



**Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R**

Full Year Financial Statements And Dividend Announcement for

30 June 2008

Balance Sheets
As at 30 June 2008

	Note	Group			Company		
		2008 \$'000	2007 \$'000	Var. %	2008 \$'000	2007 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	30,672	36,175	(15)	15	27	(44)
Intangible assets	4	35,132	37,162	(5)	5	8	(38)
Subsidiaries	5	-	-	-	83,681	75,223	11
Associates	6	6,884	4,336	59	4,868	3,627	34
Joint venture		12	29	(59)	-	-	-
Financial assets	7	5,929	-	100	5,929	-	100
Deferred tax assets		3,118	321	871	6	-	100
		<u>81,747</u>	<u>78,023</u>	5	<u>94,504</u>	<u>78,885</u>	20
Current assets							
Inventories		18,433	21,463	(14)	-	-	-
Project-in-progress		932	500	86	-	-	-
Convertible loan receivable		1,360	1,511	(10)	1,360	1,511	(10)
Trade and other receivables		38,119	40,670	(6)	127	248	(49)
Amounts due from related parties		634	1,774	(64)	5,306	11,593	(54)
Cash and cash equivalents	8	27,680	27,827	(1)	1,358	2,144	(37)
		<u>87,158</u>	<u>93,745</u>	(7)	<u>8,151</u>	<u>15,496</u>	(47)
Total assets		<u>168,905</u>	<u>171,768</u>	(2)	<u>102,655</u>	<u>94,381</u>	9
Total attributable to equity holders of the Company							
Share capital	9	121,112	121,112	-	121,112	121,112	-
Reserves	10	(17,456)	1,799	(1,070)	(31,688)	(36,258)	13
		<u>103,656</u>	<u>122,911</u>	(16)	<u>89,424</u>	<u>84,854</u>	5
Minority interests		3,589	1,759	104	-	-	-
Total equity		<u>107,245</u>	<u>124,670</u>	(14)	<u>89,424</u>	<u>84,854</u>	5
Non-current liabilities							
Interest-bearing borrowings	11	2,413	2,709	(11)	-	-	-
Redeemable convertible preference shares		78	78	-	-	-	-
Other payables		15	231	(94)	-	220	(100)
Amounts due to related parties		-	-	-	3,581	-	100
Deferred tax liabilities		2,185	2,388	(9)	-	18	(100)
		<u>4,691</u>	<u>5,406</u>	(13)	<u>3,581</u>	<u>238</u>	1,405
Current liabilities							
Trade and other payables	12	41,149	31,709	30	2,180	3,137	(31)
Amounts due to related parties		161	1,740	(91)	1,732	6,095	(72)
Interest-bearing borrowings	11	13,706	5,749	138	5,600	-	100
Current tax payable		1,953	2,494	(22)	138	57	142
		<u>56,969</u>	<u>41,692</u>	37	<u>9,650</u>	<u>9,289</u>	4
Total liabilities		<u>61,660</u>	<u>47,098</u>	31	<u>13,231</u>	<u>9,527</u>	39
Total equity and liabilities		<u>168,905</u>	<u>171,768</u>	(2)	<u>102,655</u>	<u>94,381</u>	9

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement
Year ended 30 June 2008

	Note	Group		Variance %
		2008 \$'000	2007 \$'000	
Revenue		196,765	200,607	(2)
Cost of revenue		(160,822)	(143,757)	12
Gross profit		<u>35,943</u>	<u>56,850</u>	(37)
Other income		678	1,184	(43)
Distribution expenses		(15,994)	(16,211)	(1)
Administrative expenses		(22,917)	(21,171)	8
Research and development expenses		(5,200)	(5,819)	(11)
Other expenses		(9,317)	(649)	1,336
Results from operating activities	13	<u>(16,807)</u>	<u>14,184</u>	(218)
Finance income		423	796	(47)
Finance expenses		(782)	(670)	17
Net finance (expenses)/income	14	<u>(359)</u>	<u>126</u>	(385)
Share of results of associates (net of tax)		639	(110)	681
Share of result of a joint venture (net of tax)		(16)	(97)	84
(Loss)/profit before income tax		<u>(16,543)</u>	<u>14,103</u>	(217)
Income tax credit	15	3,160	1,463	116
(Loss)/profit for the year		<u>(13,383)</u>	<u>15,566</u>	(186)
Attributable to:				
Equity holders of the Company		(12,327)	15,023	(182)
Minority interests		(1,056)	543	(294)
(Loss)/profit for the year		<u>(13,383)</u>	<u>15,566</u>	(186)
Earnings per share (cents)	16			
- Basic		(4.82)	5.89	(182)
- Diluted		<u>(4.82)</u>	<u>5.88</u>	(182)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 30 June 2008

Group	Share capital \$'000	Capital reserve \$'000	Unissued capital \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
At 1 July 2006	117,169	(11,720)	3,150	722	(2,243)	4,766	111,844	753	112,597
Translation differences relating to financial statements of foreign operations	-	-	-	-	(2,029)	-	(2,029)	(36)	(2,065)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	-	(188)	-	(188)	-	(188)
Net losses recognised directly in equity	-	-	-	-	(2,217)	-	(2,217)	(36)	(2,253)
Profit for the year	-	-	-	-	-	15,023	15,023	543	15,566
Total recognised income and expense for the year	-	-	-	-	(2,217)	15,023	12,806	507	13,313
Issue of ordinary shares	3,150	-	(3,150)	-	-	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"									
- exercise price	496	-	-	-	-	-	496	-	496
- value of employee services received	207	-	-	(207)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	12	-	-	12	-	12
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"									
- value of employee services received	90	-	-	(90)	-	-	-	-	-
Value of employee services received for issue of share awards	-	-	-	27	-	-	27	-	27
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	499	499
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	-	(1,020)	(1,020)	-	(1,020)
Interim dividend of 0.6 cents per share less tax at 18%	-	-	-	-	-	(1,254)	(1,254)	-	(1,254)
At 30 June 2007	121,112	(11,720)	-	464	(4,460)	17,515	122,911	1,759	124,670

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (cont'd)
Year ended 30 June 2008

