31 December 2013 \$'000
Basic earnings per share is based on:				
Profit for the period attributable to Owners of the Company	1,737	1,236	3,451	7,525
Weighted average number of:				
- shares outstanding during the period	552,794	552,794	552,794	552,794

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

Group	1 October 2014	1 October 2013	1 July 2014	1 July 2013
	to 31 December 2014	to 31 December 2013	to 31 December 2014	to 31 December 2013
	No. of shares '000	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of share issued, used in the calculation of diluted earnings per share	552,794	552,794	552,794	552,794

As at 31 December 2014, 13,763,000 (31 December 2013: 37,606,000) options were excluded from the diluted weighted average number of ordinary shares calculations as their effect would have been anti-dilutive.

12. Net Asset Value Per Share

	Group cents	Company cents
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 31 December 2014	21.12	18.65
(b) 30 June 2014	21.13	19.50

13. Dividends

Dividend declaration or recommended for the current financial period reported on or the corresponding period of the immediately preceding financial period is as follows:

	1 July 2014 to 31 December 2014	1 July 2013 to 31 December 2013
Name of dividend	Interim	Interim
Dividend type	Cash	Cash
Dividend rate	0.20 cents per ordinary share	0.18 cents per ordinary share
Tax	Tax exempt (One-Tier)	Tax exempt (One-Tier)

Date payable

The interim dividend was approved by the Board of Directors. The dividend will be payable on 12 March 2015.

Book closure date

The book closure date is 24 February 2015, after 5.00 pm.

14. Significant Related Party Transactions

Significant transactions with related parties are as follows:

Group	1 October 2014	1 October 2013	1 July 2014	1 July 2013
	to 31 December 2014 \$'000	to 31 December 2013 \$'000	to 31 December 2014 \$'000	to 31 December 2013 \$'000
Sales to:				
- a joint venture	-	-	65	-
- an associate	7	-	7	6
- other affiliates	-	-	-	30
Purchases from/Service fee paid to:				
- a joint venture	(72)	(32)	(72)	(74)
- an associate	-	(80)	-	(80)
Rental expenses paid to:				
- non-controlling interest of subsidiary	-	(17)	-	(33)
- a director	(30)	(31)	(60)	(62)
- other affiliate	-	(40)	-	(80)

15. Interested Person Transactions

The Company does not have any general mandate from shareholders for interested person transaction (IPT).

During the period, the total transactions with interested person are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<u>Chan Wai Leong (Director)</u> Rental expenses	\$'000 60	\$'000 -

The total IPT of \$60,000 is less than 1% of our audited consolidated net tangible assets of FY2014.

16. Commitments

Lease Commitments

As at 31 December 2014, commitments of the Group for minimum lease receivables and payments under non-cancellable operating leases are as follows:

	Group	
	31 December 2014 \$'000	30 June 2014 \$'000
Receivable:		
Within 1 year	1	2
Payable:		
Within 1 year	1,875	1,666
After 1 year but within 5 years	1,511	1,743
After 5 years	5	-
	<u>3,391</u>	<u>3,409</u>
Capital Commitments		
Capital commitments contracted but not provided for	<u>323</u>	<u>902</u>

Corporate guarantees

As at 30 December 2014, the Company provided corporate guarantees amounting to \$19,374,000 (30 June 2014: \$14,434,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised \$10,919,000 (30 June 2014: \$8,868,000).

