



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

Full Year Financial Statements and  
Dividend Announcement for the year ended

**30 June 2014**

**Statements of Financial Position**

|   | Note | 2014<br>\$'000 | Group<br>2013<br>\$'000 | Var.<br>% | 2014<br>\$'000 | Company<br>2013<br>\$'000 | Var.<br>% |
|---|------|----------------|-------------------------|-----------|----------------|---------------------------|-----------|
| <b>Non-current assets</b>                           |      |                |                         |           |                |                           |           |
| Property, plant and equipment                       | 3    | 12,707         | 6,594                   | 93        | 10             | -                         | 100       |
| Intangible assets                                   | 4    | 39,711         | 35,901                  | 11        | -              | -                         | -         |
| Subsidiaries  | 5    | -              | -                       | -         | 86,426         | 89,810                    | (4)       |
| Associates  |      | 8,039          | 7,889                   | 2         | 4,868          | 4,868                     | -         |
| Joint ventures                                      |      | 228            | 412                     | (45)      | -              | -                         | -         |
| Financial assets                                    |      | 9,551          | 7,014                   | 36        | 9,404          | 7,014                     | 34        |
| Trade and other receivables                         |      | 495            | 3,253                   | (85)      | -              | -                         | -         |
| Deferred tax assets                                 |      | 4,476          | 4,805                   | (7)       | 59             | 11                        | 436       |
|   |      | <u>75,207</u>  | <u>65,868</u>           | 14        | <u>100,767</u> | <u>101,703</u>            | (1)       |
| <b>Current assets</b>                               |      |                |                         |           |                |                           |           |
| Inventories   |      | 12,823         | 7,265                   | 77        | -              | -                         | -         |
| Project-in-progress                                 |      | -              | 1,064                   | (100)     | -              | -                         | -         |
| Trade and other receivables                         |      | 33,835         | 32,936                  | 3         | 698            | 223                       | 213       |
| Amounts due from related parties                    |      | 338            | 819                     | (59)      | 7,532          | 8,002                     | (6)       |
| Cash and cash equivalents                           | 6    | 32,016         | 32,390                  | (1)       | 12,196         | 11,448                    | 7         |
|   |      | <u>79,012</u>  | <u>74,474</u>           | 6         | <u>20,426</u>  | <u>19,673</u>             | 4         |
| <b>Total assets</b>                                 |      | <u>154,219</u> | <u>140,342</u>          | 10        | <u>121,193</u> | <u>121,376</u>            | -         |
| <b>Equity attributable to Owners of the Company</b> |      |                |                         |           |                |                           |           |
| Share capital                                       | 7    | 88,773         | 88,773                  | -         | 88,773         | 88,773                    | -         |
| Reserves  | 8    | 28,029         | 15,714                  | 78        | 19,011         | 18,563                    | 2         |
|   |      | <u>116,802</u> | <u>104,487</u>          | 12        | <u>107,784</u> | <u>107,336</u>            | -         |
| <b>Non-controlling interests</b>                    |      |                |                         |           |                |                           |           |
|   |      | 378            | 1,910                   | (80)      | -              | -                         | -         |
| <b>Total equity</b>                                 |      | <u>117,180</u> | <u>106,397</u>          | 10        | <u>107,784</u> | <u>107,336</u>            | -         |
| <b>Non-current liabilities</b>                      |      |                |                         |           |                |                           |           |
| Interest-bearing borrowings                         | 9    | 651            | 904                     | (28)      | -              | -                         | -         |
| Deferred tax liabilities                            |      | 1,041          | 24                      | 4,238     | -              | -                         | -         |
|   |      | <u>1,692</u>   | <u>928</u>              | 82        | <u>-</u>       | <u>-</u>                  | -         |
| <b>Current liabilities</b>                          |      |                |                         |           |                |                           |           |
| Trade and other payables                            |      | 23,730         | 27,384                  | (13)      | 1,352          | 932                       | 45        |
| Provisions  |      | 2,056          | 149                     | 1,280     | 281            | -                         | 100       |
| Amounts due to related parties                      |      | 64             | 877                     | (93)      | 11,536         | 13,062                    | (12)      |
| Interest-bearing borrowings                         | 9    | 8,976          | 3,893                   | 131       | -              | -                         | -         |
| Redeemable convertible preference shares            |      | -              | 78                      | (100)     | -              | -                         | -         |
| Current tax payable                                 |      | 521            | 636                     | (18)      | 240            | 46                        | 422       |
|   |      | <u>35,347</u>  | <u>33,017</u>           | 7         | <u>13,409</u>  | <u>14,040</u>             | (4)       |
| <b>Total liabilities</b>                            |      | <u>37,039</u>  | <u>33,945</u>           | 9         | <u>13,409</u>  | <u>14,040</u>             | (4)       |
| <b>Total equity and liabilities</b>                 |      | <u>154,219</u> | <u>140,342</u>          | 10        | <u>121,193</u> | <u>121,376</u>            | -         |

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

**Consolidated Statement of Comprehensive Income**

|  | Note | Group          |                | Var.<br>% |
|--|------|----------------|----------------|-----------|
|  |      | 2014<br>\$'000 | 2013<br>\$'000 |           |
| <b>Revenue</b>   |      | 144,474        | 124,232        | 16        |
| Cost of revenue  |      | (105,671)      | (93,506)       | 13        |
| <b>Gross profit</b>  |      | 38,803         | 30,726         | 26        |
| Other income   | 10   | 14,559         | 910            | 1,500     |
| Distribution expenses  |      | (13,697)       | (11,732)       | 17        |
| Administrative expenses  |      | (16,964)       | (13,761)       | 23        |
| Research and development expenses  |      | (2,389)        | (1,754)        | 36        |
| Other expenses   |      | (6,721)        | (885)          | 659       |
| <b>Results from operating activities</b>   | 10   | 13,591         | 3,504          | 288       |
| Finance income   |      | 248            | 387            | (36)      |
| Finance expenses   |      | (364)          | (242)          | 50        |
| <b>Net finance (expenses)/income</b>   | 11   | (116)          | 145            | (180)     |
| Share of results of associates (net of tax)  |      | 665            | 598            | 11        |
| Share of results of joint ventures (net of tax)  |      | (284)          | (200)          | 42        |
| <b>Profit before income tax</b>  |      | 13,856         | 4,047          | 242       |
| Income tax (expense)/credit  | 12   | (1,070)        | 906            | (218)     |
| <b>Profit for the year</b>   |      | 12,786         | 4,953          | 158       |
| <b>Other comprehensive income</b>  |      |                |                |           |
| <i>Items that may be reclassified subsequently to profit or loss</i>                         |      |                |                |           |
| Exchange differences arising from disposal of subsidiaries reclassified to profit or loss    |      | 84             | 103            | (18)      |
| Exchange difference on liquidation of a subsidiary reclassified to profit or loss            |      | -              | (18)           | 100       |
| Exchange differences on monetary items forming part of net investments in foreign operations |      | (89)           | (54)           | (65)      |
| Exchange differences on translation of financial statements of foreign operations            |      | (1,547)        | (1,373)        | (13)      |
| Net change in fair value of available-for-sale financial assets, net of tax                  |      | 2,390          | 333            | 618       |
| <b>Other comprehensive income for the year, net of income tax</b>                            |      | 838            | (1,009)        | 183       |
| <b>Total comprehensive income for the year</b>   |      | 13,624         | 3,944          | 245       |
| <b>Profit attributable to:</b>   |      |                |                |           |
| Owners of the Company  |      | 13,513         | 4,767          | 183       |
| Non-controlling interests  |      | (727)          | 186            | (491)     |
| <b>Profit for the year</b>   |      | 12,786         | 4,953          | 158       |
| <b>Total comprehensive income attributable to:</b>   |      |                |                |           |
| Owners of the Company  |      | 14,347         | 3,790          | 279       |
| Non-controlling interests  |      | (723)          | 154            | (569)     |
| <b>Total comprehensive income for the year</b>   |      | 13,624         | 3,944          | 245       |
| <b>Earnings per share</b>  |      |                |                |           |
| - Basic earnings per share (cents)   | 13   | 2.44           | 0.86           | 184       |
| - Diluted earnings per share (cents)   |      | 2.44           | 0.86           | 184       |

