



Perfect Optronics Limited

圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8311



2014
Interim Report



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Perfect Optronics Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$683.6 million for the six months ended 30 June 2014 (six months ended 30 June 2013: approximately HK\$877.4 million).
- Profit attributable to equity holders of the Company for the six months ended 30 June 2014 amounted to approximately HK\$22.2 million (six months ended 30 June 2013: approximately HK\$40.9 million).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

FINANCIAL RESULTS

The board of directors (the "Board") of Perfect Optronics Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Note	Three months ended 30 June		Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3, 4	388,307	482,089	683,594	877,384
Cost of sales		(362,887)	(437,006)	(631,301)	(800,907)
Gross profit		25,420	45,083	52,293	76,477
Other losses, net	5	(60)	(305)	(1,158)	(206)
Distribution and selling expenses		(3,207)	(3,157)	(7,165)	(6,749)
General and administrative expenses		(7,989)	(9,003)	(16,068)	(18,311)
Operating profit		14,164	32,618	27,902	51,211
Finance income		192	10	270	32
Finance costs	6	(756)	(343)	(1,292)	(929)
Profit before income tax	7	13,600	32,285	26,880	50,314
Income tax expense	8	(2,419)	(5,855)	(4,652)	(9,400)
Profit for the period		11,181	26,430	22,228	40,914
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Currency translation differences		13	(77)	(29)	(77)
Total comprehensive income for the period		11,194	26,353	22,199	40,837

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2014

		Three months ended 30 June		Six months ended 30 June	
	Note	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Profit for the period attributable to:					
Equity holders of the Company		11,181	26,430	22,228	40,914
Total comprehensive income for the period attributable to:					
Equity holders of the Company		11,194	26,353	22,199	40,837
Basic and diluted earnings per share	10	HK0.84 cents	HK2.67 cents	HK1.77 cents	HK4.13 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,541	1,537
Intangible asset	12	2,000	—
Deferred income tax assets		72	57
		3,613	1,594
Current assets			
Inventories		194,934	131,426
Trade and other receivables	13	149,563	152,459
Restricted bank deposits		38,969	35,038
Cash and cash equivalents		73,405	62,869
		456,871	381,792
Total assets		460,484	383,386
EQUITY			
Share capital	14	13,200	—
Reserves		115,721	37,950
Retained earnings		103,213	100,785
Total equity		232,134	138,735

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2014

	Note	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		—	—
		—	—
Current liabilities			
Trade and other payables	15	156,946	159,411
Bank borrowings	16	57,028	75,531
Current income tax liabilities		14,376	9,709
		228,350	244,651
Total liabilities		228,350	244,651
Total equity and liabilities		460,484	383,386
Net current assets		228,521	137,141
Total assets less current liabilities		232,134	138,735

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to equity holders of the Company					
	Share capital	Share premium	Other reserve	Exchange reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Note)			
Balance at 1 January 2014	—	—	38,000	(50)	100,785	138,735
Profit for the period	—	—	—	—	22,228	22,228
Other comprehensive income for the period	—	—	—	(29)	—	(29)
Total comprehensive income for the period	—	—	—	(29)	22,228	22,199
Issue of new shares by way of placing	3,300	95,700	—	—	—	99,000
Share issue expenses	—	(8,000)	—	—	—	(8,000)
Capitalisation issue	9,900	(9,900)	—	—	—	—
Dividend relating to 2013 paid in May 2014 — Note 9	—	—	—	—	(19,800)	(19,800)
Total transactions with equity holders, recognised directly in equity	13,200	77,800	—	—	(19,800)	71,200
Balance at 30 June 2014	13,200	77,800	38,000	(79)	103,213	232,134
Balance at 1 January 2013	—	—	38,000	—	59,652	97,652
Profit for the period	—	—	—	—	40,914	40,914
Other comprehensive income for the period	—	—	—	(77)	—	(77)
Total comprehensive income for the period	—	—	—	(77)	40,914	40,837
Balance at 30 June 2013	—	—	38,000	(77)	100,566	138,489