17. Other information

Reportable segments

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and Expense								
Total revenue from external customers	25,270	47,325	34,227	26,821	-	-	59,497	74,146
Inter-segment revenue	254	115	-	-	(254)	(115)	-	-
	<u>25,524</u>	<u>47,440</u>	<u>34,227</u>	<u>26,821</u>			<u>59,497</u>	<u>74,146</u>
Segment results	892	1,119	3,360	6,569	-	-	4,252	7,688
Unallocated corporate results							94	328
							<u>4,346</u>	<u>8,016</u>
Share of results of associates and joint ventures								
- allocated to reportable segments	127	276	12	176	-	-	139	452
- unallocated corporate & others							-	(114)
Profit before finance income/(expenses) and taxation							4,485	8,354
Finance income							33	135
Finance expenses							(128)	(139)
Income tax expense							(932)	(746)
Non-controlling interests							(7)	(79)
Profit for the period attributable to Owners of the Company							<u>3,451</u>	<u>7,525</u>
Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	30	31	30	31	30	31	30
	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014	December 2014	June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities								
Segment assets	44,918	45,567	75,896	73,208	-	-	120,814	118,775
Investments in associates								
- allocated to reportable segments	592	2,657	4,811	5,382	-	-	5,403	8,039
Investments in joint ventures								
- allocated to reportable segments	264	228	-	-	-	-	264	228
Tax receivables	417	419	5	126	-	-	422	545
Deferred tax assets	1,696	1,656	2,501	2,761	-	-	4,197	4,417
Unallocated corporate assets							19,966	22,215
Total assets							<u>151,066</u>	<u>154,219</u>
Segment liabilities	9,847	10,268	11,761	13,950	-	-	21,608	24,218
Interest-bearing borrowings	1,259	3,591	8,434	6,036	-	-	9,693	9,627
Income tax liabilities	289	118	1,010	1,204	-	-	1,299	1,322
Unallocated corporate liabilities							1,349	1,872
Total liabilities							<u>33,949</u>	<u>37,039</u>

Ellipsiz Ltd and its Subsidiaries
 Second quarter results ended
 31 December 2014

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	December 2014 \$'000	December 2013 \$'000	December 2014 \$'000	December 2013 \$'000	December 2014 \$'000	December 2013 \$'000	December 2014 \$'000	December 2013 \$'000
Capital expenditure								
- allocated to reportable segments	57	81	1,223	2,849	-	-	1,280	2,930
- unallocated corporate expenses							-	12
							<u>1,280</u>	<u>2,942</u>
Depreciation of property, plant and equipment								
- allocated to reportable segments	167	240	1,147	917	-	-	1,314	1,157
- unallocated corporate expenses							2	1
							<u>1,316</u>	<u>1,158</u>
Amortisation of intangible assets								
- allocated to reportable segments	11	20	352	309	-	-	363	329
Gain on disposal of property, plant and equipment								
- allocated to reportable segments	(5)	(2)	(212)	(28)	-	-	(217)	(30)
Allowance /(Reversal of allowance) for inventory obsolescence								
- allocated to reportable segments	40	-	(22)	79	-	-	18	79
Inventories written off								
- allocated to reportable segments	24	41	5	24	-	-	29	65
Reversal of allowance for doubtful trade and other receivables								
- allocated to reportable segments	-	-	(10)	(769)	-	-	(10)	(769)
Bad debts written off								
- allocated to reportable segments	-	7	-	-	-	-	-	7
Loss on disposal of an associate								
- allocated to reportable segments	343	-	-	-	-	-	343	-
Property, plant and equipment written off								
- allocated to reportable segments	22	-	-	10	-	-	22	10
Reversal of retrenchment costs								
- allocated to reportable segments	(52)	-	-	-	-	-	(52)	-
Post-acquisition integration and restructuring cost								
- allocated to reportable segments	-	-	-	5,214	-	-	-	5,214
Acquisition-related costs								
- allocated to reportable segments	-	-	-	1,083	-	-	-	1,083
Negative goodwill on business combination								
- allocated to reportable segments	-	-	-	(11,489)	-	-	-	(11,489)

