



Ellipsiz Ltd
(Co. Reg. No. 199408329R)
and its subsidiaries

Financial Statements and Dividend Announcement
For the third quarter and nine months ended 31 March 2019

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The following definitions apply throughout this announcement:

- * 3Q – Third quarter from 1 January to 31 March of the respective financial years.
- * 9M – Nine months from 1 July to 31 March of the respective financial years.
- * FY – Financial year ended or ending 30 June, as the case may be.
- * NM – Not meaningful.

1(a) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Note	Group			Group		
		3QFY2019 \$'000	3QFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %	9MFY2019 \$'000	9MFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %
<u>Continuing operations</u>							
Revenue		11,081	12,493	(11)	39,822	34,368	16
Cost of revenue		(8,456)	(9,872)	(14)	(29,380)	(26,467)	11
Gross Profit		2,625	2,621	<1	10,442	7,901	32
Other income	1(a)-1	107	29	269	191	69	177
Distribution expenses		(959)	(956)	<1	(3,286)	(2,773)	18
Administrative expenses	1(a)-2	(1,483)	(1,668)	(11)	(5,060)	(8,574)	(41)
Other expenses	1(a)-3	(109)	(1,513)	(93)	(74)	(3,836)	(98)
Results from operating activities		181	(1,487)	NM	2,213	(7,213)	NM
Finance income	1(a)-4	234	152	54	652	191	241
Share of results of an associate (net of tax)		-	3	(100)	-	86	(100)
Share of results of joint ventures (net of tax)		(752)	-	NM	(1,877)	-	NM
(Loss)/Profit before tax		(337)	(1,332)	(75)	988	(6,936)	NM
Tax expense		(138)	(147)	(6)	(722)	(208)	247
(Loss)/Profit from continuing operations		(475)	(1,479)	(68)	266	(7,144)	NM
<u>Discontinued operations</u>							
(Loss)/ Profit from discontinued operations (net of tax)	1(a)-5	-	(16)	(100)	-	21,641	(100)
(Loss)/Profit for the period		(475)	(1,495)	(68)	266	14,497	(98)
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Exchange differences arising from:							
- liquidation of subsidiaries		(77)	-	NM	(90)	-	NM
- disposal of subsidiaries		-	-	-	-	1,278	(100)
- monetary items forming part of net investments in foreign operations		-	-	-	-	(98)	(100)
- translation of financial statements of foreign operations		(77)	78	NM	(339)	(1,028)	(67)
Net change in fair value of available-for-sale financial assets		-	5,788	(100)	-	7,002	(100)
Tax effect		-	-	-	-	-	-
		(154)	5,866	NM	(429)	7,154	NM
<i>Items that will not be reclassified subsequently to profit or loss</i>							
Net change in fair value of financial assets at fair value through other comprehensive income							
		773	-	NM	(1,852)	-	NM
Tax effect		-	-	-	-	-	-
Other comprehensive income for the period, net of tax		619	5,866	(89)	(2,281)	7,154	NM
Total comprehensive income for the period		144	4,371	(97)	(2,015)	21,651	NM

(1) Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

Consolidated Statement of Comprehensive Income (Cont'd)

	Group			Group		
	3QFY2019 \$'000	3QFY2018 \$'000 Restated ⁽¹⁾	+ /(-) %	9MFY2019 \$'000	9MFY2018 \$'000 Restated ⁽¹⁾	+ /(-) %
(Loss)/Profit attributable to:						
Owners of the Company						
- Continuing operations	(478)	(1,473)	(68)	257	(7,136)	NM
- Discontinued operations	-	(16)	(100)	-	21,641	(100)
	(478)	(1,489)	(68)	257	14,505	(98)
Non-controlling interests - continuing operations	3	(6)	NM	9	(8)	NM
(Loss)/Profit for the period	(475)	(1,495)	(68)	266	14,497	(98)
Total comprehensive income attributable to:						
Owners of the Company						
- Continuing operations	150	4,393	(97)	(2,006)	(1,251)	60
- Discontinued operations	-	(16)	(100)	-	22,919	(100)
	150	4,377	(97)	(2,006)	21,668	NM
Non-controlling interests - continuing operations	(6)	(6)	-	(9)	(17)	(47)
Total comprehensive income for the period	144	4,371	(97)	(2,015)	21,651	NM

