



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

Third Quarter Financial Statement and Dividend Announcement

Financial period ended

31 March 2014

Statements of Financial Position

		Group			Company		
	Note	31 March 2014 \$'000	30 June 2013 \$'000	Var. %	31 March 2014 \$'000	30 June 2013 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	13,421	6,594	104	10	–	100
Intangible assets	4	36,953	35,901	3	–	–	–
Subsidiaries	5	–	–	–	89,798	89,810	–
Associates		7,907	7,889	–	4,868	4,868	–
Joint ventures		283	412	(31)	–	–	–
Financial assets		9,080	7,014	29	8,914	7,014	27
Trade and other receivables		820	3,253	(75)	–	–	–
Deferred tax assets		4,797	4,805	–	10	11	(9)
		<u>73,261</u>	<u>65,868</u>	11	<u>103,600</u>	<u>101,703</u>	2
Current assets							
Inventories		12,970	7,265	79	–	–	–
Project-in-progress		1,757	1,064	65	–	–	–
Trade and other receivables		42,916	32,936	30	246	223	10
Amounts due from related parties		598	819	(27)	7,905	8,002	(1)
Cash and cash equivalents	6	28,472	32,390	(12)	9,581	11,448	(16)
		<u>86,713</u>	<u>74,474</u>	16	<u>17,732</u>	<u>19,673</u>	(10)
Total assets		<u>159,974</u>	<u>140,342</u>	14	<u>121,332</u>	<u>121,376</u>	–
Equity attributable to Owners of the Company							
Share capital	7	88,773	88,773	–	88,773	88,773	–
Reserves		22,740	15,714	45	18,736	18,563	1
		<u>111,513</u>	<u>104,487</u>	7	<u>107,509</u>	<u>107,336</u>	–
Non-controlling interests							
		1,606	1,910	(16)	–	–	–
		<u>113,119</u>	<u>106,397</u>	6	<u>107,509</u>	<u>107,336</u>	–
Non-current liabilities							
Interest-bearing borrowings	8	932	904	3	–	–	–
Deferred tax liabilities		482	24	1,908	–	–	–
		<u>1,414</u>	<u>928</u>	52	<u>–</u>	<u>–</u>	–
Current liabilities							
Trade and other payables		32,545	27,384	19	646	932	(31)
Provisions		3,781	149	2,438	–	–	–
Amounts due to related parties		427	877	(51)	13,047	13,062	–
Interest-bearing borrowings	8	7,871	3,893	102	–	–	–
Redeemable convertible preference shares		–	78	(100)	–	–	–
Current tax payable		817	636	28	130	46	183
		<u>45,441</u>	<u>33,017</u>	38	<u>13,823</u>	<u>14,040</u>	(2)
Total liabilities		<u>46,855</u>	<u>33,945</u>	38	<u>13,823</u>	<u>14,040</u>	(2)
Total equity and liabilities		<u>159,974</u>	<u>140,342</u>	14	<u>121,332</u>	<u>121,376</u>	–

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

Consolidated Statement of Comprehensive Income

	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	Var. %	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000	Var. %
Revenue	33,013	27,836	19	107,159	93,526	15
Cost of revenue	(23,968)	(20,478)	17	(80,407)	(70,975)	13
Gross profit	<u>9,045</u>	<u>7,358</u>	23	<u>26,752</u>	<u>22,551</u>	19
Other income	103	288	(64)	12,172	377	3,129
Distribution expenses	(3,585)	(2,975)	21	(9,556)	(9,024)	6
Administrative expenses	(4,224)	(3,388)	25	(11,919)	(10,346)	15
Research and development expenses	(872)	(362)	141	(2,646)	(1,260)	110
Other expenses	(84)	(21)	300	(6,404)	(343)	1,767
Results from operating activities	<u>383</u>	<u>900</u>	(57)	<u>8,399</u>	<u>1,955</u>	330
Finance income	53	97	(45)	188	315	(40)
Finance expenses	(70)	(80)	(13)	(209)	(194)	8
Net finance (expenses)/income	<u>(17)</u>	<u>17</u>	(200)	<u>(21)</u>	<u>121</u>	(117)
Share of results of associates (net of tax)	(84)	(192)	56	368	624	(41)
Share of results of joint ventures (net of tax)	(66)	(11)	(500)	(180)	(167)	(8)
Profit before income tax	<u>216</u>	<u>714</u>	(70)	<u>8,566</u>	<u>2,533</u>	238
Income tax expenses	(141)	(222)	(36)	(887)	(425)	109
Profit for the period	<u>75</u>	<u>492</u>	(85)	<u>7,679</u>	<u>2,108</u>	264
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of financial statements of foreign operations	43	495	(91)	(817)	(2,004)	59
Exchange differences on monetary items forming part of net investments in foreign operations	(41)	52	(179)	(47)	(168)	72
Net change in fair value of available-for-sale financial assets, net of tax	523	(2)	26,250	1,901	484	293
Other comprehensive income for the period, net of income tax	<u>525</u>	<u>545</u>	(4)	<u>1,037</u>	<u>(1,688)</u>	161
Total comprehensive income for the period	<u>600</u>	<u>1,037</u>	(42)	<u>8,716</u>	<u>420</u>	1,975
Profit attributable to:						
Owners of the Company	555	423	31	8,080	1,942	316
Non-controlling interests	(480)	69	(796)	(401)	166	(342)
Profit for the period	<u>75</u>	<u>492</u>	(85)	<u>7,679</u>	<u>2,108</u>	264