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
At 1 July 2007	121,112	(11,720)	-	464	(4,460)	17,515	122,911	1,759	124,670
Translation differences relating to financial statements of foreign operations	-	-	-	-	(5,990)	-	(5,990)	(78)	(6,068)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	-	(978)	-	(978)	-	(978)
Change in fair value of available-for-sale financial asset	-	-	40	-	-	-	40	-	40
Net profit/(losses) recognised directly in equity	-	-	40	-	(6,968)	-	(6,928)	(78)	(7,006)
Loss for the year	-	-	-	-	-	(12,327)	(12,327)	(1,056)	(13,383)
Total recognised income and expense for the year	-	-	40	-	(6,968)	(12,327)	(19,255)	(1,134)	(20,389)
Arising from an associate becoming a subsidiary	-	-	-	-	-	-	-	107	107
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	2,927	2,927
Net dilution gain on issue of shares in subsidiaries to minority shareholders	-	-	-	-	-	-	-	(70)	(70)
At 30 June 2008	121,112	(11,720)	40	464	(11,428)	5,188	103,656	3,589	107,245

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
Year ended 30 June 2008

Company	Share capital \$'000	Unissued capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 July 2006	117,169	3,150	-	722	(39,770)	81,271
Profit for the year	-	-	-	-	5,322	5,322
Total recognised income for the year	-	-	-	-	5,322	5,322
Issue of ordinary shares	3,150	(3,150)	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"						
- exercise price	496	-	-	-	-	496
- value of employee services received	207	-	-	(207)	-	-
Value of employee services received for issue of share options	-	-	-	12	-	12
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"						
- value of employee services received	90	-	-	(90)	-	-
Value of employee services received for issue of share awards	-	-	-	27	-	27
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	(1,020)	(1,020)
Interim dividend of 0.6 cents per share less tax at 18%	-	-	-	-	(1,254)	(1,254)
At 30 June 2007	121,112	-	-	464	(36,722)	84,854
At 30 June 2007	121,112	-	-	464	(36,722)	84,854
Change in fair value of available-for-sale financial asset	-	-	40	-	-	40
Net profit recognised directly in equity	-	-	40	-	-	40
Profit for the year	-	-	-	-	4,530	4,530
Total recognised income for the year	-	-	40	-	4,530	4,570
At 30 June 2008	121,112	-	40	464	(32,192)	89,424

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement
Year ended 30 June 2008

	Group	
	2008	2007
	\$'000	\$'000
Operating activities		
(Loss)/profit for the year	(13,383)	15,566
Adjustments for:		
Allowance/(reversal of allowance) for:		
- inventory obsolescence	1,543	774
- doubtful debts from trade receivables	1,146	(346)
Amortisation of intangible assets	467	415
Bad debts written off	-	115
Depreciation of property, plant and equipment	9,832	10,744
Grant income	(120)	(5)
(Gain)/loss on disposals of:		
- financial assets	-	(130)
- intangible assets	-	(342)
- property, plant and equipment	2	35
- other asset	-	(65)
Interest income	(423)	(796)
Interest expense	782	670
Plant and equipment written off	465	-
Inventories written off	558	689
Other asset written off	-	2
Impairment loss on property, plant and equipment	551	-
Share of results of associates and a joint venture (net of tax)	(623)	207
Staff benefits ⁽¹⁾	-	179
Provision for restructuring cost	7,577	-
Net dilution gain on issue of shares in subsidiaries to minority shareholders	(70)	-
Income tax credit	(3,160)	(1,463)
	<u>5,144</u>	<u>26,249</u>
Changes in working capital:		
Inventories	1,331	(1,255)
Project-in-progress	(323)	(436)
Trade and other receivables	(1,791)	9,638
Amounts due from related parties (trade)	749	(784)
Trade and other payables	2,716	(9,031)
Amounts due to related parties (trade)	(613)	482
(Release)/placement of pledged deposits with financial institutions	(320)	139
Cash generated from operations	6,893	25,002
Interest received	423	697
Interest paid	(744)	(422)
Tax credit received	3,274	1,177
Income taxes paid	(1,790)	(5,878)
Cash flows from operating activities	<u>8,056</u>	<u>20,576</u>
Investing activities		
Amounts due from related parties (non-trade)	101	335
Investments in associates	(2,320)	(3,127)
Net cash (outflow)/inflow on acquisitions of subsidiaries and business	(43)	31
Partial settlement of deferred consideration and contingent consideration for acquisition of interest in subsidiaries in prior financial year	(568)	(19,792)
Proceeds from disposals of:		
- financial assets	-	5,559
- intangible assets	-	1,847
- property, plant and equipment	1,051	321
Purchase of:		
- financial assets	(5,889)	-
- intangible assets	(505)	(726)
- property, plant and equipment ⁽²⁾	(7,113)	(11,346)
Cash flows from investing activities	<u>(15,286)</u>	<u>(26,898)</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement (cont'd)
Year ended 30 June 2008

		Group	
	Note	2008 \$'000	2007 \$'000
Financing activities			
Amounts due to related parties (non-trade)		(917)	(1,460)
Capital injection from minority shareholders of subsidiaries		955	499
Dividend paid		-	(2,274)
Grant received		4	5
Interest paid		(38)	(248)
Issue of ordinary shares under share option scheme		-	496
Repayment of bank loans		(11,737)	(15,820)
Repayment of hire purchase and finance lease creditors		(789)	(852)
Proceeds from bank loans		20,807	7,189
Proceeds from finance lease		-	395
Cash flows from financing activities		8,285	(12,070)
Net increase/(decrease) in cash and cash equivalents		1,055	(18,392)
Cash and cash equivalents at beginning of year		24,207	43,054
Effect of exchange rate fluctuations on cash held		(1,095)	(455)
Cash and cash equivalents at end of year	8	24,167	24,207

Significant non-cash transactions

- (1) Share options and awards values amounting to \$Nil (2007: \$12,000) and \$Nil (2007: \$27,000) issued or issuable under "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan", respectively, were charged as staff cost to employees. In addition, the Group also granted other benefits-in-kind to a director for a fair value of \$Nil (2007: \$140,000).
- (2) Property, plant and equipment amounting to \$125,000 (2007: \$1,976,000) were acquired through hire purchase arrangements and finance leases.
- (3) In the year 2007, the Company issued 5,459,272 new ordinary shares amounting to \$3,150,000 for partial settlement of the deferred purchase consideration in respect of its acquisition of subsidiary in prior year.