Note: Other reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the Listing and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities		(36,201)	33,234
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(287)	(75)
Addition of intangible asset	12	(2,000)	—
Proceeds from disposal of property, plant and equipment		—	250
Proceeds from disposal of financial assets at fair value through profit or loss		—	4,576
Interest received		270	32
Net cash (used in)/generated from investing activities		(2,017)	4,783
Cash flows from financing activities			
Proceeds from bank borrowings		129,427	58,042
Repayment of bank borrowings		(147,930)	(100,311)
Proceeds from issue of shares by way of placing		99,000	—
Share issue expenses		(8,000)	—
Increase in restricted bank deposits		(3,931)	(27)
Dividend paid	9	(19,800)	—
Net cash generated from/(used in) financing activities		48,766	(42,296)
Increase/(decrease) in cash and cash equivalents		10,548	(4,279)
Cash and cash equivalents at beginning of period		62,869	50,101
Exchange loss on cash and cash equivalents		(12)	(77)
Cash and cash equivalents at end of period		73,405	45,745



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 13 June 2013, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares are listed on the GEM since 7 February 2014 (the "Listing").

Pursuant to a group reorganisation (the "Reorganisation") and capitalisation of 989,990,000 shares in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 31 December 2013, the details of which are as set out in the prospectus issued by the Company dated 24 January 2014 (the "Prospectus").

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2014 are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except as described below.

The Group has adopted and applied, for the first time, the following new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2014:

HK(IFRIC) 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For those new standards, amendment to standards and interpretations which have been issued but are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with Hong Kong Financial Reporting Standards ("HKFRSs") requires the use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Group's accounting policies. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2013.

3. REVENUE

Revenue represents the sales of display panels and related electronic components to external parties.

	Three months ended 30 June		Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Unprocessed thin film transistor liquid crystal display panels ("TFT-LCD panels") and other unprocessed products ("Unprocessed Panel Segment")	99,522	306,677	184,482	495,042
Processed TFT-LCD panels ("Processed Panel Segment")	212,881	108,276	355,097	230,833
Integrated circuits ("IC Segment")	69,935	50,477	133,030	123,718
Polarisers ("Polariser Segment")	5,969	16,659	10,985	27,791
	388,307	482,089	683,594	877,384

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the directors of the Group. The directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports.

The directors consider the Group's business from a product perspective and determine that the Group has four reportable operating segments as follows:

- (i) Unprocessed Panel Segment
- (ii) Processed Panel Segment
- (iii) IC Segment
- (iv) Polariser Segment

The directors assess the performance of the operating segments based on a measure of revenue and gross profit of each segment and do not assess the performance based on segment assets and liabilities.

- (a) The segment information provided to the directors for the reportable segments for the six months ended 30 June 2014 and 2013 is as follows:

	Unprocessed Panel Segment		Processed Panel Segment		IC Segment		Polariser Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (all from external customers)	184,482	495,042	355,097	230,833	133,030	123,718	10,985	27,791	683,594	877,384
Cost of sales	(172,298)	(442,706)	(317,687)	(210,889)	(130,495)	(120,769)	(10,821)	(26,543)	(631,301)	(800,907)
Gross profit	12,184	52,336	37,410	19,944	2,535	2,949	164	1,248	52,293	76,477
Gross profit margin	6.6%	10.6%	10.5%	8.6%	1.9%	2.4%	1.5%	4.5%	7.6%	8.7%
Unallocated operating costs									(24,391)	(25,266)
Finance costs, net									(1,022)	(897)
Profit before income tax									26,880	50,314

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment revenue by customers' geographical location

During the six months ended 30 June 2014 and 2013, most of the Group revenues were derived in Hong Kong, where the Group's products were delivered by the Group to its customers.

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	665,647	877,384
The People's Republic of China ("PRC")	17,947	—
	683,594	877,384

- (c) Revenues from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	168,235	172,011
Customer B	104,110	126,943
Customer C (i)	93,105	34,463
	365,450	333,417

- (i) Revenue from Customer C contributes less than 10% of the total revenue of the Group during the six months ended 30 June 2013.

The three customers are included in the Unprocessed Panel Segment, Processed Panel Segment, IC Segment and Polariser Segment.