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

Consolidated Statement of Comprehensive Income

	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	Var. %	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000	Var. %
Total comprehensive income attributable to:						
Owners of the Company	1,082	993	9	9,127	320	2,752
Non-controlling interests	(482)	44	(1,195)	(411)	100	(511)
Total comprehensive income for the period	600	1,037	(42)	8,716	420	1,975
Earnings per share						
	12					
- Basic (cents)	0.10	0.08	25	1.46	0.35	317
- Diluted (cents)	0.10	0.08	25	1.46	0.35	317

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
31 March 2013									
Balance as at 1 July 2012	88,773	(11,720)	1,370	2,393	(11,915)	32,592	101,493	1,756	103,249
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	1,519	1,519	97	1,616
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	-	-	-	-	(2,458)	-	(2,458)	(41)	(2,499)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(220)	-	(220)	-	(220)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	486	-	-	-	486	-	486
Total other comprehensive income	-	-	486	-	(2,678)	-	(2,192)	(41)	(2,233)
Total comprehensive income for the period	-	-	486	-	(2,678)	1,519	(673)	56	(617)
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Value of employee services received for issue of share options	-	-	-	88	-	-	88	-	88
Final dividend of 0.16 cents per share in respect of 2012	-	-	-	-	-	(884)	(884)	-	(884)
Total contributions by and distributions to Owners	-	-	-	88	-	(884)	(796)	-	(796)
Total transactions with Owners	-	-	-	88	-	(884)	(796)	-	(796)
Balance as at 31 December 2012	88,773	(11,720)	1,856	2,481	(14,593)	33,227	100,024	1,812	101,836

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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 March 2013									
Balance as at 1 January 2013	88,773	(11,720)	1,856	2,481	(14,593)	33,227	100,024	1,812	101,836
Total comprehensive income for the period									
Profit for the period	–	–	–	–	–	423	423	69	492
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	–	–	–	–	520	–	520	(25)	495
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	52	–	52	–	52
Net change in fair value of available-for-sale financial assets, net of tax	–	–	(2)	–	–	–	(2)	–	(2)
Total other comprehensive income	–	–	(2)	–	572	–	570	(25)	545
Total comprehensive income for the period	–	–	(2)	–	572	423	993	44	1,037
Balance as at 31 March 2013	88,773	(11,720)	1,854	2,481	(14,021)	33,650	101,017	1,856	102,873

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
31 March 2014									
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	-	-	-	-	-	7,525	7,525	79	7,604
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	-	-	-	-	(852)	-	(852)	(8)	(860)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(6)	-	(6)	-	(6)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	1,378	-	-	-	1,378	-	1,378
Total other comprehensive income	-	-	1,378	-	(858)	-	520	(8)	512
Total comprehensive income for the period	-	-	1,378	-	(858)	7,525	8,045	71	8,116
Transactions with Owners, recorded directly in equity									
Contributions by and distribution to Owners									
Final dividend of 0.20 cents per share in respect of 2013	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Total contributions by and distribution 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
31 March 2014									
Balance as at 1 January 2014	88,773	(11,720)	3,081	2,481	(14,083)	42,895	111,427	1,981	113,408
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	555	555	(480)	75
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	-	-	-	-	45	-	45	(2)	43
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(41)	-	(41)	-	(41)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	523	-	-	-	523	-	523
Total other comprehensive income	-	-	523	-	4	-	527	(2)	525
Total comprehensive income for the period	-	-	523	-	4	555	1,082	(482)	600
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Interim dividend of 0.18 cents per share in respect of 2014	-	-	-	-	-	(996)	(996)	-	(996)
Total contributions by and distributions to Owners	-	-	-	-	-	(996)	(996)	-	(996)
Changes in ownership interests in subsidiaries									
Acquisition of remaining non-controlling interest of a subsidiary	-	-	-	-	-	-	-	10	10
Reclassification of preference shares from liability	-	-	-	-	-	-	-	97	97
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	107	107
Total transactions with Owners	-	-	-	-	-	(996)	(996)	107	(889)
Balance as at 31 March 2014	88,773	(11,720)	3,604	2,481	(14,079)	42,454	111,513	1,606	113,119

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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 March 2013					
Balance as at 1 July 2012	88,773	1,370	2,393	12,876	105,412
Total comprehensive income for the period					
Profit for the period	-	-	-	464	464
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	-	486	-	-	486
Total other comprehensive income	-	486	-	-	486
Total comprehensive income for the period	-	486	-	464	950
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Value of employee services received for issue of share options	-	-	88	-	88
Final dividend of 0.16 cents per share in respect of 2012	-	-	-	(884)	(884)
Total contributions by and distributions to Owners	-	-	88	(884)	(796)
Total transactions with Owners	-	-	88	(884)	(796)
Balance as at 31 December 2012	88,773	1,856	2,481	12,456	105,566
Balance as at 1 January 2013	88,773	1,856	2,481	12,456	105,566
Total comprehensive income for the period					
Profit for the period	-	-	-	138	138
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	-	(2)	-	-	(2)
Total other comprehensive income	-	(2)	-	-	(2)
Total comprehensive income for the period	-	(2)	-	138	136
Balance as at 31 March 2013	88,773	1,854	2,481	12,594	105,702

