



(Registration No: EC 32308)

QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of the Group for the quarter end of FY2015 as at 30 September 2014. These figures have not been audited.

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

LOTTVISION LIMITED
Group Income Statement
For the Quarter Ended 30 September 2014
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.09.2014			Nine Months Ended 30.09.2014		
	FY2015	FY2014	Change	FY2015	FY2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Turnover	38,013	20,583	85	59,524	36,230	64
Cost of sales	(17,782)	(9,460)	88	(29,731)	(18,220)	63
Gross profit	20,231	11,123	82	29,793	18,010	65
Other net income / (loss)	(348)	(392)	(11)	(288)	(269)	7
Distribution expenses	(6,552)	(1,959)	234	(10,638)	(2,740)	288
Administrative expenses	(5,293)	(2,744)	93	(9,100)	(5,771)	58
Profit from operations	8,038	6,028	33	9,767	9,230	6
Finance costs	(135)	(359)	(62)	(678)	(706)	(4)
Profit from ordinary activities before taxation	7,903	5,669	39	9,089	8,524	7
Income tax	(1,423)	(1,226)	16	(1,761)	(1,428)	23
Net profit for the quarter	6,480	4,443	46	7,328	7,096	3
Attributable to:						
Equity holders of the Company	3,342	2,444	37	3,411	3,455	(1)
Minority interest	3,138	1,999	57	3,917	3,641	8
Net profit for the quarter	6,480	4,443	46	7,328	7,096	3

NM - Not meaningful

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

LOTTVISION LIMITED
Group Consolidated Comprehensive Income Statement
For the Quarter Ended 30 September 2014
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.09.2014			Nine Months Ended 30.09.2014		
	FY2015	FY2014	Change	FY2015	FY2014	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Net profit for the quarter	6,480	4,443	46	7,328	7,096	3
Other comprehensive income						
Exchange differences on translating foreign operations	162	24	575	287	363	(21)
Total comprehensive income for the quarter	6,642	4,467	49	7,615	7,459	2
Attributable to:						
Equity holders of the Company	3,504	2,468	42	3,698	3,818	(3)
Non-controlling interests	3,138	1,999	57	3,917	3,641	8
Total comprehensive income for the quarter	6,642	4,467	49	7,615	7,459	2

NM - Not meaningful

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

LOTTVISION LIMITED
Balance Sheet
as at 30 September 2014
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	As at 30/09/2014	As at 31/03/2014	As at 30/09/2014	As at 31/03/2014
Non-current assets				
Interests in subsidiaries	-	-	66,435	66,435
Property, plant and equipment	47,341	48,659	-	-
Intangible assets	54,081	55,357	-	-
Non-current prepayments	1,834	1,858	-	-
Land use rights	6,934	6,665	-	-
	110,190	112,539	66,435	66,435
Current assets				
Inventories	26,725	17,726	-	-
Trade receivables	61,089	52,524	-	-
Prepayments, deposits and other receivables	20,729	20,789	-	-
Amounts due from subsidiaries	-	-	10,795	8,734
Cash and cash equivalents	17,097	32,956	35	2,233
	125,640	123,995	10,830	10,967
Current liabilities				
Trade and other payables	24,986	36,183	9,200	9,200
Short term loan	26,875	26,574	-	-
Tax payable	1,914	1,688	-	-
Obligations under a finance lease	199	208	-	-
	53,974	64,653	9,200	9,200
Net current assets/(liabilities)	71,666	59,342	1,630	1,767
Non-current liabilities				
Dividend payable	70,318	69,528	-	-
Obligations under a finance lease	-	143	-	-
	70,318	69,671	-	-
Net assets/(liabilities)	111,538	102,210	68,065	68,202
Equity				
Share capital	123,988	123,251	123,988	123,251
Reserves	(42,839)	(47,513)	(55,923)	(55,049)
Total equity attributable to equity holders of the Company	81,149	75,738	68,065	68,202
Non-controlling interests	30,389	26,472	-	-
Total equity	111,538	102,210	68,065	68,202

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2014 In HK\$'000		As at 31/03/2014 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
26,875	-	26,574	-

Amount repayable after one year

As at 30/09/2014 In HK\$'000		As at 31/03/2014 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	143	-

Not Applicable

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

LOTTVISION LIMITED
Group Cash Flow Statement
For the Quarter Ended 30 September 2014
(Expressed in Hong Kong thousand dollars)