Geographical segments

Group	Singapore		Other Asean Region		China and Taiwan		USA		Europe		Japan		Other Regions		Consolidated	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	12,094	30,037	7,438	10,246	22,747	18,093	7,900	7,763	2,298	2,605	6,963	4,110	57	1,292	59,497	74,146
	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current segment assets	33,410	32,898	4,687	3,347	2,807	3,656	7,949	7,599	33	49	3,550	4,258	1,118	1,106	53,554	52,913
Investments in associates	–	–	592	2,657	–	–	–	–	–	–	4,811	5,382	–	–	5,403	8,039
Investments in joint ventures	193	164	71	64	–	–	–	–	–	–	–	–	–	–	264	228
Investments in other financial assets	6,138	9,119	–	–	–	–	–	–	174	285	147	147	–	–	6,459	9,551
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,254	4,476
	39,741	42,181	5,350	6,068	2,807	3,656	7,949	7,599	207	334	8,508	9,787	1,118	1,106	69,934	75,207
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	74	148	795	519	160	116	172	106	–	77	79	1,976	–	–	1,280	2,942

**CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL**

We, Chong Fook Choy and Chan Wai Leong, being Non-Executive Chairman and Chief Executive Officer of Ellipsiz Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the interim financial statements of the Company and of the Group for the 2nd quarter results ended 31 December 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors



*Chong Fook Choy
Non-Executive Chairman*



*Chan Wai Leong
Chief Executive Officer*

Singapore
9 February 2015



**Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R**

Second Quarter Financial Statements and Dividend Announcement

Financial period ended

31 December 2014

Review and Commentary

- (A) 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:-**
- (i) 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;**
 - (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on; and**
 - (iii) any factors leading to material changes in contributions to turnover and earnings by the business or geographical segments.**

The following discussion is based on and should be read in conjunction with, the consolidated financial statements of Ellipsiz Ltd and its subsidiaries (the Group), including the notes thereto.

Results of Operations

Revenue and gross profits

The Group had revenue of \$28.5 million for the three months ended 31 December 2014 (2QFY2015) and year-to-date (1HFY2015) revenue of \$59.5 million, declines of 29% and 20% respectively from corresponding periods of last financial year. The 47% drop in revenue of the Distribution & Services (DSS) was the main reason for the lower revenue at Group level. Towards the end of last financial year, the Group divested two of its DSS activities, namely facilities and communication activities, and this accounted for the decrease in revenue of DSS.

A major part of the decline in revenue of DSS was replaced by the improved revenue from PCS. Flowing from the strong PCS revenue in last financial year, particularly with added revenue from acquired businesses since August 2013, PCS had a 28% growth in 1HFY2015.

The improved revenue from PCS had also led to higher revenue in Taiwan, China and Japan. However, the decline in revenue of DSS brought 60% and 27% decreases in revenue generated out of Singapore and other Asean region, respectively.

The divestment of the two activities in DSS did not have material unfavourable negative impact on the profitability of the Group. Despite the decrease in revenue, gross profit in 2QFY2015 increased by 15% from \$9.0 million to \$10.4 million while gross profit for 1HFY2015 improved by 18% from \$17.7 million to \$20.9 million. The change in revenue mix brought a 13% improvement in gross profit margin for 2QFY2015 and a 11% improvement for 1HFY2015 when compared with corresponding periods of last financial year. Gross profit margin for 2QFY2015 was 36% and 1HFY2015 average margin was at 35%. Generally PCS had a higher gross profit margin than that generated by DSS. Therefore the replacement of revenue lost in DSS with improved PCS revenue led to the better margin.

Other income

Other income decreased significantly from \$12.1 million in 1HFY2014 to \$0.5 million in 1HFY2015. In the last financial year, the Group recorded a one-time negative goodwill of \$11.5 million from its acquisition of businesses and dividend income of \$0.2 million from financial assets. These were the main causes for the variance. Details of other income is disclosed in note 8 to the financial statements.