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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 March 2014					
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	-	-	-	333	333
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	-	1,378	-	-	1,378
Total other comprehensive income	-	1,378	-	-	1,378
Total comprehensive income for the period	-	1,378	-	333	1,711
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
Balance as at 1 January 2014	88,773	3,081	2,481	13,607	107,942
Total comprehensive income for the period					
Profit for the period	-	-	-	40	40
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	-	523	-	-	523
Total other comprehensive income	-	523	-	-	523
Total comprehensive income for the period	-	523	-	40	563
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Interim dividend of 0.18 cents per share in respect of 2014	-	-	-	(996)	(996)
Total contributions by and distributions to Owners	-	-	-	(996)	(996)
Total transactions with Owners	-	-	-	(996)	(996)
Balance as at 31 March 2014	88,773	3,604	2,481	12,651	107,509

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

Consolidated Cash Flow Statement

Group	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Operating Activities				
Profit for the period	75	492	7,679	2,108
Adjustments for:				
(Reversal of allowance)/allowance for:				
- inventory obsolescence	(99)	32	(20)	26
- doubtful debts from trade and other receivables	16	-	(753)	38
Depreciation of property, plant and equipment	622	426	1,780	1,357
Interest income	(53)	(97)	(188)	(315)
Interest expense	70	80	209	194
Bad debts written off	1	24	8	24
Inventory written off	40	28	105	53
Property, plant and equipment written off	-	-	10	-
Gain on disposal of property, plant and equipment	-	(2)	(30)	(26)
Amortisation of intangible assets	166	142	495	367
Gain on disposal of joint ventures	-	(46)	-	(46)
Restructuring cost reversed	-	-	-	(45)
Reversal of retrenchment benefits	-	-	-	(12)
Acquisition-related costs	-	-	1,083	-
Post-acquisition integration and restructuring costs	-	-	5,214	-
Dividend income from other financial asset	-	-	(175)	-
Negative goodwill on business combination	-	-	(11,489)	-
Impairment of goodwill	15	-	15	-
Share-based payment expense	-	-	-	88
Share of results of associates and joint ventures (net of tax)	150	203	(188)	(457)
Income tax expense	141	222	887	425
Operating profit before working capital changes	1,144	1,504	4,642	3,779
Changes in working capital:				
Inventories	(812)	(780)	(2,107)	324
Project-in-progress	3,912	3,423	35	7,137
Amounts due from related parties (trade)	(32)	(1)	104	(105)
Amounts due to related parties (trade)	24	-	(422)	6
Trade and other receivables	(4,460)	6,520	(1,667)	2,136
Trade and other payables	(611)	(6,926)	(234)	(5,954)
Restructuring costs paid	-	-	-	(102)
Post-acquisition integration and restructuring costs paid	(548)	-	(1,780)	-
Release of pledged deposits with financial institutions	87	119	640	116
Cash (used in)/generated from operations	(1,296)	3,859	(789)	7,337
Interest received	53	97	188	315
Interest paid	(70)	(79)	(209)	(177)
Income tax paid	(255)	(38)	(509)	(321)
Cash flows (used in)/generated from operating activities	(1,568)	3,839	(1,319)	7,154

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

Consolidated Cash Flow Statement

	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Investing Activities				
Purchase of property, plant and equipment ⁽¹⁾	(1,068)	(991)	(3,792)	(3,017)
Purchase of intangible assets	(55)	(160)	(73)	(667)
Proceeds from disposal of property, plant and equipment	–	56	138	210
Amounts due from related parties (non-trade)	(51)	–	117	8
Net cash inflow from acquisition of businesses	–	–	1,876	–
Acquisition-related costs paid	–	–	(970)	–
Acquisition of remaining non-controlling interest of a subsidiary	(5)	–	(5)	–
Proceeds from disposal of joint ventures	–	1	–	1
Dividend received from an associate	–	248	–	248
Dividend received from other financial asset	–	–	175	–
Cash flows used in investing activities	(1,179)	(846)	(2,534)	(3,217)
Financing Activities				
Interest paid	–	(1)	–	(17)
Drawdown of bank loans	2,217	2,331	14,104	8,914
Repayment of bank loans	(3,218)	(6,040)	(11,122)	(12,783)
Repayment of finance lease creditors	(24)	(10)	(79)	(38)
Amounts due to related parties (non-trade)	–	13	(28)	(26)
Dividend paid	(996)	–	(2,101)	(884)
Cash flow (used in)/generated from financing activities	(2,021)	(3,707)	774	(4,834)
Net decrease in cash and cash equivalents	(4,768)	(714)	(3,079)	(897)
Cash and cash equivalents at beginning of period	32,270	29,895	30,744	30,579
Effect of exchange rate changes on balances in foreign currencies	(36)	214	(199)	(287)
Cash and cash equivalents at end of period	27,466	29,395	27,466	29,395
	6			

⁽¹⁾ Property, plant and equipment amounting to \$200,000 (31 March 2013: Nil) were acquired through hire purchase arrangement and finance lease.

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

Notes to the Financial Statements

These notes form and integral part of the financial statements.

The announcement was authorised for issue by the directors on 6 May 2014.

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 2013. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2013 (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

From 1 July 2013, the Company and the Group have applied FRS 113 *Fair Value Measurement*. FRS 113 replaces the fair value measurement guidance contained in individual FRSs with a single source of fair value measurement guidance. FRS 113 does not change or extend the use of fair value accounting prescribed in the FRSs, but merely provides guidance on how it should be applied where its use is already required or permitted by other standards within FRSs. Under FRS 113, fair value is defined as an exit price. A comprehensive framework for measuring such fair values has been established in the standard. FRS 113 has also prescribed additional disclosure requirements for fair value measurements.

