

**MERCER GROUP LIMITED**

**INTERIM REPORT**

**SIX MONTHS ENDED 31 DECEMBER 2014**

**CONTENTS**

Chief Executive Officer's Report

Consolidated statement of comprehensive income

Consolidated statement of financial position

Consolidated statement of movements in equity

Consolidated statement of cash flow

Notes to the financial statements

Note 1 General information

Note 2 Summary of significant accounting policies

Note 3 Segmental reporting

Note 4 Related party transactions

Note 5 Dividends

Note 6 Earnings per share

Note 7 Commitments

## MERCER GROUP LIMITED

### CHIEF EXECUTIVE OFFICER'S REPORT

Mercer has reported an EBITDA\* (Earnings before Interest, Tax, Depreciation and Amortisation) of \$0.7m for the six months to 31 December 2014, which resulted in a net loss after tax of \$23,000. The result sees an improvement across most divisions versus the prior year (which should be noted had benefited from the sale of an S-Clave license).

At the Annual General Meeting the Company outlined its objectives for the 2015 Financial Year. We comment on progress against these as follows:

1. *Revenue Growth of at least 10% over the prior year.* The Company is on track to meet this objective. Underlying revenue (excluding the S-Clave license sale in 2014) has improved by 12% for the six months versus the prior period.
2. *Increase Profitability (EBITDA) over the prior year.* The Company believes it will meet this objective.
3. *Lost Time Injury Frequency Rates (LTIFR) below ten for 2015.* After seven months the Company has had one Lost Time Injury (LTI) and an LTIFR of three at 31 December 2014. We are very pleased to have recently achieved Secondary status ACC accreditation.
4. *\$3m of headroom in the banking facility by year-end.* The Company had \$3m headroom at half-year and believes it is on track to also achieve this objective by year-end.
5. *Sale of at least 12 Titan 500 slicers in the year.* The Company had secured firm orders for four slicers at the half-year with other others pending. Further orders have now been secured leading to eight closed sales to date. The Company is in the process of negotiating additional orders and the Company believes the original objective of twelve sales will be met.

#### Stainless Fabrication

This division comprises the fabrication workshops in Christchurch and New Plymouth, the Brisbane office, and Titan Slicers. The division has reported sales revenue of \$16.9m for the six months, some \$2.8m (or 20%) higher than last year. The Segment EBITDA was \$1.2m compared to \$0.6m in the same six month period last year. The forward order book is essentially full through to the end of June and we are expecting a strong second half result.

As noted above, we have continued to make good progress in Titan and are confident of selling at least 12 slicers this year. We have recruited Tom Irvine as General Manager of Titan Slicers and believe he will significantly contribute in taking Titan to the next level of performance.

#### Mercer Interiors

This division manufactures in New Zealand and supplies sinks, basins, tubs, toilets, laminate, solid surface material and other similar products to joiners, merchants, fabricators and other manufacturers. Mercer also distributes the Wilsonart brand of laminate in the NZ market.

Overall revenue is \$4.1m, down by \$0.6m compared to last year, largely due to weakness in Australian sales. EBITDA was \$0.1m, flat on last year.

In Australia, Mercer appointed Argent as its primary distributor, and with its secondary distributor going into administration, it has taken some time to ramp up volumes again.

\* *Reconciliation of EBITDA to (deficit) surplus after taxation set out on the following page*

## Mercer Medical

Mercer Medical division supplies equipment, related products and services for sterilisation; washing and disinfection. During the period, Mercer increased its sales representation in the NZ market but subsequent revenue uplift is yet to materialize. EBITDA for the division therefore declined to a \$0.1m loss. We expect an improved second half performance.

## Corporate

This division includes Mercer Technologies which last year generated \$0.8m earnings from the sale of an S-Clave license that is not repeated in this six month period. With the momentum behind Titan now better established, the executive team will dedicate additional resource to the S-Clave opportunity, with the aim of achieving commercial sales in calendar year 2016.

## Funding

During the six month period, management exercised 14,705,882 options at an exercise price of 8.5c. Mercer also rolled over its banking facility with Bank of New Zealand for another two years.

## Outlook

The Directors believe the Company is on track to meet the objectives it has set for the financial year and continues to build a strong and sustainable business that is on a good growth trajectory.

