



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

Third Quarter Financial Statement and Dividend Announcement

Financial period ended

**31 March 2015**

## Statements of Financial Position

		Group			Company		
	Note	31 March 2015 \$'000	30 June 2014 \$'000	Var. %	31 March 2015 \$'000	30 June 2014 \$'000	Var. %
<b>Non-current assets</b>							
Property, plant and equipment	3	12,937	12,707	2	7	10	(30)
Intangible assets	4	41,625	39,711	5	–	–	–
Subsidiaries	5	–	–	–	85,724	86,426	(1)
Associates		5,708	8,039	(29)	4,868	4,868	–
Joint ventures		276	228	21	–	–	–
Financial assets		7,688	9,551	(20)	7,526	9,404	(20)
Trade and other receivables		237	495	(52)	–	–	–
Deferred tax assets		4,273	4,476	(5)	84	59	42
		<u>72,744</u>	<u>75,207</u>	(3)	<u>98,209</u>	<u>100,767</u>	(3)
<b>Current assets</b>							
Inventories		12,728	12,823	(1)	–	–	–
Trade and other receivables		29,780	33,835	(12)	222	698	(68)
Amounts due from related parties		152	338	(55)	2,861	7,532	(62)
Cash and cash equivalents	6	38,621	32,016	21	12,990	12,196	7
		<u>81,281</u>	<u>79,012</u>	3	<u>16,073</u>	<u>20,426</u>	(21)
<b>Total assets</b>		<u>154,025</u>	<u>154,219</u>	–	<u>114,282</u>	<u>121,193</u>	(6)
<b>Equity attributable to Owners of the Company</b>							
Share capital	7	88,773	88,773	–	88,773	88,773	–
Reserves		32,025	28,029	14	15,118	19,011	(20)
		<u>120,798</u>	<u>116,802</u>	3	<u>103,891</u>	<u>107,784</u>	(4)
<b>Non-controlling interests</b>							
		400	378	6	–	–	–
<b>Total equity</b>		<u>121,198</u>	<u>117,180</u>	3	<u>103,891</u>	<u>107,784</u>	(4)
<b>Non-current liabilities</b>							
Interest-bearing borrowings	8	624	651	(4)	–	–	–
Deferred tax liabilities		602	1,041	(42)	–	–	–
		<u>1,226</u>	<u>1,692</u>	(28)	<u>–</u>	<u>–</u>	–
<b>Current liabilities</b>							
Trade and other payables		22,095	23,730	(7)	857	1,352	(37)
Provisions		505	2,056	(75)	–	281	(100)
Amounts due to related parties		117	64	83	9,308	11,536	(19)
Interest-bearing borrowings	8	7,779	8,976	(13)	–	–	–
Current tax payable		1,105	521	112	226	240	(6)
		<u>31,601</u>	<u>35,347</u>	(11)	<u>10,391</u>	<u>13,409</u>	(23)
<b>Total liabilities</b>		<u>32,827</u>	<u>37,039</u>	(11)	<u>10,391</u>	<u>13,409</u>	(23)
<b>Total equity and liabilities</b>		<u>154,025</u>	<u>154,219</u>	–	<u>114,282</u>	<u>121,193</u>	(6)

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

## Consolidated Statement of Comprehensive Income

	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	Var. %	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000	Var. %
<b>Revenue</b>	25,636	33,013	(22)	85,133	107,159	(21)
Cost of revenue	(16,108)	(23,968)	(33)	(54,677)	(80,407)	(32)
<b>Gross profit</b>	9,528	9,045	5	30,456	26,752	14
Other income	593	103	476	1,048	12,172	(91)
Distribution expenses	(3,139)	(3,585)	(12)	(9,849)	(9,556)	3
Administrative expenses	(4,314)	(4,224)	2	(11,993)	(11,919)	1
Research & development expenses	(1,102)	(872)	26	(3,259)	(2,646)	23
Other expenses	67	(84)	(180)	(424)	(6,404)	(93)
<b>Results from operating activities</b>	1,633	383	326	5,979	8,399	(29)
Finance income	16	53	(70)	49	188	(74)
Finance expenses	(59)	(70)	(16)	(187)	(209)	(11)
<b>Net finance expenses</b>	(43)	(17)	153	(138)	(21)	557
Share of results of associates (net of tax)	55	(84)	165	181	368	(51)
Share of results of joint ventures (net of tax)	–	(66)	100	13	(180)	107
<b>Profit before income tax</b>	1,645	216	662	6,035	8,566	(30)
Income tax expenses	(414)	(141)	194	(1,346)	(887)	52
<b>Profit for the period</b>	1,231	75	1,541	4,689	7,679	(39)
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Exchange differences on translation of financial statements of foreign operations	2,721	43	6,228	3,835	(817)	569
Exchange differences on monetary items forming part of net investments in foreign operations	37	(41)	190	236	(47)	602
Exchange difference on liquidation of subsidiaries	(16)	–	nm	(16)	–	nm
Exchange differences on disposal of an associate	–	–	–	248	–	nm
Net change in fair value of available-for-sale financial assets, net of tax	1,214	523	132	(1,878)	1,901	(199)
<b>Other comprehensive income for the period, net of income tax</b>	3,956	525	654	2,425	1,037	134
<b>Total comprehensive income for the period</b>	5,187	600	765	7,114	8,716	(18)
<b>Profit attributable to:</b>						
Owners of the Company	1,235	555	123	4,686	8,080	(42)
Non-controlling interests	(4)	(480)	99	3	(401)	101
<b>Profit for the period</b>	1,231	75	1,541	4,689	7,679	(39)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	5,173	1,082	378	7,092	9,127	(22)
Non-controlling interests	14	(482)	103	22	(411)	105
<b>Total comprehensive income for the period</b>	5,187	600	765	7,114	8,716	(18)
<b>Earnings per share</b>	12					
- Basic (cents)	0.22	0.10	120	0.85	1.46	(42)
- Diluted (cents)	0.22	0.10	120	0.85	1.46	(42)