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

Notes to the Consolidated Statement of Comprehensive Income

1(a)-1 Other income

	Group		Group	
	3QFY2019	3QFY2018	9MFY2019	9MFY2018
	\$'000	\$'000	\$'000	\$'000
Dividend income from financial assets	13	-	78	14
Gain on liquidation of subsidiaries	77	-	90	-
Gain on disposal of property, plant and equipment	-	1	-	18
Sundry income	17	28	23	37
	<u>107</u>	<u>29</u>	<u>191</u>	<u>69</u>

1(a)-2 Administrative expenses in 9MFY2018 included a provision for ex-gratia benefits of \$4,100,000 for the former Chief Executive Officer and former Chief Financial Officer upon their retirement on 31 January 2018.

1(a)-3 Other expenses in 3QFY2019 and 9MFY2019 comprised mainly net foreign exchange loss.

Other expenses in 3QFY2018 and 9MFY2018 comprised mainly net foreign exchange loss which arose from USD-denominated consideration received from the sale of the Disposal Group (see note 1(a)-5).

1(a)-4 Finance income

	Group		Group	
	3QFY2019	3QFY2018	9MFY2019	9MFY2018
	\$'000	\$'000	\$'000	\$'000
Interest income from:				
- financial institutions	224	152	642	191
- joint venture	10	-	10	-
	<u>234</u>	<u>152</u>	<u>652</u>	<u>191</u>

1(a)-5 Discontinued operations

On 21 August 2017, the Company entered into a conditional Sale and Purchase Agreement with Nidec-Read Corporation, a company incorporated in Japan, for the disposal by the Company of 29,300,000 ordinary shares, representing 100% of the entire issued and paid-up capital of its wholly-owned subsidiary, SV Probe Pte. Ltd. ("SV Probe") (such transaction the "Disposal") and certain of SV Probe's subsidiaries (collectively the "Disposal Group").

The Disposal was completed on 31 October 2017. The initial consideration was determined to be approximately US\$69.5 million (approximately \$94.9 million, based on an US\$/S\$ exchange rate of 1.366 as at 30 October 2017, source: The Business Times).

Effect of disposal on the financial position of the Group

	Group
	9MFY2018
	\$'000
Property, plant and equipment	9,930
Intangible assets	13,265
Other investment	221
Deferred tax assets	2,542
Inventories	5,699
Trade and other receivables	22,808
Cash and cash equivalents	14,104
Trade and other payables	(10,888)
Provisions	(382)
Interest-bearing borrowings	(753)
Current tax payable	(795)
Deferred tax liabilities	(474)
Goodwill on consolidation disposed	<u>12,119</u>
Net carrying amount of assets disposed	67,396
Translation reserve reclassified to profit or loss	1,278
Gain on disposal	<u>22,050</u>
Net consideration ^(a)	90,724
Less:	
Consideration held in an escrow account ^(b)	(13,946)
Accrued final adjustment	<u>(549)</u>
Consideration received, satisfied in cash	76,229
Cash and cash equivalents disposed of	<u>(14,104)</u>
Net cash inflow	<u>62,125</u>

Notes to the Consolidated Statement of Comprehensive Income (Cont'd)

1(a)-5 Discontinued operations (Cont'd)

	Group 9MFY2018 \$'000
(a) Net consideration comprised:	
Initial consideration	94,920
Accrued final adjustment ^(c)	549
Final consideration	95,469
Introduction fee	(4,745)
	<u>90,724</u>
(b) 85% of the initial consideration was paid to the Company in cash with the remaining 15% held in an escrow account, of which 5% was released to the Company in October 2018 and the balance 10% will be released to the Company in October 2019.	
(c) Accrued final adjustment was estimated to be US\$402,000 (approximately \$549,000). The final adjustment was subsequently agreed at US\$540,024 (approximately \$738,000) and was paid to the Company in cash in June 2018.	

The financial results of the Disposal Group and the gain on sale of Disposal Group, net of related expenses, were presented as discontinued operations in the Consolidated Statement of Comprehensive Income.