- (d) As at 30 June 2014, excluding deferred income tax assets of HK\$72,000 (31 December 2013: HK\$57,000), non-current segment assets of HK\$2,705,000 (31 December 2013: HK\$852,000) are located in Hong Kong and HK\$836,000 (31 December 2013: HK\$685,000) are located in the PRC.

5. OTHER LOSSES, NET

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net exchange loss	1,158	105
Loss on disposal of property, plant and equipment	—	87
Loss on financial assets at fair value through profit or loss	—	17
Others	—	(3)
	1,158	206

6. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on:		
Bank advances from factored receivables	315	156
Bank borrowings wholly repayable within five years	202	268
Factoring charges	775	505
	1,292	929

7. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

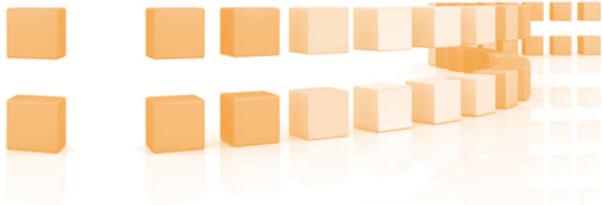
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	581,944	772,101
Provision for obsolete inventories	7,275	5,178
Depreciation of property, plant and equipment	266	216
Professional service fees in respect of the Listing	1,084	6,391

8. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	4,667	9,439
PRC corporate income tax	—	—
Deferred income tax	(15)	(39)
	4,652	9,400

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong. The Group's subsidiary in the PRC is subject to PRC corporate income tax at a standard rate of 25% during the period (six months ended 30 June 2013: 25%).



9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

Final dividend for the year ended 31 December 2013 of HK\$19,800,000 was paid in May 2014.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2014 and 2013.

In determining the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2014 and 2013, the 10,000 ordinary shares with par value of HK\$0.01 each issued during the year ended 31 December 2013 and the 989,990,000 shares with par value of HK\$0.01 each issued upon the capitalisation issue and Reorganisation have been regarded as if these shares were in issue since 1 January 2013.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	22,228	40,914
Weighted average number of ordinary shares in issue (thousands)	1,252,541	990,000
Basic and diluted earnings per share (HK cents per share)	HK1.77 cents	HK4.13 cents

No adjustment has been made to the basic earnings per share amount for the six months ended 30 June 2014 and 2013 as the Group had no potentially dilutive ordinary shares in issue during these periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired at cost, leasehold improvements of approximately HK\$nil (six months ended 30 June 2013: HK\$67,000); furniture and office equipment of approximately HK\$287,000 (six months ended 30 June 2013: HK\$8,000).

In addition, the Group did not dispose of any property, plant and equipment during the six months ended 30 June 2014 (six months ended 30 June 2013: disposed of motor vehicles with net carrying amount of approximately HK\$337,000).

12. INTANGIBLE ASSET

The Group's intangible asset as at 30 June 2014 represents club membership with indefinite useful life, which is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

13. TRADE AND OTHER RECEIVABLES

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Trade receivables (Note)	79,466	51,271
Bills receivables (Note)	66,968	95,470
	146,434	146,741
Deposits and other receivables	3,129	1,144
Deferred professional service fees in respect of preparation for share placing	—	4,574
	149,563	152,459

Note: The Group generally grants credit periods of 30 to 60 days. The ageing analysis of trade and bills receivables based on invoice dates is as follows:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
1–30 days	123,017	132,013
31–60 days	21,879	14,151
61–90 days	1,191	574
91–180 days	347	3
	146,434	146,741

14. SHARE CAPITAL

	Number of shares	Ordinary shares of HK\$0.01 each HK\$'000
Authorised:		
At 1 January 2013	—	—
Incorporation of the Company on 13 June 2013	39,000,000	390
At 30 June 2013 and 31 December 2013	39,000,000	390
Increase in authorised share capital on 20 January 2014	4,961,000,000	49,610
At 30 June 2014 (Unaudited)	5,000,000,000	50,000
Issued and fully paid:		
At 1 January 2013	—	—
Issue of share upon incorporation	1	—
At 30 June 2013	1	—
Issue of shares pursuant to the Reorganisation	9,999	—
At 31 December 2013	10,000	—
Issue of shares by way of placing	330,000,000	3,300
Capitalisation issue	989,990,000	9,900
At 30 June 2014 (Unaudited)	1,320,000,000	13,200