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

**Consolidated Statement of Changes in Equity**

| Group  | Share capital<br>\$'000 | Capital reserve<br>\$'000 | Fair value reserve<br>\$'000 | Share-based compensation reserve<br>\$'000 | Exchange translation reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total attributable to Owners of the Company<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|-------------------------|---------------------------|------------------------------|--|--|-------------------------------|---|-------------------------------------|------------------------|
| <b>30 June 2013</b>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| Balance as at 1 July 2012  | 88,773                  | (11,720)                  | 1,370                        | 2,393                                      | (11,915)                               | 32,592                        | 101,493   | 1,756                               | 103,249                |
| <b>Total comprehensive income for the year</b>   |                         |                           |                              |  |  |                               |   |                                     |                        |
| Profit for the year  | -                       | -                         | -                            | -  | -                                      | 4,767                         | 4,767   | 186                                 | 4,953                  |
| <b>Other comprehensive income</b>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| <i>Items that may be reclassified subsequently to profit or loss</i>                         |                         |                           |                              |  |  |                               |   |                                     |                        |
| Exchange difference on liquidation of a subsidiary reclassified to profit or loss            | -                       | -                         | -                            | -  | (35)                                   | -                             | (35)  | 17                                  | (18)                   |
| Exchange difference on disposal of a subsidiary reclassified to profit or loss               | -                       | -                         | -                            | -  | 103                                    | -                             | 103   | -                                   | 103                    |
| Exchange differences on monetary items forming part of net investments in foreign operations | -                       | -                         | -                            | -  | (54)                                   | -                             | (54)  | -                                   | (54)                   |
| Exchange differences on translation of financial statements of foreign operations            | -                       | -                         | -                            | -  | (1,324)                                | -                             | (1,324)   | (49)                                | (1,373)                |
| Net change in fair value of available-for-sale financial assets, net of tax                  | -                       | -                         | 333                          | -  | -                                      | -                             | 333   | -                                   | 333                    |
| Total other comprehensive income   | -                       | -                         | 333                          | -  | (1,310)                                | -                             | (977)   | (32)                                | (1,009)                |
| Total comprehensive income for the year  | -                       | -                         | 333                          | -  | (1,310)                                | 4,767                         | 3,790   | 154                                 | 3,944                  |
| <b>Transactions with Owners, recorded directly in equity</b>                                 |                         |                           |                              |  |  |                               |   |                                     |                        |
| <i>Contributions by and distributions to Owners</i>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| 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 30 June 2013   | 88,773                  | (11,720)                  | 1,703                        | 2,481                                      | (13,225)                               | 36,475                        | 104,487   | 1,910                               | 106,397                |

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

**Consolidated Statement of Changes in Equity**

| Group  | Share capital<br>\$'000 | Capital reserve<br>\$'000 | Fair value reserve<br>\$'000 | Share-based compensation reserve<br>\$'000 | Exchange translation reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total attributable to Owners of the Company<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|-------------------------|---------------------------|------------------------------|--|--|-------------------------------|---|-------------------------------------|------------------------|
| <b>30 June 2014</b>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| Balance as at 1 July 2013  | 88,773                  | (11,720)                  | 1,703                        | 2,481                                      | (13,225)                               | 36,475                        | 104,487   | 1,910                               | 106,397                |
| <b>Total comprehensive income for the year</b>   |                         |                           |                              |  |  |                               |   |                                     |                        |
| Profit for the year  | -                       | -                         | -                            | -  | -                                      | 13,513                        | 13,513  | (727)                               | 12,786                 |
| <b>Other comprehensive income</b>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| <i>Items that may be reclassified subsequently to profit or loss</i>                         |                         |                           |                              |  |  |                               |   |                                     |                        |
| Exchange differences arising from disposal of subsidiaries reclassified to profit or loss    | -                       | -                         | -                            | -  | 96                                     | -                             | 96  | (12)                                | 84                     |
| Exchange differences on monetary items forming part of net investments in foreign operations | -                       | -                         | -                            | -  | (89)                                   | -                             | (89)  | -                                   | (89)                   |
| Exchange difference on translation of financial statements of foreign operations             | -                       | -                         | -                            | -  | (1,563)                                | -                             | (1,563)   | 16                                  | (1,547)                |
| Net change in fair value of available-for-sale financial assets, net of tax                  | -                       | -                         | 2,390                        | -  | -                                      | -                             | 2,390   | -                                   | 2,390                  |
| Total other comprehensive income   | -                       | -                         | 2,390                        | -  | (1,556)                                | -                             | 834   | 4                                   | 838                    |
| Total comprehensive income for the year  | -                       | -                         | 2,390                        | -  | (1,556)                                | 13,513                        | 14,347  | (723)                               | 13,624                 |
| <b>Transactions with Owners, recorded directly in equity</b>                                 |                         |                           |                              |  |  |                               |   |                                     |                        |
| <i>Contributions by and distributions to Owners</i>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| Final dividend of 0.20 cents per share in respect of 2013                                    | -                       | -                         | -                            | -  | -                                      | (1,105)                       | (1,105)   | -                                   | (1,105)                |
| Interim dividend of 0.18 cents per share in respect of 2014                                  | -                       | -                         | -                            | -  | -                                      | (996)                         | (996)   | -                                   | (996)                  |
| Total contributions by and distributions to Owners   | -                       | -                         | -                            | -  | -                                      | (2,101)                       | (2,101)   | -                                   | (2,101)                |
| <b>Changes in ownership interests in subsidiaries</b>  |                         |                           |                              |  |  |                               |   |                                     |                        |
| Arising from disposal of subsidiaries reclassified to profit or loss                         | -                       | 69                        | -                            | -  | -                                      | -                             | 69  | (914)                               | (845)                  |
| Acquisition of remaining non-controlling interest of a subsidiary                            | -                       | -                         | -                            | -  | -                                      | -                             | -   | 10                                  | 10                     |
| Reclassification of preference shares from liability in a subsidiary                         | -                       | -                         | -                            | -  | -                                      | -                             | -   | 95                                  | 95                     |
| Total changes in ownership interest in subsidiaries  | -                       | 69                        | -                            | -  | -                                      | -                             | 69  | (809)                               | (740)                  |
| Total transactions with Owners   | -                       | 69                        | -                            | -  | -                                      | (2,101)                       | (2,032)   | (809)                               | (2,841)                |
| Balance as at 30 June 2014   | 88,773                  | (11,651)                  | 4,093                        | 2,481                                      | (14,781)                               | 47,887                        | 116,802   | 378                                 | 117,180                |

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

**Statement of Changes in Equity**

| Company   | Share capital<br>\$'000 | Fair value reserve<br>\$'000 | Share-based compensation reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|------------------------------|--|-------------------------------|------------------------|
| <b>30 June 2013</b>   |                         |                              |  |                               |                        |
| Balance as at 1 July 2012   | 88,773                  | 1,370                        | 2,393                                      | 12,876                        | 105,412                |
| <b>Total comprehensive income for the year</b>                              |                         |                              |  |                               |                        |
| Profit for the year   | -                       | -                            | -  | 2,387                         | 2,387                  |
| <b>Other comprehensive income</b>   |                         |                              |  |                               |                        |
| <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 | -                       | 333                          | -  | -                             | 333                    |
| Total other comprehensive income  | -                       | 333                          | -  | -                             | 333                    |
| Total comprehensive income for the year                                     | -                       | 333                          | -  | 2,387                         | 2,720                  |
| <b>Transactions with Owners, recorded directly in equity</b>                |                         |                              |  |                               |                        |
| <b>Contributions by and distributions to Owners</b>                         |                         |                              |  |                               |                        |
| 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 transactions with Owners  | -                       | -                            | 88   | (884)                         | (796)                  |
| Balance as at 30 June 2013  | 88,773                  | 1,703                        | 2,481                                      | 14,379                        | 107,336                |
| <b>30 June 2014</b>   |                         |                              |  |                               |                        |
| Balance as at 1 July 2013   | 88,773                  | 1,703                        | 2,481                                      | 14,379                        | 107,336                |
| <b>Total comprehensive income for the year</b>                              |                         |                              |  |                               |                        |
| Profit for the year   | -                       | -                            | -  | 159                           | 159                    |
| <b>Other comprehensive income</b>   |                         |                              |  |                               |                        |
| <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 | -                       | 2,390                        | -  | -                             | 2,390                  |
| Total other comprehensive income  | -                       | 2,390                        | -  | -                             | 2,390                  |
| Total comprehensive income for the year                                     | -                       | 2,390                        | -  | 159                           | 2,549                  |
| <b>Transactions with Owners, recorded directly in equity</b>                |                         |                              |  |                               |                        |
| <b>Contributions by and distributions to Owners</b>                         |                         |                              |  |                               |                        |
| Final dividend of 0.20 cents per share in respect of 2013                   | -                       | -                            | -  | (1,105)                       | (1,105)                |
| Interim dividend of 0.18 cents per share in respect of 2014                 | -                       | -                            | -  | (996)                         | (996)                  |
| Total transactions with Owners  | -                       | -                            | -  | (2,101)                       | (2,101)                |
| Balance as at 30 June 2014  | 88,773                  | 4,093                        | 2,481                                      | 12,437                        | 107,784                |