The effect of acquisitions of subsidiaries (Note 5), and business (Note 20) is set out below:

	2008 \$'000	2007 \$'000
Property, plant and equipment	1,073	-
Intangible assets	182	-
Deferred tax assets	146	-
Inventories	1,148	-
Trade and other receivables	197	-
Cash and cash equivalents	179	31
Trade and other payables	(394)	-
Cash paid for shares issued	718	-
Equipment contributed for shares issued	213	-
Minority interests	(106)	-
Net identifiable assets acquired	3,356	31
Share of pre-acquisition loss of associate ⁽⁴⁾	115	-
Goodwill on consolidation	404	-
Total consideration	3,875	31
Consideration satisfied in equity shares of a subsidiary	(1,972)	-
Consideration satisfied by equipment	(213)	-
Conversion of loan to equity in a subsidiary	(250)	-
Outstanding consideration not paid	-	(31)
Consideration satisfied in cash	1,440	-
Cost of investment in an associate previously paid ⁽⁴⁾	(500)	-
Cash acquired	(897)	(31)
Net cash outflow/(inflow) from acquisitions of subsidiaries and business	43	(31)

- (4) Prior to the acquisition of additional interest in Ellipsiz Testlab Pte Ltd (formerly known as Chiron Semilab Pte Ltd), Ellipsiz Testlab was an associate of the Company.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The announcement was authorised for issue by the directors on 13 August 2008.

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

1. Basis of Preparation

Except as disclosed in Note 2, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those used in the audited financial statements for the year ended 30 June 2007.

2. Changes and Effect of Changes in Significant Accounting Policies

FRS 14 - Segment Reporting

During the financial year, the Group changed the grouping of its business activities and business segment classifications. Details of the changes are provided in Note 25 to the financial statements.

The comparative figures for the financial year ended 30 June 2007 have been restated and shown in Note 25 to reflect the change in the accounting policy.

The change in policy of segment reporting has no impact on the consolidated balance sheet, neither does it have any effect on the net loss for the financial year nor opening balance of accumulated profits of the Group.

Adoption of new/revised FRS that have become effective

The Group adopted new/revised FRS that have become effective for the financial year beginning on 1 July 2007. The adoption of the new/revised FRS did not have any material impact on the financial statements for the year ended 30 June 2008.

3. Property, Plant and Equipment

Group	Leasehold land and 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	Assets under construction \$'000	Total \$'000
Cost										
At 1 July 2006	2,505	4,003	662	1,046	4,751	346	50,684	374	4	64,375
Additions	465	3,688	101	120	1,055	86	7,113	20	674	13,322
Disposals	-	(149)	(15)	(36)	(205)	-	(577)	-	-	(982)
Translation difference on consolidation	-	(53)	(12)	(13)	(73)	(1)	(902)	-	1	(1,053)
At 30 June 2007	2,970	7,489	736	1,117	5,528	431	56,318	394	679	75,662
Additions	89	556	100	407	596	75	4,334	9	1,072	7,238
Assets acquired in business combination	-	2	21	3	34	-	2,287	-	-	2,347
Disposals	-	(212)	(101)	(46)	(491)	(36)	(3,008)	-	(25)	(3,919)
Reclassification	1,548	18	-	-	-	-	85	-	(1,651)	-
Translation difference on consolidation	(149)	(330)	(44)	(58)	(355)	(18)	(3,097)	-	(33)	(4,084)
At 30 June 2008	4,458	7,523	712	1,423	5,312	452	56,919	403	42	77,244
Accumulated depreciation and impairment losses										
At 1 July 2006	978	1,407	468	584	3,516	171	22,495	113	-	29,732
Depreciation charge for the year	74	1,010	84	232	743	69	8,453	79	-	10,744
Disposals	-	(147)	(13)	(30)	(199)	-	(237)	-	-	(626)
Translation difference on consolidation	-	(14)	(8)	(6)	(43)	(1)	(291)	-	-	(363)
At 30 June 2007	1,052	2,256	531	780	4,017	239	30,420	192	-	39,487
Depreciation charge for the year	108	1,060	77	186	781	75	7,515	30	-	9,832
Assets acquired in business combination	-	-	7	1	28	-	1,238	-	-	1,274
Impairment loss	-	162	24	297	-	-	68	-	-	551
Disposals	-	(148)	(79)	(42)	(339)	(29)	(1,764)	-	-	(2,401)
Translation difference on consolidation	(2)	(114)	(33)	(54)	(236)	(9)	(1,723)	-	-	(2,171)
At 30 June 2008	1,158	3,216	527	1,168	4,251	276	35,754	222	-	46,572
Carrying amount										
At 1 July 2006	1,527	2,596	194	462	1,235	175	28,189	261	4	34,643
At 30 June 2007	1,918	5,233	205	337	1,511	192	25,898	202	679	36,175
At 30 June 2008	3,300	4,307	185	255	1,061	176	21,165	181	42	30,672

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
Cost				
At 1 July 2006	72	61	1,540	1,673
Additions	-	-	6	6
Disposals	-	-	(38)	(38)
At 30 June 2007	72	61	1,508	1,641
Additions	-	-	3	3
Disposals	(10)	(17)	(50)	(77)
At 30 June 2008	62	44	1,461	1,567
Accumulated depreciation				
At 1 July 2006	70	57	1,505	1,632
Depreciation charge for the year	1	1	15	17
Disposals	-	-	(35)	(35)
At 30 June 2007	71	58	1,485	1,614
Depreciation charge for the year	1	2	12	15
Disposals	(10)	(17)	(50)	(77)
At 30 June 2008	62	43	1,447	1,552
Carrying amount				
At 1 July 2006	2	4	35	41
At 30 June 2007	1	3	23	27
At 30 June 2008	-	1	14	15

Leasehold land and building, leasehold improvement and plant and machinery of the Group with carrying amounts of \$3,198,000 (2007: \$1,917,000), \$Nil (2007: \$1,615,000) and \$255,000 (2007: \$3,889,000) respectively have been pledged to banks as security for certain bank loans (Note 11).