	Three Months Ended 30.09.2014		Six Months Ended 30.09.2014	
	FY2015 HK\$'000	FY2014 HK\$'000	FY2015 HK\$'000	FY2014 HK\$'000
Operating activities				
Profit/(loss) from ordinary activities before taxation	7,903	2,814	9,089	5,669
Adjustments for:				
Depreciation of property, plant and equipment	585	643	1,213	1,286
Amortization of intangible assets	591	344	923	688
Operating profit / (loss) before changes in working capital	9,079	3,801	11,225	7,643
Changes in working capital				
Increase in inventories	(8,912)	(2,973)	(8,999)	(3,662)
Decrease/(increase) in trade receivables	(8,436)	(538)	(8,565)	(3,439)
Decrease/(increase) in prepayments, deposits and other receivables	(760)	1,221	(313)	(7,634)
Increase/(decrease) in trade and other payables	(2,741)	(5,989)	(3,989)	(8,170)
Cash generated from/(used by) operations	(11,770)	(4,478)	(10,641)	(15,262)
Tax paid	(59)	(1,146)	(397)	(1,428)
Interest paid	(121)	(125)	(218)	(230)
Net cash inflow/(outflow) from operating activities	(11,950)	(5,749)	(11,256)	(16,920)
Investing activities				
Acquisition of a subsidiary	(6,175)	(1,353)	(6,175)	(10,299)
Net cash inflow/(outflow) from investing activities	(6,175)	(1,353)	(6,175)	(10,299)
Financing activities				
Proceeds from short term loan	-	18,893	-	18,893
Proceeds from share placement	-	-	1,241	-
Avance to an independend third parties	-	(10,212)	-	(10,212)
Repaid a bank loan	-	-	-	(9,831)
Net cash inflow from financing activities	-	8,681	1,241	(1,150)
Net (decrease)/increase in cash and cash equivalents	(18,125)	1,579	(16,190)	(28,369)
Cash and cash equivalents at beginning of the quarter	35,016	7,898	32,956	37,507
Effect of foreign exchange rate changes	206	14	331	353
Cash and cash equivalents at end of the quarter	17,097	9,491	17,097	9,491

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital	Share Premium	Exchange Reserve	Share-based Payment Reserve	Retained Earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	123,251	267,634	917	3,368	(319,432)	75,738	26,472	102,210
Issuance of shares	737	504	-	-	-	1,241	-	1,241
Total comprehensive income/(loss) for the quarter	-	-	125	-	69	194	779	973
At 30 June 2014	123,988	268,138	1,042	3,368	(319,363)	77,173	27,251	104,424
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	472	-	-	472	-	472
Total comprehensive income/(loss) for the quarter	-	-	162	-	3,342	3,504	3,138	6,642
As at 30 September 2014	123,988	268,138	1,676	3,368	(316,021)	81,149	30,389	111,538

The Group	Share Capital	Share Premium	Exchange Reserve	Share-based Payment Reserve	Retained Earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	123,251	267,634	1,172	3,368	(320,784)	74,641	23,749	98,390
Total comprehensive income/(loss) for the quarter	-	-	339	-	1,011	1,350	1,642	2,992
At 30 June 2013	123,251	267,634	1,511	3,368	(319,773)	75,991	25,391	101,382
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	169	-	-	169	-	169
Total comprehensive income/(loss) for the quarter	-	-	24	-	2,444	2,468	1,999	4,467
As at 30 September 2013	123,251	267,634	1,704	3,368	(317,329)	78,628	27,390	106,018

The Company	Share Capital	Share Premium	Share-based Payment Reserve	Retained Earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	123,251	267,634	3,368	(326,051)	68,202
Issuance of shares	737	504	-	-	1,241
Total comprehensive income/(loss) for the quarter	-	-	-	(320)	(320)
At 30 June 2014	123,988	268,138	3,368	(326,371)	69,123
Total comprehensive income/(loss) for the quarter	-	-	-	(1,058)	(1,058)
At 30 September 2014	123,988	268,138	3,368	(327,429)	68,065

The Company	Share Capital	Share Premium	Share-based Payment Reserve	Retained Earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	123,251	267,634	3,368	(329,519)	64,734
Total comprehensive income/(loss) for the quarter	-	-	-	(439)	(439)
At 30 June 2013	123,251	267,634	3,368	(329,958)	64,295
Total comprehensive income/(loss) for the quarter	-	-	-	(202)	(202)
At 30 September 2013	123,251	267,634	3,368	(330,160)	64,093

- 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 acquisitions or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

During Q2 FY2015 and Q2 FY2014, share capital of the Group has no change. The Company has no outstanding convertibles.