	3QFY2018 \$'000 Restated⁽¹⁾	9MFY2018 \$'000 Restated⁽¹⁾
Revenue	-	23,812
Cost of revenue	-	(13,495)
	-	10,317
Expenses	-	(7,155)
Results from operations from discontinued operations	-	3,162
Net finance expense	-	(18)
Operating profit before tax from discontinued operations	-	3,144
Tax expense	-	(567)
Operating profit from discontinued operations, net of tax	-	2,577
Gain on sale of Disposal Group	-	22,050
Expenses attributable to sale of Disposal Group	(16)	(2,986)
	(16)	19,064
(Loss)/Profit from discontinued operations, net of tax	(16)	21,641

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Note	Group		Company	
		31.03.2019 \$'000	30.06.2018 \$'000	31.03.2019 \$'000	30.06.2018 \$'000
Non-current assets					
Property, plant and equipment		1,341	792	17	17
Intangible asset and goodwill	1(b)-1	15,416	15,415	-	-
Subsidiaries		-	-	27,777	31,375
Joint ventures	1(b)-2	8,093	9,920	-	-
Financial assets	1(b)-3	10,067	8,581	10,062	8,577
Other receivables	1(b)-4	-	9,506	-	9,506
Amounts due from related parties	1(b)-5	2,000	-	12,000	10,000
Deferred tax assets		93	297	-	-
		<u>37,010</u>	<u>44,511</u>	<u>49,856</u>	<u>59,475</u>
Current assets					
Inventories		3,138	2,713	-	-
Trade and other receivables	1(b)-6	19,873	16,105	9,501	4,815
Amounts due from related parties		373	-	127	6
Financial assets	1(b)-3	-	2,335	-	2,335
Cash and cash equivalents		68,763	73,244	51,507	56,627
		<u>92,147</u>	<u>94,397</u>	<u>61,135</u>	<u>63,783</u>
Total assets		<u>129,157</u>	<u>138,908</u>	<u>110,991</u>	<u>123,258</u>
Equity attributable to Owners of the Company					
Share capital		89,566	89,566	89,566	89,566
Reserves ⁽¹⁾		(6,173)	(3,910)	5,683	7,535
Retained earnings ⁽¹⁾		33,470	39,062	13,475	19,674
		<u>116,863</u>	<u>124,718</u>	<u>108,724</u>	<u>116,775</u>
Non-controlling interests		395	404	-	-
Total equity		<u>117,258</u>	<u>125,122</u>	<u>108,724</u>	<u>116,775</u>
Non-current liability					
Provisions		113	113	-	-
		<u>113</u>	<u>113</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables		10,973	13,183	1,094	1,718
Provisions		205	197	-	-
Amounts due to related parties		72	73	1,173	4,765
Current tax payable		536	220	-	-
		<u>11,786</u>	<u>13,673</u>	<u>2,267</u>	<u>6,483</u>
Total liabilities		<u>11,899</u>	<u>13,786</u>	<u>2,267</u>	<u>6,483</u>
Total equity and liabilities		<u>129,157</u>	<u>138,908</u>	<u>110,991</u>	<u>123,258</u>

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

Notes to the Statements of Financial Position

- 1(b)-1 Balance comprised mainly goodwill of the Distribution and Services Solutions segment.
- 1(b)-2 Balance as at 31 March 2019 comprised the Group's investments in (i) Kalms Investment Pte Ltd and its subsidiaries ("Kalms"); and (ii) Adell Solutions Pte Ltd. The investment in Kalms included a goodwill of \$5.3 million. Balance as at 30 June 2018 was in respect of the Group's investment in Kalms.
- 1(b)-3 Balance comprised the Group's investments in quoted securities.
- 1(b)-4 Balance as at 30 June 2018 comprised the remaining 10% of the initial consideration in relation to the sale of the Disposal Group held in an escrow account which will be released to the Company in October 2019. This balance was reclassified and reflected in trade and other receivables under current assets as at 31 March 2019.
- 1(b)-5 Balance of \$2 million as at 31 March 2019 pertained to an interest-bearing loan extended to Kalms (Singapore) Pte Ltd.
- 1(b)-6 The increase was mainly due to the reclassification mentioned in note 1(b)-4 above, which was partially offset by the release of the first 5% of the initial consideration in relation to the sale of the Disposal Group from the escrow account to the Company in October 2018.