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

**Consolidated Cash Flow Statement**

|  | Note | Group          |                |
|--|------|----------------|----------------|
|  |      | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Operating Activities</b>  |      |                |                |
| Profit for the year  |      | 12,786         | 4,953          |
| Adjustments for:   |      |                |                |
| Allowance for:   |      |                |                |
| - doubtful debts from trade and other receivables                      |      | 145            | -              |
| - inventory obsolescence   |      | 73             | 62             |
| Amortisation of intangible assets                                      |      | 868            | 556            |
| Bad debts written off  |      | 9              | 68             |
| Depreciation of property, plant and equipment                          |      | 2,403          | 1,817          |
| Dividend income from other financial asset                             |      | (351)          | (175)          |
| Gain on disposal of property, plant and equipment                      |      | (135)          | (182)          |
| Loss on disposal of subsidiaries                                       |      | 83             | 174            |
| Loss on liquidation of a subsidiary                                    |      | -              | 18             |
| Gain on disposal of joint ventures                                     |      | -              | (46)           |
| Interest income  |      | (248)          | (387)          |
| Interest expenses  |      | 364            | 242            |
| Inventories written off  |      | 181            | 84             |
| Property, plant and equipment written off                              |      | 24             | -              |
| Impairment losses on:  |      |                |                |
| - property, plant and equipment  |      | 115            | -              |
| - intangible assets  |      | 15             | -              |
| Provision for/(Reversal of):   |      |                |                |
| - restructuring and retrenchments costs                                |      | 342            | (57)           |
| Acquisition-related costs  |      | 1,127          | -              |
| Post-acquisition integration and restructuring costs                   |      | 4,562          | -              |
| Negative goodwill on acquisition                                       |      | (13,175)       | -              |
| Share-based payment expense  |      | -              | 88             |
| Share of results of associates and joint ventures (net of tax)         |      | (381)          | (398)          |
| Income tax expenses/(credit)   |      | 1,070          | (906)          |
| <b>Operating profit before working capital changes</b>                 |      | 9,877          | 5,911          |
| Changes in working capital:  |      |                |                |
| Inventories  |      | (1,535)        | (255)          |
| Project-in-progress  |      | (2,484)        | 9,623          |
| Trade and other receivables  |      | (1,314)        | 1,260          |
| Amounts due from related parties (trade)                               |      | 52             | (534)          |
| Trade and other payables   |      | 3,383          | (7,443)        |
| Amounts due to related parties (trade)                                 |      | (478)          | 500            |
| Post-acquisition integration and restructuring costs paid              |      | (2,961)        | (102)          |
| Release of pledged deposits with financial institutions                |      | 7              | 109            |
| Cash generated from operations   |      | 4,547          | 9,069          |
| Interest received  |      | 248            | 387            |
| Interest paid  |      | (364)          | (225)          |
| Income taxes paid  |      | (762)          | (439)          |
| <b>Cash flows generated from operating activities</b>                  |      | 3,669          | 8,792          |
| <b>Investing activities</b>  |      |                |                |
| Acquisition-related costs paid   |      | (1,088)        | -              |
| Acquisition of remaining non-controlling interest of a subsidiary      |      | (5)            | -              |
| Amounts due from related parties (non-trade)                           |      | 430            | (661)          |
| Net cash inflow on acquisition of subsidiaries                         | 5    | 1,876          | -              |
| Net cash (outflow)/inflow from disposal of subsidiaries <sup>(3)</sup> |      | (2,972)        | 69             |
| Proceeds from disposal of property, plant and equipment                |      | 314            | 304            |
| Proceeds from disposal of joint ventures                               |      | -              | 1              |
| Dividend received from other financial asset                           |      | 351            | 175            |
| Dividend received from an associate                                    |      | 59             | 255            |
| Purchase of:   |      |                |                |
| - intangible assets  |      | (1,387)        | (845)          |
| - property, plant and equipment <sup>(1)(2)</sup>                      |      | (4,004)        | (3,422)        |
| <b>Cash flows used in investing activities</b>                         |      | (6,426)        | (4,124)        |

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

|   | Note | Group          |                |
|---|------|----------------|----------------|
|   |      | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Financing activities</b>                                     |      |                |                |
| Amounts due to related parties (non-trade)                      |      | (333)          | 492            |
| Dividend paid   |      | (2,101)        | (884)          |
| Interest paid   |      | -              | (17)           |
| Repayment of bank loans   |      | (15,389)       | (18,052)       |
| Repayment of hire purchase and finance lease creditors          |      | (149)          | (49)           |
| Proceeds from bank loans  |      | 20,742         | 13,980         |
| <b>Cash flows generated from/(used in) financing activities</b> |      | <b>2,770</b>   | <b>(4,530)</b> |
| <b>Net increase in cash and cash equivalents</b>                |      |                |                |
| Cash and cash equivalents at beginning of year                  |      | 13             | 138            |
| Cash and cash equivalents at beginning of year                  |      | 30,744         | 30,579         |
| Effect of exchange rate fluctuations on cash held               |      | (380)          | 27             |
| <b>Cash and cash equivalents at end of year</b>                 | 6    | <b>30,377</b>  | <b>30,744</b>  |

**Significant non-cash transactions**

- (1) Property, plant and equipment amounting to \$201,000 (2013: \$26,000) was acquired through finance leases.
- (2) The Group accrued reinstatement cost of \$240,000 (2013: \$Nil) under property, plant and equipment.
- (3) The effect of disposal of subsidiaries is set out below:

|  | Group          |                |
|--|----------------|----------------|
|  | 2014<br>\$'000 | 2013<br>\$'000 |
| Property, plant and equipment                                  | 89             | 24             |
| Intangible assets  | 15             | -              |
| Deferred tax assets  | 54             | -              |
| Inventories  | 123            | 91             |
| Project-in-progress  | 2,035          | 162            |
| Trade and other receivables                                    | 7,375          | 839            |
| Amounts due from related parties                               | 710            | 433            |
| Cash and cash equivalents                                      | 4,744          | 84             |
| Trade and other payables                                       | (9,012)        | (436)          |
| Amounts due to related parties                                 | (1,808)        | (513)          |
| Interest-bearing borrowings                                    | (1,424)        | (244)          |
| Provision for taxation   | (216)          | -              |
| Non-controlling interests                                      | (926)          | -              |
| Net identifiable assets disposed                               | 1,759          | 440            |
| Realisation of exchange translation reserves                   | 96             | 103            |
| Transfer to investment in a joint venture                      | -              | (216)          |
| Loss on disposal of subsidiaries                               | (83)           | (174)          |
| Cash proceed from disposal of subsidiaries                     | 1,772          | 153            |
| Less: Cash and cash equivalents disposed                       | (4,744)        | (84)           |
| <b>Net cash (outflow)/inflow from disposal of subsidiaries</b> | <b>(2,972)</b> | <b>69</b>      |

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



## 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 19 August 2014.

### 1. Basis of Preparation

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year 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 years.

### 3. Property, Plant and Equipment

| Group   | Freehold<br>land and<br>building<br>\$'000 | Leasehold<br>land and<br>building<br>\$'000 | Leasehold<br>improve-<br>ment<br>\$'000 | Furniture<br>and<br>fittings<br>\$'000 | Office<br>equipment<br>\$'000 | Computers<br>\$'000 | Motor<br>vehicles<br>\$'000 | Plant<br>and<br>machinery<br>\$'000 | Assets<br>under<br>construct-<br>ion<br>\$'000 | Total<br>\$'000 |
|---|--|---|---|--|-------------------------------|---------------------|-----------------------------|-------------------------------------|--|-----------------|
| <b>Cost</b>   |  |   |   |  |                               |                     |                             |                                     |  |                 |
| At 1 July 2012  | -  | 2,023                                       | 2,882                                   | 519                                    | 810                           | 4,161               | 213                         | 29,907                              | -  | 40,515          |
| Additions   | -  | -   | 81                                      | 1                                      | 55                            | 327                 | -                           | 1,338                               | 1,646  | 3,448           |
| Disposals/Write off   | -  | -   | (4)                                     | (12)                                   | (22)                          | (206)               | (65)                        | (1,226)                             | -  | (1,535)         |
| Arising from disposal of<br>a subsidiary                      | -  | -   | -                                       | -                                      | (22)                          | (37)                | -                           | (52)                                | -  | (111)           |
| Reclassification  | -  | -   | -                                       | -                                      | (24)                          | -                   | -                           | 24                                  | -  | -               |
| Translation difference<br>on consolidation                    | -  | (17)  | 2                                       | (1)                                    | 1                             | (15)                | -                           | (190)                               | 19   | (201)           |
| At 30 June 2013   | -  | 2,006                                       | 2,961                                   | 507                                    | 798                           | 4,230               | 148                         | 29,801                              | 1,665  | 42,116          |
| Additions   | 1,614                                      | -   | 943                                     | 95                                     | 640                           | 463                 | 32                          | 656                                 | 2  | 4,445           |
| Disposal/Write off  | -  | -   | (498)                                   | (122)                                  | (216)                         | (694)               | (20)                        | (3,180)                             | -  | (4,730)         |
| Acquisition of<br>businesses                                  | 1,473                                      | -   | 157                                     | 142                                    | 16                            | 8                   | -                           | 2,954                               | -  | 4,750           |
| Arising from disposal of<br>subsidiaries                      | -  | -   | (24)                                    | (45)                                   | (65)                          | (142)               | -                           | (108)                               | -  | (384)           |
| Reclassification  | -  | -   | -                                       | -                                      | -                             | (5)                 | -                           | 1,663                               | (1,658)  | -               |
| Translation difference<br>on consolidation                    | (119)                                      | (31)  | (44)                                    | (11)                                   | (6)                           | (63)                | (2)                         | (499)                               | (7)  | (782)           |
| At 30 June 2014   | 2,968                                      | 1,975                                       | 3,495                                   | 566                                    | 1,167                         | 3,797               | 158                         | 31,287                              | 2  | 45,415          |
| <b>Accumulated<br/>depreciation and<br/>impairment losses</b> |  |   |   |  |                               |                     |                             |                                     |  |                 |
| At 1 July 2012  | -  | 260   | 2,498                                   | 450                                    | 721                           | 3,765               | 184                         | 27,518                              | -  | 35,396          |
| Depreciation charge for<br>the year                           | -  | 73  | 229                                     | 24                                     | 25                            | 269                 | 13                          | 1,184                               | -  | 1,817           |
| Disposal/Write off  | -  | -   | (4)                                     | (12)                                   | (10)                          | (196)               | (65)                        | (1,126)                             | -  | (1,413)         |
| Arising from disposal of<br>a subsidiary                      | -  | -   | -                                       | -                                      | (12)                          | (36)                | -                           | (39)                                | -  | (87)            |
| Reclassification  | -  | -   | -                                       | -                                      | (24)                          | -                   | -                           | 24                                  | -  | -               |
| Translation difference<br>on consolidation                    | -  | -   | 2                                       | (1)                                    | 1                             | (15)                | -                           | (178)                               | -  | (191)           |
| At 30 June 2013   | -  | 333   | 2,725                                   | 461                                    | 701                           | 3,787               | 132                         | 27,383                              | -  | 35,522          |