## Board Changes

Mercer announces two board changes. John Dennehy has joined the board and has been appointed Chair. John was most recently Chair of Simcro Ltd that was majority acquired in 2014 by the US based Riverside Partners. Garry Diack, recently appointed as CEO of Tait Communications, has stepped down as Chair of Mercer but will continue as a board member.



**Rodger Shepherd**

Chief Executive Officer

\*Reconciliation of EBITDA to profit or loss after tax

|  | 31 December 2014 (unaudited) |                |                | 31 December 2013 (unaudited) |                |                |
|--|------------------------------|----------------|----------------|------------------------------|----------------|----------------|
|  | \$'000                       |                |                | \$'000                       |                |                |
|  | Total sales                  | Segment result | Segment assets | Total sales                  | Segment result | Segment assets |
|  | revenue                      | (EBITDA)       |                | revenue                      | (EBITDA)       |                |
| Stainless Fabrication                                      | 16,865                       | 1,238          | 11,848         | 14,011                       | 642            | 9,222          |
| Mercer Interiors   | 4,115                        | 90             | 6,274          | 4,672                        | 64             | 6,072          |
| Mercer Medical   | 1,758                        | (83)           | 2,657          | 1,827                        | 97             | 1,902          |
| Corporate  | 33                           | (499)          | 15,907         | 996                          | 305            | 15,990         |
| Intersegment eliminations                                  | -                            | -              | -              | (212)                        | -              | -              |
| <b>Total sales, EBITDA, assets</b>                         | <b>22,771</b>                | <b>746</b>     | <b>36,686</b>  | <b>21,294</b>                | <b>1,108</b>   | <b>33,186</b>  |
| Depreciation and amortization                              | -                            | (470)          | -              | -                            | (415)          | -              |
| Finance costs  | -                            | (293)          | -              | -                            | (231)          | -              |
| Income tax charge  | -                            | (30)           | -              | -                            | (70)           | -              |
| Share of profits (losses) of associate                     | -                            | 24             | -              | -                            | 15             | -              |
| <b>Total Group sales, profit or loss after tax, assets</b> | <b>22,771</b>                | <b>(23)</b>    | <b>36,686</b>  | <b>21,294</b>                | <b>407</b>     | <b>33,186</b>  |

**MERCER GROUP LIMITED**

**CONSOLIDATED statement of comprehensive income  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|   | Notes | Unaudited<br>6 months ended<br>31 December 2014<br>\$'000 | Unaudited<br>6 months ended<br>31 December 2013<br>\$'000 |
|---|-------|---|---|
| <b>Revenue</b>  |       |   |   |
| Sale of goods and contract revenue  | 3     | 22,771  | 21,294  |
| Other income  |       | 92  | 58  |
| <b>Total income</b>   |       | <b>22,863</b>   | <b>21,352</b>   |
| <b>Expenses</b>   |       |   |   |
| Cost of inventory sold  |       | (10,323)  | (9,889)   |
| Salaries and wages  |       | (7,625)   | (6,752)   |
| Rental and operating lease  |       | (645)   | (598)   |
| Depreciation and amortization   |       | (470)   | (415)   |
| Other expenses  |       | (3,524)   | (3,005)   |
| <b>Surplus before finance cost</b>  |       | <b>276</b>  | <b>693</b>  |
| Finance costs, net  |       | (293)   | (231)   |
| Share of profits of associate   |       | 24  | 15  |
| <b>Surplus before taxation</b>  |       | <b>7</b>  | <b>477</b>  |
| Income tax charge   |       | (30)  | (70)  |
| <b>(Deficit) / Surplus after taxation</b>                                       |       | <b>(23)</b>   | <b>407</b>  |
| <b>Other comprehensive income</b>   |       |   |   |
| Attributable to:  |       |   |   |
| - Owners of the parent  |       | (36)  | 392   |
| - Non-controlling interest  |       | 13  | 15  |
|   |       | (23)  | 407   |
| Other comprehensive income  |       |   |   |
| Items that may be subsequently charged or credited to profit and loss           |       |   |   |
| Currency translation differences  |       | (78)  | (213)   |
| <b>Other comprehensive income, net of tax</b>                                   |       | <b>(101)</b>  | <b>(213)</b>  |
| <b>Total comprehensive income for the period</b>                                |       | <b>(101)</b>  | <b>194</b>  |
| Attributable to:  |       |   |   |
| - Owners of the parent  |       | (114)   | 179   |
| - Non-controlling interest  |       | 13  | 15  |
| <b>Total</b>  |       | <b>(101)</b>  | <b>194</b>  |
| Basic earnings per share  |       |   |   |
| (Deficit)/Surplus per share attributable to shareholders of the company (cents) | 6     | (0.01)  | 0.16  |
| Fully diluted earnings per share  |       |   |   |
| (Deficit)/Surplus per share attributable to shareholders of the company (cents) | 6     | (0.01)  | 0.13  |
| Net tangible assets per share (cents)   |       | 4.65  | 5.07  |