1(b)(ii) Aggregate amount of the Group's borrowings and debts securities.

The Group had no borrowings or debts securities as at 31 March 2019 and 30 June 2018.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Note	3QFY2019 \$'000	3QFY2018 \$'000 Restated ⁽¹⁾	9MFY2019 \$'000	9MFY2018 \$'000 Restated ⁽¹⁾
Cash Flows from Operating Activities					
(Loss)/Profit for the period		(475)	(1,495)	266	14,497
Adjustments for:					
(Reversal of allowance)/Allowance for:					
- doubtful debts from trade receivables		-	(25)	-	(25)
- inventory obsolescence		-	-	-	126
- joint venture		-	64	-	64
Amortisation of intangible assets		1	2	3	371
Depreciation of property, plant and equipment		109	59	226	835
Dividend income from financial assets		(13)	-	(78)	(14)
Net fair value changes of financial assets		(46)	-	-	-
Gain on disposal of property, plant and equipment		-	(1)	-	(14)
Gain on disposal of subsidiaries		-	-	-	(22,050)
Gain on liquidation of subsidiaries		(77)	-	(90)	-
Interest income		(234)	(153)	(652)	(198)
Interest expenses		-	-	-	24
Inventories written off		2	-	2	-
Property, plant and equipment written off		-	-	1	-
Provision for ex-gratia benefits		-	-	-	4,100
Share of results of an associate and joint ventures (net of tax)		752	(3)	1,877	(86)
Tax expense		138	147	722	775
Operating profit/(loss) before working capital changes		157	(1,405)	2,277	(1,595)
Changes in:					
Inventories		747	(604)	(441)	(2,215)
Trade and other receivables		2,197	(2,072)	914	(1,879)
Trade and other payables		(1,948)	(2,618)	(2,126)	(1,042)
Cash generated from/(used in) operations		1,153	(6,699)	624	(6,731)
Interest received		228	128	634	173
Interest paid		-	-	-	(24)
Tax paid		(5)	63	(196)	(2,013)
Net cash from/(used in) operating activities	1(c)-1	1,376	(6,508)	1,062	(8,595)
Cash Flows from Investing Activities					
Dividends received from financial assets		13	-	70	14
Investment in a joint venture		(50)	-	(50)	-
Loan to a joint venture		(2,000)	-	(2,000)	-
Advance to a joint venture		(363)	-	(363)	-
Net cash inflow on disposal of subsidiaries	1(c)-2	-	-	4,742	62,125
Purchase of intangible assets		-	-	(3)	(115)
Purchase of property, plant and equipment		(759)	(277)	(795)	(795)
Purchase of financial assets		-	-	(994)	-
Proceeds from disposal of property, plant and equipment		-	-	-	108
Net cash (used in)/from investing activities	1(c)-1	(3,159)	(277)	607	61,337
Cash Flows from Financing Activities					
Dividends paid		(836)	(16,713)	(5,849)	(27,576)
Proceeds from bank loans		-	-	-	471
Repayment of bank loans		-	-	-	(851)
Repayment of finance lease creditors		-	-	-	(5)
Net cash used in financing activities	1(c)-1	(836)	(16,713)	(5,849)	(27,961)
Net (decrease)/increase in cash and cash equivalents		(2,619)	(23,498)	(4,180)	24,781
Cash and cash equivalents at beginning of period		71,480	101,530	73,244	53,762
Effect of exchange rate fluctuations on cash held		(98)	298	(301)	(213)
Cash and cash equivalents at end of period		68,763	78,330	68,763	78,330

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

Notes to the Consolidated Statement of Cash Flows

1(c)-1 The following cash flows from discontinued operations were included in the 9MFY2018 restated consolidated statement of cash flows:

	9MFY2018 \$'000 Restated⁽¹⁾
Net cash from operating activities	3,798
Net cash used in investing activities	(447)
Net cash used in financing activities	<u>(403)</u>
	<u>2,948</u>

1(c)-2 Please refer to note 1(a)-5 Discontinued Operations on pages 3 and 4 for net cash inflow received from the sale of the Disposal Group.

