

Ellipsiz Ltd and its Subsidiaries  
Registration Number: 199408329R

Half Year Financial Statement And Dividend  
Announcement  
For Six Months Ended  
31 December 2005

***Financial Information***

**Balance Sheet**

	Note	Group			Company		
		31 December 2005	30 June 2005 Restated	Var.	31 December 2005	30 June 2005 Restated	Var.
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-Current Assets</b>							
Property, plant and equipment	4	21,605	19,694	10	46	93	(51)
Intangible assets	5	18,029	11,772	53	7	4	75
Subsidiaries	6	-	-	-	43,469	32,432	34
Associates		1,514	1,484	2	750	750	-
Jointly-controlled entity		199	236	(16)	-	-	-
Other assets		18,515	21,280	(13)	18,511	21,276	(13)
Trade receivables		91	138	(34)	-	-	-
Deferred tax assets		250	186	34	35	-	100
		<u>60,203</u>	<u>54,790</u>	10	<u>62,818</u>	<u>54,555</u>	15
<b>Current Assets</b>							
Inventories		10,585	8,915	19	-	-	-
Project-in-progress		264	298	(11)	-	-	-
Trade and other receivables		31,341	38,357	(18)	3,884	1,293	200
Amounts due from related parties		665	226	194	9,790	11,107	(12)
Cash and cash equivalents	7	41,736	29,788	40	886	7,885	(89)
		<u>84,591</u>	<u>77,584</u>	9	<u>14,560</u>	<u>20,285</u>	(28)
Less :							
<b>Current Liabilities</b>							
Trade and other payables		29,167	23,169	26	4,489	3,318	35
Amount due to related parties		47	97	(52)	1,323	1,326	-
Interest-bearing borrowings	8	2,652	4,887	(46)	-	-	-
Current tax payable		1,426	1,414	1	-	-	-
		<u>33,292</u>	<u>29,567</u>	13	<u>5,812</u>	<u>4,644</u>	25
<b>Net Current Assets</b>		<u>51,299</u>	<u>48,017</u>	7	<u>8,748</u>	<u>15,641</u>	(44)
		<u>111,502</u>	<u>102,807</u>	8	<u>71,566</u>	<u>70,196</u>	2
Less :							
<b>Non-Current Liabilities</b>							
Interest-bearing borrowings	8	4,027	4,693	(14)	-	-	-
Redeemable convertible preference shares		78	78	-	-	-	-
Deferred tax liabilities		1,263	1,427	(11)	-	6	(100)
		<u>5,368</u>	<u>6,198</u>	(13)	<u>-</u>	<u>6</u>	(100)
<b>Net Assets</b>		<u>106,134</u>	<u>96,609</u>	10	<u>71,566</u>	<u>70,190</u>	2
<b>Share Capital</b>	9	62,070	59,727	4	62,070	59,727	4
<b>Reserves</b>		25,623	22,868	12	9,496	10,463	(10)
		<u>87,693</u>	<u>82,595</u>	6	<u>71,566</u>	<u>70,190</u>	2
<b>Minority Interests</b>		18,441	14,014	32	-	-	-
<b>Shareholders' Equity</b>		<u>106,134</u>	<u>96,609</u>	10	<u>71,566</u>	<u>70,190</u>	2

**Profit and Loss accounts**

	Note	31 December 2005 \$'000	31 December 2004 Restated \$'000	Var. %
<b>Group</b>				
<b>Revenue</b>		81,698	60,710	35
Cost of revenue		(58,579)	(41,444)	41
<b>Gross Profit</b>		<u>23,119</u>	<u>19,266</u>	20
Other income	11(a)	907	3,086	(71)
Distribution expenses		(4,290)	(2,658)	61
Administrative expenses		(9,184)	(10,197)	(10)
Other expenses		(334)	(689)	(52)
<b>Profit from operations</b>	11	<u>10,218</u>	<u>8,808</u>	16
Finance costs		(310)	(304)	2
Share of results of associates		(24)	146	(116)
Share of results of jointly-controlled entity		(40)	(65)	(38)
<b>Profit before taxation</b>		<u>9,844</u>	<u>8,585</u>	15
Income taxes	12	(1,217)	(1,703)	(29)
<b>Profit after taxation</b>		<u>8,627</u>	<u>6,882</u>	25
Attributable to:				
Equity holders of the Company		5,579	5,148	8
Minority interests		3,048	1,734	76
		<u>8,627</u>	<u>6,882</u>	25
<b>Earnings per share (cents)</b>	13			
- Basic		2.30	2.17	6
- Diluted		2.29	2.15	7