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

MERCER GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

|                                  | Unaudited<br>31 December 2014<br>\$'000 | Audited<br>30 June 2014<br>\$'000 |
|----------------------------------|---|-----------------------------------|
| <b>ASSETS</b>                    |   |                                   |
| <b>Current assets</b>            |   |                                   |
| Cash and bank balances           | 68                                      | 46                                |
| Accounts receivable              | 6,605                                   | 7,066                             |
| Other debtors and prepayments    | 730                                     | 529                               |
| Inventories                      | 8,043                                   | 6,122                             |
| <b>Total current assets</b>      | <b>15,446</b>                           | <b>13,763</b>                     |
| <b>Non-current assets</b>        |   |                                   |
| Other debtors and prepayments    | 933                                     | 773                               |
| Property, plant and equipment    | 9,778                                   | 9,791                             |
| Intangible assets                | 6,700                                   | 6,383                             |
| Deferred tax asset               | 3,829                                   | 3,822                             |
| <b>Total non-current assets</b>  | <b>21,240</b>                           | <b>20,769</b>                     |
| <b>Total assets</b>              | <b>36,686</b>                           | <b>34,532</b>                     |
| <b>LIABILITIES</b>               |   |                                   |
| <b>Current liabilities</b>       |   |                                   |
| Bank overdraft                   | 688                                     | -                                 |
| Trade and other payables         | 7,391                                   | 6,124                             |
| Employee entitlements            | 1,105                                   | 1,112                             |
| Borrowings                       | 457                                     | 389                               |
| <b>Total current liabilities</b> | <b>9,641</b>                            | <b>7,625</b>                      |
| <b>Non-current liabilities</b>   |   |                                   |
| Borrowings                       | 5,460                                   | 6,431                             |
| <b>Total liabilities</b>         | <b>15,101</b>                           | <b>14,056</b>                     |
| <b>NET ASSETS</b>                | <b>21,585</b>                           | <b>20,476</b>                     |
| <b>EQUITY</b>                    |   |                                   |
| Share Capital                    | 33,384                                  | 32,146                            |
| Other reserves                   | 2,590                                   | 2,696                             |
| Retained earnings                | (14,381)                                | (14,345)                          |
|                                  | <b>21,593</b>                           | <b>20,497</b>                     |
| Non-controlling interest         | (8)                                     | (21)                              |
| <b>TOTAL EQUITY</b>              | <b>21,585</b>                           | <b>20,476</b>                     |

The above statements of Financial Position should be read with the accompanying notes.

MERCER GROUP LIMITED

CONSOLIDATED STATEMENTS OF MOVEMENTS IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