15. TRADE AND OTHER PAYABLES

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Trade payables (Note)	146,254	137,819
Deposits received from customers	7,163	8,737
Accruals and other payables	2,779	5,636
Accrued auditor's remuneration	750	1,280
Accrued professional service fees in respect of the Listing	—	5,939
	156,946	159,411

Note: The ageing analysis of trade payables based on invoice dates is as follows:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
1–30 days	86,330	106,322
31–60 days	56,874	31,481
61–90 days	3,050	—
91–180 days	—	16
	146,254	137,819

16. BANK BORROWINGS

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Bank advances for factored receivables	57,028	58,251
Portion of long-term bank loans due for repayment within one year	—	7,476
Portion of long-term bank loans due for repayment after one year which contain repayment on demand clauses	—	9,804
	57,028	75,531

Movement in bank borrowings is analysed as follows:

	HK\$'000 (Unaudited)
Six months ended 30 June 2014:	
Opening amount as at 1 January 2014	75,531
Proceeds of new borrowings	129,427
Repayments of borrowings	(147,930)
Closing amount as at 30 June 2014	57,028
Six months ended 30 June 2013:	
Opening amount 1 January 2013	63,287
Proceeds of new borrowings	58,042
Repayments of borrowings	(100,311)
Closing amount as at 30 June 2013	21,018

As at 30 June 2014, the Group factored trade receivables of approximately HK\$57,028,000 (31 December 2013: HK\$58,251,000) to a bank. As the Group still retained risks and rewards associated with the default and delay in payment by the debtors, the proceeds from the factoring of these trade receivables have been accounted for as the Group's liabilities and included in "Bank advances for factored receivables".

17. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- (a) The directors of the Company are of the view that the following companies that had transactions with the Group are related parties:

Name	Relationship with the Group
Velog International Limited	A related company controlled by a director of the Company, Mr. Cheng Wai Tak
J-Sky International Limited	A related company controlled by Mr. Cheng Wai Tak
Earn Master Limited	A related company wholly owned by the spouse of Mr. Cheng Wai Tak

(b) Transactions with related parties

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following transactions with related companies during the period.

Continuing related party transactions:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental expense paid to a related company:		
Earn Master Limited	408	408

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

Discontinued related party transactions:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods to a related company:		
J-Sky International Limited	—	1,573
Purchase of goods from a related company:		
Velog International Limited	—	315

Note: In the opinion of the directors, the above transactions were entered into in the normal course of business at mutually agreed prices and terms.

(c) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	4,600	4,287
Post-employment benefits		
— defined contribution plans	38	39
	4,638	4,326

(d) Personal guarantee from Mr. Cheng Wai Tak

As at 31 December 2013, bank borrowings of the Group amounted to approximately HK\$75,531,000 were secured by the corporate guarantee from Perfect Display Limited (a subsidiary of the Group) and personal guarantee from Mr. Cheng Wai Tak. The personal guarantee provided by Mr. Cheng Wai Tak was released and a corporate guarantee was provided by the Company upon the Listing.



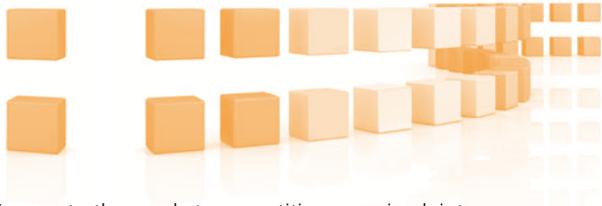
MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the trading of display components of electronics, namely TFT-LCD panels, driver integrated circuits (“ICs”) and polarisers, which are the major components of display technology used for mobile phones. It also processes some of the TFT-LCD panels which it trades.