Statement of changes in equity

Group	Note	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compen-sation reserve \$'000	Exchange translation reserve \$'000	Accum-ulated losses \$'000	Total \$'000	Minority inter-ests \$'000	Total equity \$'000
<b>31 December 2005</b>											
At 30 June 2005, as previously reported		59,727	53,695	(11,720)	-	-	(344)	(18,980)	82,378	14,014	96,392
Effects of adopting FRS 102	2,3	-	-	-	-	298	-	(81)	217	-	217
At 30 June 2005, restated		59,727	53,695	(11,720)	-	298	(344)	(19,061)	82,595	14,014	96,609
Effects of adopting FRS 39	2,3	-	-	-	445	-	-	265	710	-	710
At 1 July 2005, restated		59,727	53,695	(11,720)	445	298	(344)	(18,796)	83,305	14,014	97,319
Issue of new shares	9	2,343	934	-	-	(20)	-	-	3,257	-	3,257
Arising from acquisition of subsidiary		-	-	-	-	-	-	-	-	1,561	1,561
Dilution of minority interests		-	-	-	-	-	-	-	-	(3)	(3)
Fair value adjustment		-	-	-	(3,210)	-	-	-	(3,210)	-	(3,210)
Exchange difference on translation of financial statements of foreign entities		-	-	-	-	-	(320)	-	(320)	(179)	(499)
Final dividend paid of 0.5 cents less tax at 20%	14	-	-	-	-	-	-	(993)	(993)	-	(993)
Value of employees services rendered for issue of share options		-	-	-	-	75	-	-	75	-	75
Profit for the period		-	-	-	-	-	-	5,579	5,579	3,048	8,627
At 31 December 2005		62,070	54,629	(11,720)	(2,765)	353	(664)	(14,210)	87,693	18,441	106,134

Statement of changes in equity (cont'd)

Group	Note	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compen-sation reserve \$'000	Exchange translation reserve \$'000	Accum-ulated losses \$'000	Total \$'000	Minority inter-ests \$'000	Total equity \$'000
<b>31 December 2004</b>											
At 30 June 2004, as previously reported		59,431	53,564	(11,720)	-	-	(249)	(27,790)	73,236	2,010	75,246
Effects of adopting FRS 102	2,3	-	-	-	-	311	-	(39)	272	-	272
At 30 June 2004, restated		59,431	53,564	(11,720)	-	311	(249)	(27,829)	73,508	2,010	75,518
Investment by minority shareholders		-	-	-	-	-	-	-	-	3,542	3,542
Arising from acquisition of subsidiary		-	-	-	-	-	-	-	-	11,097	11,097
Exchange difference on translation of financial statements of foreign entities		-	-	-	-	-	(1,388)	-	(1,388)	(562)	(1,950)
Final dividend paid of 0.6875 cents less tax at 20%		-	-	-	-	-	-	(1,307)	(1,307)	-	(1,307)
Value of employees services rendered for issue of share options		-	-	-	-	257	-	-	257	-	257
Profit for the period		-	-	-	-	-	-	5,148	5,148	1,734	6,882
At 31 December 2004		59,431	53,564	(11,720)	-	568	(1,637)	(23,988)	76,218	17,821	94,039

Statement of changes in equity (cont'd)

Company	Note	Share capital \$'000	Share premium \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>31 December 2005</b>							
At 30 June 2005, as previously reported		59,727	53,695	-	-	(43,449)	69,973
Effects of adopting FRS 102	2,3	-	-	-	298	(81)	217
At 30 June 2005, restated		59,727	53,695	-	298	(43,530)	70,190
Effects of adopting FRS 39	2,3	-	-	445	-	265	710
At 1 July 2005, restated		59,727	53,695	445	298	(43,265)	70,900
Issue of new shares	9	2,343	934	-	(20)	-	3,257
Fair value adjustment		-	-	(3,210)	-	-	(3,210)
Final dividend paid of 0.5 cents less tax at 20%	14	-	-	-	-	(993)	(993)
Value of employees services rendered for issue of share options		-	-	-	75	-	75
Profit for the period		-	-	-	-	1,537	1,537
At 31 December 2005		62,070	54,629	(2,765)	353	(42,721)	71,566
<b>31 December 2004</b>							
At 30 June 2004, as previously reported		59,431	53,564	-	-	(48,639)	64,356
Effects of adopting FRS 102	2,3	-	-	-	311	(39)	272
At 30 June 2004, restated		59,431	53,564	-	311	(48,678)	64,628
Final dividend paid of 0.6875 cents less tax at 20%		-	-	-	-	(1,307)	(1,307)
Value of employees services rendered for issue of share options		-	-	-	257	-	257
Profit for the period		-	-	-	-	522	522
At 31 December 2004		59,431	53,564	-	568	(49,463)	64,100