Nm: Not meaningful

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

## Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>31 December 2013</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 period</b>									
Profit for the period	-	-	-	-	-	7,525	7,525	79	7,604
<b>Other comprehensive income</b>									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(852)	-	(852)	(8)	(860)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(6)	-	(6)	-	(6)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	1,378	-	-	-	1,378	-	1,378
Total other comprehensive income	-	-	1,378	-	(858)	-	520	(8)	512
Total comprehensive income for the period	-	-	1,378	-	(858)	7,525	8,045	71	8,116
<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)	-	(1,105)
Total contributions by and distributions to Owners	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Total transactions with Owners	-	-	-	-	-	(1,105)	(1,105)	-	(1,105)
Balance as at 31 December 2013	88,773	(11,720)	3,081	2,481	(14,083)	42,895	111,427	1,981	113,408

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### Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>31 March 2014</b>									
Balance as at 1 January 2014	88,773	(11,720)	3,081	2,481	(14,083)	42,895	111,427	1,981	113,408
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	555	555	(480)	75
<b>Other comprehensive income</b>									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	45	-	45	(2)	43
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(41)	-	(41)	-	(41)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	523	-	-	-	523	-	523
Total other comprehensive income	-	-	523	-	4	-	527	(2)	525
Total comprehensive income for the period	-	-	523	-	4	555	1,082	(482)	600
<b>Transactions with Owners, recorded directly in equity</b>									
<b>Contributions by and distributions to Owners</b>									
Interim dividend of 0.18 cents per share in respect of 2014	-	-	-	-	-	(996)	(996)	-	(996)
Total contributions by and distributions to Owners	-	-	-	-	-	(996)	(996)	-	(996)
<b>Changes in ownership interests in subsidiaries</b>									
Acquisition of remaining non-controlling interest of a subsidiary	-	-	-	-	-	-	-	10	10
Reclassification of preference shares from liability	-	-	-	-	-	-	-	97	97
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	107	107
Total transactions with Owners	-	-	-	-	-	(996)	(996)	107	(889)
Balance as at 31 March 2014	88,773	(11,720)	3,604	2,481	(14,079)	42,454	111,513	1,606	113,119

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### Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>31 December 2014</b>									
Balance as at 1 July 2014	88,773	(11,651)	4,093	2,481	(14,781)	47,887	116,802	378	117,180
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	3,451	3,451	7	3,458
<b>Other comprehensive income</b>									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	1,113	-	1,113	1	1,114
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	199	-	199	-	199
Exchange differences on disposal of an associate	-	-	-	-	248	-	248	-	248
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(3,092)	-	-	-	(3,092)	-	(3,092)
Total other comprehensive income	-	-	(3,092)	-	1,560	-	(1,532)	1	(1,531)
Total comprehensive income for the period	-	-	(3,092)	-	1,560	3,451	1,919	8	1,927
<b>Transactions with Owners, recorded directly in equity</b>									
<b>Contributions by and distributions to Owners</b>									
Final dividend of 0.18 cents per share in respect of 2014	-	-	-	-	-	(995)	(995)	-	(995)
Special dividend of 0.18 cents per share in respect of 2014	-	-	-	-	-	(995)	(995)	-	(995)
Total contributions by and distributions to Owners	-	-	-	-	-	(1,990)	(1,990)	-	(1,990)
Total transactions with Owners	-	-	-	-	-	(1,990)	(1,990)	-	(1,990)
Balance as at 31 December 2014	88,773	(11,651)	1,001	2,481	(13,221)	49,348	116,731	386	117,117

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**Consolidated Statement of Changes in Equity**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>31 March 2015</b>									
Balance as at 1 January 2015	88,773	(11,651)	1,001	2,481	(13,221)	49,348	116,731	386	117,117
<b>Total comprehensive income for the period</b>									
Profit for the period	–	–	–	–	–	1,235	1,235	(4)	1,231
<b>Other comprehensive income</b>									
<i>Items that may be reclassified subsequently to profit or loss</i>									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	2,703	–	2,703	18	2,721
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	37	–	37	–	37
Exchange difference arising from liquidation of subsidiaries	–	–	–	–	(16)	–	(16)	–	(16)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	1,214	–	–	–	1,214	–	1,214
Total other comprehensive income	–	–	1,214	–	2,724	–	3,938	18	3,956
Total comprehensive income for the period	–	–	1,214	–	2,724	1,235	5,173	14	5,187
<b>Transactions with Owners, recorded directly in equity</b>									
<b>Contributions by and distributions to Owners</b>									
Interim dividend of 0.20 cents per share in respect of 2015	–	–	–	–	–	(1,106)	(1,106)	–	(1,106)
Total contributions by and distributions to Owners	–	–	–	–	–	(1,106)	(1,106)	–	(1,106)
Total transactions with Owners	–	–	–	–	–	(1,106)	(1,106)	–	(1,106)
Balance as at 31 March 2015	88,773	(11,651)	2,215	2,481	(10,497)	49,477	120,798	400	121,198

## Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b>31 March 2014</b>					
Balance as at 1 July 2013	88,773	1,703	2,481	14,379	107,336
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	333	333
<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	–	1,378	–	–	1,378
Total other comprehensive income	–	1,378	–	–	1,378
Total comprehensive income for the period	–	1,378	–	333	1,711
<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)
Total contributions by and distributions to Owners	–	–	–	(1,105)	(1,105)
Total transactions with Owners	–	–	–	(1,105)	(1,105)
Balance as at 31 December 2013	88,773	3,081	2,481	13,607	107,942
Balance as at 1 January 2014	88,773	3,081	2,481	13,607	107,942
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	40	40
<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	–	523	–	–	523
Total other comprehensive income	–	523	–	–	523
Total comprehensive income for the period	–	523	–	40	563
<b>Transactions with Owners, recorded directly in equity</b>					
<b>Contributions by and distributions to Owners</b>					
Interim dividend of 0.18 cents per share in respect 2014	–	–	–	(996)	(996)
Total contributions by and distributions to Owners	–	–	–	(996)	(996)
Total transactions with Owners	–	–	–	(996)	(996)
Balance as at 31 March 2014	88,773	3,604	2,481	12,651	107,509

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**Statement  
Changes in Equity**

**of**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Share-based compensation reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
<b>31 March 2015</b>					
Balance as at 1 July 2014	88,773	4,093	2,481	12,437	107,784
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	397	397
<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	–	(3,092)	–	–	(3,092)
Total other comprehensive income	–	(3,092)	–	–	(3,092)
Total comprehensive income for the period	–	(3,092)	–	397	(2,695)
<b>Transactions with Owners, recorded directly in equity</b>					
<b>Contributions by and distributions to Owners</b>					
Final dividend of 0.18 cents per share in respect of 2014	–	–	–	(995)	(995)
Special dividend of 0.18 cents per share in respect of 2014	–	–	–	(995)	(995)
Total contributions by and distributions to Owners	–	–	–	(1,990)	(1,990)
Total transactions with Owners	–	–	–	(1,990)	(1,990)
Balance as at 31 December 2014	88,773	1,001	2,481	10,844	103,099
Balance as at 1 January 2015	88,773	1,001	2,481	10,844	103,099
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	684	684
<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	–	1,214	–	–	1,214
Total other comprehensive income	–	1,214	–	–	1,214
Total comprehensive income for the period	–	1,214	–	684	1,898
<b>Transactions with Owners, recorded directly in equity</b>					
<b>Contributions by and distributions to Owners</b>					
Interim dividend of 0.20 cents per share in respect of 2014	–	–	–	(1,106)	(1,106)
Total contributions by and distributions to Owners	–	–	–	(1,106)	(1,106)
Total transactions with Owners	–	–	–	(1,106)	(1,106)
Balance as at 31 March 2015	88,773	2,215	2,481	10,422	103,891

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

## Consolidated Cash Flow Statement

Group	Note	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
<b>Operating Activities</b>					
Profit for the period		1,231	75	4,689	7,679
Adjustments for:					
Allowance/(Reversal of allowance) for:					
- inventory obsolescence		113	(99)	131	(20)
- doubtful debts from trade and other receivables		-	16	(10)	(753)
Depreciation of property, plant and equipment		723	622	2,039	1,780
Interest income		(16)	(53)	(49)	(188)
Interest expense		59	70	187	209
Bad debts written off		-	1	-	8
Inventories written off		50	40	79	105
Property, plant and equipment written off		-	-	22	10
Gain on disposal of property, plant and equipment		(1)	-	(218)	(30)
Amortisation of intangible assets		186	166	549	495
Loss on disposal of an associate		-	-	343	-
Gain on liquidation of subsidiaries		(16)	-	(16)	-
Acquisition-related costs		-	-	-	1,083
Post-acquisition integration and restructuring costs		-	-	-	5,214
Reversal of retrenchment cost		(151)	-	(203)	-
Dividend income from other financial asset		-	-	-	(175)
Negative goodwill on business combination		-	-	-	(11,489)
Impairment of goodwill		-	15	-	15
Share of results of associates and joint ventures (net of tax)		(55)	150	(194)	(188)
Income tax expense		414	141	1,346	887
Operating profit before working capital changes		2,537	1,144	8,695	4,642
Changes in working capital:					
Inventories		(913)	(812)	827	(2,107)
Project-in-progress		-	3,912	-	35
Amounts due from related parties (trade)		-	(32)	87	104
Amounts due to related parties (trade)		2	24	52	(422)
Trade and other receivables		3,177	(4,460)	5,546	(1,667)
Trade and other payables		185	(611)	(2,859)	(234)
Post-acquisition integration and restructuring & retrenchment costs paid		(533)	(548)	(1,339)	(1,780)
Release of pledged deposits with financial institutions		90	87	1,417	640
Cash generated from/(used in) operations		4,545	(1,296)	12,426	(789)
Interest received		16	53	49	188
Interest paid		(59)	(70)	(187)	(209)
Income tax paid		(66)	(255)	(735)	(509)
<b>Cash flows generated from/(used in) operating activities</b>		<b>4,436</b>	<b>(1,568)</b>	<b>11,553</b>	<b>(1,319)</b>
<b>Investing Activities</b>					
Purchase of property, plant and equipment <sup>(1)</sup>		(789)	(1,068)	(2,006)	(3,792)
Purchase of intangible assets		(26)	(55)	(89)	(73)
Proceeds from disposal of property, plant and equipment		-	-	248	138
Proceeds from disposal of an associate		-	-	1,209	-
Dividend received from associates		-	-	906	-
Dividend received from other financial asset		-	-	-	175
Amounts due from related parties (non-trade)		7	(51)	99	117
Net cash inflow from acquisition of businesses <sup>(2)</sup>		-	-	-	1,876
Acquisition-related costs paid		-	-	-	(970)
Acquisition of remaining non-controlling interest of a subsidiary		-	(5)	-	(5)
<b>Cash flows (used in)/generated from investing activities</b>		<b>(808)</b>	<b>(1,179)</b>	<b>367</b>	<b>(2,534)</b>

Note	1 January	1 January	1 July	1 July
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**Ellipsiz Ltd and its Subsidiaries**  
Third quarter results ended  
31 March 2015