According to a recent report of China Academy of Telecommunication Research of the Ministry of Industrial and Information Technology of the PRC, China brand mobile phone shipments in the first half of 2014 dropped by 27.6% as compared with the corresponding period in 2013. Such a slowdown in the PRC mobile phone market had impacted the financial performance of the Group for the six months ended 30 June 2014. Revenue of the Group amounted to approximately HK\$683,594,000 during the six months ended 30 June 2014, representing a decrease of approximately 22% as compared with the corresponding period in 2013. Profit attributable to equity holders of the Company for the six months ended 30 June 2014 was approximately HK\$22,228,000, representing a decrease of approximately 46% as compared with the corresponding period in 2013.

The Group experienced a significant decrease in the revenue from the Unprocessed Panel Segment of approximately HK\$310,560,000 during the six months ended 30 June 2014, representing a decrease of approximately 63% as compared with the corresponding period in 2013. As mentioned in the 2014 first quarterly report of the Company, it took time for the Group’s supplier to ramp up its production of new technology-demanding premium TFT-LCD panels to meet the demand of high-specification smart phones, which affected the Group’s sales volume of unprocessed TFT-LCD panels. The Group’s revenue from Unprocessed Panel Segment continued to drop in the second quarter of 2014, as telecommunication operators in the PRC changed their strategies in relation to their subsidies to end users on mobile phones purchases which resulted in a decrease in the market demand for certain premium quality mobile phones, including those installed with TFT-LCD panels sold by the Group. Furthermore, consumers in the PRC might hold off purchases as they anticipated the upgrade from 3G to 4G mobile phones. Nevertheless, thanks to the vigorous development of the Group’s Processed Panel Segment, revenue of this segment increased by 54% from HK\$230,833,000 for the six months ended 30 June 2013 to HK\$355,097,000 for the six months ended 30 June 2014. Processed Panel Segment became the largest segment of the Group during the six months ended 30 June 2014. Processed Panel Segment provides more value-added services to its customers and can generally achieve higher selling prices and profit margins.



For the IC Segment and Polariser Segment, the market competition remained intense. Revenue from Polariser Segment for the six months ended 30 June 2014 decreased by approximately 60% to HK\$10,985,000 from HK\$27,791,000 of the corresponding period in 2013, while revenue from IC Segment increased by approximately 8% to HK\$133,030,000 for the six months ended 30 June 2014 from HK\$123,718,000 of the corresponding period in 2013. Advanced ICs were introduced and the Group managed to grasp market share and consequently had an increase in revenue but a decrease in its gross profit margin due to intense competition.

During the period, the decrease in the gross profit margins of the Unprocessed Panel Segment, IC Segment and Polariser Segment outweighed the positive impact of the increase in gross profit margin of the Processed Panel Segment. Thus, the Group's overall gross profit margin dropped from 8.7% for the six months ended 30 June 2013 to 7.6% for the six months ended 30 June 2014.

Prospects

During the period, the Company offered 330,000,000 new shares for subscription by way of placing (the "Placing") and raised net proceeds of approximately HK\$76 million. The Company was listed on the GEM on 7 February 2014 (the "Listing Date"). The net proceeds raised and the listing status of the Company will provide a solid bedrock for future development of the Group.

Looking forward, through the launch of 4G services in the PRC, the management is confident in maintaining the growth momentum of the Group. The Group also started the process for vertical expansion of its business to acquire panel processing plants to take up the slimming down and cutting work which is currently undertaken by its subcontractors, so as to reduce outsourcing costs and to preserve its technical know-how in its main products. In addition, the Group will continue to expand its sales and support team in the PRC and to seek to diversify its product mix with the aim to achieve higher selling prices, better profit margins, and thus greater returns for the shareholders of the Company.

Financial Review

Revenue

For the six months ended 30 June 2014, total revenue of the Group amounted to approximately HK\$683,594,000 decreased by about 22% as compared with the corresponding period in 2013 of approximately HK\$877,384,000. Decrease in total revenue was mainly due to the decrease in revenue from the Unprocessed Panel Segment as mentioned above.



Gross profit

Gross profit for the six months ended 30 June 2014 decreased by about 32% to approximately HK\$52,293,000 and gross profit margin decreased by 1.1 percentage point to 7.6% as compared with the corresponding period in 2013. The decrease in gross profit margin of the Unprocessed Panel Segment led to the decrease in the overall gross profit margin during the period.