- 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.**

The total number of issued shares excluding treasury shares as at 30 September 2014 was 1,771,256,080 (31 March 2014: 1,760,729,764). As at 30 September 2014 and 31 March 2014, there were no treasury shares outstanding.

- 1d(iv) A statement showing all sales, transfers, disposals, cancellation, and/or use of treasury shares 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 standard or practice.**

The figures have not been audited nor reviewed.

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

The same accounting policies and methods of computation as our last audited annual financial statements have been applied.

- 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.**

There is no change in the accounting policies and methods of computation.

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

	Q2 FY2015	Q2 FY2014
	HK cents	HK cents
(a) Based on the weighted average number of ordinary shares in issue; and	0.19	0.05
(b) On a fully diluted basis	0.19	0.05

Note 6(a): For Q2 FY2015, the calculation of basic loss per share was based on profit attributable to equity holders of the Company of HK\$3,342,000 and the weighted average of 1,767,104,033 ordinary shares in issue.

For Q2 FY2014, the calculation of basic loss per share was based on profit attributable to equity holders of the Company of HK\$2,444,000 and the weighted average of 1,760,729,764 ordinary shares in issue.

Note 6(b) : Fully diluted profit/(loss) per share for Q2 FY2015 and Q2 FY2014 are the same as profit/(loss) per share based on weighted average number of ordinary shares since there was no potential dilutive ordinary shares outstanding during Q2 FY2015 and Q2 FY2014.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	As at 30/09/2014	As at 31/03/2014
	HK cents	HK cents
<u>The Company</u>		
Net asset value per ordinary share based on existing issued share capital	3.84	3.87
<u>The Group</u>		
Net asset value per ordinary share based on existing issued share capital	6.30	5.80

The calculation of net asset value per share of the Company is based on the Company's net asset value of HK\$68,065,000 (at 31 March 2014: HK\$68,202,000) and 1,771,256,080 ordinary shares in issue at 30 September 2014 (at 31 March 2014: 1,760,729,764).

The calculation of net asset value per share of the Group is based on the Group's net asset value of HK\$111,538,000 (at 31 March 2014: HK\$102,210,000) and 1,771,256,080 ordinary shares in issue at 30 September 2014 (at 31 March 2014: 1,760,729,764).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group.**

Income statement

Turnover

In Q2FY2015, the Group recorded a turnover of approximately HK\$38.0 million comparing with HK\$20.6 million in Q2FY2014. Majority of the revenue was generated by the Group's 55% interest NutryFarm (Chengdu) Biomedicine Limited ("NFC"). Turnover increased by 85%, which is mainly due to the expansion of NFC in customer development, advertising and marketing promotion, especially cooperated with some major media channels in the PRC.

Other net income/ (loss)

The Group recorded no material other net income/ (loss) in Q2FY2015 and Q2FY2014.

Operating expenses

In Q2FY2015, the Group reported distribution expenses of approximately HK\$6.6 million as compared to HK\$2.0 million in Q2FY2014; administrative expenses of approximately HK\$5.3 million in Q2FY2015 as compared to approximately HK\$2.7 million in Q2FY2014.

HK\$4.6 million increase of distribution expenses is mainly because that HK\$3.5 million increased advertisement and marketing expenses and HK\$1.0 million increase of transportation expenses. HK\$2.6 million increase of administrative expenses is mainly due to 1) HK\$1.3 million researching and testing expenses and 2) HK\$1.0 million of the increased staff cost, insurance cost and travelling expenses etc. for launching new products.

Finance costs

The Group recorded HK\$0.1 million finance cost in Q2FY2015. It represents the interest paid for bank loan and the finance lease in this quarter.

Income tax

The Group recorded HK\$1.4 million of income tax in Q2FY2015, which represents the income tax charged to NFC due to the operating profit in the PRC.

Net profit/ (loss) attributable to shareholders

Overall, the Group recorded a net profit attributable to shareholders of approximately HK\$3.3 million in Q2FY2015 comparing with HK\$2.4 million in Q2FY2014.

Balance sheet

Property, plant and equipment

Property, plant and equipment decreased by HK\$1.4 million as at 30 September 2014 comparing with HK\$48.7 million as at 31 March 2014. It is mainly due to the depreciation charged in this quarter.

Intangible assets

Intangible assets decreased by HK\$1.3 million from HK\$55.4 million as at 31 March 2014 to HK\$54.1 million as at 30 September 2014. The decrease of HK\$1.3 million is due to the amortization of intangible assets in FY2015.

Intangible assets of HK\$54.1 million as at 30 September 2014 included HK\$45.2 million of goodwill arising from the acquisition of NFC and HK\$8.9 million intangible assets related to the customer relationship, software and technology held by the Group.