This adoption affects only the disclosures in the financial statements. There is no 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 improvements \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
31 March 2014										
Cost										
At 1 July 2013	–	2,006	2,961	507	798	4,230	148	29,801	1,665	42,116
Additions	1,513	–	909	89	120	219	32	1,110	–	3,992
Acquisition of businesses	1,473	–	157	142	15	8	–	3,144	–	4,939
Disposals/Written off	–	–	(440)	(93)	(209)	(653)	–	(666)	–	(2,061)
Reclassification	–	–	8	–	1	(19)	–	1,677	(1,667)	–
Translation difference on consolidation	(102)	(5)	(17)	(7)	2	(13)	–	(198)	2	(338)
At 31 March 2014	2,884	2,001	3,578	638	727	3,772	180	34,868	–	48,648
Accumulated depreciation and impairment losses										
At 1 July 2013	–	333	2,725	461	701	3,787	132	27,383	–	35,522
Depreciation charge for the period	44	38	144	44	28	209	8	1,265	–	1,780
Disposals/Written off	–	–	(372)	(93)	(208)	(651)	–	(619)	–	(1,943)
Reclassification	–	–	–	–	–	(10)	–	10	–	–
Translation difference on consolidation	–	(1)	(15)	(2)	2	(12)	–	(104)	–	(132)
At 31 March 2014	44	370	2,482	410	523	3,323	140	27,935	–	35,227
Carrying amount										
At 1 July 2013	–	1,673	236	46	97	443	16	2,418	1,665	6,594
At 31 March 2014	2,840	1,631	1,096	228	204	449	40	6,933	–	13,421

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
31 March 2014				
Cost				
At 1 July 2013	62	34	68	164
Additions	–	–	12	12
Written off	(53)	(27)	(60)	(140)
31 March 2014	9	7	20	36
Accumulated depreciation				
At 1 July 2013	62	34	68	164
Depreciation charge for the period	–	–	2	2
Written off	(53)	(27)	(60)	(140)
At 31 March 2014	9	7	10	26
Carrying amount				
At 1 July 2013	–	–	–	–
At 31 March 2014	–	–	10	10

Leasehold land and building, plant and machinery and assets under construction of the Group with carrying amounts of \$1,482,000 (30 June 2013: \$Nil), \$712,000 (30 June 2013: Nil) and \$Nil (30 June 2013: \$762,000) respectively, have been pledged to banks as securities for certain bank loans (note 8).

The carrying amount of property, plant and equipment includes amounts totalling \$200,000 (30 June 2013: \$81,000) for the Group in respect of assets acquired under finance leases (note 8).

4. Intangible Assets

Group	Computer software \$'000	Technology licence \$'000	Intellectual property \$'000	Development expenditure \$'000	Goodwill \$'000	Total \$'000
31 March 2014						
Cost						
At 1 July 2013	644	1,972	6,102	3,989	27,423	40,130
Additions	42	–	31	–	–	73
Written off	(10)	–	–	–	–	(10)
Arising from acquisition of businesses	6	–	1,535	–	–	1,541
Goodwill arising from acquisition of remaining non-controlling interest of a subsidiary	–	–	–	–	15	15
Translation difference on consolidation	(1)	(5)	(30)	(9)	(28)	(73)
At 31 March 2014	681	1,967	7,638	3,980	27,410	41,676
Accumulated amortisation and impairment losses						
At 1 July 2013	559	979	1,846	101	744	4,229
Amortisation for the period	34	76	236	149	–	495
Impairment of goodwill	–	–	–	–	15	15
Written off	(10)	–	–	–	–	(10)
Reclassification	–	(232)	232	–	–	–
Translation difference on consolidation	–	(3)	(3)	–	–	(6)
At 31 March 2014	583	820	2,311	250	759	4,723
Carrying amount						
At 1 July 2013	85	993	4,256	3,888	26,679	35,901
At 31 March 2014	98	1,147	5,327	3,730	26,651	36,953

Company	Computer software \$'000
31 March 2014	
Cost	
At 1 July 2013	21
Written off	(10)
As at 31 March 2014	<u>11</u>
Accumulated amortisation and impairment losses	
At 1 July 2013	21
Written off	(10)
As at 31 March 2014	<u>11</u>
Carrying amount	
At 1 July 2013	<u>-</u>
As at 31 March 2014	<u>-</u>

5. Subsidiaries

On 25 June 2013, a wholly owned subsidiary of the Company, SV Probe Pte Ltd ("SV Probe") entered into a business transfer agreement with Tokyo Cathode Laboratory Co. Ltd ("TCL") to acquire (a) certain subsidiaries of TCL in Singapore, Taiwan, Guangzhou and Hong Kong, (b) certain probe card businesses, technologies, intellectual property rights and assets in Japan. This acquisition will allow the Group to expand its product offerings and improve its competitive position, particularly in Japan probe card market.

On 30 August 2013, the business transfer agreement was modified with

- the acquisition to:
 - a. include the purchase of 100% shares in one of TCL's subsidiaries in Japan instead of certain assets of that subsidiary;
 - b. replace the purchase of 100% shares in TCL's subsidiary in Guangzhou with the purchase of certain assets and business of the Guangzhou subsidiary; and
- the final aggregate cash purchase price for the acquisition was reduced to US\$2,855,000 (equivalent to S\$3,652,000), from the initial consideration of US\$3,500,000.