| 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 |
|---|-----------------------------------|------------------------------------|------------------------------|-------------------------------|-------------------------|------------------|-----------------------|----------------------------|----------------------------------|--------------|
| <b>Accumulated depreciation and impairment losses</b> |                                   |                                    |                              |                               |                         |                  |                       |                            |                                  |              |
| At 1 July 2013  | -                                 | 333                                | 2,725                        | 461                           | 701                     | 3,787            | 132                   | 27,383                     | -                                | 35,522       |
| Depreciation charge for the year                      | 64                                | 51                                 | 380                          | 61                            | 120                     | 283              | 10                    | 1,434                      | -                                | 2,403        |
| Impairment charge for the year                        | -                                 | -                                  | -                            | -                             | -                       | -                | -                     | 115                        | -                                | 115          |
| Disposal/Write off                                    | -                                 | -                                  | (427)                        | (106)                         | (214)                   | (680)            | (18)                  | (3,082)                    | -                                | (4,527)      |
| Arising from disposal of subsidiaries                 | -                                 | -                                  | (23)                         | (35)                          | (27)                    | (103)            | -                     | (107)                      | -                                | (295)        |
| Reclassification                                      | -                                 | -                                  | -                            | -                             | -                       | (5)              | -                     | 5                          | -                                | -            |
| Translation difference on consolidation               | (1)                               | (6)                                | (41)                         | (5)                           | (4)                     | (48)             | (2)                   | (403)                      | -                                | (510)        |
| At 30 June 2014                                       | 63                                | 378                                | 2,614                        | 376                           | 576                     | 3,234            | 122                   | 25,345                     | -                                | 32,708       |
| <b>Carrying amount</b>                                |                                   |                                    |                              |                               |                         |                  |                       |                            |                                  |              |
| At 1 July 2012  | -                                 | 1,763                              | 384                          | 69                            | 89                      | 396              | 29                    | 2,389                      | -                                | 5,119        |
| At 30 June 2013                                       | -                                 | 1,673                              | 236                          | 46                            | 97                      | 443              | 16                    | 2,418                      | 1,665                            | 6,594        |
| At 30 June 2014                                       | 2,905                             | 1,597                              | 881                          | 190                           | 591                     | 563              | 36                    | 5,942                      | 2                                | 12,707       |

Assets under construction, leasehold land and building & property, plant and equipment of the Group with carrying amounts of \$Nil (2013: \$762,000), \$1,451,000 (2013: \$Nil) and \$696,000 (2013: \$Nil) respectively have been pledged to banks as securities for certain bank loans (Note 9).

The carrying amount of property, plant and equipment includes amounts totalling \$59,000 (2013: \$81,000) for the Group in respect of assets acquired under finance leases (Note 9).

| Company                          | Furniture and fittings \$'000 | Office equipment \$'000 | Computers \$'000 | Total \$'000 |
|----------------------------------|-------------------------------|-------------------------|------------------|--------------|
| <b>Cost</b>                      |                               |                         |                  |              |
| At 1 July 2012                   | 62                            | 36                      | 70               | 168          |
| Additions                        | -                             | 1                       | -                | 1            |
| Write off                        | -                             | (3)                     | (2)              | (5)          |
| At 30 June 2013                  | 62                            | 34                      | 68               | 164          |
| Additions                        | -                             | -                       | 13               | 13           |
| Write off                        | (53)                          | (27)                    | (60)             | (140)        |
| At 20 June 2014                  | 9                             | 7                       | 21               | 37           |
| <b>Accumulated depreciation</b>  |                               |                         |                  |              |
| At 1 July 2012                   | 62                            | 36                      | 69               | 167          |
| Depreciation charge for the year | -                             | 1                       | 1                | 2            |
| Write off                        | -                             | (3)                     | (2)              | (5)          |
| At 30 June 2013                  | 62                            | 34                      | 68               | 164          |
| Depreciation charge for the year | -                             | -                       | 3                | 3            |
| Write off                        | (53)                          | (27)                    | (60)             | (140)        |
| At 30 June 2014                  | 9                             | 7                       | 11               | 27           |
| <b>Carrying amount</b>           |                               |                         |                  |              |
| At 1 July 2012                   | -                             | -                       | 1                | 1            |
| At 30 June 2013                  | -                             | -                       | -                | -            |
| At 30 June 2014                  | -                             | -                       | 10               | 10           |

Depreciation for the year was included in the following line items of the statements of comprehensive income:

|                                   | Group       |             | Company     |             |
|-----------------------------------|-------------|-------------|-------------|-------------|
|                                   | 2014 \$'000 | 2013 \$'000 | 2014 \$'000 | 2013 \$'000 |
| Cost of revenue                   | 1,725       | 1,201       | -           | -           |
| Distribution expenses             | 220         | 186         | -           | -           |
| Administrative expenses           | 430         | 370         | 3           | 2           |
| Research and development expenses | 28          | 60          | -           | -           |
|                                   | 2,403       | 1,817       | 3           | 2           |

**4. Intangible Assets**

| Group  | Computer software<br>\$'000 | Technology licence<br>\$'000 | Intellectual property<br>\$'000 | Development expenditure<br>\$'000 | Goodwill<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|------------------------------|---------------------------------|-----------------------------------|--------------------|-----------------|
| <b>Cost</b>  |                             |                              |                                 |                                   |                    |                 |
| At 1 July 2012   | 627                         | 1,987                        | 6,094                           | 3,247                             | 27,508             | 39,463          |
| Additions - acquired   | 35                          | -                            | -                               | -                                 | -                  | 35              |
| Additions - internally developed   | 3                           | -                            | 55                              | 752                               | -                  | 810             |
| Disposal   | (11)                        | -                            | -                               | -                                 | -                  | (11)            |
| Arising from disposal of a subsidiary  | (3)                         | -                            | -                               | -                                 | -                  | (3)             |
| Translation difference on consolidation  | (7)                         | (15)                         | (47)                            | (10)                              | (85)               | (164)           |
| At 30 June 2013  | 644                         | 1,972                        | 6,102                           | 3,989                             | 27,423             | 40,130          |
| Additions - acquired   | 3                           | -                            | -                               | -                                 | -                  | 3               |
| Additions - internally developed   | 134                         | -                            | 31                              | 1,219                             | -                  | 1,384           |
| Disposal   | (10)                        | -                            | -                               | -                                 | -                  | (10)            |
| Acquisition of businesses  | 3                           | -                            | 3,715                           | -                                 | -                  | 3,718           |
| Arising from acquisition for remaining of non-controlling interest of a subsidiary | -                           | -                            | -                               | -                                 | 15                 | 15              |
| Arising from disposal of subsidiaries  | (50)                        | -                            | -                               | -                                 | -                  | (50)            |
| Translation difference on consolidation  | (5)                         | (31)                         | (183)                           | (75)                              | (175)              | (469)           |
| At 30 June 2014  | 719                         | 1,941                        | 9,665                           | 5,133                             | 27,263             | 44,721          |
| <b>Accumulated amortisation and impairment losses</b>                              |                             |                              |                                 |                                   |                    |                 |
| At 1 July 2012   | 541                         | 651                          | 1,780                           | 12                                | 744                | 3,728           |
| Amortisation for the year  | 38                          | 343                          | 78                              | 97                                | -                  | 556             |
| Disposal   | (11)                        | -                            | -                               | -                                 | -                  | (11)            |
| Arising from disposal of a subsidiary  | (3)                         | -                            | -                               | -                                 | -                  | (3)             |
| Translation difference on consolidation  | (6)                         | (15)                         | (12)                            | (8)                               | -                  | (41)            |
| At 30 June 2013  | 559                         | 979                          | 1,846                           | 101                               | 744                | 4,229           |
| Amortisation for the year  | 72                          | 101                          | 315                             | 380                               | -                  | 868             |
| Impairment losses  | -                           | -                            | -                               | -                                 | 15                 | 15              |
| Disposal   | (10)                        | -                            | -                               | -                                 | -                  | (10)            |
| Arising from disposal of subsidiaries  | (35)                        | -                            | -                               | -                                 | -                  | (35)            |
| Reclassification   | -                           | (232)                        | 232                             | -                                 | -                  | -               |
| Translation difference on consolidation  | (3)                         | (14)                         | (35)                            | (5)                               | -                  | (57)            |
| At 30 June 2014  | 583                         | 834                          | 2,358                           | 476                               | 759                | 5,010           |
| <b>Carrying amount</b>   |                             |                              |                                 |                                   |                    |                 |
| At 1 July 2012   | 86                          | 1,336                        | 4,314                           | 3,235                             | 26,764             | 35,735          |
| At 30 June 2013  | 85                          | 993                          | 4,256                           | 3,888                             | 26,679             | 35,901          |
| At 30 June 2014  | 136                         | 1,107                        | 7,307                           | 4,657                             | 26,504             | 39,711          |

| Company                                     | Computer software<br>\$'000 |
|---|-----------------------------|
| <b>Cost</b>                                 |                             |
| At 1 July 2012 & 30 June 2013               | 21                          |
| Write off                                   | (10)                        |
| At 30 June 2014                             | 11                          |
| <b>Accumulated amortisation</b>             |                             |
| At 1 July 2012 & 30 June 2013               | 21                          |
| Write off                                   | (10)                        |
| At 30 June 2014                             | 11                          |
| <b>Carrying amount</b>                      |                             |
| At 1 July 2012, 30 June 2013 & 30 June 2014 | -                           |