**Cash flow statement**

Group	Note	31 December 2005 \$'000	31 December 2004 Restated \$'000
<b>Operating Activities</b>			
Profit from ordinary activities before taxation		9,844	8,585
Adjustments for:			
Depreciation of property, plant and equipment		2,889	2,407
Interest income		(321)	(192)
Interest expense		310	304
Gain on disposal of property, plant and equipment		(37)	(2,159)
Loss on disposal of an associate		-	30
Loss on disposal of partial interest in a subsidiary		-	5
Amortisation of intangible assets		51	52
Negative goodwill		(3)	-
Unrealised gain on embedded derivatives		(304)	-
Shares awarded to employees <sup>(1)</sup>		75	257
Bad debts written off		1	1
Inventories written off		14	-
Share of results of associates and jointly-controlled entity		64	(81)
<b>Operating profit before working capital changes</b>		<u>12,583</u>	<u>9,209</u>
Changes in working capital:			
Inventories		(1,523)	(955)
Project-in-progress		34	386
Amount due from related parties (trade)		(366)	179
Amount due to related parties (trade)		(183)	286
Trade and other receivables		9,697	(5,945)
Trade and other payables		742	500
Pledged fixed deposits		263	(432)
Cash generated from operations		<u>21,247</u>	<u>3,228</u>
Interest received		321	192
Interest paid		(305)	(304)
Income tax paid		(2,019)	(976)
<b>Cash flows from operating activities</b>		<u>19,244</u>	<u>2,140</u>
<b>Investing Activities</b>			
Purchase of property, plant and equipment <sup>(2)</sup>		(4,069)	(15,646)
Purchase of intangible assets		(3)	(11)
Proceeds from disposal of property, plant and equipment		182	5,436
Proceeds from disposal of an associate		-	249
Proceeds from disposal of partial interest in a subsidiary		-	250
Net cash inflow on acquisition of subsidiaries		1,301	2,202
Amount due from related parties (non-trade)		54	1,447
<b>Cash flows from investing activities</b>		<u>(2,535)</u>	<u>(6,073)</u>
<b>Financing Activities</b>			
Draw down / (Repayment) of bank loans		(2,970)	(318)
Repayment of hire purchase and finance lease creditors		(300)	(475)
Amount due to related parties (non-trade)		(5)	(6,516)
Amount due to minority shareholder (non-trade)		(5)	-
Issue of new shares		6	-
Dividend paid		(993)	(1,307)
Capital injection from minority shareholders of subsidiaries		-	3,286
Others		-	78
<b>Cash flows from financing activities</b>		<u>(4,267)</u>	<u>(5,252)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		12,442	(9,185)
Cash and cash equivalents at beginning of period		26,221	48,822
Effect of exchange rate changes on balances in foreign currencies		(231)	(1,153)
<b>Cash and cash equivalents at end of period</b>	7	<u>38,432</u>	<u>38,484</u>

**Significant non-cash transactions**

<sup>(1)</sup>Share awards amounting to \$70,000 (December 2004: \$224,000) issued or issuable under Ellipsiz Restricted Stock Plan free-of-charge to staff and options of \$5,000 (December 2004: \$33,000) that was granted under Ellipsiz Stock Option Plan were charged to profit and loss accounts as staff cost during the financial period.

<sup>(2)</sup>Property, plant and equipment totalling \$369,000 (December 2004: \$4,198,000) were acquired through hire purchase arrangement.

**Cash flow statement (cont'd)**

The effect of acquisitions of subsidiaries is set out below:

	31 December 2005 \$'000	31 December 2004 \$'000
Property, plant and equipment	657	7,740
Intangible assets – goodwill	9	8,745
Intangible assets – others	-	2,039
Investment in associate	48	-
Inventories	161	2,661
Trade and other receivables	2,241	13,558
Cash and cash equivalents	4,551	8,522
Trade and other payables	(3,881)	(18,885)
Interest-bearing borrowings	-	(1,826)
Provision for taxation	(607)	-
Deferred tax liabilities	(25)	(359)
Minority interest	(30)	-
Net identifiable assets and liabilities	3,124	22,195
Minority interests	(1,531)	(11,097)
Goodwill on acquisition	6,420	358
Share of net assets previously equity accounted for <sup>(3)</sup>	-	(2,556)
Uncalled capital at date of consolidation	-	(2,580)
Additional consideration <sup>(4)</sup>	(1,513)	-
Consideration paid	6,500	6,320
Consideration satisfied by issue of equity shares	(3,250)	-
Consideration paid, satisfied in cash	3,250	6,320
Cash acquired	(4,551)	(8,522)
Net cash inflow	(1,301)	(2,202)

<sup>(3)</sup>This was related to share of net assets of an associate which was previously equity accounted for. Due to additional investments in 2004, the associate was accounted for as a subsidiary, and consolidated into the financial statements of the group.

<sup>(4)</sup>The additional consideration of \$1,513,000 is payable upon satisfaction of performance criteria prescribed in the Sale and Purchase Agreement (Note 6). The additional consideration is payable in cash with an option for the Company to settle up to 50% of the consideration in the form of equity shares.

## Notes

The notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 8 February 2006.

### 1. Basis of preparation

The financial statements have been prepared in accordance with *Financial Reporting Standard (FRS) 34 – Interim Financial Reporting*.

The financial statements were not audited or reviewed by the auditors.

Other than as stated in note 2, the Company adopted the same accounting policies and methods of computation for the preparation of the financial statements as compared to the annual report for the financial year ended 30 June 2005.

### 2. Changes in significant accounting policies

#### FRS 39 – Financial Instruments: Recognition and Measurement

The adoption of FRS 39 resulted in the Group measuring its derivative financial instruments and available-for-sale investments as assets or liabilities at fair values. Changes in fair values of derivative financial instruments and available-for-sale financial assets are recognised in the profit and loss account and fair value reserve (equity) respectively. Other financial assets and financial liabilities are stated at amortised cost instead of cost. Previously, derivative financial instruments were not recorded on the balance sheet.

Fair value of financial instruments classified as held-for-trading or available-for-sale is determined as the quoted bid price at the balance sheet date.

The effects of the adoption of this accounting standard have been accounted for by adjusting the opening balance of equity as at 1 July 2005. Comparatives have not been restated.

#### FRS 102 – Share-based Payment

In accordance to the transitional provisions, FRS 102 has been applied to all grants after 22 November 2002 that were not yet vested as at 1 January 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, whereby the Group charges the cost of share options to the profit and loss account.

The adoption of this standard is applied retrospectively and the comparative figures have been restated accordingly.