	2015 to 31 March 2015 \$'000	2014 to 31 March 2014 \$'000	2014 to 31 March 2015 \$'000	2013 to 31 March 2014 \$'000
<b>Financing Activities</b>				
Drawdown of bank loans	1,426	2,217	8,320	14,104
Repayment of bank loans	(3,015)	(3,218)	(10,231)	(11,122)
Repayment of finance lease creditors	(18)	(24)	(73)	(79)
Amounts due to related parties (non-trade)	–	–	1	(28)
Dividend paid	(1,106)	(996)	(3,096)	(2,101)
<b>Cash flow (used in)/generated from financing activities</b>	<b>(2,713)</b>	<b>(2,021)</b>	<b>(5,079)</b>	<b>774</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>915</b>	<b>(4,768)</b>	<b>6,841</b>	<b>(3,079)</b>
Cash and cash equivalents at beginning of period	36,855	32,270	30,377	30,744
Effect of exchange rate changes on balances in foreign currencies	629	(36)	1,181	(199)
<b>Cash and cash equivalents at end of period</b>	<b>38,399</b>	<b>27,466</b>	<b>38,399</b>	<b>27,466</b>

**Significant non-cash transactions**

- (1) Property, plant and equipment amounting to \$Nil (31 March 2014: \$200,000) were acquired through hire purchase arrangement and finance lease.
- (2) The fair value of identifiable assets acquired and liabilities assumed and effect of business acquisition were determined and disclosed below:

<b>Group</b>	<b>1 July 2013 to 31 March 2014 \$'000</b>
Property, plant and equipment	4,939
Intangible assets	1,541
Finance assets	152
Inventories	3,711
Trade and other receivables	5,415
Tax recoverable	44
Cash and cash equivalents	5,528
Trade and other payables	(4,837)
Interest-bearing borrowings	(967)
Deferred tax liabilities	(385)
Net identifiable assets and liabilities acquired	15,141
Negative goodwill on business combination	(11,489)
Consideration satisfied in cash	3,652
Cash acquired from business combination	(5,528)
Net cash inflow	(1,876)

## Notes to the Financial Statements

These notes form an integral part of the financial statements.

The announcement was authorised for issue by the directors on 4 May 2015.

### 1. Basis of Preparation

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

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

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

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

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

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

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

### 3. Property, Plant and Equipment

Group	Freehold land and building \$'000	Leasehold land and building \$'000	Leasehold improvement \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
<b>31 March 2015</b>										
<b>Cost</b>										
At 1 July 2014	2,968	1,975	3,495	566	1,167	3,797	158	31,287	2	45,415
Additions	9	40	199	3	17	283	193	1,228	34	2,006
Disposals/Write off	–	–	(71)	(15)	(17)	(103)	(8)	(1,138)	–	(1,352)
Translation difference on consolidation	(295)	202	179	17	(22)	309	13	2,841	2	3,246
At 31 March 2015	2,682	2,217	3,802	571	1,145	4,286	356	34,218	38	49,315
<b>Accumulated depreciation and impairment losses</b>										
At 1 July 2014	63	378	2,614	376	576	3,234	122	25,345	–	32,708
Depreciation charge for the period	60	39	258	49	99	249	19	1,266	–	2,039
Disposals/Write off	–	–	(54)	(4)	(8)	(101)	(8)	(1,125)	–	(1,300)
Translation difference on consolidation	(5)	41	170	13	–	265	10	2,437	–	2,931
At 31 March 2015	118	458	2,988	434	667	3,647	143	27,923	–	36,378
<b>Carrying amount</b>										
At 1 July 2014	2,905	1,597	881	190	591	563	36	5,942	2	12,707
At 31 March 2015	2,564	1,759	814	137	478	639	213	6,295	38	12,937

Furniture and                      Office                      Computers                      Total

<b>Company</b>	<b>fittings \$'000</b>	<b>equipment \$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 March 2015</b>				
<b>Cost</b>				
At 1 July 2014 and 31 March 2015	9	7	21	37
<b>Accumulated depreciation</b>				
At 1 July 2014	9	7	11	27
Depreciation charge for the period	–	–	3	3
At 31 March 2015	9	7	14	30
<b>Carrying amount</b>				
At 1 July 2014	–	–	10	10
At 31 March 2015	–	–	7	7

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,562,000 (30 June 2014: \$1,451,000) and \$667,000 (30 June 2014: \$696,000) respectively, have been pledged to banks as securities for certain bank loans (note 8).

The carrying amount of property, plant and equipment includes amounts totalling \$64,000 (30 June 2014: \$59,000) for the Group in respect of assets acquired under finance leases (note 8).

#### 4. Intangible Assets

<b>Group</b>	<b>Computer software \$'000</b>	<b>Technology licence \$'000</b>	<b>Intellectual property \$'000</b>	<b>Development expenditure \$'000</b>	<b>Goodwill \$'000</b>	<b>Total \$'000</b>
<b>31 March 2015</b>						
<b>Cost</b>						
At 1 July 2014	719	1,941	9,665	5,133	27,248	44,706
Additions	47	–	42	–	–	89
Translation difference on consolidation	25	194	978	518	1,088	2,803
At 31 March 2015	791	2,135	10,685	5,651	28,336	47,598
<b>Accumulated amortisation and impairment losses</b>						
At 1 July 2014	583	834	2,358	476	744	4,995
Amortisation for the period	50	78	411	10	–	549
Translation difference on consolidation	25	89	266	49	–	429
At 31 March 2015	658	1,001	3,035	535	744	5,973
<b>Carrying amount</b>						
At 1 July 2014	136	1,107	7,307	4,657	26,504	39,711
At 31 March 2015	133	1,134	7,650	5,116	27,592	41,625

<b>Company</b>	<b>Computer software \$'000</b>
<b>31 March 2015</b>	
<b>Cost</b>	
At 1 July 2014 and 31 March 2015	11
<b>Accumulated amortisation</b>	
At 1 July 2014 and 31 March 2015	11
<b>Carrying amount</b>	
At 1 July 2014 and 31 March 2015	–

#### 5. Subsidiaries

During the last financial year, iNETest Resources HK Limited ("IRHK"), an inactive subsidiary in Hong Kong, submitted an application for the striking off under the applicable local laws. On 18 February 2015, IRHK was dissolved by deregistration.