Amortisation for the year was included in the following line items of the statements of comprehensive income:

|                         | <b>Group</b>  |               |
|-------------------------|---------------|---------------|
|                         | <b>2014</b>   | <b>2013</b>   |
|                         | <b>\$'000</b> | <b>\$'000</b> |
| Cost of revenue         | 830           | 520           |
| Distribution expenses   | 5             | 3             |
| Administrative expenses | 33            | 33            |
|                         | 868           | 556           |

**Annual impairment tests for cash-generating units containing goodwill**

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGU) identified according to reportable segment as follows:

|                                     | <b>Group</b>  |               |
|-------------------------------------|---------------|---------------|
|                                     | <b>2014</b>   | <b>2013</b>   |
|                                     | <b>\$'000</b> | <b>\$'000</b> |
| Probe Card solutions                | 11,112        | 11,284        |
| Distribution and Services solutions | 15,392        | 15,395        |
|                                     | 26,504        | 26,679        |

The recoverable amount of a CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering periods of one to five years.

*Key assumptions used for value-in-use calculations*

For the purpose of analysing each CGU, management used the following key assumptions:

|                                     | <b>Group</b>               |                      |
|-------------------------------------|----------------------------|----------------------|
|                                     | <b>Revenue growth rate</b> | <b>Discount rate</b> |
|                                     | <b>%</b>                   | <b>%</b>             |
| <b>2014</b>                         |                            |                      |
| Probe Card solutions                | 5.2                        | 14.8                 |
| Distribution and Services solutions | 5.7                        | 13.7                 |
|                                     | 5.7                        | 13.7                 |
| <b>2013</b>                         |                            |                      |
| Probe Card solutions                | 6.4                        | 13.2                 |
| Distribution and Services solutions | 4.6                        | 15.3                 |
|                                     | 4.6                        | 15.3                 |

The weighted average growth rates used are based on the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. No growth has been projected on the cash flows beyond the five-year period covered by the financial budget and projection.

**5. Subsidiaries**

The following changes took place in the group structure during the year:

- i) SV Probe Pte Ltd ("SV Probe"), a subsidiary of the Company, established a wholly-owned subsidiary SV TCL Kabushiki Kaisha ("SV TCL") in Japan with an initial paid up capital of JPY 100,000 (approximately US\$1,000). Subsequent to the incorporation, the paid up capital of SV TCL was increased to JPY 350,000,000 (approximately US\$3,500,000 million). The principal activities of SV TCL are those relating to business of design, manufacturing and sales of probe cards. The company is incorporated to carry out the Japan activities of the acquired business from Tokyo Cathode Laboratory Co., Ltd ("TCL"). (see Note 5(ii)).
- ii) On 25 June 2013, SV Probe entered into a business transfer agreement with 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 products 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 \$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 completion of certain documentation requirements, the transfer of assets from TCL Guangzhou subsidiary to SV Probe has been deferred.

This acquisition has added four 100% owned subsidiaries, namely Hokko Electronics Co. Ltd (incorporated in Japan), TCL Yamaichi Taiwan Inc. (incorporated in Taiwan), Tokyo Cathode Laboratory (Singapore) Pte Ltd (incorporated in Singapore) and Tokyo Cathode Laboratory (HK) Co Ltd (incorporated in Hong Kong), to the Group.

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

|  | Note | Group<br>\$'000 |
|--|------|-----------------|
| Property, plant and equipment                    |      | 4,750           |
| Intangible assets                                |      | 3,718           |
| Financial assets                                 |      | 152             |
| Inventories                                      |      | 4,556           |
| Trade and other receivables                      |      | 5,370           |
| Tax recoverable                                  |      | 44              |
| Cash and cash equivalents                        |      | 5,528           |
| Trade and other payables                         |      | (5,237)         |
| Interest-bearing borrowings                      |      | (967)           |
| Deferred tax liabilities                         |      | (1,087)         |
| Net identifiable assets and liabilities acquired |      | 16,827          |
| Negative goodwill on business combination        | 10   | (13,175)        |
| Consideration satisfied in cash                  |      | 3,652           |
| Cash acquired from business combination          |      | (5,528)         |
| Net cash inflow                                  |      | (1,876)         |

As the Group has negotiated a bargain purchase price for the businesses and assets acquired, a negative goodwill of \$13,175,000 was determined to have arisen from the acquisition.

Revenue generated from the acquired business for the ten months ended 30 June 2014 was \$22,044,000. 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 \$1,127,000 (Note 10) relating to external legal and consultant fees, travelling expenses and due diligence costs.

*Post-acquisition integration and restructuring costs*

The Group incurred during the year, integration and restructuring costs of \$4,562,000 for the post-acquisition integration programme (Note 10). The integration costs include costs incurred 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.

- iii) The Company, through its wholly-owned subsidiary, iNETest Resources Pte Ltd ("iRPL"), acquired the remaining interest of 8.11% in another subsidiary, Ellipsiz Testlab Pte Ltd ("ETL") from the non-controlling shareholder for a cash consideration of \$5,000. After the transaction, the Group has 100% equity interest in ETL. The objective of the transaction is to consolidate the shareholding of ETL under common shareholder for ease of liquidation. ETL was placed under members' voluntary liquidation in June 2014.
- iv) The Company's subsidiaries, Ellipsiz Ventures Pte Ltd, Ellipsiz Semilab Holdings Pte Ltd, Ellipsiz Singapore Pte Ltd and Ellipsiz (Shanghai) International Inc. were placed under members' voluntary liquidation.
- v) An application for striking off an inactive subsidiary, iNETest Resources HK Limited, was submitted to the Registry of Companies in Hong Kong.
- vi) The wholly-owned subsidiaries, Ellipsiz Semiconductor Technology (Shenzhen) Ltd and FMB Industries Pte Ltd, were dissolved on 12 March 2014 and 29 May 2014, respectively.
- vii) The Group disposed its 51% interest in E+HPS Pte Ltd and 70% interest in Ellipsiz Communications Pte Ltd ("ECPL") for cash considerations of \$772,000 and \$1,000,000, respectively.

**6. Cash and Cash Equivalents**

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Cash at banks and in hand   |      | 28,328         | 25,187         | 10,196         | 5,932          |
| Deposits with financial institutions                              |      | 3,688          | 7,203          | 2,000          | 5,516          |
|   |      | <u>32,016</u>  | <u>32,390</u>  | <u>12,196</u>  | <u>11,448</u>  |
| Deposits held as securities by financial institutions             | 9    | (1,639)        | (1,646)        |                |                |
| Cash and cash equivalents in the consolidated cash flow statement |      | <u>30,377</u>  | <u>30,744</u>  |                |                |

**7. Share Capital**

|   | Group and Company             |                               |
|---|-------------------------------|-------------------------------|
|   | No. of shares<br>2014<br>'000 | No. of shares<br>2013<br>'000 |
| <b>Fully paid ordinary shares, with no par value:</b> |                               |                               |
| Ordinary shares                                       |                               |                               |
| At 1 July 12, 30 June 2013 & 30 June 2014             | <u>552,794</u>                | <u>552,794</u>                |

The Group had not acquired any treasury shares for the financial year ended 30 June 2014. There were no treasury shares held by the Group as at 30 June 2014 (2013: Nil).

**Options**

As at 30 June 2014, there were 18,900,000 (2013: 19,700,000) and 13,763,000 (2013: 17,906,000) outstanding options with exercise prices of \$0.135 per share and \$0.14 per share, respectively.

