



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

Financial Statements and Dividend Announcement
For the second quarter and half year ended 31 December 2018

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

The following definitions apply throughout this announcement:

- * 2Q – Second quarter from 1 October to 31 December of the respective financial years.
- * 1H – First half year from 1 July to 31 December 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		
		2QFY2019 \$'000	2QFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %	1HFY2019 \$'000	1HFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %
Continuing operations							
Revenue		17,321	10,495	65	28,741	21,875	31
Cost of revenue		(12,742)	(7,874)	62	(20,924)	(16,595)	26
Gross Profit		4,579	2,621	75	7,817	5,280	48
Other income	1(a)-1	65	24	171	165	40	>300
Distribution expenses		(1,115)	(1,027)	9	(2,327)	(1,817)	28
Administrative expenses	1(a)-2	(1,914)	(5,606)	(66)	(3,577)	(6,906)	(48)
Other expenses	1(a)-3	(118)	(1,997)	(94)	(46)	(2,323)	(98)
Results from operating activities		1,497	(5,985)	NM	2,032	(5,726)	NM
Finance income	1(a)-4	198	17	>300	418	39	>300
Share of results of an associate (net of tax)		-	52	(100)	-	83	(100)
Share of results of a joint venture (net of tax)		(691)	-	NM	(1,125)	-	NM
Profit/(Loss) before tax		1,004	(5,916)	NM	1,325	(5,604)	NM
Tax (expense)/credit		(361)	85	NM	(584)	(61)	>300
Profit/(loss) from continuing operations		643	(5,831)	NM	741	(5,665)	NM
Discontinued operations							
Profit from discontinued operations (net of tax)	1(a)-5	-	19,526	(100)	-	21,657	(100)
Profit for the period		643	13,695	(95)	741	15,992	(95)
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Exchange differences arising from:							
- liquidation of a subsidiary		-	-	-	(13)	-	NM
- disposal of subsidiaries		-	1,278	(100)	-	1,278	(100)
- monetary items forming part of net investments in foreign operations		-	-	-	-	(98)	(100)
- translation of financial statements of foreign operations		(58)	184	NM	(262)	(1,106)	(76)
Net change in fair value of available-for-sale financial assets		-	1,389	(100)	-	1,214	(100)
Tax effect		-	-	-	-	-	-
		(58)	2,851	NM	(275)	1,288	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							
		(2,406)	-	NM	(2,625)	-	NM
Tax effect		-	-	-	-	-	-
Other comprehensive income for the period, net of tax		(2,464)	2,851	NM	(2,900)	1,288	NM
Total comprehensive income for the period		(1,821)	16,546	NM	(2,159)	17,280	NM

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

Consolidated Statement of Comprehensive Income (Cont'd)

	Group			Group		
	2QFY2019 \$'000	2QFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %	1HFY2019 \$'000	1HFY2018 \$'000 Restated ⁽¹⁾	+ / (-) %
Profit/(loss) attributable to:						
Ow ners of the Company						
- Continuing operations	636	(5,829)	NM	735	(5,663)	NM
- Discontinued operations	-	19,526	(100)	-	21,657	(100)
	636	13,697	(95)	735	15,994	(95)
Non-controlling interests - continuing operations	7	(2)	NM	6	(2)	NM
Profit for the period	643	13,695	(95)	741	15,992	(95)
Total comprehensive income attributable to:						
Ow ners of the Company						
- Continuing operations	(1,819)	(5,672)	(68)	(2,156)	(5,644)	(62)
- Discontinued operations	-	22,220	(100)	-	22,935	(100)
	(1,819)	16,548	NM	(2,156)	17,291	NM
Non-controlling interests - continuing operations	(2)	(2)	-	(3)	(11)	(73)
Total comprehensive income for the period	(1,821)	16,546	NM	(2,159)	17,280	NM

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

Notes to the Consolidated Statement of Comprehensive Income

1(a)-1 Other income

	Group		Group	
	2QFY2019	2QFY2018	1HFY2019	1HFY2018
	\$'000	\$'000	\$'000	\$'000
Dividend income from financial assets	31	-	65	14
Gain on liquidation of a subsidiary	-	-	13	-
Gain on disposal of property, plant and equipment	-	18	-	18
Exchange gain, net	34	-	81	-
Sundry income	-	6	6	8
	<u>65</u>	<u>24</u>	<u>165</u>	<u>40</u>

1(a)-2 Administrative expenses in 2QFY2018 and 1HFY2018 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 2QFY2019 and 1HFY2019 comprised net fair value changes of financial assets.