Land use right

The Group recorded HK\$6.9 million land use right as at 30 September 2014. It is held by NFC for its factory and office areas.

Inventories

The Group recorded HK\$26.7 million inventories as at 30 September 2014. It mainly represents the finished goods, working in progress and raw materials held by NFC. Comparing inventories as at 31 March 2014, it increased by HK\$9.0 million and the fluctuation was due to the expansion of sales. In Q2 FY2015, NFC developed some major customers and increased inventory level for future sales plan.

Trade receivables

The Group recorded HK\$61.1 million trade receivables as at 30 September 2014. It increased by HK\$8.8 million comparing with 31 March 2014. The increase is mainly because that NFC expended its sales and setup new customer channel in this quarter. Some major customers started to trade with NFC and increased the balance of trade receivable accordingly.

Prepayments, deposits and other receivables

The Group recorded HK\$20.7 million prepayments, deposits and other receivables as at 30 September 2014 and has no significant changes with 31 March 2014.

Trade and other payables

Trade and other payables amounted to HK\$25.0 million as at 30 September 2014 as compared to HK\$36.2 million as at 31 March 2014. The HK\$11.2 million decrease was mainly due to 1) HK\$6.2 million to the vendor of NFC. According to the acquisition agreement of NFC, the Group owed the vendor of NFC RMB8.9 million. NFC achieved RMB9.0 million audited net profit after tax in FY2014. The Group should pay RMB4.9 million, which was equal to HK\$6.2 million to the vendor of NFC. The Company announced it

as at 21 July 2014. 2) Approximately HK\$5.0 million decrease was due to the settlement of liabilities.

Short term loan

Group recorded HK\$26.9 million short term loan as at 30 September 2014. This loan is secured by land use right and office areas held by NFC.

Obligations under a finance lease

The amount of HK\$0.2 million of obligations under short-term lease as at 30 September 2014 have no material fluctuations comparing with obligations under short-term and long-term finance lease as at 31 March 2014.

Long term payable

HK\$70.3 million long term payable as at 30 September 2014 represents the payable to the vendor of NFC for the accumulated profits of NFC. The payable will not be settled within 10 years from the acquisition date.

Cash Flow Statement

The Group recorded a net cash outflow of HK\$12.0 million from operating activities in Q2FY2015 compared with a net cash outflow of HK\$5.7 million in Q2FY2014. HK\$6.3 million decrease was mainly because that NFC expanded its sales in Q2 FY2015. NFC developed some new major customers and trade receivables and inventories had significant fluctuation in Q2 FY2015.

The Group recorded HK\$6.2 million net cash outflow from investing activities in Q2 FY2015 compared to HK\$1.4 million cash outflow in Q2 FY2014. HK\$6.2 million cash outflow represented the payment to the vendor of NFC based on the FY2014 audited financial results of NFC according to sales and purchase agreement of NFC.

The Group recorded no cash flow from financing activities in Q2FY2015 compared to a net cash inflow of HK\$8.7 million in Q2FY2014 due to NFC increased its bank loan in Q2 FY2014.

As at 30 September 2014, the Group remained in a cash balance position of HK\$17.1 million.

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 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.

During the quarter under review, NFC is continuing to focus on strategic branding building, setting up quality control system and developing customer channels. In current year, NFC holds 7 new licenses of nutrition and healthy food and expects to launch all new products within calendar year 2014.

NFC is planning to purchase advanced equipment and testing system, enhance employee training to apply for the certificate of China National Accreditation Service for Conformity Assessment ("CNAS"). Meanwhile NFC is founding updated logistic system in order to be able to trace any products.

NFC will cooperate with some major media partners and expand E-commerce sales and brand building in Changsha, Lanzhou, Harbin and Wenzhou. NFC will continue to develop Over-The-Counter Channels in the coming year in Hunan, Gansu, Heilongjiang, Zhejiang and Shandong etc.

The realized revenue of current quarter increased by 85% comparing with Q2FY2014. Although the profit was offset by the increased marketing expense, the positive impact by the newly launched products, technical advanced factory and expansion of customers etc., will be resulted in the coming financial period.

11. Dividend

(a) Current financial period reported on.

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended during the period under review.

13. Negative assurance confirmation on interim financial results under Rule 705 (4):

We, Gao Xiang Nong Paul and Xu Haimin, being directors of the Company do hereby confirm on behalf of the Board of Directors that to the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the interim financial statements to be false or misleading in any material aspect.

By Order of the Board

Gao Xiang Nong, Paul
Executive director
31 October 2014