|  | Note | Attributable to the owners of the Parent |                   |                              |                                      |                           |               | Non-controlling interest | Total equity  |
|--|------|--|-------------------|------------------------------|--------------------------------------|---------------------------|---------------|--------------------------|---------------|
|  |      | Share Capital                            | Retained earnings | Share based payments reserve | Foreign currency translation reserve | Asset revaluation reserve | Total equity  |                          |               |
|  |      | \$'000                                   | \$'000            | \$'000                       | \$'000                               | \$'000                    | \$'000        | \$'000                   |               |
| Balance at 1 July 2013                           |      | 29,084                                   | (13,888)          | 100                          | (105)                                | 2,037                     | 17,228        | 5                        | 17,233        |
| Surplus for the period                           |      | -  | 392               | -                            | -                                    | -                         | 392           | 15                       | 407           |
| Asset revaluation reserve movement               |      | -  | 28                | -                            | -                                    | (28)                      | -             | -                        | -             |
| Foreign currency translation reserve movement    |      | -  | -                 | -                            | (213)                                | -                         | (213)         | -                        | (213)         |
| <b>Total comprehensive income for the period</b> |      | -  | <b>420</b>        | -                            | <b>(213)</b>                         | <b>(28)</b>               | <b>179</b>    | <b>15</b>                | <b>194</b>    |
| Value of employee services                       |      | -  | -                 | 58                           | -                                    | -                         | 58            | -                        | 58            |
| Issue of new shares                              |      | 1,779                                    | -                 | (82)                         | -                                    | -                         | 1,697         | -                        | 1,697         |
| <b>Balance at 31 December 2013 (unaudited)</b>   |      | <b>30,863</b>                            | <b>(13,468)</b>   | <b>76</b>                    | <b>(318)</b>                         | <b>2,009</b>              | <b>19,162</b> | <b>20</b>                | <b>19,182</b> |
| Balance at 1 July 2014                           |      | 32,146                                   | (14,345)          | 88                           | (206)                                | 2,814                     | 20,497        | (21)                     | 20,476        |
| Surplus (Deficit) for the period                 |      | -  | (36)              | -                            | -                                    | -                         | (36)          | 13                       | (23)          |
| Foreign currency translation reserve movement    |      | -  | -                 | -                            | (78)                                 | -                         | (78)          | -                        | (78)          |
| <b>Total comprehensive income for the period</b> |      | -  | <b>(36)</b>       | -                            | <b>(78)</b>                          | -                         | <b>(114)</b>  | <b>13</b>                | <b>(101)</b>  |
| Value of employee services                       |      | -  | -                 | 78                           | -                                    | -                         | 78            | -                        | 78            |
| Issue of new shares                              | 4    | 1,238                                    | -                 | (106)                        | -                                    | -                         | 1,132         | -                        | 1,132         |
| <b>Balance at 31 December 2014 (unaudited)</b>   |      | <b>33,384</b>                            | <b>(14,381)</b>   | <b>60</b>                    | <b>(284)</b>                         | <b>2,814</b>              | <b>21,593</b> | <b>(8)</b>               | <b>21,585</b> |

The above Statements of Movements in Equity should be read with the accompanying notes.

MERCER GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

|   | Unaudited<br>31 December 2014<br>\$'000 | Unaudited<br>31 December 2013<br>\$'000 |
|---|---|---|
| Operating activities  |   |   |
| (Deficit)/Surplus after tax   | (23)                                    | 407                                     |
| Depreciation and amortisation   | 470                                     | 415                                     |
| Deferred tax  | (6)                                     | 70                                      |
| Gain on sale of patents and development activities                    | -                                       | (125)                                   |
| Other non-cash items  | 82                                      | 58                                      |
| Changes in working capital  | (758)                                   | (1,893)                                 |
| <b>Net cash (outflow) inflow from operating activities</b>            | <b>(235)</b>                            | <b>(1,068)</b>                          |
| Investing activities  |   |   |
| Cash was provided from (to):  |   |   |
| Purchase of property, plant and equipment                             | (422)                                   | (355)                                   |
| Proceeds from sale of patents and development activities              | -                                       | 250                                     |
| Purchase of patents and development activities                        | (351)                                   | (193)                                   |
| <b>Net cash outflow from investing activities</b>                     | <b>(773)</b>                            | <b>(298)</b>                            |
| Financing activities  |   |   |
| Cash was provided from (to):  |   |   |
| Issue of new shares   | 1,238                                   | 1,718                                   |
| New borrowings  | -                                       | 1,100                                   |
| Repayment of borrowings   | (900)                                   | (389)                                   |
| <b>Net cash inflow (outflow) from financing activities</b>            | <b>338</b>                              | <b>2,429</b>                            |
| <b>Net (decrease)/increase in cash held</b>                           | <b>(670)</b>                            | <b>1,063</b>                            |
| Cash at the beginning of the year                                     | 46                                      | (337)                                   |
| Effect of exchange rate changes                                       | 4                                       | 10                                      |
| <b>Cash and bank balances less overdraft at the end of the period</b> | <b>(620)</b>                            | <b>736</b>                              |
| Cash balance  | 68                                      | 736                                     |
| Bank overdraft  | (688)                                   | -                                       |
| <b>Cash and bank balances less overdraft at the end of the period</b> | <b>(620)</b>                            | <b>736</b>                              |

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

The Statements of Cash Flows are exclusive of GST.