The amount for 9MFY2019 was 5% of the initial consideration from the sale of the Disposal Group released from escrow account in October 2018.

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity
For the third quarter and nine months ended 31 March 2019

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1 January 2019	89,566	(11,648)	2,620	2,290	(63)	34,784	117,549	401	117,950
Total comprehensive income									
Loss for the period	-	-	-	-	-	(478)	(478)	3	(475)
Other comprehensive income	-	-	773	-	(145)	-	628	(9)	619
Total comprehensive income for the period	-	-	773	-	(145)	(478)	150	(6)	144
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Interim dividend of 0.50 cent per share in respect of 2019	-	-	-	-	-	(836)	(836)	-	(836)
Total transactions with Owners	-	-	-	-	-	(836)	(836)	-	(836)
Balance as at 31 March 2019	89,566	(11,648)	3,393	2,290	(208)	33,470	116,863	395	117,258
Balance as at 1 July 2018	89,566	(11,648)	5,245	2,290	(1,196)	40,461	124,718	404	125,122
Effects on adoption of SFRS(I) 1									
Adjustment to foreign currency translation reserve	-	-	-	-	1,399	(1,399)	-	-	-
Balance as at 1 July 2018, restated	89,566	(11,648)	5,245	2,290	203	39,062	124,718	404	125,122
Total comprehensive income									
Profit for the period	-	-	-	-	-	257	257	9	266
Other comprehensive income	-	-	(1,852)	-	(411)	-	(2,263)	(18)	(2,281)
Total comprehensive income for the period	-	-	(1,852)	-	(411)	257	(2,006)	(9)	(2,015)
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 2.00 cents per share in respect of 2018	-	-	-	-	-	(3,342)	(3,342)	-	(3,342)
Final special dividend of 1.00 cent per share in respect of 2018	-	-	-	-	-	(1,671)	(1,671)	-	(1,671)
Interim dividend of 0.50 cent per share in respect of 2019	-	-	-	-	-	(836)	(836)	-	(836)
Total transactions with Owners	-	-	-	-	-	(5,849)	(5,849)	-	(5,849)
Balance as at 31 March 2019	89,566	(11,648)	3,393	2,290	(208)	33,470	116,863	395	117,258

**Consolidated Statement of Changes in Equity
For the third quarter and nine months ended 31 March 2018**

Group (Restated)	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1 January 2018, restated	89,566	(11,648)	2,834	2,290	83	54,787	137,912	402	138,314
Total comprehensive income									
Loss for the period, restated	-	-	-	-	-	(1,489)	(1,489)	(6)	(1,495)
Other comprehensive income	-	-	5,788	-	78	-	5,866	-	5,866
Total comprehensive income for the period	-	-	5,788	-	78	(1,489)	4,377	(6)	4,371
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Interim dividend of 2.00 cents per share in respect of 2018	-	-	-	-	-	(3,342)	(3,342)	-	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	-	-	-	-	-	(13,371)	(13,371)	-	(13,371)
Total transactions with Owners	-	-	-	-	-	(16,713)	(16,713)	-	(16,713)
Balance as at 31 March 2018, restated	89,566	(11,648)	8,622	2,290	161	36,585	125,576	396	125,972
Balance as at 1 July 2017	89,566	(11,648)	1,620	2,290	(9,313)	58,969	131,484	413	131,897
Effects on adoption of SFRS(I) 1									
Adjustment to foreign currency translation reserve	-	-	-	-	9,313	(9,313)	-	-	-
Balance as at 1 July 2017, restated	89,566	(11,648)	1,620	2,290	-	49,656	131,484	413	131,897
Total comprehensive income									
Profit for the period, restated	-	-	-	-	-	14,505	14,505	(8)	14,497
Other comprehensive income	-	-	7,002	-	161	-	7,163	(9)	7,154
Total comprehensive income for the period	-	-	7,002	-	161	14,505	21,668	(17)	21,651
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 2.00 cents per share in respect of 2017	-	-	-	-	-	(3,342)	(3,342)	-	(3,342)
Final special dividend of 4.50 cents per share in respect of 2017	-	-	-	-	-	(7,521)	(7,521)	-	(7,521)
Interim dividend of 2.00 cents per share in respect of 2018	-	-	-	-	-	(3,342)	(3,342)	-	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	-	-	-	-	-	(13,371)	(13,371)	-	(13,371)
Total transactions with Owners	-	-	-	-	-	(27,576)	(27,576)	-	(27,576)
Balance as at 31 March 2018, restated	89,566	(11,648)	8,622	2,290	161	36,585	125,576	396	125,972