### 3. Effects of changes in significant accounting policies

#### FRS 39 – Financial Instruments: Recognition and Measurement

The adoption of FRS 39 resulted in the following impacts on the financial statements:

- (a) Increase the opening balance of the Group and Company reserves at 1 July 2005 by \$710,000 due to the fair value adjustment and unrealised gain on embedded derivatives determined. Comparative figures have not been restated;
- (b) Capturing of net fair value loss totalling \$3,210,000 in the fair value reserve in the current financial period; and
- (c) Recognising unrealised gain on embedded derivatives of \$304,000 in the profit and loss account for the current financial period.

#### FRS 102 – Share-based Payment

The adoption of FRS 102 resulted in:

- (a) Restatement of reserves with the following effects:
  - (i) Increase in accumulated losses brought forward from 30 June 2005 by \$81,000 (30 June 2004: \$39,000);
  - (ii) Increase in compensation reserve as at 30 June 2005 by \$298,000 (30 June 2004: \$311,000);
- (b) Reclassification of \$217,000 as at 30 June 2005 from accruals to compensation reserve (30 June 2004: \$272,000);
- (c) Capturing of option costs of \$5,000 (December 2004: \$33,000) in the administrative expenses.

The financial effects of the adoption of the new FRS may be subject to adjustments when they are audited at the end of the year.

4. Property, Plant and Equipment

Group 31 December 2005	Leasehold building \$'000	Leasehold improve- ments \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Mechanical and electrical facilities \$'000	Total \$'000
<b>Cost</b>									
At 1 July 2005	2,505	2,007	577	662	3,598	248	33,028	368	42,993
Additions	-	347	12	26	342	9	3,702	-	4,438
Arising from acquisition of subsidiaries	-	141	35	35	179	-	495	-	885
Disposals and write-offs	-	-	-	-	(2)	(21)	(230)	-	(253)
Reclassification	-	31	-	-	-	-	(31)	-	-
Translation difference	-	(14)	(6)	(7)	(24)	(3)	(278)	-	(332)
At 31 December 2005	2,505	2,512	618	716	4,093	233	36,686	368	47,731
<b>Accumulated depreciation and impairment losses</b>									
At 1 July 2005	904	984	413	449	2,880	93	17,506	70	23,299
Depreciation for the period	37	256	37	61	292	20	2,149	37	2,889
Arising from acquisition of subsidiaries	-	34	6	5	103	-	80	-	228
Disposals and write-offs	-	-	-	-	(1)	(21)	(86)	-	(108)
Reclassification	-	8	-	-	-	-	(8)	-	-
Translation difference	-	(6)	(4)	(4)	(13)	(1)	(154)	-	(182)
At 31 December 2005	941	1,276	452	511	3,261	91	19,487	107	26,126
<b>Carrying amount</b>									
At 31 December 2005	1,564	1,236	166	205	832	142	17,199	261	21,605
At 30 June 2005	1,601	1,023	164	213	718	155	15,522	298	19,694

4. Property, Plant and Equipment (cont'd)

Company 31 December 2005	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
<b>Cost</b>				
At 1 July 2005	72	58	1,510	1,640
Additions	-	-	-	-
At 31 December 2005	<u>72</u>	<u>58</u>	<u>1,510</u>	<u>1,640</u>
<b>Accumulated depreciation</b>				
At 1 July 2005	69	55	1,423	1,547
Depreciation for the period	1	1	45	47
At 31 December 2005	<u>70</u>	<u>56</u>	<u>1,468</u>	<u>1,594</u>
<b>Carrying amount</b>				
At 31 December 2005	<u>2</u>	<u>2</u>	<u>42</u>	<u>46</u>
At 30 June 2005	<u>3</u>	<u>3</u>	<u>87</u>	<u>93</u>

Leasehold building and plant and machinery with carrying amounts of \$1,564,000 (June 2005: \$1,601,000) and \$6,614,000 (June 2005: \$7,580,000) respectively have been pledged to banks as securities for bank loans.

The carrying amount of property, plant and equipment includes amount totalling \$1,792,000 (June 2005: \$1,851,000) relating to assets acquired under hire purchase agreements and finance leases.

5. Intangible Assets

Group 31 December 2005	Computer software \$'000	Development expenditure \$'000	Technology licence \$'000	Goodwill \$'000	Assets under construction \$'000	Total \$'000
<b>Cost</b>						
At 1 July 2005	1,824	3,920	2,022	9,860	3	17,629
Additions	-	-	-	-	3	3
Arising from acquisition of subsidiaries	33	-	-	6,429	-	6,462
Translation difference	-	-	(24)	(102)	-	(126)
At 31 December 2005	<u>1,857</u>	<u>3,920</u>	<u>1,998</u>	<u>16,187</u>	<u>6</u>	<u>23,968</u>
<b>Accumulated amortisation</b>						
At 1 July 2005	1,823	3,920	114	-	-	5,857
Amortisation for the period	-	-	51	-	-	51
Arising from acquisition of subsidiaries	33	-	-	-	-	33
Translation difference	-	-	(2)	-	-	(2)
At 31 December 2005	<u>1,856</u>	<u>3,920</u>	<u>163</u>	<u>-</u>	<u>-</u>	<u>5,939</u>
<b>Carrying amount</b>						
At 31 December 2005	<u>1</u>	<u>-</u>	<u>1,835</u>	<u>16,187</u>	<u>6</u>	<u>18,029</u>
At 30 June 2005	<u>1</u>	<u>-</u>	<u>1,908</u>	<u>9,860</u>	<u>3</u>	<u>11,772</u>

The goodwill of \$6,429,000 acquired during the period arises from the acquisition of equity interest in iNETest Resources Pte Ltd and its subsidiaries (iNETest Group) (Note 6).