# MERCER GROUP LIMITED

## Notes to the financial statements FOR THE HALF YEAR ENDED 31 DECEMBER 2014

### 1. General information

#### *Statutory base*

Mercer Group Limited is a limited liability company which is incorporated and domiciled in New Zealand. The address of its registered office is 142 Neilson Street, Onehunga, Auckland. It is registered under the Companies Act 1993 and is a listed issuer under the Financial Markets Conduct Act 2013.

Mercer Group Limited is a public company registered under the Companies Act 1993 and is listed with the New Zealand Stock Exchange (NZX).

The Group comprises Mercer Group Limited and its wholly and majority owned subsidiaries as disclosed in Note 18 of the Annual Report. The core activities of the Mercer Group are:

- The manufacture in Christchurch and supply to New Zealand and Australia of kitchen, bathroom and laundry products by Mercer Interiors.
- Stainless steel fabrication and equipment manufacture and supply by Mercer Stainless workshops in Christchurch, New Plymouth, Nelson and Brisbane.
- The supply of equipment and related products and services for sterilization, washing and disinfection by Mercer Medical.

The Group is designated as a profit-oriented entity for financial reporting purposes.

The financial statements have been approved for issue by the Board of Directors on 26 February 2014.

### 2. Summary of significant accounting policies

#### (a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial report are set out in the Annual Report. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The condensed consolidated interim financial information for the six months ended 31 December 2014 has been prepared in accordance with New Zealand equivalent to International Accounting standards NZ IAS34 and IAS 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2014, which were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They also comply with International Financial Reporting standards (IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-oriented entities.

#### (b) Changes in accounting policies

There have been no significant changes in accounting policies from those applied by the Group in the financial statements as at 30 June 2014. Those accounting policies are set out in the Mercer Group Limited 2014 Annual Report.

#### (c) New standards and amendment

New standards and amendments to standards which are effective for the first time for the financial year beginning 1 July 2014 and which are relevant to the Group are set out in the Annual Report. These amendments have not resulted in material accounting or disclosure changes for the Group.

Standards and interpretations of relevance to the Group which were in issue but not yet effective and had not been early adopted are also set out in the Annual Report. The directors anticipate that the adoption of those Standards and Interpretations in future periods will have no material impact on the financial statements of the Group other than disclosures.



### 3. Segmental Reporting

The Group is organised into the following operating segments by product and services type:

**Stainless Fabrication:** The division includes the fabrication workshops in Christchurch and New Plymouth operated by Mercer Stainless Limited, and in Nelson operated by Titan Slicer Limited and the office in Brisbane, Australia operated by Mercer Technologies Pty Limited. The division is a fabricator of equipment, predominantly in stainless steel and also designs and manufactures proprietary equipment.

**Mercer Interiors:** The division manufactures and supplies sinks, basins, tubs, toilets, laminate, solid surface material and other similar products to merchants, fabricators and to other manufacturers.

**Mercer Medical:** Mercer Medical supplies equipment and related products and services for sterilization, washing and disinfection.

**Corporate:** This division includes Mercer Group Limited, the Parent Company and the head office activities within Mercer Stainless Limited. The segment result includes rental received from other segments in respect of properties owned and occupied by Mercer Stainless Limited.