The carrying amount of property, plant and equipment includes amounts totaling \$2,075,000 (2007: \$2,893,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 11).

4. Intangible Assets

Group	Computer software \$'000	Development expenditure \$'000	Technology licence \$'000	Intellectual property \$'000	Goodwill \$'000	Assets under construction \$'000	Total \$'000
Cost							
At 1 July 2006	1,861	3,920	1,915	7,470	30,268	6	45,440
Additions	110	-	-	616	-	-	726
Disposals	(10)	-	-	(1,537)	-	-	(1,547)
Reclassification	6	-	-	-	-	(6)	-
Translation difference on consolidation	-	-	(71)	(276)	(677)	-	(1,024)
At 30 June 2007	1,967	3,920	1,844	6,273	29,591	-	43,595
Additions	28	-	72	405	-	-	505
Assets acquired in business combination	182	-	-	-	404	-	586
Adjustment to the acquisition cost of subsidiary	-	-	-	-	(260)	-	(260)
Disposals	(3)	-	-	-	-	-	(3)
Translation difference on consolidation	(1)	-	(217)	(746)	(1,529)	-	(2,493)
At 30 June 2008	2,173	3,920	1,699	5,932	28,206	-	41,930
Accumulated amortisation and impairment losses							
At 1 July 2006	1,857	3,920	204	93	-	-	6,074
Amortisation for the year	13	-	93	309	-	-	415
Disposals	(10)	-	-	(32)	-	-	(42)
Translation difference on consolidation	-	-	(8)	(6)	-	-	(14)
At 30 June 2007	1,860	3,920	289	364	-	-	6,433
Amortisation for the year	72	-	87	308	-	-	467
Disposals	(3)	-	-	-	-	-	(3)
Translation difference on consolidation	-	-	(39)	(60)	-	-	(99)
At 30 June 2008	1,929	3,920	337	612	-	-	6,798

	Computer software \$'000	Development expenditure \$'000	Technology licence \$'000	Intellectual property \$'000	Goodwill \$'000	Assets under construction \$'000	Total \$'000
Carrying amount							
At 1 July 2006	4	-	1,711	7,377	30,268	6	39,366
At 30 June 2007	107	-	1,555	5,909	29,591	-	37,162
At 30 June 2008	244	-	1,362	5,320	28,206	-	35,132

Company	Computer software \$'000	Assets under construction \$'000	Total \$'000
Cost			
At 1 July 2006	1,824	6	1,830
Additions	3	-	3
Disposals	(10)	-	(10)
Reclassification	6	(6)	-
At 30 June 2007	1,823	-	1,823
Disposals	(2)	-	(2)
At 30 June 2008	1,821	-	1,821
Accumulated amortisation and impairment losses			
At 1 July 2006	1,823	-	1,823
Amortisation for the year	2	-	2
Disposals	(10)	-	(10)
At 30 June 2007	1,815	-	1,815
Amortisation for the year	3	-	3
Disposals	(2)	-	(2)
At 30 June 2008	1,816	-	1,816
Carrying amount			
At 1 July 2006	1	6	7
At 30 June 2007	8	-	8
At 30 June 2008	5	-	5

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and product or services as follows:

	Group	
	2008 \$'000	2007 \$'000
Probe cards	12,067	13,591
Distribution and services – front-end	1,244	884
Distribution and services – back-end	14,895	15,116
	28,206	29,591

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering periods within one to five years.

Key assumptions used for value-in-use calculations

For the purpose of analysing each CGU, management used the following key assumptions:

	Group	
	Growth rate %	Discount rate %
2008		
Probe cards	14.1	11.6
Distribution and services – front-end	5.0	12.3
Distribution and services – back-end	5.0	12.3

	Growth rate %	Discount rate %
2007		
Probe cards	11.0	11.4
Distribution and services – front-end	4.2	7.8 - 11.0
Distribution and services – back-end	4.2	11.0

The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Cash flows beyond the periods covered by the financial budgets are projected on assumptions of constant revenue and gross margin.

5. Subsidiaries

(a) Incorporation of subsidiaries

In October 2007 and December 2007, a wholly-owned subsidiary, Ellipsiz Communications Pte Ltd (ECPL) (formerly known as Tezt Pulse Pte Ltd), incorporated the subsidiaries, Ellipsiz Communications (Australia) Pty Limited, Ellipsiz Communications (NZ) Limited and Ellipsiz Communications (Taiwan) Co. Ltd in New South Wales, Australia, New Zealand and Taiwan, Republic of China, respectively. The Group held 100% effective equity interest in Ellipsiz Communications (Taiwan) Co. Ltd whilst the Group's effective equity interests in both Ellipsiz Communications (Australia) Pty Limited and Ellipsiz Communications (NZ) Limited were 51%, with the remaining 49% equity shares held by the local employees of the subsidiaries through their nominees. The principal activities of these subsidiaries are trading of test and measurement equipment and the provision of related engineering and post-sales support services.

In January 2008, a subsidiary of the Group, E+HPS Pte Ltd also incorporated a wholly-owned subsidiary, E+HPS Engineering (Suzhou) Co., Ltd ("E+HPS Engineering") in the People's Republic of China. The principal activities of E+HPS Engineering are those relating to the business of mechanical, electrical and process engineering installation, including design, project management, procurement, supervision of general constructional, production tools hook up and building services works.

Subsequently, in May 2008, the Group entered into an agreement with third parties to operate a joint venture business using ECPL as the vehicle for the joint venture. Under the terms of the joint venture, the Group and a third party injected \$769,000 and \$360,000 as equity, payable in cash, into ECPL, respectively. As a result, the Group and third party effectively held 70% and 30% of equity interests in ECPL, respectively. This has indirectly reduced the Group's effective interests from 51% to 36% in both Ellipsiz Communications (Australia) Pty Limited and Ellipsiz Communications (NZ) Limited whilst the effective interest in Ellipsiz Communications (Taiwan) Co. Ltd has decreased from 100% to 70%.