**8. Reserves**

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Capital reserve                  | (11,651)       | (11,720)       | -              | -              |
| Fair value reserve               | 4,093          | 1,703          | 4,093          | 1,703          |
| Share-based compensation reserve | 2,481          | 2,481          | 2,481          | 2,481          |
| Exchange translation reserve     | (14,781)       | (13,225)       | -              | -              |
| Accumulated profits              | 47,887         | 36,475         | 12,437         | 14,379         |
|                                  | <u>28,029</u>  | <u>15,714</u>  | <u>19,011</u>  | <u>18,563</u>  |

**9. Interest-Bearing Borrowings**

*Interest-bearing borrowings consist of the following:*

|   | Group          |                |
|---|----------------|----------------|
|   | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Non-current liabilities</b>                                |                |                |
| Secured bank loans  | 331            | 312            |
| Unsecured bank loans  | 273            | 540            |
| Obligations under hire purchase agreements and finance leases | 47             | 52             |
|   | <u>651</u>     | <u>904</u>     |
| <b>Current liabilities</b>                                    |                |                |
| Secured bank loans  | 177            | 89             |
| Unsecured bank loans <sup>(1)</sup>                           | 8,718          | 3,755          |
| Obligations under hire purchase agreements and finance leases | 81             | 49             |
|   | <u>8,976</u>   | <u>3,893</u>   |

<sup>(1)</sup> One of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loans at 30 June 2014. The breach involves two term loans for a total amount of JPY 200,000,000. As at 30 June 2014, the outstanding amounts of the loans were JPY 40,360,000 (approximately \$497,000). The subsidiary is in the process of applying to the bank for the waiver of breach and amendment to the covenant. The Group and the subsidiary have the funds to fulfill the obligation if the bank requires immediate repayment of the loans.

**Maturity of liabilities (excluding finance lease liabilities)**

|                                 | Group          |                |
|---------------------------------|----------------|----------------|
|                                 | 2014<br>\$'000 | 2013<br>\$'000 |
| Within 1 year                   | 8,895          | 3,844          |
| After 1 year but within 5 years | 604            | 852            |
|                                 | 9,499          | 4,696          |

The borrowings are secured on the following assets:

|                                      | Note | Group          |                |
|--------------------------------------|------|----------------|----------------|
|                                      |      | 2014<br>\$'000 | 2013<br>\$'000 |
| Assets under construction            | 3    | -              | 762            |
| Leasehold land and building          | 3    | 1,451          | -              |
| Property, plant and equipment        | 3    | 696            | -              |
| Deposits with financial institutions | 6    | 1,639          | 1,646          |
| Total carrying amount                |      | 3,786          | 2,408          |

**Obligations under hire purchase agreements and finance leases:**

| Group                                     | 2014                |                    |                 | 2013                |                    |                 |
|---|---------------------|--------------------|-----------------|---------------------|--------------------|-----------------|
|   | Principal<br>\$'000 | Interest<br>\$'000 | Total<br>\$'000 | Principal<br>\$'000 | Interest<br>\$'000 | Total<br>\$'000 |
| Repayable within 1 year                   | 81                  | 5                  | 86              | 49                  | 5                  | 54              |
| Repayable after 1 year but within 5 years | 41                  | 3                  | 44              | 52                  | 3                  | 55              |
| Repayable after 5 years                   | 6                   | -                  | 6               | -                   | -                  | -               |
|   | 128                 | 8                  | 136             | 101                 | 8                  | 109             |

**10. Results from Operating Activities**

|  | Group          |                |
|--|----------------|----------------|
|  | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Other income</b>  |                |                |
| Rental income  | 10             | -              |
| Sundry income  | 770            | 450            |
| Gain on disposal of property, plant and equipment            | 135            | 182            |
| Gain on disposal of joint ventures                           | -              | 46             |
| Negative goodwill on business combination                    | 13,175         | -              |
| Dividend income from financial asset                         | 351            | 175            |
| Reversal of provision for restructuring & retrenchment costs | -              | 57             |
| Exchange gain, net   | 118            | -              |
|  | 14,559         | 910            |

**Other expenses**

|  |       |       |
|--|-------|-------|
| Depreciation of property, plant and equipment        | 2,403 | 1,817 |
| Amortisation of intangible assets                    | 868   | 556   |
| Allowance for:                                       |       |       |
| - doubtful debts from trade and other receivables    | 145   | -     |
| - inventory obsolescences                            | 73    | 62    |
| Property, plant and equipment written off            | 24    | -     |
| Inventories written off                              | 181   | 84    |
| Bad debts written off                                | 9     | 68    |
| Impairment loss on:                                  |       |       |
| - property, plant and equipment                      | 115   | -     |
| - goodwill   | 15    | -     |
| Loss on disposal of investments in subsidiaries      | 83    | 174   |
| Operating lease expenses                             | 2,821 | 2,447 |
| Post-acquisition integration and restructuring costs | 4,562 | -     |
| Acquisition-related costs                            | 1,127 | -     |
| Provision for retrenchment costs                     | 342   | -     |
| Share-based payment expenses                         | -     | 88    |
| Exchange loss, net                                   | -     | 282   |
|  | -     | 282   |

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

**11. Net Finance (Expenses)/Income**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2014</b>   | <b>2013</b>   |
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Finance income</b>   |               |               |
| Interest income from:   |               |               |
| - financial institutions  | 31            | 45            |
| - third parties   | 108           | 105           |
| - joint venture   | 5             | -             |
| Interest income arising from the unwinding discount implicit in the interest-free third parties receivables | 104           | 237           |
|   | 248           | 387           |
| <br><b>Finance expenses</b>   |               |               |
| Interest expenses to:   |               |               |
| - hire purchase arrangements and finance leases   | (13)          | (7)           |
| - financial institutions  | (260)         | (233)         |
| - non-controlling interest  | (91)          | (2)           |
|   | (364)         | (242)         |
|   | (116)         | 145           |

**12. Income Tax Expense/(Credit)**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2014</b>   | <b>2013</b>   |
|   | <b>\$'000</b> | <b>\$'000</b> |
| Current tax expense:                                |               |               |
| - current year                                      | 799           | 438           |
| - withholding tax                                   | 162           | 155           |
| - overprovision in prior year                       | (76)          | (207)         |
|   | 885           | 386           |
| Deferred tax expense/(credit):                      |               |               |
| - original and reversal of temporary differences    | 257           | 65            |
| - overprovision in prior year                       | (72)          | (218)         |
| - recognition of previously unrecognised tax losses | -             | (1,139)       |
|   | 185           | (1,292)       |
| Total income tax expense/(credit)                   | 1,070         | (906)         |

**13. Earnings Per Share**

|   | <b>Group</b>         |                      |
|---|----------------------|----------------------|
|   | <b>2014</b>          | <b>2013</b>          |
|   | <b>\$'000</b>        | <b>\$'000</b>        |
| Basic earnings per share is based on:                     |                      |                      |
| Profit for the year attributable to Owners of the Company | 13,513               | 4,767                |
|   | <b>No. of shares</b> | <b>No. of shares</b> |
|   | <b>'000</b>          | <b>'000</b>          |
| Weighted average number of:                               |                      |                      |
| - shares outstanding during the year                      | 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:

|   | <b>Group</b>         |                      |
|---|----------------------|----------------------|
|   | <b>2014</b>          | <b>2013</b>          |
|   | <b>No. of shares</b> | <b>No. of shares</b> |
|   | <b>'000</b>          | <b>'000</b>          |
| Weighted average number of shares issued, used in calculation of basic earnings per share | 552,794              | 552,794              |

As at 30 June 2014, 32,663,000 (2013: 37,606,000) share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

**14. Net Asset and Tangible Asset Values Per Ordinary Share**

|   | <b>Group</b> | <b>Company</b> |
|---|--------------|----------------|
|   | <b>cents</b> | <b>cents</b>   |
| Net asset value per ordinary share based on issued share capital of the Company as at                         |              |                |
| (a) 30 June 2014  | 21.13        | 19.50          |
| (b) 30 June 2013  | 18.90        | 19.42          |
| Net tangible asset <sup>(1)</sup> value per ordinary share based on issued share capital of the Company as at |              |                |
| (a) 30 June 2014  | 13.95        | 19.50          |
| (b) 30 June 2013  | 12.41        | 19.42          |

<sup>(1)</sup> Net tangible asset is equity attributable to Owners of the Company less intangible assets.

**15. Breakdown of Revenue and Profit After Tax Before Non-Controlling Interests**

| <b>Group</b>   | <b>2014</b>   | <b>2013</b>   | <b>Variance</b> |
|--|---------------|---------------|-----------------|
|  | <b>\$'000</b> | <b>\$'000</b> | <b>%</b>        |
| Revenue reported for first half year   | 74,146        | 65,690        | 13              |
| Operating profit after tax before deducting non-controlling interests for first half year  | 7,604         | 1,616         | 371             |
| Revenue reported for second half year  | 70,328        | 58,542        | 20              |
| Operating profit after tax before deducting non-controlling interests for second half year | 5,182         | 3,337         | 55              |

**16. Dividends**

**16.1 Dividend Paid**

The resolution in respect of the final dividend declared for the financial year ended 30 June 2013 was approved at the Company's Annual General Meeting convened on 18 October 2013. The final tax exempt, one-tier cash dividend of 0.20 cents per ordinary share was paid on 14 November 2013.

The Company declared and paid a tax exempt one-tier interim dividend of 0.18 cents per share on 18 March 2014.