Other losses, net

Net other losses of approximately HK\$1,158,000 was recorded for the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$206,000). The balance mainly comprised of the unrealised exchange losses on the Group's Renminbi bank deposits arising from the depreciation of Renminbi against Hong Kong Dollars during the period.

Expenses

The Group's distribution and selling expenses for the six months ended 30 June 2014 amounted to approximately HK\$7,165,000, representing an approximately 6% increase as compared with the corresponding period in 2013 of approximately HK\$6,749,000.

The Group's general and administrative expenses for the six months ended 30 June 2014 amounted to approximately HK\$16,068,000, representing an approximately 12% decrease as compared with the corresponding period in 2013 of approximately HK\$18,311,000. Non-recurring expenses in relation to the listing of the Company included in the general and administrative expenses during the period amounted to approximately HK\$1,084,000 (six months ended 30 June 2013: HK\$6,391,000). Excluding the effect of these non-recurring expenses, the Group's general and administrative expenses for the period increased by approximately HK\$3,064,000, representing an approximately 26% increase over the last corresponding period.

The increase in distribution and selling expenses, general and administrative expenses (excluding non-recurring listing expenses) during the six months ended 30 June 2014 as compared with the corresponding period in 2013 was mainly attributable to the additional operating expenses incurred by the Group's PRC subsidiary, which was established in April 2013, and the increase in various professional fees after the listing of the Company.

Profit for the period

Profit attributable to equity holders of the Company for the six months ended 30 June 2014 amounted to approximately HK\$22,228,000, representing a decrease of approximately 46% as compared with the corresponding period in 2013 of approximately HK\$40,914,000, which was mainly attributable to the decrease in revenue during the period.



LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and bank borrowings. The Group had cash and cash equivalents of approximately HK\$73,405,000 as at 30 June 2014 (31 December 2013: HK\$62,869,000).

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Total bank deposits, bank balances and cash	112,374	97,907
Restricted bank deposits included in current assets	(38,969)	(35,038)
Cash and cash equivalents	73,405	62,869

The carrying amounts of the Group's cash and cash equivalents and restricted bank deposits are denominated in the following currencies:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
United States dollars	70,008	89,112
Hong Kong dollars	5,977	2,387
Renminbi	36,389	6,408
	112,374	97,907

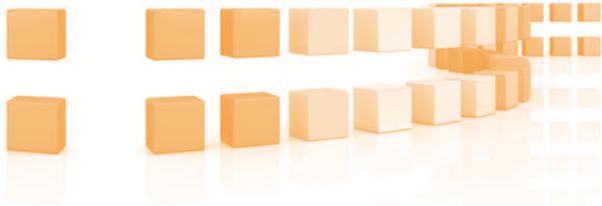
As at 30 June 2014, the Group's total bank borrowings comprised bank loans and bank advances for factored receivables of approximately HK\$nil (31 December 2013: HK\$17,280,000) and HK\$57,028,000 (31 December 2013: HK\$58,251,000) respectively. The scheduled repayment date of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses are as follows:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Within 1 year	57,028	65,727
Between 1 and 2 years	—	5,204
Between 2 and 5 years	—	4,600
	57,028	75,531

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Hong Kong dollars	—	17,280
United States dollars	57,028	58,251
	57,028	75,531

The Group's bank loans are subject to floating interest rates while bank advances for factored receivables are subject to fixed interest rates. As at 30 June 2014, the Group's unutilised banking facilities restricted for trade finance purposes amounted to approximately HK\$132.5 million (31 December 2013: HK\$129.8 million).



GEARING RATIO

As at 30 June 2014, the Group's gearing ratio was 24.6% (31 December 2013: 54.4%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$57,028,000 (31 December 2013: HK\$75,531,000) and the Group's total equity of approximately HK\$232,134,000 (31 December 2013: HK\$138,735,000).

CAPITAL STRUCTURE

The Company's shares were successfully listed on GEM on 7 February 2014. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Company only comprises of ordinary shares.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period.