(b) Acquisitions of and additional interests in subsidiaries

The Group acquired new subsidiaries or additional interests in existing subsidiaries as follows:

Name of subsidiary	Date of acquisition	Effective equity acquired by the Group %	Capital injection/ total cost of acquisition \$'000	Positive goodwill \$'000
2008				
<i>Newly acquired subsidiary</i>				
iNETest Resources (Thailand) Ltd ("IR Thai")	October 2007	100	143 ⁽¹⁾	44
<i>Additional interests</i>				
Ellipsiz Testlab Pte Ltd ("Ellipsiz Testlab")	January 2008	59	1,181 ⁽²⁾	19 ⁽⁴⁾
2007				
<i>Newly acquired subsidiary</i>				
HPS Engineering Co., Ltd ("HPS, Suzhou")	May 2007	51	31 ⁽³⁾	-

⁽¹⁾ On 5 October 2007, iNETest Resources Pte Ltd, a wholly-owned subsidiary of the Company, entered into an agreement to purchase 100% equity shares in IR Thai from key employees of the subsidiary, for a cash consideration of Thai Baht 3,093,000 (approximately \$143,000). The principal activities of IR Thai are those relating to provision of sales and service support activities for a customer's Electronics Manufacturing Test Group.

As at the balance sheet date, the fair value of net identifiable assets acquired was preliminarily determined to approximate the carrying value of net identifiable assets. Management is still in the process of ascertaining and assessing the preliminary fair values determined.

- (2) On 25 October 2007, the Group entered into an agreement to increase its equity shareholding in its associate, Ellipsiz Testlab (formerly known as Chiron SemiLab Pte Ltd), from 33.33% to 91.89% through a further investment of \$1,181,000. The total investment of \$1,181,000 comprises (i) the conversion of an existing \$250,000 interest-free loan into equity at a price of \$0.4363 per share and (ii) subscription of 2,134,000 new shares at a price of \$0.4363 per share, for a cash consideration of \$718,000 and certain equipment amounting to \$213,000. On 28 January 2008, the issuance of new shares by Ellipsiz Testlab to the Group was completed and hence, Ellipsiz Testlab became a subsidiary of the Company.
- (3) Purchase consideration were satisfied in cash and paid in the financial year 2008.
- (4) Goodwill on consolidation arose from the acquisition of additional interest in Ellipsiz Testlab. It excludes goodwill previously recorded in the investment in associate amounting to \$341,000.

	IR Thai \$'000	2008 Ellipsiz Testlab \$'000	Total \$'000	2007 HPS, Suzhou \$'000
Property, plant and equipment	22	242	264	-
Intangible assets	2	-	2	-
Deferred tax assets	-	146	146	-
Inventories	86	-	86	-
Trade and other receivables	156	41	197	-
Cash and cash equivalents	162	17	179	31
Trade and other payables	(329)	(65)	(394)	-
Cash paid for shares issued	-	718	718	-
Equipment contributed for shares issued	-	213	213	-
Minority interests	-	(106)	(106)	-
Net identifiable assets acquired	99	1,206	1,305	31
Share of pre-acquisition of loss in associate	-	115	115	-
Goodwill on consolidation	44	360	404	-
Total consideration	143	1,681	1,824	31
Consideration paid, satisfied by equipment	-	(213)	(213)	-
Consideration settled by conversion of loan to equity in a subsidiary	-	(250)	(250)	-
Outstanding consideration not paid	-	-	-	(31)
Consideration paid, satisfied in cash	143	1,218	1,361	-
Cost of investment in an associate previously paid	-	(500)	(500)	-
Cash acquired	(162)	(735)	(897)	(31)
Net cash inflow	(19)	(17)	(36)	(31)

As at the balance sheet date, the fair value of net identifiable assets acquired was preliminarily determined to approximate the carrying value of net identifiable assets. Management is still in the process of ascertaining and assessing the preliminary fair values determined.

Had the acquisitions of both subsidiaries, IR Thai and Ellipsiz Testlab occurred on 1 July 2007, the consolidated revenue and profit for the year attributable to equity holders of the Company would have been:

Group	2008 \$'000
Revenue	196,934
Loss for the year attributable to equity holders of the Company	(12,375)

The acquisitions of subsidiaries have contributed a consolidated net loss attributable to equity holders of the Company of \$84,000 during the financial year.

The carrying amounts of the net identifiable assets and liabilities at the dates of acquisitions approximate the fair value of the assets and liabilities.

(c) Dilution of interest in subsidiary

Resulting from the issuance of new ordinary shares of a subsidiary, Testel Solutions Pte Ltd (formerly known as iNETest China Holdings Pte Ltd), at \$0.9916 per share to a third party as part of business acquired (Note 20) and to a related party for cash of \$440,000, the Group's equity interest in Testel Solutions Pte Ltd reduced from 100% to 51%.

(d) Liquidation of subsidiaries

On 4 July 2007 and 28 August 2007, Ellipsiz (Shanghai) Electronics Equipment Ltd and SV Probe China Co., Ltd, wholly-owned subsidiaries in China, were placed under members' voluntary liquidation respectively.

6. Associates

On 9 October 2007, iNETest Resources Pte Ltd, a wholly-owned subsidiary of the Company, entered into a joint venture agreement to purchase 49% equity shares in IRC Technologies Limited (IRCT) a company incorporated in Thailand, for a cash consideration of Thai Baht 12,397,000 (approximately \$579,000). The principal activities of IRCT are those relating to provision of solutions for electronic manufacturing industry, and trading of instruments and equipment. Management is in the process of ascertaining the fair values of the net identifiable assets acquired in this new associate, following which the goodwill, if any, will be determined.

On 14 May 2008, the Group increased its equity shareholding in its associate, Kita Manufacturing Co., Ltd from 24% to 40% for a purchase consideration of US\$1,280,000 (approximately \$1,741,000).

7. Financial Assets

	Group and Company	
	2008	2007
	\$'000	\$'000
Unquoted equity securities available-for-sales	2,313	2,313
Unquoted debts securities available-for-sales	5,603	-
Quoted equity securities available-for-sales	326	-
	<u>8,242</u>	<u>2,313</u>
Less: Impairment losses	(2,313)	(2,313)
	<u>5,929</u>	<u>-</u>

The impairment losses of the Group and the Company comprise losses on unquoted equity shares amounting to \$2,313,000 (2007: \$2,313,000).