The Company's subsidiaries, Ellipsiz Ventues Pte Ltd and Ellipsiz Semilab Holdings Pte Ltd, were dissolved on 2 March 2015 and ceased to be subsidiaries of the Group.

## 6. Cash and Cash Equivalents

Note	Group		Company	
	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000
Cash at banks and in hand	31,605	28,328	8,984	10,196
Deposits with financial institutions	7,016	3,688	4,006	2,000
	<u>38,621</u>	<u>32,016</u>	<u>12,990</u>	<u>12,196</u>
Deposits held as securities by financial institutions	8 (222)	(1,639)		
Cash and cash equivalents in the consolidated cash flow statement	<u>38,399</u>	<u>30,377</u>		

## 7. Share Capital

	Group and Company 31 March 2015		Group and Company 30 June 2014	
	No. of share '000	Share capital \$'000	No. of share '000	Share capital \$'000
<b>Fully paid ordinary shares, with no par value:</b>				
Ordinary shares				
At 1 July 2014 and 1 July 2013	552,794	88,773	552,794	88,773
At 31 March 2015 and 30 June 2014	<u>552,794</u>	<u>88,773</u>	<u>552,794</u>	<u>88,773</u>

The Group had not acquired any treasury shares for the financial period ended 31 March 2015. There were no treasury shares held by the Group as at 30 June 2014 and 31 March 2015.

### Options

During the financial period, a group of options totaling 18,900,000 options and with a grant date of 26 October 2009, lapsed. As at 31 March 2015, 13,413,000 (31 March 2014: 37,606,000) options were outstanding. The remaining 13,413,000 outstanding options were granted on 25 August 2010 and have an exercise price and expiry date of \$0.14 per share and 24 August 2015 respectively.

## 8. Interest-Bearing Borrowings

**Interest-bearing borrowings consist of the following:**

	Group	
	31 March 2015 \$'000	30 June 2014 \$'000
<b>Non-current liabilities</b>		
Secured bank loans	211	331
Unsecured bank loans	395	273
Obligations under hire purchase agreements and finance leases	18	47
	<u>624</u>	<u>651</u>
<b>Current liabilities</b>		
Secured bank loans	190	177
Unsecured bank loans <sup>(1)</sup>	7,544	8,718
Obligations under hire purchase agreements and finance leases	45	81
	<u>7,779</u>	<u>8,976</u>

<sup>(1)</sup> One of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loans as at 31 March 2015 and 30 June 2014. The breach involves one term loan (30 June 2014: two term loans) and the outstanding amount of the loan as at 31 March 2015 was JPY15,380,000 approximately \$177,000 (30 June 2014: JPY40,360,000 or \$497,000). The bank will not demand for the immediate settlement of the outstanding borrowing, provided the subsidiary continues to service the loan instalments. The Group and the subsidiary have the funds to fulfil the obligations if the bank requires immediate repayment of the loans.

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

	Group	
	31 March 2015 \$'000	30 June 2014 \$'000
	Within 1 year	7,734
After 1 year but within 5 years	606	604
	8,340	9,499

The borrowings are secured on the following assets:

	Note	Group	
		31 March 2015 \$'000	30 June 2014 \$'000
		Leasehold land and building	3
Plant and equipment	3	667	696
Deposits with financial institutions	6	222	1,639
Total carrying amount		2,451	3,786

**Obligations under finance leases**

Group	31 March 2015			30 June 2014		
	Principal \$'000	Interest \$'000	Total \$'000	Principal \$'000	Interest \$'000	Total \$'000
Repayable within 1 year	45	4	49	81	5	86
Repayable after 1 year but within 5 years	13	3	16	41	3	44
Repayable after 5 years	5	*	5	6	*	6
	63	7	70	128	8	136

\* Less than \$1,000

**9. Results from Operating Activities**

Group	Note	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
				\$'000	\$'000
<b>Other income</b>					
Rental income		–	5	15	5
Gain on disposal of property, plant and equipment		1	–	218	30
Gain on liquidation of subsidiaries		16	–	16	–
Negative goodwill on business combination		–	–	–	11,489
Dividend income from financial asset		–	–	–	175
Reversal of provision for retrenchment cost		151	–	203	–
Sundry income		46	170	120	473
Exchange gain/(loss), net		379	(72)	476	–
		593	103	1,048	12,172
<b>Other expenses</b>					
Reversal of allowance for doubtful debts from trade and other receivables		–	16	(10)	(753)
Allowance/(Reversal of allowance) for inventory obsolescence		113	(99)	131	(20)
Depreciation of property, plant and equipment	3	723	622	2,039	1,780
Amortisation of intangible assets	4	186	166	549	495
Bad debts written off		–	1	–	8
Inventories written off		50	40	79	105
Property, plant and equipment written off		–	–	22	10
Acquisition-related costs		–	–	–	1,083
Post-acquisition integration and restructuring costs		–	–	–	5,214
Loss on disposal of an associate		–	–	343	–

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

The loss on disposal of an associate arises from the disposal of the wholly-owned subsidiary's (iNETest Resources Pte Ltd) 49% interest in IRC Technologies Ltd (an associate incorporated in Thailand) in August 2014, for a total consideration of Thai baht 31,000,000 (equivalent \$1,209,000).