The goodwill is determined based on the preliminary assessment of the fair value of net identifiable assets and liabilities of iNETest Group at date of acquisition, which approximates the carrying amounts of the net identifiable assets.

The additional consideration of \$1,513,000 was included as part of the cost of investment for the purpose of determining the goodwill.

This consideration is payable upon satisfying certain performance criteria stated in the Sales and Purchase Agreement (Note 6).

<b>Company</b>	<b>Computer software</b>	<b>Assets under construction</b>	<b>Total</b>
<b>31 December 2005</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>			
At 1 July 2005	1,824	3	1,827
Additions	-	3	3
At 31 December 2005	1,824	6	1,830
<b>Accumulated amortisation</b>			
At 1 July 2005	1,823	-	1,823
Amortisation for the period	-	-	-
At 31 December 2005	1,823	-	1,823
<b>Carrying amount</b>			
At 31 December 2005	1	6	7
At 30 June 2005	1	3	4

## 6. Subsidiaries

During the financial period, the Group incorporated or increased its interest or acquired interest in the following subsidiaries:

<b>Name of Subsidiary</b>	<b>Principal Activities</b>	<b>Date of Investment / Acquisition</b>	<b>Country of Incorporation and Business</b>	<b>Effective Equity held by the Group as at</b>	
				<b>31 December 2005</b>	<b>30 June 2005</b>
				%	%
SV Probe Technology Taiwan Co., Ltd (SVP Tech Taiwan) <sup>(1)</sup>	Manufacturing and trading of probe card, printed circuit board, electronic components and repair service	10 August 2005	Taiwan	50	-
FMB Industries Pte. Ltd. (FMB) <sup>(2)</sup>	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	13 July 2005	Singapore	92	91
iNETest Resources Pte Ltd and its subsidiaries (iNETest Group) <sup>(3)</sup>	Provider of solution for in-circuit and functional testing	8 July 2005	Singapore	51	-
QRA International Pte Ltd	Distribution of equipment and general wholesale trade	8 July 2005	China	51	-
Oriental International Technology Limited	Electronic test solution and engineering service	8 July 2005	Hong Kong	51	-
iNETest Resources (Shanghai) Co., Ltd	Provider of solution for in-circuit and functional testing	8 July 2005	China	51	-
iNETest Resources (Suzhou) Co., Ltd	Provider of solution for in-circuit and functional testing	8 July 2005	China	51	-

Name of Subsidiary	Principal Activities	Date of Investment / Acquisition	Country of Incorporation and Business	Effective Equity held by the Group as at	
				31 December 2005 %	30 June 2005 %
iNETest China Holdings Pte Ltd	Investment Holding	6 September 2005	China	51	-
Ellipsiz (Shanghai) Electronics Equipment Ltd	Provision of pump refurbishment services	23 August 2005	China	100	-

<sup>(1)</sup> **SVP Tech Taiwan**

In August 2005, the Group incorporated a new subsidiary, SVP Tech Taiwan, in Taiwan through its 50% owned subsidiary, SV Probe Pte Ltd.

<sup>(2)</sup> **FMB**

In July 2005, the Company increased its equity interest in FMB with the subscription of 274,000 new ordinary shares of \$1 each in FMB. The cost of investment of \$274,000 was settled through offsetting of inter-company balances.

<sup>(3)</sup> **iNETest Group**

The Company acquired 51% interest in iNETest Group on 8 July 2005. The initial purchase consideration of \$6,500,000 is satisfied by \$3,250,000 in cash and remaining \$3,250,000 by issuing of 9,285,714 new ordinary shares of the Company. The price of the shares is determined by reference to the average closing prices of the Company's shares for the 5 trading days preceding the date of the Sale and Purchase Agreement (S&P Agreement).

Pursuant to the terms of the S&P Agreement, additional consideration of up to a maximum of \$1,513,000 may become payable for the acquisition of the 51% equity interest in iNETest Group. This consideration is to be satisfied in cash with an option for the Company to settle up to 50% of the consideration through issuance of new shares of the Company. The payment of the additional consideration is dependent on the financial performance of iNETest Group from the period 1 April 2005 to 30 June 2008.

The goodwill of \$6,420,000 (Note 5) arose from the acquisition of iNETest Group is attributable to the regional business infrastructure developed by the Group, experience of the management and technical team, coupled with strong business relationships with certain key customers to secure a stream of recurring revenue and profits.

The Company has not separately recognised any intangible assets from goodwill as management is of the view that there is no separately identifiable intangible asset from the value of the business acquired.

During the financial period, iNETest Group recorded revenue and profit of \$11,056,000 (31 December 2004: not applicable) and \$2,029,000 (31 December 2004: not applicable) respectively. The revenue recorded since the acquisition date was \$11,056,000 and the Group's share of the profit was \$1,035,000.