8. Cash and Cash Equivalents

	Note	Group		Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand		22,146	20,310	1,358	1,141
Deposits with financial institutions		5,534	7,517	-	1,003
		<u>27,680</u>	<u>27,827</u>	<u>1,358</u>	<u>2,144</u>
Bank overdraft	11	-	(427)		
Deposits held as security by financial institutions	11	(3,513)	(3,193)		
Cash and cash equivalents in the consolidated statement of cash flow		<u>24,167</u>	<u>24,207</u>		

9. Share Capital

	Group and Company	
	2008	2007
	No. of shares	No. of shares
	'000	'000
Fully paid ordinary shares, with no par value:		
At 1 July	255,658	249,158
Issue of ordinary shares	-	5,459
Issue of ordinary shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"	-	900
Issue of ordinary shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"	-	141
At 30 June	<u>255,658</u>	<u>255,658</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, unless voting by show of hands is applied according to the Company's Articles of Association. All shares rank equally with regards to the Company's residual assets.

As at 30 June 2008, 490,000 (2007: 697,000) options to subscribe ordinary shares at the subscription prices of \$0.64 per share were outstanding. The options are granted to eligible employees and directors under the Ellipsiz Share Option Plan.

In 2007, the Company obtained approval for its Additional Listing Application with SGX-ST for issuance of 5,459,272 new ordinary shares at the price of \$0.577 per share as partial settlement of the purchase consideration for acquisition of additional interest in a subsidiary in 2006.

Since the beginning of the financial year to the balance sheet date, no treasury shares were issued by the Company.

10. Reserves

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Capital reserve	(11,720)	(11,720)	-	-
Fair value reserve	40	-	40	-
Compensation reserve	464	464	464	464
Exchange translation reserve	(11,428)	(4,460)	-	-
Accumulated profits/(losses)	5,188	17,515	(32,192)	(36,722)
	<u>(17,456)</u>	<u>1,799</u>	<u>(31,688)</u>	<u>(36,258)</u>

The capital reserve comprises goodwill arising on acquisition of subsidiaries written off against shareholders' equity.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

The compensation reserve comprises the cumulative value of employee services received for the issue of share options and share awards. When the option is exercised or the award is vested, the amount from the compensation reserve is transferred to share capital.

The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose measurement currency is different from that of the Company and the exchange differences on monetary items which form part of the Group and Company's net investments in foreign operations, provided certain conditions are met.

The accumulated profits of the Group includes profits/(losses) of \$303,000 (2007: (\$377,000)) attributable to associates and joint venture.

11. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current liabilities					
Secured bank loans		853	636	-	-
Unsecured bank loans		450	348	-	-
Obligations under hire purchase agreements and finance leases		1,110	1,725	-	-
		<u>2,413</u>	<u>2,709</u>	<u>-</u>	<u>-</u>
Current liabilities					
Bank overdraft	8	-	427	-	-
Secured bank loans		7,403	4,168	-	-
Unsecured bank loans ⁽¹⁾		5,720	279	5,600	-
Obligations under hire purchase agreements and finance leases		583	875	-	-
		<u>13,706</u>	<u>5,749</u>	<u>5,600</u>	<u>-</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		2008 \$'000	2007 \$'000
Leasehold land and building	3	3,198	1,917
Leasehold improvements	3	-	1,615
Plant and machinery	3	255	3,889
Deposits with financial institutions	8	3,513	3,193
Total carrying amount		<u>6,966</u>	<u>10,614</u>

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	2008 \$'000	2007 \$'000
Within 1 year	13,123	4,874
After 1 year but within 5 years	1,303	984
	<u>14,426</u>	<u>5,858</u>

Obligations under hire purchase agreements and finance leases:

Group	Principal 2008 \$'000	Interest 2008 \$'000	Payments 2008 \$'000	Principal 2007 \$'000	Interest 2007 \$'000	Payments 2007 \$'000
Repayable within 1 year	583	103	686	875	155	1,030
Repayable after 1 year but within 5 years	1,110	96	1,206	1,725	207	1,932
Total	1,693	199	1,892	2,600	362	2,962

12. Trade and Other Payables

Included in other payables (current) of the Group and the Company are contingent consideration payable amounting to \$Nil (30 June 2007: \$757,000) and deferred consideration payable amount to \$Nil (30 June 2007: \$31,000) in relation to the acquisitions of subsidiaries.

13. Results from Operating Activities

The following items have been included in arriving at results from operating activities:

	Note	Group 2008 \$'000	Group 2007 \$'000
Other income			
Rental income		275	293
Sundry income		213	349
Grant income		120	5
Gain on disposals of:			
- financial assets		-	130
- intangible assets		-	342
- other asset		-	65
Net dilution gain on issue of shares in subsidiaries to minority shareholders		70	-
		678	1,184
Other expenses			
Depreciation of property, plant and equipment	3	9,832	10,744
Allowance/(reversal of allowance) for:			
- inventory obsolescence		1,543	774
- doubtful debts from trade receivables		1,146	(346)
Loss on disposals of property, plant and equipment		2	35
Other asset written off		-	2
Inventories written off		558	689
Bad debts written off		-	115
Plant and equipment written off		465	-
Impairment loss on property, plant and equipment		551	-
Amortisation of intangible assets	4	467	415
Provision for restructuring cost		7,577	-
Exchange loss, net		1,116	591

14. Net Finance (Expenses)/Income

Group	2008 \$'000	2007 \$'000
Finance income		
Interest income:		
- banks	389	692
- third parties	34	104
	423	796
Finance expenses		
Interest expense:		
- hire purchase arrangements and finance leases	245	161
- financial institutions	364	451
- affiliate	169	58
- third party	4	-
	782	670
Net finance (expenses)/income recognised in the income statement	(359)	126

15. Income Tax Credit

	Group	
	2008 \$'000	2007 \$'000
Current tax expense		
Current year	939	1,853
Withholding tax	6	3
Overprovision in prior years	(1,355)	(995)
	<u>(410)</u>	<u>861</u>
Deferred tax expense		
Origination and reversal of temporary differences	(3,893)	(2,525)
Underprovision in prior years	1,143	467
Change in tax rate	-	(266)
	<u>(2,750)</u>	<u>(2,324)</u>
Total income tax credit	<u>(3,160)</u>	<u>(1,463)</u>

16. Earnings per Share

	Group	
	2008 \$'000	2007 \$'000
Basic earnings per share is based on:		
(Loss)/profit for the year attributable to equity holders of the Company	(12,327)	15,023
	<u>(12,327)</u>	<u>15,023</u>
	2008 No. of shares '000	2007 No. of shares '000
Weighted average number of:		
- shares outstanding during the year	255,658	249,158
- shares issued during the year	-	500
- under share option and share award schemes	-	5,459
- as partial settlement of consideration for acquisition of subsidiary	-	-
	<u>255,658</u>	<u>255,117</u>

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and share awards with the potential ordinary shares weighted for the year outstanding.