Other expenses in 2QFY2018 and 1HFY2018 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	
	2QFY2019	2QFY2018	1HFY2019	1HFY2018
	\$'000	\$'000	\$'000	\$'000
Interest income from financial institutions	198	17	418	39

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
	1HFY2018
	\$'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	12,119
Net carrying amount of assets disposed	<u>67,396</u>
Translation reserve reclassified to profit or loss	1,278
Gain on disposal	22,050
Net consideration ^(a)	<u>90,724</u>
Less:	
Consideration held in an escrow account ^(b)	(13,946)
Accrued final adjustment	(549)
Consideration received, satisfied in cash	<u>76,229</u>
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 1HFY2018 \$'000
(a) Net consideration comprised:	
Initial consideration	94,920
Accrued final adjustment ^(c)	549
Final consideration	<u>95,469</u>
Introduction fee	<u>(4,745)</u>
	<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 from sale of Disposal Group, net of related expenses, were presented as discontinued operations in the consolidated statement of comprehensive income.

	2QFY2018 \$'000 Restated⁽¹⁾	1HFY2018 \$'000 Restated⁽¹⁾
Revenue	6,122	23,812
Cost of revenue	<u>(3,140)</u>	<u>(13,495)</u>
	2,982	10,317
Expenses	<u>(2,333)</u>	<u>(7,155)</u>
Results from operations from discontinued operations	649	3,162
Net finance expense	-	(18)
Operating profit before tax from discontinued operations	649	3,144
Tax expense	<u>(203)</u>	<u>(567)</u>
Operating profit from discontinued operations, net of tax	446	2,577
Gain on sale of Disposal Group	<u>22,050</u>	<u>22,050</u>
Expenses attributable to sale of Disposal Group	<u>(2,970)</u>	<u>(2,970)</u>
	<u>19,080</u>	<u>19,080</u>
Profit from discontinued operations, net of tax	<u>19,526</u>	<u>21,657</u>

(1) Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

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	
		31.12.2018 \$'000	30.06.2018 \$'000	31.12.2018 \$'000	30.06.2018 \$'000
Non-current assets					
Property, plant and equipment		695	792	19	17
Intangible asset and goodwill	1(b)-1	15,415	15,415	-	-
Subsidiaries		-	-	29,370	31,375
Joint ventures	1(b)-2	8,795	9,920	-	-
Financial assets	1(b)-3	9,247	8,581	9,243	8,577
Other receivables	1(b)-4	-	9,506	-	9,506
Amount due from a subsidiary		-	-	10,000	10,000
Deferred tax assets		95	297	-	-
		<u>34,247</u>	<u>44,511</u>	<u>48,632</u>	<u>59,475</u>
Current assets					
Inventories		3,871	2,713	-	-
Trade and other receivables	1(b)-5	22,107	16,105	9,597	4,815
Amounts due from related parties		-	-	138	6
Financial assets	1(b)-3	-	2,335	-	2,335
Cash and cash equivalents		71,480	73,244	54,098	56,627
		<u>97,458</u>	<u>94,397</u>	<u>63,833</u>	<u>63,783</u>
Total assets		<u>131,705</u>	<u>138,908</u>	<u>112,465</u>	<u>123,258</u>
Equity attributable to Owners of the Company					
Share capital		89,566	89,566	89,566	89,566
Reserves ⁽¹⁾		(6,801)	(3,910)	4,910	7,535
Retained earnings ⁽¹⁾		34,784	39,062	13,748	19,674
		<u>117,549</u>	<u>124,718</u>	<u>108,224</u>	<u>116,775</u>
Non-controlling interests		401	404	-	-
Total equity		<u>117,950</u>	<u>125,122</u>	<u>108,224</u>	<u>116,775</u>
Non-current liabilities					
Provisions		113	113	-	-
		<u>113</u>	<u>113</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables		12,859	13,183	1,447	1,718
Provisions		247	197	-	-
Amounts due to related parties		99	73	2,794	4,765
Current tax payable		437	220	-	-
		<u>13,642</u>	<u>13,673</u>	<u>4,241</u>	<u>6,483</u>
Total liabilities		<u>13,755</u>	<u>13,786</u>	<u>4,241</u>	<u>6,483</u>
Total equity and liabilities		<u>131,705</u>	<u>138,908</u>	<u>112,465</u>	<u>123,258</u>