**16.2 Dividend Declared (Proposed)**

|                  | <b>2014</b>                      | <b>2013</b>                      |
|------------------|----------------------------------|----------------------------------|
| Name of dividend | Final<br>(Proposed)              | Final                            |
| Dividend type    | Cash                             | Cash                             |
| Dividend rate    | 0.18 cents per<br>ordinary share | 0.20 cents per<br>ordinary share |
| Tax              | Tax exempt<br>(One-Tier)         | Tax exempt<br>(One-Tier)         |

|                  |                                  |      |
|------------------|----------------------------------|------|
| Name of dividend | Final Special<br>(Proposed)      | N.A. |
| Dividend type    | Cash                             | N.A. |
| Dividend rate    | 0.18 cents per<br>ordinary share | N.A. |
| Tax              | Tax exempt<br>(One-Tier)         | N.A. |

*Date payable*

The final dividend proposed, if approved at the 19<sup>th</sup> Annual General Meeting, will be payable on 13 November 2014.

*Book closure date*

The book closure date is 27 October 2014, after 5.00 pm.

**16.3 Annual Dividend**

|                               | <b>Net Dividend</b> |               |
|-------------------------------|---------------------|---------------|
|                               | <b>2014</b>         | <b>2013</b>   |
|                               | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Ordinary shares</b>        |                     |               |
| Interim dividend              | 996                 | -             |
| Final dividend <sup>(1)</sup> | 1,990               | 1,105         |
|                               | <u>2,986</u>        | <u>1,105</u>  |

<sup>(1)</sup> The final dividend for 2014 and 2013 are estimated based on the number of ordinary shares issued by the Company as at 30 June 2014 and 30 June 2013, respectively. The dividends have not been provided for in the financial statements.

**17. Significant Related Party Transactions**

Significant transactions with related parties are as follows:

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   |
|  | <b>\$'000</b> | <b>\$'000</b> |
| Sales and service income:                      |               |               |
| - joint ventures                               | -             | 89            |
| - associate                                    | 186           | 124           |
| - other affiliate                              | 30            | 452           |
| Interest income from a joint venture           | 5             | -             |
| Purchase from/service fee paid to an associate | (405)         | (383)         |
| Interest expenses paid to:                     |               |               |
| - non-controlling interest of subsidiary       | (91)          | (2)           |

|  | <b>Group</b>  |               |
|--|---------------|---------------|
|  | <b>2014</b>   | <b>2013</b>   |
|  | <b>\$'000</b> | <b>\$'000</b> |
| Rental expenses paid to:                         |               |               |
| - director                                       | (123)         | (121)         |
| - non-controlling interest of subsidiary         | (55)          | (58)          |
| - other affiliate                                | (159)         | (160)         |
| Services rendered by an affiliate <sup>(1)</sup> | (597)         | (1)           |

<sup>(1)</sup> This relates to corporations which a director of the Company had an interest during the financial year.

There was no managerial position in the Company or any of its principal subsidiaries, who is a family member or relative of a director, chief executive officer or substantial shareholder of the Company during the financial year.

#### 18. Interested Person Transactions

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

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

| Name of interested person             | Aggregate value of all interested person transactions during the financial year 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) |
|---------------------------------------|---|---|
|                                       | \$'000  | \$'000  |
| <u>Chan Wai Leong (Director)</u>      |   |   |
| Renovation and reinstatement expenses | 597   | -   |
| Rental expenses                       | 123   | -   |

The total IPT of \$720,000 is approximately 1% of our audited consolidated net tangible assets of FY2013.

#### 19. Commitments

##### **Lease Commitments**

As at 30 June 2014, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

|                                 | <b>Group</b>  |               |
|---------------------------------|---------------|---------------|
|                                 | <b>2014</b>   | <b>2013</b>   |
|                                 | <b>\$'000</b> | <b>\$'000</b> |
| <b>Receivable:</b>              |               |               |
| Within 1 year                   | 2             | 2             |
| After 1 year but within 5 years | -             | 2             |
|                                 | 2             | 4             |
| <b>Payable:</b>                 |               |               |
| Within 1 year                   | 1,666         | 1,581         |
| After 1 year but within 5 years | 1,743         | 1,416         |
|                                 | 3,409         | 2,997         |

##### **Corporate guarantees**

At the reporting date, the Company provided corporate guarantees amounting to \$14,434,000 (2013: \$13,383,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised \$8,868,000 (2013: \$6,480,000).

On 30 June 2014, the Company disposed its 70% interest in a subsidiary, ECPL. Under the sales agreement, ECPL is granted a 3-month period to arrange for the discharge and release of the corporate guarantees by the Company on ECPL and its subsidiary's existing banking facilities. As at the reporting date, the banking facilities utilised amounted to \$2,031,000.

**20. Other information**

**Reportable segments**

| Group   | Distribution & Services solutions |                | Probe Card solutions |                | Eliminations   |                | Consolidated   |                |
|---|-----------------------------------|----------------|----------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2014<br>\$'000                    | 2013<br>\$'000 | 2014<br>\$'000       | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| <b>Revenue and Expense</b>                                |                                   |                |                      |                |                |                |                |                |
| Total revenue from external customers                     | 81,551                            | 89,903         | 62,923               | 34,329         | -              | -              | 144,474        | 124,232        |
| Inter-segment revenue                                     | 326                               | 303            | 20                   | -              | (346)          | (303)          | -              | -              |
|   | <u>81,877</u>                     | <u>90,206</u>  | <u>62,943</u>        | <u>34,329</u>  |                |                | <u>144,474</u> | <u>124,232</u> |
| Segment results   | (1,411)                           | 2,744          | 15,289               | 661            | -              | -              | 13,878         | 3,405          |
| Unallocated corporate results                             |                                   |                |                      |                |                |                | (287)          | 99             |
|   |                                   |                |                      |                |                |                | <u>13,591</u>  | <u>3,504</u>   |
| Share of results of associates and joint ventures         |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 258                               | 423            | 355                  | 97             | -              | -              | 613            | 520            |
| - unallocated corporate & others                          |                                   |                |                      |                |                |                | (232)          | (122)          |
| Profit before finance income/(expenses) and taxation      |                                   |                |                      |                |                |                | 13,972         | 3,902          |
| Finance income  |                                   |                |                      |                |                |                | 248            | 387            |
| Finance expenses  |                                   |                |                      |                |                |                | (364)          | (242)          |
| Income tax (expense)/credit                               |                                   |                |                      |                |                |                | (1,070)        | 906            |
| Non-controlling interests                                 |                                   |                |                      |                |                |                | 727            | (186)          |
| Profit for the year attributable to Owners of the Company |                                   |                |                      |                |                |                | <u>13,513</u>  | <u>4,767</u>   |
| <b>Assets and liabilities</b>                             |                                   |                |                      |                |                |                |                |                |
| Segment assets  | 45,567                            | 64,351         | 73,208               | 44,156         | -              | -              | 118,775        | 108,507        |
| Investments in associates                                 |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 2,657                             | 2,545          | 5,382                | 5,344          | -              | -              | 8,039          | 7,889          |
| Investments in joint ventures                             |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 228                               | 283            | -                    | -              | -              | -              | 228            | 283            |
| - unallocated corporate & others                          |                                   |                |                      |                |                |                | -              | 129            |
| Tax receivables   | 419                               | 144            | 126                  | -              | -              | -              | 545            | 144            |
| Deferred tax assets                                       | 1,656                             | 1,862          | 2,761                | 2,932          | -              | -              | 4,417          | 4,794          |
| Unallocated corporate assets                              |                                   |                |                      |                |                |                | 22,215         | 18,596         |
| Total assets  |                                   |                |                      |                |                |                | <u>154,219</u> | <u>140,342</u> |
| Segment liabilities                                       | 10,268                            | 23,089         | 13,950               | 4,453          | -              | -              | 24,218         | 27,542         |
| Interest-bearing borrowings                               |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 3,591                             | 3,478          | 6,036                | 1,319          | -              | -              | 9,627          | 4,797          |
| Income tax liabilities                                    |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 118                               | 460            | 1,204                | 154            | -              | -              | 1,322          | 614            |
| Unallocated corporate liabilities                         |                                   |                |                      |                |                |                | 1,872          | 992            |
| Total liabilities   |                                   |                |                      |                |                |                | <u>37,039</u>  | <u>33,945</u>  |
| Capital expenditure                                       |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 938                               | 631            | 4,881                | 3,661          | -              | -              | 5,819          | 4,292          |
| - unallocated corporate & others                          |                                   |                |                      |                |                |                | 13             | 1              |
|   |                                   |                |                      |                |                |                | <u>5,832</u>   | <u>4,293</u>   |
| <b>Other items</b>  |                                   |                |                      |                |                |                |                |                |
| Depreciation of property, plant and equipment             |                                   |                |                      |                |                |                |                |                |
| - allocated to reportable segments                        | 479                               | 533            | 1,921                | 1,282          | -              | -              | 2,400          | 1,815          |
| - unallocated corporate & others                          |                                   |                |                      |                |                |                | 3              | 2              |
|   |                                   |                |                      |                |                |                | <u>2,403</u>   | <u>1,817</u>   |