The purchase consideration was fully paid on 30 August 2013.

Other than the transfer of business and certain assets of the Guangzhou subsidiary, the closing for the acquisition was completed on 30 August 2013. Pending some documentation requirement locally, the transfer of assets from TCL Guangzhou subsidiary to SV Probe has been deferred and is expected to complete before end of the financial year.

The fair value of identifiable assets acquired and liabilities assumed and effect of business acquisition were determined and disclosed below:

	Note	Group \$'000
Property, plant and equipment		4,939
Intangible assets		1,541
Financial 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		<u>15,141</u>
Negative goodwill on business combination	9	<u>(11,489)</u>
Consideration satisfied in cash		3,652
Cash acquired from business combination		<u>(5,528)</u>
Net cash inflow		<u>(1,876)</u>

This fair value was determined provisionally by management to establish the goodwill arising from the business combination. As the Group has negotiated a bargain purchase price for the businesses and assets acquired, a negative goodwill of \$11,489,000 was estimated to have arisen from the acquisition.

Revenue generated from the acquired business for seven months was \$15,560,000. As the newly acquired operations are integrated as part of the operations of SV Probe and its subsidiaries, it is not practical to determine the profit or loss generated in the financial period.

Acquisition-related costs

The Group incurred acquisition-related costs of \$1,083,000 (note 9) relating to external legal and consultant fees, travelling expenses and due diligence costs. These expenses have been included in the other expenses in the Group's statement of profit or loss.

Post-acquisition integration and restructuring costs

The Group had provided in the period, integration and restructuring costs of approximately \$5,214,000 for the post-acquisition integration programme (note 9). The integration costs include costs projected to execute the approved programme that forms part of this acquisition project, to integrate and restructure offices, engineering teams and facilities of SV Probe and the newly acquired businesses.

6. Cash and Cash Equivalents

Note	Group		Company	
	31 March 2014 \$'000	30 June 2013 \$'000	31 March 2014 \$'000	30 June 2013 \$'000
Cash at banks and in hand	26,794	25,187	9,581	5,932
Deposits with financial institutions	1,678	7,203	–	5,516
	<u>28,472</u>	<u>32,390</u>	<u>9,581</u>	<u>11,448</u>
Deposits held as securities by financial institutions	8 (1,006)	(1,646)		
Cash and cash equivalents in the consolidated cash flow statement	<u>27,466</u>	<u>30,744</u>		

7. Share Capital

	Group and Company 31 March 2014		Group and Company 30 June 2013	
	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 2013 and 1 July 2012	<u>552,794</u>	<u>88,773</u>	<u>552,794</u>	<u>88,773</u>
At 31 March 2014 and 30 June 2013	<u>552,794</u>	<u>88,773</u>	<u>552,794</u>	<u>88,773</u>

The Group had not acquired any treasury shares for the financial period ended 31 March 2014. There are no treasury shares held by the Group as at 30 June 2013 and 31 March 2014.

Options

At the reporting date, there were 19,700,000 (31 March 2013: 19,700,000) and 17,906,000 (31 March 2013: 17,906,000) outstanding options with an exercise price of \$0.135 per share and \$0.14 per share respectively.

No options were exercised during the financial period.

8. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Group		Company	
	31 March 2014 \$'000	30 June 2013 \$'000	31 March 2014 \$'000	30 June 2013 \$'000
Non-current liabilities				
Secured bank loans	375	312	–	–
Unsecured bank loans	460	540	–	–
Obligations under hire purchase agreements and finance leases	97	52	–	–
	<u>932</u>	<u>904</u>	<u>–</u>	<u>–</u>

	Group		Company	
	31 March 2014 \$'000	30 June 2013 \$'000	31 March 2014 \$'000	30 June 2013 \$'000
Current liabilities				
Secured bank loans	178	89	–	–
Unsecured bank loan	7,569	3,755	–	–
Obligations under hire purchase agreements and finance leases	124	49	–	–
	<u>7,871</u>	<u>3,893</u>	<u>–</u>	<u>–</u>

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	31 March 2014 \$'000	30 June 2013 \$'000
Within 1 year	7,747	3,844
After 1 year but within 5 years	835	852
	<u>8,582</u>	<u>4,696</u>

The borrowings are secured on the following assets:

	Note	Group	
		31 March 2014 \$'000	30 June 2013 \$'000
Leasehold land and building	3	1,482	–
Plant and machinery	3	712	–
Assets under construction	3	–	762
Deposits with financial institutions	6	1,006	1,646
		<u>3,200</u>	<u>2,408</u>

Obligations under finance leases

Group	31 March 2014			30 June 2013		
	Principal \$'000	Interest \$'000	Total \$'000	Principal \$'000	Interest \$'000	Total \$'000
Repayable within 1 year	124	14	138	49	5	54
Repayable after 1 year but within 5 years	97	37	134	52	3	55
	<u>221</u>	<u>51</u>	<u>272</u>	<u>101</u>	<u>8</u>	<u>109</u>

9. Results from Operating Activities

Group	Note	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Other income					
Rental from third party		5	–	5	–
Gain on disposal of property, plant and equipment		–	2	30	26
Gain on disposal of joint ventures		–	46	–	46
Negative goodwill on business combination	5	–	–	11,489	–
Dividend income from financial asset		–	–	175	–
Sundry income		170	240	473	305
Exchange loss, net		(72)	–	–	–
		<u>103</u>	<u>288</u>	<u>12,172</u>	<u>377</u>