The carrying amounts of the net identifiable assets and liabilities of iNETest Group are as reflected in the notes to the Cash flow Statement.

**7. Cash and Cash Equivalents**

	Group		Company	
	31 December 2005 \$'000	30 June 2005 \$'000	31 December 2005 \$'000	30 June 2005 \$'000
Cash at bank and in hand	27,532	16,889	886	1,988
Fixed deposits	14,204	12,899	-	5,897
	41,736	29,788	886	7,885
Fixed deposits held as securities by banks	(3,304)	(3,567)	-	(2,800)
Cash and cash equivalents in the statement of cash flows	38,432	26,221	886	5,085

8. Interest-Bearing Borrowings

(a) Interest-bearing borrowings consist of the following:

	Group		Company	
	31 December 2005 \$'000	30 June 2005 \$'000	31 December 2005 \$'000	30 June 2005 \$'000
<b>Non-current liabilities</b>				
Secured bank loans	2,845	3,474	-	-
Unsecured bank loan	102	300	-	-
Obligations under hire purchase agreements and finance leases	1,080	919	-	-
	<u>4,027</u>	<u>4,693</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Secured bank loans	1,888	1,838	-	-
Unsecured bank loan	400	2,593	-	-
Obligations under hire purchase agreements and finance leases	364	456	-	-
	<u>2,652</u>	<u>4,887</u>	<u>-</u>	<u>-</u>

The bank loans of \$4,733,000 (June 2005: \$5,312,000) are secured by:

- (i) mortgage over the leasehold building;
- (ii) fixed charge over certain plant and machinery of the Group;
- (iii) fixed deposit of \$2,800,000 (June 2005: \$2,800,000) of the Group; and
- (iv) corporate guarantee of \$7,200,000 (June 2005: \$11,581,000) provided by the Company.

The carrying amounts of the property, plant and equipment held as security are stated in note 4.

(b) Obligations under hire purchase agreements and finance leases

	31 December 2005			30 June 2005		
	Payment \$'000	Interest \$'000	Principal \$'000	Payment \$'000	Interest \$'000	Principal \$'000
<b>Group</b>						
Within 1 year	427	63	364	521	65	456
After 1 year but within 5 years	1,122	42	1,080	972	53	919
	<u>1,549</u>	<u>105</u>	<u>1,444</u>	<u>1,493</u>	<u>118</u>	<u>1,375</u>

9. Share Capital

During the financial period, 9,372,714 new shares of \$0.25 each were issued for:

- (a) the 60,000 awards vested under Ellipsiz Restricted Stock Plan on 1 July 2005
- (b) the exercise of 27,000 options granted under the Ellipsiz Share Option Plan; and
- (c) the acquisition of subsidiary, iNETest Group (Note 6).

As at 31 December 2005, the outstanding awards and options are:

- (a) awards of 907,594 ordinary shares of \$0.25 each granted to eligible employees and directors under the Ellipsiz Restricted Stock Plan; and
- (b) options to subscribe 453,166 and 2,290,600 ordinary shares of \$0.25 each at the subscription prices of \$0.25 and \$0.64 respectively. The options are granted to eligible employees and directors under the Ellipsiz Share Option Plan.

**10. Net Assets Value Per Share**

	Group	Company
Net asset value per ordinary share based on issued share capital of the company at the end of the:		
(a) Current period reported on 31 December 2005	35.32 cents	28.82 cents
(b) Immediately preceding financial year on 30 June 2005		
- as previously reported	34.48 cents	29.29 cents
- restated	34.57 cents	29.38 cents

**11. Profit Before Taxation**

Profit before taxation includes the following:-

Group	Note	31 December 2005 \$'000	31 December 2004 \$'000
<b>(a) Other income</b>			
Rental Income		179	279
- third party	15	-	31
- related party			
Interest income		303	163
- banks		18	13
- third party	15	-	16
- an affiliate			
Gain on disposal of property, plant and equipment		37	2,159
Negative goodwill		3	-
Unrealised gain on embedded derivatives		304	-
Sundry income		63	425
		<u>907</u>	<u>3,086</u>
<b>(b) Other expenses</b>			
Depreciation of property, plant and equipment	4	2,889	2,407
Allowance made for doubtful trade receivables		11	2
Allowance made / (reversed) for inventory obsolescence		11	(8)
Inventories written off		14	-
Bad debts written off		1	1
Exchange loss, net		334	655
Loss on disposal of partial interest in a subsidiary		-	5
Loss on disposal of investment in associate		-	30
Amortisation of intangible assets	5	51	52

**12. Income Taxes**

Income taxes recognised in the profit and loss account include:

Group	31 December 2005 \$'000	31 December 2004 \$'000
Current tax expense:		
- current year	1,459	1,347
- under / (over) provided in prior year	13	(6)
- withholding tax	-	24
	<u>1,472</u>	<u>1,365</u>
Deferred tax expense		
- movements in temporary differences	408	301
- Unabsorbed tax losses and unutilised wear and tear allowances	(592)	-
- over provision in prior years	(81)	-
- change in tax rate	10	37
	<u>(255)</u>	<u>338</u>
Income tax expense	<u>1,217</u>	<u>1,703</u>

**13. Earnings Per Share – The Group**

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders of \$5,579,000 (December 2004-restated: \$5,148,000) divided by the weighted average ordinary shares of 242,718,163 (December 2004: 237,723,333) in issue during the financial period.