**10. Net Finance Expenses**

Group	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
<b>Finance income</b>				
Interest income from:				
- financial institutions	8	(17)	16	18
- joint venture	2	3	6	3
- third parties	6	22	27	87
Interest income arising from the unwinding of discount implicit in the interest-free third parties receivables	-	45	-	80
	<u>16</u>	<u>53</u>	<u>49</u>	<u>188</u>
<b>Finance expenses</b>				
Interest expenses to:				
- finance leases	(3)	(4)	(8)	(14)
- financial institutions	(56)	(66)	(179)	(195)
	<u>(59)</u>	<u>(70)</u>	<u>(187)</u>	<u>(209)</u>
Net finance expenses	<u>(43)</u>	<u>(17)</u>	<u>(138)</u>	<u>(21)</u>

**11. Income Tax Expense**

Group	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
<b>Current tax</b>				
- Current year	360	135	1,360	691
- withholding tax	9	30	282	83
- under/(over) provision in prior year	1	(9)	7	(17)
	<u>370</u>	<u>156</u>	<u>1,649</u>	<u>757</u>
<b>Deferred tax</b>				
- origination and reversal of temporary differences	44	15	(283)	(15)
- (over)/under provision in prior year	-	(30)	(20)	145
	<u>44</u>	<u>(15)</u>	<u>(303)</u>	<u>130</u>
Total income tax expenses	<u>414</u>	<u>141</u>	<u>1,346</u>	<u>887</u>

**12. Earnings Per Share**

Group	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
Basic earnings per share is based on: Profit for the period attributable to Owners of the Company	<u>1,235</u>	<u>555</u>	<u>4,686</u>	<u>8,080</u>

1 January 2015 to	1 January 2014 to	1 July 2014 to	1 July 2013 to
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	31 March 2015 No. of shares '000	31 March 2014 No. of shares '000	31 March 2015 No. of shares '000	31 March 2014 No. of shares '000
Weighted average number of: - shares outstanding during the period	552,794	552,794	552,794	552,794

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

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

Group	1 January 2015 to 31 March 2015 No. of shares '000	1 January 2014 to 31 March 2014 No. of shares '000	1 July 2014 to 31 March 2015 No. of shares '000	1 July 2013 to 31 March 2014 No. of shares '000
Weighted average number of share issued, used in the calculation of diluted earnings per share	552,794	552,794	552,794	552,794

As at 31 March 2015, 13,413,000 (31 March 2014: 37,606,000) options were excluded from the diluted weighted average number of ordinary shares calculations as their effect would have been anti-dilutive.

### 13. Net Asset Value Per Share

	Group cents	Company cents
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 31 March 2015	21.85	18.79
(b) 30 June 2014	21.13	19.50

### 14. Dividends

There were no dividend declared or recommended for the current financial period (1 January 2015 to 31 March 2015) reported on or the correspondence period of the immediately preceding financial year.

### 15. Significant Related Party Transactions

Significant transactions with related parties are as follows:

Group	1 January 2015 to 31 March 2015 \$'000	1 January 2014 to 31 March 2014 \$'000	1 July 2014 to 31 March 2015 \$'000	1 July 2013 to 31 March 2014 \$'000
Sales to:				
- a joint venture	-	-	65	-
- an associate	-	9	7	15
- other affiliates	-	-	-	30
Service income receivable from an associate	-	80	-	80
Service rendered/Purchases from:				
- a joint venture	-	-	(72)	(74)
- an associate	-	(84)	-	(418)
Property, plant and equipment purchased from affiliate <sup>(1)</sup>	-	(395)	-	(395)
Rental expenses paid to:				
- non-controlling interest of an subsidiary	-	(16)	-	(49)
- a director	(32)	(30)	(92)	(92)
- other affiliate	-	(40)	-	(120)

<sup>(1)</sup> This relates to a corporation which a director of the Company had an interest during the period

**16. Interested Person Transactions**

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

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

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Chan Wai Leong (Director)	\$'000	\$'000
Rental expenses	92	-

The total IPT of \$92,000 is less than 1% of our audited consolidated net tangible assets of FY2014.

**17. Commitments**

**Lease Commitments**

As at 31 March 2015, commitments of the Group for minimum lease receivables and payments under non-cancellable operating leases are as follows:

	<b>Group</b>	
	<b>31 March 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Receivable:</b>		
Within 1 year	1	2
<b>Payable:</b>		
Within 1 year	1,772	1,666
After 1 year but within 5 years	1,183	1,743
After 5 years	5	-
	2,960	3,409
 <b>Capital Commitments</b>		
Capital commitments contracted but not provided for	99	902

**Corporate guarantees**

As at 31 March 2015, the Company provided corporate guarantees amounting to \$19,951,000 (30 June 2014: \$14,434,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised \$8,450,000 (30 June 2014: \$8,868,000).