The effect of the exercise of share options and share awards on the weighted average number of ordinary shares in issue is as follows:

Group	2008 No. of shares '000	2007 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	255,658	255,117
Dilutive effect of share awards	-	80
Dilutive effect of share options	1	217
Weighted average number of ordinary shares (diluted)	<u>255,659</u>	<u>255,414</u>

Options to purchase 490,000 ordinary shares at \$0.64 per share were outstanding during the financial year (2007: Nil) but not included in the computation of diluted earnings per share because these options were antidilutive for a period of 11 months.

17. Net Asset and Tangible Asset Values per Ordinary Share

	Group (cents)	Company (cents)
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2008	40.54	34.98
(b) 30 June 2007	48.08	33.19
Net tangible asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2008	26.80	34.98
(b) 30 June 2007	<u>33.54</u>	<u>33.19</u>

18. Breakdown of Revenue and Profit after Tax before Minority Interests

	Group		
	2008 \$'000	2007 \$'000	Variance %
Revenue reported for first half year	101,599	104,555	(3)
Operating profit after tax before deducting minority interest for first half year	2,858	10,863	(74)
Revenue reported for second half year	95,166	96,052	(1)
Operating (loss)/profit after tax before deducting minority interest for second half year	(16,241)	4,703	(445)

19. Dividends

19.1 Dividend Paid

There is no dividend paid during the financial year ended 30 June 2008.

19.2 Dividend

	2008	2007
Name of dividend	Nil	Interim
Dividend type	Not applicable	Cash
Dividend rate	Nil	0.6 cents per ordinary share less tax of 18%
Book closure date	Not applicable	5.00 pm on 5 March 2007
Date payable	Not applicable	16 March 2007

20. Acquisition of Business

On 7 September 2007, a subsidiary, Testel Solutions Pte Ltd entered into agreements to operate a business in the manufacturing of semiconductor assembly and testing equipment and mechanical engineering works. Under the agreements, the third party would transfer its existing business at a fair value of \$2,070,000 in exchange for 1,988,000 new ordinary shares in Testel Solutions Pte Ltd at \$0.9916, totaling to \$1,972,000 and cash of \$79,000.

The assets acquired under the business by the Group are as follows:

Group	Carrying amounts \$'000	Fair values adjustments \$'000	Recognised values \$'000
Plant and equipment	180	629	809
Intangible assets	-	180	180
Inventories	1,062	-	1,062
Net identifiable assets acquired	1,242	809	2,051
Goodwill on consolidation			-
Total consideration			2,051
Consideration paid, satisfied in equity shares			(1,972)
Consideration paid, satisfied in cash			79
Cash acquired			-
Net cash outflow			79

On the initial accounting of acquisition, the Group has recorded the preliminary fair value of the net identifiable assets acquired. Management is still in the process of ascertaining and assessing the preliminary fair value determined.

The information on the contribution of revenue and profit after tax to the consolidated revenue and loss after the Group, had the acquisitions of business occurred at the beginning of the financial year, cannot be practically ascertained without incurring excessive costs to estimate the actual result of the business from the seller. In addition, the contribution of net results by the business is also not practically to be ascertained as the acquired business was integrated into Testel Solutions Pte Ltd's existing business during the financial year.

21. Significant Related Party Transactions

Significant transactions with related parties are as follows:

	Group	
	2008 \$'000	2007 \$'000
Sales to:		
- associates	244	6
- affiliates	4,213	3,260
Purchases from:		
- associates	(59)	(125)
- affiliates	(4)	(233)
Interest income from affiliates	-	8
Service income from:		
- associates	32	-
- affiliates	1	18
Service expense paid to affiliates	(69)	(1,640)
Rental expense paid to affiliate	(117)	-
Interest expenses paid to affiliates	(25)	-
Purchase of plant and equipment from affiliate	(48)	(64)
Disposal of plant and equipment to affiliate	-	1
	<hr/>	<hr/>

22. Interested Person Transactions

There was no significant interested person transaction during the financial year and the corresponding financial year of the immediate preceding financial year.

23. Subsequent Event

Subsequent to the balance sheet date, a wholly-owned subsidiary, SV Probe Pte. Ltd., established a wholly-owned subsidiary, SV Probe Korea Co., Ltd. in the Republic of Korea ("SV Probe Korea"). SV Probe Korea has an initial registered and paid up capital of KWR 50,000,000, approximately US\$50,000 (equivalent to \$68,000). The principal activities of the new subsidiary are in manufacturing, import/export and sale of probe cards.

24. Commitments

Lease commitments

As at 30 June 2008, commitments of the Group and the Company for minimum lease receivables and payments under non-cancellable operating leases are as follows:

Receivable

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Receivable:				
Within 1 year	17	-	-	-
After 1 year but within 5 years	9	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	26	-	-	-

Payable

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Payable:				
Within 1 year	2,408	2,089	29	461
After 1 year but within 5 years	3,061	2,206	67	-
After 5 years	643	655	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,112	4,950	96	461

Capital commitments

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Capital commitments contracted but not provided for:				
Within 1 year	1,080	1,282	-	-

Corporate guarantees

As at 30 June 2008, the Company provided corporate guarantees amounting to \$21,370,000 (2007: \$9,200,000) to banks for banking facilities of \$21,090,000 (2007: \$9,900,000) made available to its subsidiaries, of which the subsidiaries have utilised \$4,211,000 (2007: \$1,480,000).