The diluted earnings per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue, adjusted for the effect of dilutive options and awards during the financial period.

Group	31 December 2005 \$'000	31 December 2004 \$'000
Net profit attributable to shareholders	5,579	5,148
	Number of shares ( '000)	Number of shares ( '000)
Weighted average number of ordinary shares applicable to the basic earnings per share	242,718	237,723
Effect of dilutive share options and awards	1,065	2,278
Weighted average number of ordinary shares applicable to diluted earnings per share	243,783	240,001
Earnings per share (cents)		
- basic	2.30	2.17
- diluted	2.29	2.15

**14. Dividend**

**(a) Interim Dividend Declared For the Financial Period**

The company declared the following dividend for the current financial period:

(i)	Name of dividend	Interim
(ii)	Dividend type	Cash
(iii)	Dividend rate	0.5 cents per ordinary share less tax
(iv)	Par value of shares	\$0.25
(v)	Tax rate	20%
(vi)	Books closure date	5.00 pm on 1 March 2006
(vii)	Date payable	16 March 2006

The declaration of interim dividend was approved by the Board after the end of the financial period and hence the dividend was not recognised in the financial statements as at 31 December 2005.

**(b) Interim Dividend For Six Months Ended 31 December 2004**

The company paid an interim dividend of 0.5 cents per ordinary shares of \$0.25 each, less tax of 20% for the half year ended 31 December 2004. The net dividend of \$952,425 was paid on 8 March 2005.

**(c) Final Dividend For Financial Year Ended 30 June 2005**

During the Company's Annual General Meeting on 20 October 2005, the resolution in respect of the final dividend of 0.5 cents per ordinary share of \$0.25 each, less tax of 20% declared for the financial year ended 30 June 2005 was passed. The net dividend of \$993,116 was paid on 23 November 2005.

**15. Significant Related Party Transactions & Interested Person Transactions**

Significant transactions with related parties are as follows:

Group	31 December 2005 \$'000	31 December 2004 \$'000
Sales to:		
- associates	3	128
- affiliates <sup>(1)</sup>	8,720	989
Purchases from:		
- associates	244	851
- affiliates	1	1,529
Rental income receivable from:		
- associates	-	8
- affiliates	-	23
Service fee received from:		
- associate	-	11
Interest income from:		
- affiliates	-	16

<sup>(1)</sup> Includes commission and services revenue totalling \$8,418,000 from affiliates whereby directors hold senior management positions.

There was no significant interested persons transaction in the financial period and the corresponding period of the immediately preceding financial year.

**16. Commitments**

**(a) Lease Commitments**

As at 31 December 2005, commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases with terms of more than one year are as follows:

	Group		Company	
	31 December 2005 \$'000	30 June 2005 \$'000	31 December 2005 \$'000	30 June 2005 \$'000
Payable:				
Within 1 year	1,959	1,536	526	516
After 1 year but within 5 years	3,995	1,575	731	998
After 5 years	1,422	987	-	-
	<u>7,376</u>	<u>4,098</u>	<u>1,257</u>	<u>1,514</u>

**(b) Other Commitments**

As at 31 December 2005, the Group and its subsidiaries have the following commitments :

- a) Pursuant to the S&P Agreement relating to investment of iNETest Group, the Company may be required to pay an additional consideration of \$1,513,000 in cash with an option for the Company to satisfy up to a maximum of 50% of the additional consideration through issuance of new shares of the Company at prevailing market price. The additional consideration is dependent on the financial performance of iNETest Group from the period 1 April 2005 to 30 June 2008.
- b) Capital expenditure of \$1,007,000 for the supply and installation of facilities, infrastructure and equipment.

17. Segment Results

(a) Business Segments

	Wafer Fab Solutions		Manufacturing and Test Solutions		Fabless Solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31	31	31
	Dec 2005	Dec 2004 Restated	Dec 2005	Dec 2004 Restated	Dec 2005	Dec 2004 Restated	Dec 2005	Dec 2004	Dec 2005	Dec 2004 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and Expense</b>										
Total revenue from external customers	45,015	39,051	11,056	3,095	25,627	18,564	-	-	81,698	60,710
Inter-segment revenue	1,700	2,040	-	-	-	-	(1,700)	(2,040)	-	-
	<u>46,715</u>	<u>41,091</u>	<u>11,056</u>	<u>3,095</u>	<u>25,627</u>	<u>18,564</u>	<u>(1,700)</u>	<u>(2,040)</u>	<u>81,698</u>	<u>60,710</u>
Segment results	<u>1,879</u>	<u>2,823</u>	<u>2,435</u>	<u>1,825</u>	<u>5,274</u>	<u>3,635</u>	-	-	<u>9,588</u>	<u>8,283</u>
Unallocated corporate results									309	333
Share of results of associates and a jointly-controlled entity	(38)	118	24	-	(50)	(37)	-	-	(64)	81
Profit before interest income/(expense) and taxation									9,833	8,697
Interest income									321	192
Interest expense									(310)	(304)
Income taxes									(1,217)	(1,703)
Profit for the period									<u>8,627</u>	<u>6,882</u>
Attributable to :										
Equity holders of the Company									5,579	5,148
Minority Interests									<u>3,048</u>	<u>1,734</u>
									<u>8,627</u>	<u>6,882</u>