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

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 comprised the Group's investment in Kalms Investment Pte Ltd and its subsidiaries ("Kalms"), which included a provisional goodwill of \$5.3 million.
- 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 to trade and other receivables under current assets as at 31 December 2018.
- 1(b)-5 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 December 2018 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	2QFY2019 \$'000	2QFY2018 \$'000 Restated ⁽¹⁾	1HFY2019 \$'000	1HFY2018 \$'000 Restated ⁽¹⁾
Cash Flows from Operating Activities					
Profit for the period		643	13,695	741	15,992
Adjustments for:					
Allowance for inventory obsolescence		-	50	-	126
Amortisation of intangible assets		1	94	2	369
Depreciation of property, plant and equipment		58	230	117	776
Dividend income from financial assets		(31)	-	(65)	(14)
Net fair value changes of financial assets		118	-	46	-
Gain on disposal of property, plant and equipment		-	(10)	-	(13)
Gain on disposal of subsidiaries		-	(22,050)	-	(22,050)
Gain on liquidation of a subsidiary		-	-	(13)	-
Interest income		(198)	(18)	(418)	(45)
Interest expenses		-	1	-	24
Property, plant and equipment written off		1	-	1	-
Provision for ex-gratia benefits		-	4,100	-	4,100
Share of results of an associate and a joint venture (net of tax)		691	(52)	1,125	(83)
Tax expense		361	118	584	628
Operating profit/(loss) before working capital changes		1,644	(3,842)	2,120	(190)
Changes in:					
Inventories		808	(1,428)	(1,188)	(1,611)
Trade and other receivables		(1,346)	(133)	(1,283)	193
Trade and other payables		(717)	(52)	(178)	1,576
Cash generated from/(used in) operations		389	(5,455)	(529)	(32)
Interest received		186	18	406	45
Interest paid		-	(1)	-	(24)
Tax paid		(172)	(280)	(191)	(2,076)
Net cash from/(used in) operating activities	1(c)-1	403	(5,718)	(314)	(2,087)
Cash Flows from Investing Activities					
Dividends received from financial assets		23	-	57	14
Net cash inflow on disposal of subsidiaries	1(c)-2	4,742	62,125	4,742	62,125
Purchase of intangible assets		-	(16)	(3)	(115)
Purchase of property, plant and equipment		(29)	(347)	(36)	(517)
Purchase of financial assets		(309)	-	(994)	-
Proceeds from disposal of property, plant and equipment		-	104	-	107
Net cash (used in)/from investing activities	1(c)-1	4,427	61,866	3,766	61,614
Cash Flows from Financing Activities					
Dividends paid		(5,013)	(10,863)	(5,013)	(10,863)
Proceeds from bank loans		-	-	-	471
Repayment of bank loans		-	(13)	-	(851)
Repayment of finance lease creditors		-	-	-	(5)
Net cash used in financing activities	1(c)-1	(5,013)	(10,876)	(5,013)	(11,248)
Net (decrease)/increase in cash and cash equivalents		(183)	45,272	(1,561)	48,279
Cash and cash equivalents at beginning of period		71,717	42,968	73,244	53,762
Cash and cash equivalents of Disposal Group reclassified as held for sale		-	13,321	-	-
Effect of exchange rate fluctuations on cash held		(54)	(31)	(203)	(511)
Cash and cash equivalents at end of period		71,480	101,530	71,480	101,530

⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

Notes to the Consolidated Statement of Cash Flows

- 1(c)-1 The following cash flows from discontinued operations were included in the 2QFY2018 and the 1HFY2018 restated consolidated statement of cash flows:

	2QFY2018 \$'000 Restated⁽¹⁾	1HFY2018 \$'000 Restated⁽¹⁾
Net cash from operating activities	999	3,798
Net cash used in investing activities	(85)	(447)
Net cash used in financing activities	(8)	(403)
	<u>906</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 2QFY2019 and 1HFY2019 was 5% of the initial consideration from the sale of the Disposal Group released from escrow account.