Statement of Changes in Equity
For the third quarter and nine months ended 31 March 2019

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2019	89,566	2,620	2,290	13,748	108,224
Total comprehensive income					
Profit for the period	-	-	-	563	563
Other comprehensive income	-	773	-	-	773
Total comprehensive income for the period	-	773	-	563	1,336
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Interim dividend of 0.50 cent per share in respect of 2019	-	-	-	(836)	(836)
Total transactions with Owners	-	-	-	(836)	(836)
Balance as at 31 March 2019	89,566	3,393	2,290	13,475	108,724
Balance as at 1 July 2018	89,566	5,245	2,290	19,674	116,775
Total comprehensive income					
Loss for the period	-	-	-	(350)	(350)
Other comprehensive income	-	(1,852)	-	-	(1,852)
Total comprehensive income for the period	-	(1,852)	-	(350)	(2,202)
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 2.00 cents per share in respect of 2018	-	-	-	(3,342)	(3,342)
Final special dividend of 1.00 cent per share in respect of 2018	-	-	-	(1,671)	(1,671)
Interim dividend of 0.50 cent per share in respect of 2019	-	-	-	(836)	(836)
Total transactions with Owners	-	-	-	(5,849)	(5,849)
Balance as at 31 March 2019	89,566	3,393	2,290	13,475	108,724

Statement of Changes in Equity
For the third quarter and nine months ended 31 March 2018

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2018	89,566	2,834	2,290	37,450	132,140
Total comprehensive income					
Loss for the period	-	-	-	(1,875)	(1,875)
Other comprehensive income	-	5,788	-	-	5,788
Total comprehensive income for the period	-	5,788	-	(1,875)	3,913
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Interim dividend of 2.00 cents per share in respect of 2018	-	-	-	(3,342)	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	-	-	-	(13,371)	(13,371)
Total transactions with Owners	-	-	-	(16,713)	(16,713)
Balance as at 31 March 2018	89,566	8,622	2,290	18,862	119,340
Balance as at 1 July 2017	89,566	1,620	2,290	11,656	105,132
Total comprehensive income					
Profit for the period	-	-	-	34,782	34,782
Other comprehensive income	-	7,002	-	-	7,002
Total comprehensive income for the period	-	7,002	-	34,782	41,784
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 2.00 cents per share in respect of 2017	-	-	-	(3,342)	(3,342)
Final special dividend of 4.50 cents per share in respect of 2017	-	-	-	(7,521)	(7,521)
Interim dividend of 2.00 cents per share in respect of 2018	-	-	-	(3,342)	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	-	-	-	(13,371)	(13,371)
Total transactions with Owners	-	-	-	(27,576)	(27,576)
Balance as at 31 March 2018	89,566	8,622	2,290	18,862	119,340

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital since the end of the previous period reported on up to the end of the current financial period.

There were no outstanding convertibles, shares held as treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31.03.2019	30.06.2018
Total number of ordinary shares excluding treasury shares	167,128,185	167,128,185

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures in this announcement have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of its financial statements for the current reporting period as those of the audited financial statements for the year ended 30 June 2018.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

As required by the listing rules of the Singapore Exchange, the Group has applied Singapore Financial Reporting Standards (International) ("SFRS(I)") with effect from 1 July 2018. The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I) issued by the Accounting Standards Council.

The Group has prepared its financial information in accordance with SFRS(I) for the third quarter and nine months ended 31 March 2019 and the comparative information for the corresponding periods of the immediately preceding financial year. The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 30 June 2018, except for the adoption of the following new/revised SFRS(I) from 1 July 2018:

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments

(a) Application of SFRS(I) 1

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative translation reserve for all foreign operations to nil at the date of transition, and had reclassified the cumulative translation reserve of \$9,313,000 as at 1 July 2017 to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gain/(loss) on disposal of subsidiaries for the third quarter and nine months ended 31 March 2018 was restated. As at 1 July 2018, cumulative translation losses of \$1,399,000 was reclassified from translation reserve to retained earnings.