17. Segment Results (cont'd)

(a) Business Segments

	Wafer Fab Solutions		Manufacturing and Test Solutions		Fabless Solutions		Eliminations		Consolidated	
	31	30	31	30	31	30	31	30	31	30
	Dec 2005	Jun 2005 Restated	Dec 2005	Jun 2005 Restated	Dec 2005	Jun 2005 Restated	Dec 2005	Jun 2005	Dec 2005	Jun 2005 Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets and Liabilities</b>										
Segment assets	61,335	58,171	31,448	13,203	41,947	39,466	(2,183)	(597)	132,547	110,243
Unallocated corporate assets									9,283	19,176
Investment in associates	830	867	72	-	612	617	-	-	1,514	1,484
Investment in a jointly-controlled entity	-	-	-	-	199	236	-	-	199	236
Tax receivables									1,001	1,049
Deferred tax assets									250	186
Total assets									<u>144,794</u>	<u>132,374</u>
Segment liabilities	26,376	14,775	8,561	1,323	4,830	6,397	(13,404)	(1,290)	26,363	21,205
Unallocated corporate liabilities									2,929	2,139
Interest-bearing borrowings									6,679	9,580
Income tax liabilities									2,689	2,841
Total liabilities									<u>38,660</u>	<u>35,765</u>

17. Segment Results (cont'd)

(a) Business Segments

	Wafer Fab Solutions		Manufacturing and Test Solutions		Fabless Solutions		Eliminations		Consolidated	
	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000
<b>Capital Expenditure</b>										
Capital expenditure	940	226	49	17,969	3,449	1,649	-	-	4,438	19,844
Corporate									3	11
									4,441	19,855
<b>Significant Non-Cash Item</b>										
Depreciation of property, plant and equipment :										
- allocated to business segments	1,371	1,148	132	334	1,395	904	(19)	-	2,879	2,386
- unallocated corporate expenses									10	21
									2,889	2,407
Gain on disposal of property, plant and equipment	1	1	-	2,140	36	18	-	-	37	2,159
Amortisation of intangible assets:										
- allocated to business segments	-	-	-	1	51	50	-	-	51	51
- unallocated corporate expenses									-	1
									51	52

17. Segment Results (cont'd)

(b) Geographical Segments

	Singapore		Other Asean Countries		China & Taiwan		USA		Other Regions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31	31	31			31	31
	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	\$'000	\$'000	Dec 2005	Dec 2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			\$'000	\$'000
Total revenue from external customers	28,009	21,077	10,352	9,309	28,287	17,936	12,195	12,369	2,855	19			81,698	60,710
	Singapore		Other Asean Countries		China & Taiwan		USA		Other Regions				Consolidated	
	31	30	31	30	31	30	31	30	31	30			31	30
	Dec 2005	Jun 2005	Dec 2005	Jun 2005	Dec 2005	Jun 2005	Dec 2005	Jun 2005	Dec 2005	Jun 2005	\$'000	\$'000	Dec 2005	Jun 2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			\$'000	\$'000
Segment assets	76,841	67,589	10,676	11,675	26,609	17,364	20,254	24,267	7,450	8,524			141,830	129,419
Investment in associates	830	867	72	-	612	617	-	-	-	-			1,514	1,484
Investment in a jointly-controlled entity	-	-	-	-	199	236	-	-	-	-			199	236
Tax receivables													1,001	1,049
Deferred tax assets													250	186
	77,671	68,456	10,748	11,675	27,420	18,217	20,254	24,267	7,450	8,524			144,794	132,374
	Singapore		Other Asean Countries		China & Taiwan		USA		Other Regions				Consolidated	
	31	31	31	31	31	31	31	31	31	31			31	31
	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	Dec 2005	Dec 2004	\$'000	\$'000	Dec 2005	Dec 2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			\$'000	\$'000
Capital expenditure	643	19,688	1,885	4	1,604	163	309	-	-	-			4,441	19,855

**18. Subsequent Events**

Subsequent to the end of the financial period, the Group entered into agreements

- (1) To acquire ATE Technologies (Shanghai) Inc. ("ATE"), a company incorporated in Shanghai, China for a cash consideration of RMB 12,147,802 (approximately \$2,502,448). 10% of the consideration is paid upon execution of the agreement and the remaining 90% is payable upon completion date. As at 31 December 2005, the net tangible asset of ATE was approximately RMB 12,147,802. The principal activity of the company is manufacturing of fixtures for electronics manufacturing and testing products. Upon completion of the transaction, ATE will be wholly owned by iNETest China Holdings Pte Ltd.
- (2) To purchase certain assets from the wafer test business unit of Kulicke & Soffa Industries Inc and its subsidiaries ("K&S") for a cash consideration of US\$10,000,000 (approximately \$16,500,000). The assets purchased are trade receivables and payables, inventories, machinery and equipment and intellectual property rights etc. The net tangible asset of the assets purchased as at date of the agreement was approximately US\$18,900,000. The assets acquired are for the operations of SV Probe Pte. Ltd. and its subsidiaries. The consideration of US\$10,000,000 is payable on completion date, that is scheduled on 28 February 2006 or such other date as the parties to the agreement may agree in writing.

Management is in the process of ascertaining the fair values of the net assets acquired, following which the goodwill arising from the acquisitions will be determined.