The Group strives to reduce exposure to credit risk by monitoring on an ongoing basis with reference to the financial position of the debtors, past experience and other factors. The Group performs regular credit evaluations of its major customers. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liabilities (31 December 2013: Nil).

CHARGE OF ASSETS

As at 30 June 2014, the Group had pledged its bank deposits of approximately HK\$38,969,000 (31 December 2013: HK\$35,038,000) to certain banks in Hong Kong to secure the banking facilities granted to the Group.

FOREIGN CURRENCY RISK

As most of the Group's business transactions, assets and liabilities are principally denominated in United States dollars, Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the Board will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.



CAPITAL COMMITMENTS

As at 30 June 2014, the Group did not have any significant capital commitments (31 December 2013: Nil).

SIGNIFICANT INVESTMENTS HELD

Except for investments in subsidiaries, as at 30 June 2014, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

INFORMATION ON EMPLOYEES

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme.

As at 30 June 2014, the employee headcount of the Group was 83 (31 December 2013: 60) and the total staff costs, including directors' emoluments, amounted to approximately HK\$11,426,000 during the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$8,029,000).



COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the period from 14 January 2014 (being the Latest Practicable Date as defined in the Prospectus) to 30 June 2014 (the "Review Period"). Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless the content requires otherwise.

Business objectives for the Review Period	Actual Business Progress for the Review Period
--	---

(a) Establishment or acquisition of panel processing plants in the PRC to expand our business vertically

- | | |
|---|---|
| <ul style="list-style-type: none"> Perform technology and capacity forecast and planning | Technology and capacity forecast and planning have been performed |
| <ul style="list-style-type: none"> Perform due diligence studies on target panel processing plant(s) or rules and compliance of operating panel processing plant(s) in the PRC | A potential existing panel processing plant has been identified and related due diligence works are commenced |
| <ul style="list-style-type: none"> Identify potential equipment supplier and carrying out evaluation | The Group is identifying potential equipment supplier |

(b) Expansion of our sales support team in the PRC to provide high quality services to our customers

- | | |
|---|---|
| <ul style="list-style-type: none"> Recruit staff | The Group has recruited additional sales and engineering staff to strengthen its sales support team in the PRC |
| <ul style="list-style-type: none"> Arrange training to staff | Relevant training activities have been provided to new and existing staff |
| <ul style="list-style-type: none"> Organise marketing activities | The Group has continuously organised various marketing activities to promote sales and strengthen its market position |

(c) Expansion of our product portfolio to strengthen our product offerings

- | | |
|--|--|
| <ul style="list-style-type: none"> Explore new products and suppliers | The Group has introduced new products, such as medium sized display products for automobiles and tablets; and new suppliers in the PRC |
| <ul style="list-style-type: none"> Evaluate new products and perform due diligence on new supplier if necessary | Due diligence works on new suppliers have been performed |

USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$76 million. During the Review Period, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the Review Period	Actual use of proceeds during the Review Period
	HK\$'million	HK\$'million
Establishment or acquisition of panel processing plants in the PRC to expand our business vertically	1	—
Repayment of bank loans	17	17
Expansion of our sales support team in the PRC to provide high quality services to our customers	2	1
Expansion of our product portfolio to strengthen our product offerings	1	1
General working capital	7	7
	28	26

Notes:

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The uses of proceeds were applied in accordance with the actual development of the market:

1. The Group has identified a potential existing panel processing plant and related due diligence works are in progress, therefore proceeds applied in this area are less than expected.
2. The remaining net proceeds as at 30 June 2014 has been placed as interest-bearing deposits in banks in Hong Kong.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2014, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of the Company:

Name of Director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Mr. Cheng Wai Tak	Interest in controlled corporation	990,000,000 (Note)	75%

Long positions in shares of associated corporation:

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of the associated corporation's issued share capital
Mr. Cheng Wai Tak	Winful Enterprises Limited ("Winful Enterprises")	Directly beneficially owned (Note)	1	100%

Note: These 990,000,000 shares are held by Winful Enterprises, which in turn is wholly and beneficially owned by Mr. Cheng Wai Tak. As such, Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 990,000,000 shares held by Winful Enterprises.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

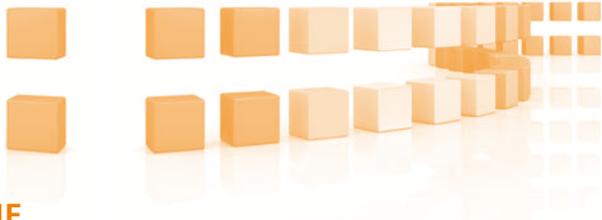
So far as the Directors are aware, as at 30 June 2014, other than the Director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long positions in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Winful Enterprises	Directly beneficially owned	990,000,000 (Note)	75%

Note: Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 990,000,000 shares held by Winful Enterprises.