(b) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 July 2018. In accordance with the requirements of SFRS(I), the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

(c) Adoption of SFRS(I) 9

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments and impairment of financial assets.

i. Classification and measurement

The Group elected to present in other comprehensive income ("OCI") the changes in fair value of quoted securities held by the Group and the Company previously classified as available-for-sale financial assets and financial assets at fair value through profit or loss. The changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of these quoted securities.

ii. Impairment of financial assets

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9 instead of incurred loss model used previously.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate the comparative information for the effect of adopting SFRS(I) 9.

There is no significant impact on the financial statements arising from the adoption of SFRS(I) 15 and SFRS(I) 9.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	3QFY2019	3QFY2018 Restated ⁽¹⁾	9MFY2019	9MFY2018 Restated ⁽¹⁾
(Loss)/Earnings per share (basic and diluted) (cents)	(0.29)	(0.89)	0.15	8.68
(Loss)/Earnings per share - Continuing operations (basic and diluted) (cents)	(0.29)	(0.88)	0.15	(4.27)
Weight average number of shares	167,128,185	167,128,185	167,128,185	167,128,185

Diluted earnings per share was the same as basic earnings per share as there were no potentially dilutive ordinary shares for both the current and corresponding financial periods.

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 13 and 14.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.03.2019	30.06.2018	31.03.2019	30.06.2018
Net asset value per ordinary share (cents)	69.92	74.62	65.05	69.87
Number of share in issue at end of the financial period	167,128,185	167,128,185	167,128,185	167,128,185

Net asset is defined as total equity less non-controlling interests.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Performance review

3QFY2019 vs 3QFY2018

Group revenue from continuing operations in 3QFY2019 was \$11.1 million, a decline of 11% compared to 3QFY2018. The decrease in revenue was mainly due to lower equipment sales. Despite the decrease in revenue, gross profit in 3QFY2019 of \$2.6 million was comparable to 3QFY2018 mainly because gross profit margin had improved from 21% in 3QFY2018 to 24% in 3QFY2019 due to a change in sales mix.

Other income was higher at \$0.1 million with the gain on liquidation of subsidiaries and dividend income from financial assets.

In 3QFY2019, Group distribution and administrative expenses of \$2.4 million were \$0.2 million lower than 3QFY2018 mainly due to lower professional fees and consultancy expenses.

Other expenses in 3QFY2019 was significantly lower than 3QFY2018 because of the net foreign exchange loss, which arose primarily from the USD-denominated consideration received from the sale of the Disposal Group, recorded in 3QFY2018.

Higher finance income in 3QFY2019 was mainly due to interest earned from cash proceeds received from the sale of the Disposal Group placed with financial institutions.

The Group's share of loss of joint ventures was substantially in respect of the investment in Kalms.

Excluding the share of loss of joint ventures of \$0.8 million, the Group's core business, Distribution and Services Solutions ("DSS"), reported a net gain of \$0.3 million in 3QFY2019 compared to a net loss of \$0.2 million in 3QFY2018 (after excluding approximately \$1.3 million of foreign exchange loss in relation to the USD-denominated consideration received from the sale of the Disposal Group).

Group net loss, including the results of discontinued operations, were \$0.5 million and \$1.5 million in 3QFY2019 and 3QFY2018 respectively.

9MFY2019 vs 9MFY2018

The increase in Group revenue in 9MFY2019 of \$39.8 million by 16% over 9MFY2018; and the higher gross profit margin for 9MFY2019 of 26% compared to 23% for 9MFY2018 were mainly due to better equipment sales and higher commission income. As a result, Group gross profit increased by 32% from \$7.9 million in 9MFY2018 to \$10.4 million in 9MFY2019.

Higher other income in 9MFY2019 compared to the corresponding period last year was mainly due to higher dividend income from financial assets and the gain on liquidation of subsidiaries.