	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Other expenses				
Allowance/(Reversal of allowance) for doubtful debts from trade and other receivables	16	–	(753)	38
(Reversal of allowance)/Allowance for inventory obsolescence	(99)	32	(20)	26
Depreciation of property, plant and equipment	3 622	426	1,780	1,357
Amortisation of intangible assets	4 166	142	495	367
Bad debts written off	1	24	8	24
Inventory written off	40	28	105	53
Property, plant and equipment written off	–	–	10	–
Impairment of goodwill	4 15	–	15	–
Reversal of retrenchment benefits	–	–	–	(12)
Reversal of restructuring cost	–	–	–	(45)
Acquisition-related costs	5 –	–	1,083	–
Post-acquisition integration and restructuring costs	5 –	–	5,214	–
Share-based payment expense	–	–	–	88
Exchange loss, net	30	20	30	379

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

10. Net Finance (Expenses)/Income

Group	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Finance income				
Income from from:				
- financial institutions	(17)	13	18	30
- joint venture	3	–	3	–
- third party	22	21	87	78
Interest income arising from the unwinding of discount implicit in the interest-free third party receivables	45	63	80	207
	53	97	188	315
Finance expenses				
Interest expenses to:				
- finance leases	(4)	(2)	(14)	(6)
- financial institutions	(66)	(78)	(195)	(186)
- non-controlling interest of a subsidiary	–	–	–	(2)
	(70)	(80)	(209)	(194)
Net finance (expenses)/income recognised in profit or loss	(17)	17	(21)	121

11. Income Tax Expenses

Group	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Current tax				
- current year	135	183	691	504
- withholding tax	30	56	83	115
- (over)/under provision in prior year	(9)	158	(17)	60
	156	397	757	679
Deferred tax				
- origination and reversal of temporary differences	15	(29)	(15)	(97)
- utilisation of previously unrecognised deferred tax assets	–	–	–	(11)
- (over)/under provision in prior year	(30)	(146)	145	(146)
	(15)	(175)	130	(254)
Total income tax expenses	141	222	887	425

12. Earnings Per Share

Group	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Basic earnings per share is based on: Profit for the period attributable to Owners of the Company	555	423	8,080	1,942
	1 January 2014 to 31 March 2014 '000	1 January 2013 to 31 March 2013 '000	1 July 2013 to 31 March 2014 '000	1 July 2012 to 31 March 2013 '000
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 year outstanding.

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

Group	1 January 2014 to 31 March 2014 '000	1 January 2013 to 31 March 2013 '000	1 July 2013 to 31 March 2014 '000	1 July 2012 to 31 March 2013 '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 March 2014, 37,606,000 (31 March 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.

13. 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 March 2014	20.17	19.45
(b) 30 June 2013	18.90	19.42

14. Dividend

There was no dividend declared or recommended for the current financial period reported on or the correspondence period of the immediately preceding financial year.

15. Significant Related Party Transactions

Significant transactions with related parties are as follows:

Group	1 January 2014 to 31 March 2014 \$'000	1 January 2013 to 31 March 2013 \$'000	1 July 2013 to 31 March 2014 \$'000	1 July 2012 to 31 March 2013 \$'000
Sales to:				
- a joint venture	-	-	-	89
- an associate	9	-	15	-
- other affiliates	-	110	30	362
Service income receivable from an associate	80	-	80	59
Service rendered/Purchases from:				
- a joint venture	-	-	(74)	-
- an associate	(84)	(22)	(418)	(22)
Property, plant and equipment purchased from affiliate ⁽¹⁾	(395)	-	(395)	-
Rental expenses paid to:				
- non-controlling interest of a subsidiary	(16)	(16)	(49)	(41)
- a director	(30)	(37)	(92)	(89)
- other affiliate	(40)	-	(120)	-
Interest income from a joint venture	3	-	3	-
Interest expense paid to non-controlling interest of a subsidiary	-	-	-	(2)

⁽¹⁾ This relates to a corporation which a director of the Company had an interest during the period.

16. Interested Person Transactions

There was no interested person transaction during the period and the corresponding period of the immediately preceding financial year that requires disclosure or shareholders' approval under chapter 9 of the Rules of the Listing Manual.

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

17. Commitments

Lease Commitments

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

	Group	
	31 March 2014 \$'000	30 June 2013 \$'000
Receivable:		
Within 1 year	15	2
After 1 year but within 5 years	13	2
	<u>28</u>	<u>4</u>
Payable:		
Within 1 year	1,775	1,581
After 1 year but within 5 years	2,095	1,416
	<u>3,870</u>	<u>2,997</u>

Corporate guarantees

As at 31 March 2014, the Company provided corporate guarantees amounting to \$20,385,000 (30 June 2013: \$13,383,000) to banks for banking facilities of \$23,249,000 (30 June 2013: \$21,507,000) made available to its subsidiaries, of which the subsidiaries have utilised \$10,019,000 (30 June 2013: \$6,480,000).