Save as disclosed above, as at 30 June 2014, no other person had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.



SHARE OPTION SCHEME

The Company has a share option scheme (the “Share Option Scheme”) which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 20 January 2014.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

At no time during the six months ended 30 June 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2014, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any shares of the Company.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from 7 February 2014 (the Listing Date) to 30 June 2014.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

On 20 January 2014, each of Mr. Cheng Wai Tak and Winful Enterprises, the controlling shareholders of the Company (collectively, the “Covenantors”) have entered into a deed of non-competition undertaking (“Non-Competition Deed”) in favour of the Company (for itself and for and on behalf of all members of the Group), pursuant to which each of the Covenantors, irrevocably and unconditionally, undertakes and covenants with the Company that with effect from the Listing Date and for as long as the shares of the Company remain so listed on the Stock Exchange and he/it, individually or collectively with any other Covenantor(s), is, directly or indirectly, interested in 30% or more of the shares of the Company in issue, or is otherwise regarded as a controlling shareholder (as defined under



the GEM Listing Rules from time to time) of the Company, he/it shall not, and shall procure that none of his/its associates (for the purpose of the Non-Competition Deed, shall have the meaning as defined under Rule 1.01 of the GEM Listing Rules but excluding the Group) shall:

- (a) directly or indirectly (other than through the Group) engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with existing business activity of the Group and any business activities undertaken by the Group from time to time (the "Restricted Business") except for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any publicly listed company; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the Restricted Business including, but not limited to, solicitation of the Group's customers, suppliers or staff.

Further details of the Non-Competition Deed have been set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

COMPETING INTERESTS

Save as the information set out in the section headed "COMPLIANCE OF NON-COMPETITION UNDERTAKING", based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group, or have any other conflict of interest which any such person has or may have with the Group throughout the period from 7 February 2014 (the Listing Date) to 30 June 2014.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Grand Vinco Capital Limited ("Vinco"), compliance adviser of the Company, neither Vinco nor its directors or employees or associates had any interest in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) as at 30 June 2014. Pursuant to the compliance adviser agreement, Vinco received and will receive fees for acting as the compliance adviser of the Company.



CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules.

Throughout the period from 7 February 2014 (the Listing Date) to 30 June 2014, the Company has complied with all the code provisions of the CG Code, except the deviation stipulated below.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

Under the current management structure of the Company, Mr. Cheng Wai Tak (“Mr. Cheng”) is the Chairman of the Board (the “Chairman”) and Chief Executive Officer of the Company (the “Chief Executive Officer”). With Mr. Cheng’s extensive experience in the industry, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would provide the Company with strong and consistent leadership, allow for effective and efficient planning and implementation of business decisions and strategies, and would be beneficial to the business prospects and management of the Group.

Although Mr. Cheng performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer is clearly established. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the business of the Group. The two roles are performed by Mr. Cheng distinctly. The Board also considers that the current management structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.



AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provision C.3.3 of the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Wong Yik Chung John, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee, Mr. Wong Chi Chiu and Mr. Li Shui Yan. The audit committee has reviewed this report and has provided advice and comments thereon.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “Diversity Policy”) which sets out the approach to achieve diversity in the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance. Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including (but not limited to) gender, regional and industry experience, skills, knowledge and educational background.

The Board will consider to set measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives. The nomination committee of the Company will review the Diversity Policy, as appropriate, to ensure its effectiveness.

By Order of the Board
Perfect Optronics Limited
Cheng Wai Tak
Chairman

Hong Kong, 8 August 2014