Operating expenses

Total operating expenses decreased by 22% from \$21.8 million to \$17.0 million. Included in other expenses in 1HFY2015 was loss of \$0.3 million on disposal of investment of an associate while in 1HFY2014, the Group recorded a one-time acquisition cost of \$1.1 million and post-acquisition integration and restructuring costs of \$5.2 million relating to the acquisition of businesses. Excluding the one-time costs, operating expenses increased by 8%, mainly due to the additional expenses incurred by the operations since 30 August 2013.

Net finance (expenses)/income

Due to the lower finance income in 1HFY2015, the net finance expenses increased from \$4,000 in 1HFY2014 to \$95,000 in 1HFY2015.

Share of results of associates and joint ventures

The Group recorded profits of \$126,000 and \$13,000 from share of results from its associates and joint ventures, respectively, for 1HFY2015.

Income taxes

In 1HFY2015, the Group recorded tax expense of \$0.9 million, mainly for the tax expense in 1HFY2015 and an adjustment for the net movement in deferred taxes.

Net profit attributable to Owners of the Company

The Group had net profits after taxes and non-controlling interests of \$3.5 million for 1HFY2015 as compared to 1HFY2014's profits of \$7.5 million. In 1HFY2014, the Group recorded a one-time negative goodwill of \$11.5 million as well as post-acquisition integration and restructuring costs of \$5.2 million and acquisition cost of \$1.1 million while in 1HFY2015, the Group had a one-time loss on disposal of investment in an associate of \$0.3 million. Excluding the one-time income and expenses, the Group had profits of \$3.8 million from its operating activities in 1HFY2015, an increase of 63% over 1HFY2014's operating profits of \$2.3 million.

Financial Conditions

Non-current assets

The non-current assets decreased by 7% from \$75.2 million to \$69.9 million. The disposal of an associate and the translation movement in the associate led to the 33% decline in investments in associates. The movement in the market price of a quoted investment was the main cause for the decrease in carrying amount of financial assets by 32%.

Current assets

Total current assets as at 31 December 2014 was \$81.1 million, an increase of 3% from \$79.0 million as at 30 June 2014. The 16% increase in cash and cash equivalents resulting from positive cash flows from operating activities and recovery of its investment in an associate through dividend collected and sales proceeds, which was partially offset by the net collection of amounts due from related parties and decrease in inventories, were the main reasons for the increase in current assets.

Current liabilities and non-current liabilities

Total liabilities as at 31 December 2014 stood at \$33.9 million, a decrease of 8% from \$37.0 million as at 30 June 2014. The lower trade and other payables, the lower provisions resulting from utilisation of the provisions during the quarters and the 66% decrease in deferred tax liabilities, partially offset by higher tax provisions as at 31 December 2014, led to the net decrease in total liabilities.

Non-controlling interests

The increase in the non-controlling interests was due to the share of profits during the financial period.

Liquidity and Capital Reserves

The net cash inflow of the Group for six months ended 31 December 2014 was \$5.9 million. This can be accounted by:

- (a) cash inflow of \$7.1 million for operating activities;
- (b) cash inflow of \$1.2 million for investing activities; partially offset by
- (c) cash outflow of \$2.4 million for financing activities.

The positive results in the quarter coupled with the net positive cash movement in working capital, led to the cash inflow from operating activities of \$7.1 million in 1HFY2015.

Recovery of its investment of an associate through the collection of dividend of \$0.9 million and proceeds from disposal, partially offset by the capital expenditure during 1HFY2015, led to the net cash inflow of \$1.2 million from its investing activities.

Dividend payment of approximately \$2.0 million in 2QFY2015 led to the cash outflow for the financing activities of the Group.

As at 31 December 2014, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$37.2 million.

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

Not applicable.

(C) 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 business environment in which the Group operates in remains volatile and macroeconomic uncertainties continued to impact consumer and capital spending. Meanwhile, we are cautious over our business and financial prospects into the third quarter of FY2015 as the quarter has traditionally been a seasonally soft quarter with shorter working days in view of the Chinese New Year. Nevertheless, the Group remained focused on building and optimizing our core strengths and resources to sustain growth and performance.