18. Operating Segments

Reportable segments

Group	Distribution & Services solution		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and Expense								
Total revenue from external customers	63,806	68,516	43,353	25,010	-	-	107,159	93,526
Inter-segment revenue	187	97	-	-	(187)	(97)	-	-
	<u>63,993</u>	<u>68,613</u>	<u>43,353</u>	<u>25,010</u>			<u>107,159</u>	<u>93,526</u>
Segment results	<u>757</u>	<u>1,477</u>	<u>7,275</u>	<u>531</u>	-	-	8,032	2,008
Unallocated segment							367	(53)
							<u>8,399</u>	<u>1,955</u>
Share of results of associates and joint ventures								
- allocated to reportable segment	194	417	174	202	-	-	368	619
- unallocated corporate and others							(180)	(162)
Profit before finance income/(expense) and income tax							8,587	2,412
Finance income							188	315
Finance expenses							(209)	(194)
Income tax expenses							(887)	(425)
Non-controlling interests							401	(166)
Profit for the period							<u>8,080</u>	<u>1,942</u>

Group	Distribution & Services solution		Probe Card solutions		Eliminations		Consolidated	
	31	30	31	30	31	30	31	30
	March 2014	June 2013	March 2014	June 2013	March 2014	June 2013	March 2014	June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and Liabilities								
Segment assets	61,215	64,351	67,078	44,156	-	-	128,293	108,507
Investments in associates								
- allocated to reportable segments	2,611	2,545	5,296	5,344	-	-	7,907	7,889
Investments in joint ventures								
- allocated to reportable segments	283	283	-	-	-	-	283	283
- unallocated corporate and others							-	129
Tax receivables	36	144	24	-	-	-	60	144
Deferred tax assets	1,948	1,862	2,839	2,932	-	-	4,787	4,794
Unallocated corporate assets							18,644	18,596
Total assets							<u>159,974</u>	<u>140,342</u>
Segment liabilities	21,010	23,089	15,088	4,453	-	-	36,098	27,542
Interest-bearing borrowings	2,407	3,478	6,396	1,319	-	-	8,803	4,797
Income tax liabilities	535	460	634	154	-	-	1,169	614
Unallocated corporate liabilities							785	992
Total liabilities							<u>46,855</u>	<u>33,945</u>

Group	Distribution & Services solution		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
- allocated to reportable segments	844	462	3,209	3,222	-	-	4,053	3,684
- unallocated corporate expenses							12	-
							<u>4,065</u>	<u>3,684</u>

Ellipsiz Ltd and its Subsidiaries
Third quarter results ended
31 March 2014

Group	Distribution & Services solution		Probe Card solutions		Eliminations		Consolidated	
	31 March 2014 \$'000	31 March 2013 \$'000	31 March 2014 \$'000	31 March 2013 \$'000	31 March 2014 \$'000	31 March 2013 \$'000	31 March 2014 \$'000	31 March 2013 \$'000
Other items								
Depreciation of property, plant and equipment								
- allocated to reportable segments	360	369	1,418	987	-	-	1,778	1,356
- unallocated corporate expenses							2	1
							<u>1,780</u>	<u>1,357</u>
Gain on disposal of property, plant and equipment								
- allocated to reportable segments	(2)	(17)	(28)	(9)	-	-	(30)	(26)
Amortisation of intangible assets								
- allocated to reportable segments	30	24	465	343	-	-	495	367
(Reversal of allowance)/Allowance for doubtful debts from trade and other receivables								
- allocated to reportable segments	-	-	(753)	38	-	-	(753)	38
Allowance/(Reversal of allowance) for inventory obsolescence								
- allocated to reportable segments	24	(21)	(44)	47	-	-	(20)	26
Bad debts written off								
- allocated to reportable segments	8	24	-	-	-	-	8	24
Inventory written off								
- allocated to reportable segments	41	1	64	52	-	-	105	53
Property, plant and equipment written off								
- allocated to reportable segments	-	-	10	-	-	-	10	-
Impairment of goodwill								
- allocated to reportable segments	15	-	-	-	-	-	15	-
Acquisition-related costs								
- allocated to reportable segments	-	-	1,083	-	-	-	1,083	-
Post-acquisition integration & restructuring costs								
- allocated to reportable segments	-	-	5,214	-	-	-	5,214	-
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 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	38,303	42,054	14,081	12,297	30,418	20,746	11,920	12,520	3,358	2,808	7,411	77	1,668	3,024	107,159	93,526
	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013	31 March 2014	30 June 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current segment assets	30,632	28,537	3,451	3,307	3,945	4,706	7,675	7,948	52	20	4,292	–	1,147	1,230	51,194	45,748
Investments in associates	–	–	2,611	2,545	–	–	–	–	–	–	5,296	5,344	–	–	7,907	7,889
Investments in joint ventures	216	216	67	67	–	129	–	–	–	–	–	–	–	–	283	412
Investments in other financial assets	8,593	6,840	–	–	–	–	–	–	322	174	165	–	–	–	9,080	7,014
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,797	4,805
	39,441	35,593	6,129	5,919	3,945	4,835	7,675	7,948	374	194	9,753	5,344	1,147	1,230	73,261	65,868
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	924	906	549	922	202	910	226	–	42	943	2,122	–	–	3	4,065	3,684

**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 3rd quarter results ended 31 March 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
6 May 2014



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

Third Quarter Financial Statements and Dividend Announcement

Financial period ended

31 March 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 closed nine months ended 31 March 2014 (9MFY2014) with revenue of \$107.2 million, growth of 15% when compared with the corresponding period of last financial year. Q3 consolidated revenue was an improvement of 19% from \$27.8 million in 3QFY2013 (3 months ended 31 March 2013) to \$33.0 million in 3QFY2014 (3 months ended 31 March 2014).