- ⁽¹⁾ Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 15 and 16.

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 second quarter and half year ended 31 December 2018

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 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	-	-	-	-	-	99	99	(1)	98
Other comprehensive income									
Exchange differences arising from:									
- liquidation of a subsidiary	-	-	-	-	(13)	-	(13)	-	(13)
- translation of financial statements of foreign operations	-	-	-	-	(204)	-	(204)	-	(204)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	(219)	-	-	-	(219)	-	(219)
Total other comprehensive income, net of tax	-	-	(219)	-	(217)	-	(436)	-	(436)
Total comprehensive income for the period	-	-	(219)	-	(217)	99	(337)	(1)	(338)
Balance as at 30 September 2018	89,566	(11,648)	5,026	2,290	(14)	39,161	124,381	403	124,784

Consolidated Statement of Changes in Equity
For the second quarter and half year ended 31 December 2018 (Cont'd)

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 October 2018	89,566	(11,648)	5,026	2,290	(14)	39,161	124,381	403	124,784
Total comprehensive income									
Profit for the period	-	-	-	-	-	636	636	7	643
Other comprehensive income									
Exchange differences arising from:									
- translation of financial statements of foreign operations	-	-	-	-	(49)	-	(49)	(9)	(58)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	(2,406)	-	-	-	(2,406)	-	(2,406)
Total other comprehensive income, net of tax	-	-	(2,406)	-	(49)	-	(2,455)	(9)	(2,464)
Total comprehensive income for the period	-	-	(2,406)	-	(49)	636	(1,819)	(2)	(1,821)
Transactions with Owners, recorded directly in equity									
Contributions by and distribution 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)
Total contributions by and distribution to Owners	-	-	-	-	-	(5,013)	(5,013)	-	(5,013)
Total transactions with Owners	-	-	-	-	-	(5,013)	(5,013)	-	(5,013)
Balance as at 31 December 2018	89,566	(11,648)	2,620	2,290	(63)	34,784	117,549	401	117,950

Consolidated Statement of Changes in Equity
For the second quarter and half year ended 31 December 2017

Group (Restated)	Share capital	Capital reserve	Fair value reserve	Share-based compensation reserve	Translation reserve	Retained earnings	Total attributable to Owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	-	-	-	-	-	2,297	2,297	-	2,297
Other comprehensive income									
Exchange differences arising from:									
- monetary items forming part of net investments in foreign operations	-	-	-	-	(98)	-	(98)	-	(98)
- translation of financial statements of foreign operations	-	-	-	-	(1,281)	-	(1,281)	(9)	(1,290)
Net change in fair value of available-for-sale financial assets	-	-	(175)	-	-	-	(175)	-	(175)
Total other comprehensive income, net of tax	-	-	(175)	-	(1,379)	-	(1,554)	(9)	(1,563)
Total comprehensive income for the period	-	-	(175)	-	(1,379)	2,297	743	(9)	734
Balance as at 30 September 2017, restated	89,566	(11,648)	1,445	2,290	(1,379)	51,953	132,227	404	132,631

Consolidated Statement of Changes in Equity
For the second quarter and half year ended 31 December 2017 (Cont'd)

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 October 2017, restated	89,566	(11,648)	1,445	2,290	(1,379)	51,953	132,227	404	132,631
Total comprehensive income									
Profit for the period, restated	-	-	-	-	-	13,697	13,697	(2)	13,695
Other comprehensive income									
Exchange differences arising from:									
- disposal of subsidiaries					1,278	-	1,278	-	1,278
- translation of financial statements of foreign operations	-	-	-	-	184	-	184	-	184
Net change in fair value of available-for-sale financial assets	-	-	1,389	-	-	-	1,389	-	1,389
Total other comprehensive income, net of tax	-	-	1,389	-	1,462	-	2,851	-	2,851
Total comprehensive income for the period	-	-	1,389	-	1,462	13,697	16,548	(2)	16,546
Transactions with Owners, recorded directly in equity									
Contributions by and distribution 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)
Total contributions by and distribution to Owners	-	-	-	-	-	(10,863)	(10,863)	-	(10,863)
Total transactions with Owners	-	-	-	-	-	(10,863)	(10,863)	-	(10,863)
Balance as at 31 December 2017, restated	89,566	(11,648)	2,834	2,290	83	54,787	137,912	402	138,314