| Group  | Distribution & Services solutions |                | Probe Card solutions |                | Eliminations   |                | Consolidated   |                |
|--|-----------------------------------|----------------|----------------------|----------------|----------------|----------------|----------------|----------------|
|  | 2014<br>\$'000                    | 2013<br>\$'000 | 2014<br>\$'000       | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Amortisation of intangible assets<br>- allocated to reportable segments  | 38                                | 34             | 830                  | 522            | -              | -              | 868            | 556            |
| Gain on disposal of property, plant and equipment<br>- allocated to reportable segments                            | (64)                              | (25)           | (71)                 | (157)          | -              | -              | (135)          | (182)          |
| Allowance //(Reversal of allowance) for inventory obsolescence<br>- allocated to reportable segments               | 272                               | (48)           | (199)                | 110            | -              | -              | 73             | 62             |
| Inventory written off<br>- allocated to reportable segments  | 105                               | 1              | 76                   | 83             | -              | -              | 181            | 84             |
| Allowance //(Reversal of allowance) for doubtful trade and other receivables<br>- allocated to reportable segments | 898                               | -              | (753)                | -              | -              | -              | 145            | -              |
| Bad debts written off<br>- allocated to reportable segments  | 9                                 | 30             | -                    | 38             | -              | -              | 9              | 68             |
| Impairment of property, plant and equipment<br>- allocated to reportable segments                                  | 115                               | -              | -                    | -              | -              | -              | 115            | -              |
| Impairment of goodwill<br>- allocated to reportable segments   | 15                                | -              | -                    | -              | -              | -              | 15             | -              |
| Loss on disposal of subsidiaries   | 83                                | 174            | -                    | -              | -              | -              | 83             | 174            |
| Property, plant and equipment written off<br>- allocated to reportable segments                                    | -                                 | -              | 24                   | -              | -              | -              | 24             | -              |
| Post-acquisition integration and restructuring cost<br>- allocated to reportable segments                          | -                                 | -              | 4,562                | -              | -              | -              | 4,562          | -              |
| Acquisition-related costs<br>- allocated to reportable segments  | -                                 | -              | 1,127                | -              | -              | -              | 1,127          | -              |
| Negative goodwill on business combination<br>- allocated to reportable segments                                    | -                                 | -              | (13,175)             | -              | -              | -              | (13,175)       | -              |

**Geographical segments**

| Group                                 | Singapore      |                | Other Asean Region |                | China and Taiwan |                | USA            |                | Europe         |                | Japan          |                | Other Regions  |                | Consolidated   |                |
|---------------------------------------|----------------|----------------|--------------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                       | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000     | 2013<br>\$'000 | 2014<br>\$'000   | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Total revenue from external customers | 46,655         | 52,062         | 20,175             | 16,571         | 43,356           | 28,920         | 16,526         | 17,066         | 4,603          | 4,488          | 11,171         | 472            | 1,988          | 4,653          | 144,474        | 124,232        |
| Non-current segment assets            | 32,898         | 28,537         | 3,347              | 3,307          | 3,656            | 4,706          | 7,599          | 7,948          | 49             | 20             | 4,258          | -              | 1,106          | 1,230          | 52,913         | 45,748         |
| Investments in associates             | -              | -              | 2,657              | 2,545          | -                | -              | -              | -              | -              | -              | 5,382          | 5,344          | -              | -              | 8,039          | 7,889          |
| Investments in joint ventures         | 164            | 216            | 64                 | 67             | -                | 129            | -              | -              | -              | -              | -              | -              | -              | -              | 228            | 412            |
| Investments in other financial assets | 9,119          | 6,840          | -                  | -              | -                | -              | -              | -              | 285            | 174            | 147            | -              | -              | -              | 9,551          | 7,014          |
| Deferred tax assets                   | -              | -              | -                  | -              | -                | -              | -              | -              | -              | -              | -              | -              | -              | -              | 4,476          | 4,805          |
|                                       | 42,181         | 35,593         | 6,068              | 5,919          | 3,656            | 4,835          | 7,599          | 7,948          | 334            | 194            | 9,787          | 5,344          | 1,106          | 1,230          | 75,207         | 65,868         |
| Capital expenditure                   | 2,138          | 1,207          | 640                | 1,010          | 377              | 1,066          | 382            | 1,005          | 42             | 2              | 2,253          | -              | -              | 3              | 5,832          | 4,293          |

**21. Subsequent event**

In August 2014, IRPL entered into an agreement to dispose its entire 49% interest in an associate, IRC Technologies Limited, for a total cash consideration of Thai Baht 31,000,000 (approximately \$1,210,000). The transaction is expected to complete by 30 September 2014.



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

Financial Statements and Dividend Announcement for  
full year ended

**30 June 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 the year with revenue of \$144.5 million, growth of 16% compared to the previous financial year. Q4 consolidated revenue was an improvement of 22% from \$30.7 million in 4QFY2013 (3 months ended 30 June 2013) to \$37.3 million in 4QFY2014 (3 months ended 30 June 2014).

The growth in revenue was mainly contributed by our Probe Card solutions (PCS) which had 83% increase in revenue. The newly acquired business in PCS and 20% 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 ten-month revenue of \$22.0 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 9% in revenue. Lower revenue from facilities activities was the main cause for the decline in revenue for DSS and in Singapore.

Since the growth in revenue was from PCS that generally has higher gross profit margin than the average margin of the group, gross profit margin of the Group improved by 2% from 25% in FY2013 to 27% in FY2014.

Higher revenue coupled with improved consolidated gross profit margin led to the 26% increase in gross profits to \$38.8 million in FY2014.

### ***Other income***

Other income increased significantly from \$910,000 in FY2013 to \$14.6 million in FY2014. The recording of negative goodwill of \$13.2 million from its acquisition of businesses and dividend income of \$0.4 million from its financial investment were the key reasons for the increase in other income. Details of other income is disclosed in note 10 to the financial statements.

### ***Operating expenses***

Total operating expenses increased by 41% from \$28.1 million to \$39.8 million. Included in other expenses were acquisition cost of \$1.1 million, post-acquisition integration and restructuring costs of \$4.6 million relating to the acquisition of businesses, loss on disposal of investments in subsidiaries of \$0.1 million and certain severance cost of \$0.3 million to streamline its operation structure. Excluding the one-time costs, operating expenses increased by 21%, 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 in FY2014, the Group had a net finance expenses of \$116,000 instead of finance income of \$145,000 a year ago.

### ***Share of results of associates and joint ventures***

The Group recorded profits of \$665,000 from share of results from associates and had share of losses of \$284,000 from its joint ventures for FY2014.

### ***Income taxes***

In FY2014, the Group recorded tax expense of \$1.1 million, mainly for the tax expense in the current financial year.

### ***Net profit attributable to Owners of the Company***

The Group had net profits after taxes and non-controlling interests of \$13.5 million for FY2014, an improvement over FY2013's profits of \$4.8 million. In FY2014, the Group recorded one-time negative goodwill of \$13.2 million as well as post-acquisition integration and restructuring costs of \$4.6 million, acquisition cost of \$1.1 million, loss on disposal of investments in subsidiaries of \$0.1 million and certain severance cost of \$0.3 million to streamline its operation structure. Excluding the one-time income and expenses, the Group had profit of \$6.4 million from its operating activities, an increase of 29% over FY2013's profits.

### **Financial Conditions**

#### ***Non-current assets***

The non-current assets increased by 14% from \$65.9 million to \$75.2 million. Mainly attributing to the business acquisition during the year, property, plant and equipment and intangible assets increased by 93% and 11% 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 30 June 2014. This led to the 85% 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 36% to \$9.6 million. The decrease in the carrying amount of joint ventures was mainly due to the share of the losses from the joint ventures during the year.

#### ***Current assets***

Total current asset as at 30 June 2014 was \$79.0 million, an increase of 6% from \$74.5 million as at 30 June 2013. Resulting primarily from the acquisition of businesses from TCL, inventory increased by 77% to \$12.8 million. The disposal of project based subsidiaries in 4QFY2014 led to the 100% decrease in project-in-progress.

#### ***Current liabilities and non-current liabilities***

Total liabilities as at 30 June 2014 stood at \$37.0 million, a 9% increase from \$33.9 million as at 30 June 2013. The higher interest-bearing borrowings and provisions led to the increase in total liabilities.

#### ***Non-controlling interests***

The decrease in the non-controlling interests was primarily due to the disposal of subsidiaries during the financial year.

### **Liquidity and Capital Reserves**

During the financial year, the Group had

- (a) cash inflow of \$3.7 million for operating activities;
- (b) cash outflow of \$6.4 million for investing activities; and
- (c) cash inflow of \$2.8 million for financing activities.

The positive results in the year led to cash inflow of \$9.9 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 inflow of \$3.7 million in FY2014.

Purchase of property, plant and equipment and intangible assets, payment of acquisition costs incurred and net cash outflow from disposal of subsidiaries, partially offset by the cash inflow from acquisition of businesses and dividend received from other financial asset, led to the net cash outflow of \$6.4 million from investing activities.

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

As at 30 June 2014, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$32.0 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 for the rest of calendar year 2014. Business activities witnessed an upturn in recent months amidst prospects of new device launches into the second half of 2014. We remained vigilant as to the sustainability of the improvement. As pricing pressure, intense competition, lack of product differentiation and availability of alternative solutions continued to weigh on businesses across the industries that the Group operates in, we are progressing with the building of our core competencies, optimizing valuable business leverages across our products and market portfolios and pursuing opportunities to sustain growth and performance into the future.