The growth in revenue was mainly contributed by our Probe Card solutions (PCS) which had 73% increase in revenue. The newly acquired business in PCS and 11% improvement in its original activities led to this overall growth. Since the completion of the acquisition transaction on 30 August 2013, the business segment has recorded seven-month revenue of \$15.6 million from the newly acquired business. The significant growth in revenue from Japan and Taiwan was from the improved revenue in PCS.

Our Distribution and Services solutions (DSS) reported a drop of 7% in revenue for 9MFY2014. Drop in revenue from facilities activities was the main cause for the decline in revenue.

In line with the growth in revenue, gross profit attained in 9MFY2014 improved by 19% to \$26.8 million. Since the growth is from PCS that generally has higher gross profit margin than the average margin of the Group, the consolidated gross profit margin for 9MFY2014 improved by 1% to 25%.

Other income

Other income increased significantly from \$377,000 in 9MFY2013 to \$12.2 million in 9MFY2014. The recording of negative goodwill of \$11.5 million from its acquisition of businesses and dividend income of \$0.2 million from its financial investment were the key reasons for the increase in other income. Details of other income is disclosed in note 9 to the financial statements.

Operating expenses

Total operating expenses increased by 46% from \$21.0 million to \$30.5 million. Included in other expenses was 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 cost, operating expenses increased by 16%, mainly due to the additional expenses incurred by the newly acquired operations and the increase in research and development expenses.

Net finance income / (expenses)

Due to the lower finance income and the increase in finance expenses by 8% in 9MY2014, the Group had a net finance expenses of \$21,000 instead of finance income of \$121,000 a year ago.

Share of results of associates and joint ventures

The Group recorded profits of \$368,000 from share of results from associates and had share of losses of \$180,000 from its joint ventures for 9MFY2014.

Income taxes

In 9MFY2014, the Group recorded tax expense of \$0.9 million, mainly for the tax expense in the current financial period and an adjustment to the under provision of deferred tax expenses in prior year.

Net profit attributable to Owners of the Company

The Group had net profits after taxes and non-controlling interests of \$8.1 million for 9MFY2014, an improvement over 9MFY2013's profits of \$1.9 million. In 9MFY2014, the Group recorded 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. Excluding the one-time income and expenses, the Group had profit of \$2.9 million from its operating activities, an increase of 49% over 9MFY2013's profits.

Financial Conditions

Non-current assets

The non-current assets increased by 11% from \$65.9 million to \$73.3 million. Mainly attributing to the business acquisition during the period, property, plant and equipment and intangible assets increased by 104% and 3% respectively. A portion of trade and other receivables as at 30 June 2013 had been re-classified as current trade and other receivables as it becomes receivable within 12 months from 31 March 2014. This led to the 75% drop in non-current trade and other receivables. Due to the increase in market value of the financial assets during the quarter, the financial assets increased by 29% to \$9.1 million.

Current assets

Total current asset as at 31 March 2014 was \$86.7 million, an increase of 16% from \$74.5 million as at 30 June 2013. Project-in-progress increased by 65% as at 31 March 2014 due to the higher outstanding projects as at balance sheet date. Resulting primarily from the acquisition of businesses from TCL, inventory increased by 79% to \$13.0 million. Trade and other receivables increased by 30% as a result of the classification of certain non-current receivables to current mentioned earlier and the additions from the newly acquired businesses. Due to collection of related parties balances, amount due from related parties decreased by 27%.

Current liabilities and non-current liabilities

Total liabilities as at 31 March 2014 stood at \$46.9 million, a 38% increase from \$33.9 million as at 30 June 2013. The higher interest-bearing borrowings and the additions arising from the acquisition to trade and other payables as well as provisions led to the increase in total liabilities.

Non-controlling interests

The decrease in the non-controlling interests was primarily due to the share of losses during the financial period.

Liquidity and Capital Reserves

The net cash outflow of the Group for financial period ended 31 March 2014 was \$3.1 million. This can be accounted by:

- (a) cash outflow of \$1.3 million for operating activities;
- (b) cash outflow of \$2.5 million for investing activities; and
- (c) cash inflow of \$0.7 million for financing activities.

The positive results in the period led to cash inflow of \$4.6 million. However due to the added working capital requirement in establishing the new market, Japan and some existing business activities, the net cash from operating activities was an outflow of \$1.3 million in 9MFY2014.

Purchase of property, plant and equipment and payment of acquisition costs incurred, partially offset by the cash inflow from acquisition of businesses and dividend received from other financial asset, led to the net cash outflow of \$2.5 million from investing activities.

Net increase in interest-bearing borrowings, partially offset by the payment of dividend during the period, led to the net cash inflow from financing activities.

As at 31 March 2014, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$28.5 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 Group is cautiously optimistic of our operating and performance prospects into the fourth quarter of FY2014 ending 30 June 2014. Though business activities in the industry picked up in March with new product launches and related devices following inventory and seasonality adjustments in preceding months, it remains challenging if the increase is sustainable. Meanwhile, the integration of our newly acquired business in our PCS segment remains on track. The uncertain market conditions coupled with the trend towards lower cost solutions and its pressure on pricing, the Group is progressing to optimize business leverages across our products and market portfolios to respond to market demand. We remained committed to pursue opportunities to sustain our growth and performance.