Statement of Changes in Equity
For the second quarter and half year ended 31 December 2018

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2018	89,566	5,245	2,290	19,674	116,775
Total comprehensive income					
Loss for the period	-	-	-	(364)	(364)
Other comprehensive income					
Net change in fair value of financial assets at fair value through other comprehensive income	-	(219)	-	-	(219)
Total other comprehensive income, net of tax	-	(219)	-	-	(219)
Total comprehensive income for the period	-	(219)	-	(364)	(583)
Balance as at 30 September 2018	89,566	5,026	2,290	19,310	116,192
Balance as at 1 October 2018	89,566	5,026	2,290	19,310	116,192
Total comprehensive income					
Loss for the period	-	-	-	(549)	(549)
Other comprehensive income					
Net change in fair value of financial assets at fair value through other comprehensive income	-	(2,406)	-	-	(2,406)
Total other comprehensive income, net of tax	-	(2,406)	-	-	(2,406)
Total comprehensive income for the period	-	(2,406)	-	(549)	(2,955)
Transactions with Owners, recorded directly in equity					
Contributions by and distribution 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)
Total contributions by and distribution to Owners	-	-	-	(5,013)	(5,013)
Total transactions with Owners	-	-	-	(5,013)	(5,013)
Balance as at 31 December 2018	89,566	2,620	2,290	13,748	108,224

Statement of Changes in Equity
For the second quarter and half year ended 31 December 2017

Company	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2017	89,566	1,620	2,290	11,656	105,132
Total comprehensive income					
Loss for the period	-	-	-	(512)	(512)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	(175)	-	-	(175)
Total other comprehensive income, net of tax	-	(175)	-	-	(175)
Total comprehensive income for the period	-	(175)	-	(512)	(687)
Balance as at 30 September 2017	89,566	1,445	2,290	11,144	104,445
Balance as at 1 October 2017	89,566	1,445	2,290	11,144	104,445
Total comprehensive income					
Profit for the period	-	-	-	37,169	37,169
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	-	1,389	-	-	1,389
Total other comprehensive income, net of tax	-	1,389	-	-	1,389
Total comprehensive income for the period	-	1,389	-	37,169	38,558
Transactions with Owners, recorded directly in equity					
Contributions by and distribution 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)
Total contributions by and distribution to Owners	-	-	-	(10,863)	(10,863)
Total transactions with Owners	-	-	-	(10,863)	(10,863)
Balance as at 31 December 2017	89,566	2,834	2,290	37,450	132,140

- 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 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 December 2018 and 31 December 2017.

- 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.**

	31.12.2018	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 second quarter and half year ended 31 December 2018 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 the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 July 2018 as follows:

- 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 second quarter and half year ended 31 December 2017 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 equity securities held by the Group and the Company previously classified as available-for-sale financial assets. The changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of these equity 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	
	2QFY2019	2QFY2018 Restated ⁽¹⁾	1HFY2019	1HFY2018 Restated ⁽¹⁾
Earnings per share (basic and diluted) (cents)	0.38	8.20	0.44	9.57
Earnings/(Loss) per share - Continuing operations (basic and diluted) (cents)	0.38	(3.49)	0.44	(3.39)
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 15 and 16.

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	
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
Net asset value per ordinary share (cents)	70.33	74.62	64.76	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

2QFY2019 vs 2QFY2018

The Group's revenue from continuing operations in 2QFY2019 was \$17.3 million, an increase of 65% over 2QFY2018. The higher revenue was mainly driven by better equipment sales and higher commission income. Gross profit increased from \$2.6 million in 2QFY2018 to \$4.6 million in 2QFY2019. The gross profit margin remained relatively stable at 26% in 2QFY2019 and 25% in 2QFY2018.

In 2QFY2019, the Group's distribution and administrative expenses of \$3.0 million were \$3.6 million lower than 2QFY2018. Expenses were higher in 2QFY2018 mainly due to the provision 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, the Group's distribution and administrative expenses had increased from \$2.5 million in 2QFY2018 to \$3.0 million in 2QFY2019 due to higher staff and staff-related expenses and higher consultancy expenses.