The decrease in Group distribution and administrative expenses from \$11.3 million in 9MFY2018 to \$8.3 million in 9MFY2019 was attributable mainly to the provision, in the preceding financial year, of a one-time ex-gratia benefits of \$4.1 million for the former Chief Executive Officer and former Chief Financial Officer upon their retirement on 31 January 2018. Excluding the ex-gratia benefits, Group distribution and administrative expenses had increased from \$7.2 million in 9MFY2018 to \$8.3 million in 9MFY2019 due to higher staff and staff-related expenses and higher consultancy expenses.

Other expenses of \$3.8 million recorded in 9MFY2018 comprised mainly net foreign exchange loss which arose primarily from the USD-denominated consideration received from the sale of the Disposal Group.

Higher finance income in 9MFY2019 compared to the corresponding period last year was mainly due to interest earned from cash proceeds received from the sale of the Disposal Group placed with financial institutions.

The Group's share of loss of joint ventures was substantially in respect of the investment in Kalms.

Excluding the share of loss of joint ventures of \$1.9 million, the Group's DSS business recorded a profit of \$2.1 million which was significantly higher than \$0.3 million in 9MFY2018 (after excluding the one-time ex-gratia benefits and \$3.3 million of foreign exchange loss in relation to the USD-denominated consideration received from the sale of the Disposal Group).

Group profit after tax including discontinued operations of \$0.3 million in 9MFY2019 was substantially lower than 9MFY2018 of \$14.5 million due to the absence of four months contributions from the Disposal Group and a one-off gain from the sale of the Disposal Group recorded in 9MFY2018.

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

The actual results is in line with the profit guidance released by the Company on 30 April 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

According to a recent study by Grand View Research published in March 2019, the global electronic contract manufacturing and design services market is expected to reach US\$ 658 billion by 2025, registering a CAGR of 7.9% from 2019 to 2025 owing to the rising need for resource optimisation and growing developments in manufacturing technology. Asia Pacific accounted for over 40% share of the overall revenue in 2018 and is expected to dominate the market over the forecast period owing to high availability of raw materials and low-cost labour in the region.

Global semiconductor fab equipment spending is expected to decline 14% (US\$ 53 billion) in 2019 but stage a strong recovery of 27% (US\$ 67 billion) to set a new record in 2020, according to the Q1 2019 World Fab Forecast report issued by SEMI. Memory accounted for an annual share of about 55 percent of all equipment for the past 2 years, and is expected to drop to as low as 45 percent in 2019 and to rebound to 55 percent in 2020.

The volatility in the global macro-environment due to various factors including the US-China Trade War continues to pose uncertainties in the electronic sector in the short to mid-term.

According to a report issued by ABI Research in Q3 2018, smart vending is emerging as an additional retail channel offering unique benefits versus traditional brick and mortar retail and e-commerce. Intelligent vending machines equipped with advanced customer and operational analytical capabilities offer immediate convenience to the customer while generating additional revenue streams to operators. The deployment of smart vending technologies will surge in the Asia-Pacific, driven by rapid adoption in China, Japan, and South Korea. According to the research, Asia-Pacific will be home to over 4.5 million smart vending machines by 2023.

Kalms is constantly reviewing its strategies as it taps into the rapid growing smart vending market in this region. At its execution phase, Kalms has been unprofitable and the loss is expected to continue in the near term. With the share of results in this joint venture, the Group is expected to be in a loss position for the financial year ending 30 June 2019. The Group is cognizant of the impact of Kalms' performance on its results and is monitoring its progress closely.

The Group will continue to look for appropriate opportunities to expand its distribution platform and remain prudent in conducting its businesses.

11. Dividend.

(a) Current Financial Period Reported On.

No dividend has been declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year.

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable.

Not applicable.

(d) Book closure date.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 3QFY2019. The Company had declared an interim dividend of 0.50 cent per ordinary share in the previous period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

14. Confirmation by Board pursuant to Rule 705(5) of the Listing Manual.

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the interim financial statements for the third quarter ended 31 March 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors

Chng Hee Kok
Chairman

Kelvin Lum Wen-Sum
Chief Executive Officer

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

By order of the Board
KELVIN LUM WEN-SUM
Chief Executive Officer
8 May 2019