|  | 31 December 2014 (unaudited) |                |                | 31 December 2013 (unaudited) |                |                |
|--|------------------------------|----------------|----------------|------------------------------|----------------|----------------|
|  | \$'000                       |                |                | \$'000                       |                |                |
|  | Total sales                  | Segment result | Segment assets | Total sales                  | Segment result | Segment assets |
|  | revenue                      | (EBITDA)       |                | revenue                      | (EBITDA)       |                |
| Stainless Fabrication                                      | 16,865                       | 1,238          | 11,848         | 14,011                       | 642            | 9,222          |
| Mercer Interiors   | 4,115                        | 90             | 6,274          | 4,672                        | 64             | 6,072          |
| Mercer Medical   | 1,758                        | (83)           | 2,657          | 1,827                        | 97             | 1,902          |
| Corporate  | 33                           | (499)          | 15,907         | 996                          | 305            | 15,990         |
| Intersegment eliminations                                  | -                            | -              | -              | (212)                        | -              | -              |
| <b>Total sales, EBITDA, assets</b>                         | <b>22,771</b>                | <b>746</b>     | <b>36,686</b>  | <b>21,294</b>                | <b>1,108</b>   | <b>33,186</b>  |
| Depreciation and amortisation                              | -                            | (470)          | -              | -                            | (415)          | -              |
| Finance costs  | -                            | (293)          | -              | -                            | (231)          | -              |
| Income tax charge  | -                            | (30)           | -              | -                            | (70)           | -              |
| Share of profits (losses) of associate                     | -                            | 24             | -              | -                            | 15             | -              |
| <b>Total Group sales, profit or loss after tax, assets</b> | <b>22,771</b>                | <b>(23)</b>    | <b>36,686</b>  | <b>21,294</b>                | <b>407</b>     | <b>33,186</b>  |

It is not practicable to provide an analysis of sales revenue or result by geographical location.

Non-current assets, excluding the deferred tax asset, analysed by geographical location comprise:

|              | Unaudited        | Audited       |
|--------------|------------------|---------------|
|              | 31 December 2014 | 30 June 2014  |
|              | \$'000           | \$'000        |
| New Zealand  | 17,345           | 16,843        |
| Australia    | 66               | 105           |
| <b>Total</b> | <b>17,411</b>    | <b>16,948</b> |

### 4. Related Party Transactions

#### (a) Directors

The names of persons who were directors of the Company at any time during the period are as follows:

G Diack, HJD Rolleston, R Rookes, R Shepherd and P Smart.

**(b) Warrants**

There are no warrants outstanding.

**(c) Options**

R Shepherd, Chief Executive Officer has share entitlement equivalent to 1.00% of the total shares on issue (immediately prior to issue) on the first, second and third anniversary of appointment. R Shepherd took up his second entitlement in the six month period ended 31 December 2013 with shares issued on 8 November 2013. He took up his third entitlement in the six month period ended 31 December 2014 with shares issued on 28 November 2014 as reflected in the Statement Of Comprehensive Income .

On 2 December 2014 R Shepherd exercised 11,764,706 shares and T Blathwayt, Chief Financial Officer and General Manager Stainless Fabrication, exercised 2,941,176 shares at \$0.085 per share.

Alan Dowman, General Manager Technologies, has options to purchase:

- 1,785,714 shares at \$0.14 per share on 31 December 2016

**5. Dividends**

During the six months ended 31 December 2014, Mercer Group paid no dividends (six months ended 31 December 2013: \$Nil).

**6. Earnings per share**

***Basic and diluted***

Basic earnings per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year adjusted to assume conversion of the dilutive potential of ordinary shares as a result of warrants on issue, and the issue of share options where the weighted average market price of ordinary shares during the period exceeds the exercise price of the option / warrant.

|   | Group and parent                 |                                  |
|---|----------------------------------|----------------------------------|
|   | Unaudited at 31<br>December 2014 | Unaudited at 31<br>December 2013 |
| Weighted average number of ordinary shares in issue:                      |                                  |                                  |
| Basic   | 297,182,533                      | 254,580,779                      |
| Warrants  | -                                | 23,102,178                       |
| Options   | 13,321,968                       | 29,733,205                       |
| Equity based remuneration   | 2,412,470                        | 4,554,283                        |
| Total   | <b>312,916,961</b>               | 311,970,445                      |
| (Deficit) surplus attributable to the shareholders of the Company (\$000) | <b>(36)</b>                      | 392                              |
| Basic earnings per share  | <b>(0.01) cents</b>              | 0.15 cents                       |
| Diluted earnings per share  | <b>(0.01) cents</b>              | 0.13 cents                       |

**7. Commitments**

The Group had no commitments for future capital expenditure as at 31 December 2014 (June 2014: \$Nil).