**18. Other information**

**Reportable segments**

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and Expense</b>								
Total revenue from external customers	35,203	63,806	49,930	43,353	–	–	85,133	107,159
Inter-segment revenue	435	187	–	–	(435)	(187)	–	–
	<u>35,638</u>	<u>63,993</u>	<u>49,930</u>	<u>43,353</u>			<u>85,133</u>	<u>107,159</u>
Segment results	1,198	757	4,786	7,275	–	–	5,984	8,032
Unallocated corporate results							(5)	367
							<u>5,979</u>	<u>8,399</u>
Share of results of associates and joint ventures								
- allocated to reportable segments	182	194	12	174	–	–	194	368
- unallocated corporate & others							–	(180)
Profit before finance income/(expenses) and taxation							6,173	8,587
Finance income							49	188
Finance expenses							(187)	(209)
Income tax expense							(1,346)	(887)
Non-controlling interests							(3)	401
Profit for the period attributable to Owners of the Company							<u>4,686</u>	<u>8,080</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 March 2015	30 June 2014	31 March 2015	30 June 2014	31 March 2015	30 June 2014	31 March 2015	30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets and liabilities</b>								
Segment assets	44,273	45,567	78,512	73,208	–	–	122,785	118,775
Investments in associates - allocated to reportable segments	678	2,657	5,030	5,382	–	–	5,708	8,039
Investments in joint ventures - allocated to reportable segments	276	228	–	–	–	–	276	228
Tax receivables	417	419	5	126	–	–	422	545
Deferred tax assets	1,305	1,656	2,884	2,761	–	–	4,189	4,417
Unallocated corporate assets							20,645	22,215
Total assets							<u>154,025</u>	<u>154,219</u>
Segment liabilities	10,321	10,268	11,540	13,950	–	–	21,861	24,218
Interest-bearing borrowings	370	3,591	8,033	6,036	–	–	8,403	9,627
Income tax liabilities	69	118	1,412	1,204	–	–	1,481	1,322
Unallocated corporate liabilities							1,082	1,872
Total liabilities							<u>32,827</u>	<u>37,039</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure - allocated to reportable segments	191	844	1,904	3,209	–	–	2,095	4,053
- unallocated corporate expenses							–	12
							<u>2,095</u>	<u>4,065</u>

**Distribution & Services      Probe Card      Eliminations      Consolidated**

**Ellipsiz Ltd and its Subsidiaries**  
 Third quarter results ended  
 31 March 2015

Group	solutions		solutions		31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000				
Depreciation of property, plant and equipment								
- allocated to reportable segments	248	360	1,788	1,418	-	-	2,036	1,778
- unallocated corporate expenses							3	2
							<u>2,039</u>	<u>1,780</u>
Amortisation of intangible assets								
- allocated to reportable segments	19	30	530	465	-	-	549	495
Gain on disposal of property, plant and equipment								
- allocated to reportable segments	(5)	(2)	(213)	(28)	-	-	(218)	(30)
(Reversal of allowance)/Allowance for inventory obsolescence								
- allocated to reportable segments	(17)	24	148	(44)	-	-	131	(20)
Inventories written off								
- allocated to reportable segments	74	41	5	64	-	-	79	105
Reversal of allowance for doubtful trade and other receivables								
- allocated to reportable segments	-	-	(10)	(753)	-	-	(10)	(753)
Bad debts written off								
- allocated to reportable segments	-	8	-	-	-	-	-	8
Loss on disposal of an associate								
- allocated to reportable segments	343	-	-	-	-	-	343	-
Property, plant and equipment written off								
- allocated to reportable segments	22	-	-	10	-	-	22	10
Reversal of retrenchment cost								
- allocated to reportable segments	(203)	-	-	-	-	-	(203)	-
Post-acquisition integration and restructuring cost								
- allocated to reportable segments	-	-	-	5,214	-	-	-	5,214
Acquisition-related costs								
- allocated to reportable segments	-	-	-	1,083	-	-	-	1,083
Negative goodwill on business combination								
- allocated to reportable segments	-	-	-	(11,489)	-	-	-	(11,489)

**Geographical segments**

Group	Singapore		Other Asean Region		China and Taiwan		USA		Europe		Japan		Other Regions		Consolidated	
	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000	31 March 2015 \$'000	30 June 2014 \$'000
Total revenue from external customers	18,110	38,303	10,421	14,081	30,677	30,418	11,959	11,920	3,485	3,358	10,306	7,411	175	1,668	85,133	107,159
Non-current segment assets	40,901	32,898	5,111	3,347	2,912	3,656	1,088	7,599	23	49	3,629	4,258	1,135	1,106	54,799	52,913
Investments in associates	–	–	678	2,657	–	–	–	–	–	–	5,030	5,382	–	–	5,708	8,039
Investments in joint ventures	200	164	76	64	–	–	–	–	–	–	–	–	–	–	276	228
Investments in other financial assets	7,366	9,119	–	–	–	–	–	–	160	285	162	147	–	–	7,688	9,551
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,273	4,476
	48,467	42,181	5,865	6,068	2,912	3,656	1,088	7,599	183	334	8,821	9,787	1,135	1,106	72,744	75,207
Capital expenditure	190	924	1,171	549	440	202	183	226	–	42	111	2,122	–	–	2,095	4,065

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

We, Chan Wai Leong and Jeffrey Staszak, being Chief Executive Officer and Non-Executive and Lead Independent Director of Ellipsiz Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the interim financial statements of the Company and of the Group for the 3<sup>rd</sup> quarter results ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors



*Chan Wai leong  
Chief Executive Officer*



*Jeffrey Staszak  
Non-Executive and Lead Independent Director*

Singapore  
4 May 2015



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

Third Quarter Financial Statements and Dividend Announcement

Financial period ended

**31 March 2015**

*Commentary and Review*

- (A) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**
  - (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on; and**
  - (iii) any factors leading to material changes in contributions to turnover and earnings by the business or geographical segments.**

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

## **Results of Operations**

### ***Revenue and gross profits***

The Group had revenue of \$25.6 million for the three months ended 31 March 2015 (3QFY2015) and year-to-date (9MFY2015) revenue of \$85.1 million, declines of 22% and 21% respectively from corresponding periods of last financial year.

Revenue from Distribution & Services (DSS) dropped by 45% and this was the main reason for the lower revenue at Group level. Loss of revenue in FY2015 resulting from the divestments of facilities and communication activities in 4QFY2014 was the main contributing factor to the decrease.

A major part of the decline in revenue of DSS was replaced by the improved revenue from PCS. Flowing from the strong PCS revenue in last financial year, particularly with added revenue from acquired businesses since August 2013, PCS had a 15% growth in 9MFY2015.