Other expenses of \$2.0 million recorded in 2QFY2018 comprised mainly net foreign exchange loss which arose primarily from the USD-denominated consideration received from the sale of the Disposal Group in October 2017.

Higher finance income in 2QFY2019 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 a joint venture was in respect of the investment in Kalms.

The Group recorded profit after tax of \$0.6 million from continuing operations in 2QFY2019 compared to a marginal loss in 2QFY2018 (after excluding the one-time ex-gratia benefits and \$1.7 million of foreign exchange loss in relation the USD-denominated consideration received).

The Group's profit after tax, including profit from discontinued operations, were \$0.6 million and \$13.7 million in 2QFY2019 and 2QFY2018 respectively.

1HFY2019 vs 1HFY2018

Backed by the strong revenue in 2QFY2019, the Group's revenue in 1HFY2019 was \$28.7 million, 31% higher than 1HFY2018 of \$21.9 million. Group's gross profit increased by 48% from \$5.3 million in 1HFY2018 to \$7.8 million in 1HFY2019 as gross profit margin for 1HFY2019 was higher at 27% compared to 24% for 1HFY2018. The higher gross profit margin was mainly due to higher commission income recognised.

Higher other income in 1HFY2019 compared to the corresponding period last year was mainly due to dividend income from financial assets and net foreign exchange gain as a result of appreciation of the US dollar.

The decrease in Group's distribution and administrative expenses from \$8.7 million in 1HFY2018 to \$5.9 million in 1HFY2019 was attributable mainly to the ex-gratia benefits of \$4.1 million highlighted above. Excluding the ex-gratia benefits, the Group's distribution and administrative expenses had increased from \$4.6 million in 1HFY2018 to \$5.9 million in 1HFY2019 as a result of higher staff and staff-related expenses and higher consultancy expenses.

Other expenses of \$2.3 million recorded in 1HFY2018 comprised mainly net foreign exchange loss which arose primarily from the USD-denominated consideration received from the sale of the Disposal Group in October 2017.

Higher finance income in 1HFY2019 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 a joint venture was in respect of the investment in Kalms.

1HFY2019 profit after tax from the Group's continuing operations was \$0.7 million, higher than \$0.5 million in 1HFY2018 (after excluding the one-time ex-gratia benefits and \$2.0 million of foreign exchange loss in relation to the USD-denominated consideration received).

The Group's profit after tax, including profit from discontinued operations, were \$0.7 million and \$16.0 million for 1HFY2019 and 1HFY2018 respectively.

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

Not applicable.

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 the latest edition of the World Fab Forecast Report published by SEMI in the 4th quarter of 2018, total fab equipment spending in 2019 was projected to drop 8%, a sharp reversal from the previously forecast increase of 7%. Projections for equipment spending in China for 2019 was US\$12 billion, lower than US\$17 billion projected in August 2018 due to multiple factors at play including a slowing memory market, trade tensions, and delays in some project timeline. The memory market began contracting in the middle of last year and is expected to extend into 2019. On the positive side, foundry vendors continue to ramp up newer technology such as 7 nanometer lithography process. In general, research houses are cautious on the short-term semiconductor market outlook.

The Group entered into a joint venture with Adelis Associates Pte Ltd to conduct the businesses of purchasing and refurbishing used semiconductor equipment, for resale to third parties. The joint venture will broaden the Group's existing distribution and services solutions platform.

The Group diversified its business to encompass distribution of merchandise via an intelligent automated retail platform through a joint venture, Kalms. As Kalms continues to execute its plans to expand the platform both locally and regionally, its results will inevitably have a consequential effect on the Group during the expansion phase.

Amid a volatile and uncertain macro-environment, the Group's businesses are expected to be affected. The Group will remain prudent and cautious in conducting its businesses while sourcing for suitable opportunities.

11. **Dividend.**

(a) Current Financial Period Reported On.

Name of dividend	Interim
Dividend type	Cash
Dividend rate	0.5 cent per ordinary share
Tax rate	Tax exempt (one-tier)

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

Name of dividend	Interim	Interim special
Dividend type	Cash	Cash
Dividend rate	2.0 cents per ordinary share	8.0 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(c) Date payable.

15 March 2019

(d) Book closure date.

28 February 2019

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

Not applicable

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 second quarter ended 31 December 2018 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
12 February 2019