The improved revenue from PCS had also led to higher revenue in Japan. However, the decline in revenue of DSS brought 53% and 26% decreases in revenue generated out of Singapore and other Asean region, respectively.

Despite the decrease in revenue, gross profit in 3QFY2015 increased by 5% from \$9.0 million to \$9.5 million while gross profit for 9MFY2015 improved by 14% from \$26.8 million to \$30.5 million. The change in revenue mix brought a 10% improvement in gross profit margin for 3QFY2015 and 11% improvement for 9MFY2015 when compared with corresponding periods of last financial year. Gross profit margin for 3QFY2015 was 37% and 9MFY2015 average margin was at 36%. Generally PCS has a higher gross profit margin than that generated by DSS. Therefore the replacement of revenue lost in DSS with improved PCS revenue led to the better margin.

### ***Other income***

Other income decreased significantly from \$12.2 million in 9MFY2014 to \$1.0 million in 9MFY2015. In the last financial year, the Group recorded a one-time negative goodwill of \$11.5 million from its acquisition of businesses and dividend income of \$0.2 million from financial assets. The negative variance from the non-recurrence of the one-time income was negated by the recording of exchange gain in 9MFY2015. Details of other income is disclosed in note 9 to the financial statements.

### ***Operating expenses***

Total operating expenses decreased by 16% from \$30.5 million to \$25.5 million. Included in other expenses in 9MFY2015 was loss of \$0.3 million on disposal of investment of an associate while in 9MFY2014, the Group recorded a one-time acquisition cost of \$1.1 million and post-acquisition integration and restructuring costs of \$5.2 million relating to the acquisition of businesses. Excluding the one-time costs, operating expenses increased by 4%, mainly due to the additional expenses incurred by the operations since 30 August 2013.



### ***Net finance expenses***

Due to the lower finance income in 9MFY2015, the net finance expenses increased from \$21,000 in 9MFY2014 to \$138,000 in 9MFY2015.

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

The Group recorded profits of \$181,000 and \$13,000 from share of results from its associates and joint ventures, respectively, for 9MFY2015.

### ***Income taxes***

In 9MFY2015, the Group recorded tax expense of \$1.3 million, mainly for the tax expense in 9MFY2015 and an adjustment for the net movement in deferred taxes.

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

The Group had net profits after taxes and non-controlling interests of \$4.7 million for 9MFY2015 as compared to 9MFY2014's profits of \$8.1 million. In 9MFY2014, the Group recorded a one-time negative goodwill of \$11.5 million as well as post-acquisition integration and restructuring costs of \$5.2 million and acquisition cost of \$1.1 million while in 9MFY2015, the Group had a one-time loss on disposal of investment in an associate of \$0.3 million. Excluding the one-time income and expenses, the Group had profits of \$5.0 million from its operating activities in 9MFY2015, an increase of 74% over 9MFY2014's operating profits of \$2.9 million.

## **Financial Conditions**

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

The non-current assets decreased by 3% from \$75.2 million to \$72.7 million. The disposal of an associate and the translation movement in the associate led to the 29% decline in investments in associates. The movement in the market price of a quoted investment was the main cause for the decrease in carrying amount of financial assets by 20%. Reclassification of certain non-current trade receivables to current trade receivables resulted in 52% decrease in the receivables.

### ***Current assets***

Total current assets as at 31 March 2015 was \$81.3 million, an increase of 3% from \$79.0 million as at 30 June 2014. The 21% increase in cash and cash equivalents resulting from positive cash flows from operating activities and recovery of its investment in an associate through dividend collected and sales proceeds, which was partially offset by the net collection of receivables, were the main reasons for the increase in current assets.

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

Total liabilities as at 31 March 2015 stood at \$32.8 million, a decrease of 11% from \$37.0 million as at 30 June 2014. The lower trade and other payables, the lower provisions resulting from utilisation of the provisions during the quarters and the 42% decrease in deferred tax liabilities, partially offset by higher tax provisions as at 31 March 2015, led to the net decrease in total liabilities.

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

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

## **Liquidity and Capital Reserves**

The net cash inflow of the Group for nine months ended 31 March 2015 was \$6.8 million. This can be accounted by:

- (a) cash inflow of \$11.5 million for operating activities;
- (b) cash inflow of \$0.4 million for investing activities; partially offset by
- (c) cash outflow of \$5.1 million for financing activities.

The positive results in the quarter coupled with the net positive cash movement in working capital, led to the cash inflow from operating activities of \$11.5 million in 9MFY2015.

Recovery of its investment of an associate through the collection of dividend of \$0.9 million and proceeds from disposal, partially offset by the capital expenditure of \$2.1 million during 9MFY2015, led to the net cash inflow of \$0.4 million from its investing activities.

Dividend payment totalling \$3.1 million in 9MFY2015, coupled with the net repayment of interest-bearing borrowings led to the cash outflow for the financing activities of the Group.

As at 31 March 2015, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$38.6 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 cautious over our business and financial prospects for the fourth quarter of FY2015. Capacity utilisation rates at wafer foundries are expected to be slightly lower for the June quarter as most IC design houses are conservative about prospects on weaker than expected global demand for devices, and have reduced their wafer orders. As a result of loosening capacity utilisation at foundry houses, pricing pressure is expected to intensify as second-tier IC suppliers might adopt more aggressive price strategies to ramp up market shares in the second quarter of 2015. Despite the volatile development at the macroeconomic front, the slight slowdown in semiconductor activities for the quarter as well as M&As (merger and acquisition) activities across the semiconductor industry over the past year, we remain committed to the pursuit of building and optimising our core strengths and resources to sustain growth and performances for all of our stakeholders.