25. Segment Reporting

Business Segments

The Group, in the exercise to integrate and streamline its business activities during the financial year, combined two business segments, Silicon Reclaim solutions and Distribution & Services solutions as one reportable segment. The two segments engaged in groups of related products and services and have substantially similar long term financial direction, risks and returns. The Group believes the following re-defined business segments will provide better analysis of Group's performance:

Distribution and Services solutions (combination of activities under the previous Distribution and Services solutions with Silicon Reclaim solutions) : Distribution of equipment and tools for semiconductor manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly (PCBA) testing and inspection; provision of equipment maintenance support services, including systems integration to the semiconductor and electronics manufacturing services (EMS) industry; and provision of facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterisation services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs; provision of outsourcing services for reclamation of silicon wafers; trading of test wafers used in wafer fabs.

Probe Cards solutions : Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

Group	Distribution and Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	Restated		2008 \$'000	2007 \$'000	Restated		2008 \$'000	2007 \$'000
	2008 \$'000	2007 \$'000			2008 \$'000	2007 \$'000		

Revenue and Expense

Total revenue from external customers	118,755	97,023	78,010	103,584	-	-	196,765	200,607
Inter-segment revenue	344	70	-	-	(344)	(70)	-	-
	<u>119,099</u>	<u>97,093</u>	<u>78,010</u>	<u>103,584</u>			<u>196,765</u>	<u>200,607</u>
Segment results	(2,849)	10,644	(14,901)	3,238	-	(70)	(17,750)	13,812
Unallocated corporate results							943	372
							(16,807)	14,184
Share of results of associates and joint venture								
- allocated to business segments	125	(66)	522	(36)	-	-	647	(102)
- unallocated corporate & other							(24)	(105)
(Loss)/profit before interest income/(expenses) and taxation							(16,184)	13,977
Interest income							423	796
Interest expense							(782)	(670)
Income taxes							3,160	1,463
Minority interests							1,056	(543)
(Loss)/profit for the year							<u>(12,327)</u>	<u>15,023</u>

Group	Distribution and Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	2008 \$'000	Restated	2008 \$'000	2007 \$'000	2008 \$'000	Restated	2008 \$'000	2007 \$'000
		2007 \$'000				2007 \$'000		
Assets and Liabilities								
Segment assets	88,087	83,607	60,738	76,127	-	-	148,825	159,734
Unallocated corporate assets							9,402	4,842
Investment in associates								
- allocated to business segments	871	647	5,423	3,091	-	-	6,294	3,738
- unallocated corporate & other							590	598
Investment in a joint venture								
- unallocated corporate & other							12	29
Tax receivables							664	2,506
Deferred tax assets							3,118	321
Total assets							<u>168,905</u>	<u>171,768</u>
Segment liabilities	25,421	20,927	14,900	10,573	-	-	40,321	31,500
Unallocated corporate liabilities							1,082	2,258
Interest-bearing borrowings							16,119	8,458
Income tax liabilities							4,138	4,882
Total liabilities							<u>61,660</u>	<u>47,098</u>
Other non-cash items								
Capital expenditure Corporate	3,497	6,186	4,243	7,853	-	-	7,740	14,039
							3	9
							<u>7,743</u>	<u>14,048</u>
Depreciation of property, plant and equipment:								
- allocated to business segments	3,293	3,497	6,524	7,230	-	-	9,817	10,727
- unallocated corporate expenses							15	17
							<u>9,832</u>	<u>10,744</u>
Loss/(gain) on disposals of property, plant and equipment								
- allocated to business segments	109	9	(106)	23	-	-	3	32
- unallocated corporate expenses							(1)	3
							<u>2</u>	<u>35</u>
Property, plant and equipment written off								
- allocated to business segments	82	-	383	-	-	-	465	-
Impairment loss on property, plant and equipment								
- allocated to business segments	-	-	551	-	-	-	551	-

Group	Distribution and Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	Restated				Restated			
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets:								
- allocated to business segments	69	11	395	402	-	-	464	413
- unallocated corporate expenses							3	2
							<u>467</u>	<u>415</u>
Gain on disposals of intangible assets	-	-	-	(342)	-	-	-	(342)
Grant income	-	(5)	(120)	-	-	-	(120)	(5)

Geographical segments

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	55,008	47,814	32,954	20,370	41,223	48,669	47,115	62,275	8,262	13,272	12,203	8,207	196,765	200,607
Segment assets	73,320	75,147	15,624	12,477	27,641	31,758	28,424	33,571	6,825	7,077	6,393	4,546	158,227	164,576
Investment in associates	-	395	871	253	590	598	-	-	-	-	5,423	3,090	6,884	4,336
Investment in a joint venture	-	-	-	-	12	29	-	-	-	-	-	-	12	29
Tax receivables													664	2,506
Deferred tax assets													3,118	321
	<u>73,320</u>	<u>75,542</u>	<u>16,495</u>	<u>12,730</u>	<u>28,243</u>	<u>32,385</u>	<u>28,424</u>	<u>33,571</u>	<u>6,825</u>	<u>7,077</u>	<u>11,816</u>	<u>7,636</u>	<u>168,905</u>	<u>171,768</u>
Capital expenditures	3,126	6,638	2,413	1,938	781	676	329	3,884	947	883	147	29	7,743	14,048



**Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R**

Full Year Financial Statements and Dividend Announcement for

30 June 2008

Review and Commentary

- (A) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**
 - (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on; and**
 - (iii) any factors leading to material changes in contributions to turnover and earnings by the business or geographical segments.**

The following discussion is based on and should be read in conjunction with, the consolidated financial statements of Ellipsiz Ltd and its subsidiaries (the Group), including the notes thereto.

Results of Operations

Revenue

Consolidated revenue for financial year ended 30 June 2008 (FY2008) was \$197 million, a marginal decrease of 2% as compared to the financial year ended 30 June 2007 (FY2007).

Revenue performance by business segments indicated that revenue for Distribution and Services Solution (DSS) improved by 22% while Probe Card Solution (PCS) decreased by 25%.

Our DSS segment underwent a period of consolidation and integration. The higher revenue from facilities projects and trading activities are the key reasons for the improved revenue. The acquisition of fixturing business during the financial year had also contributed to the higher revenue for the segment.

The softening of the market, pricing pressure and the weakening of USD led to the lower revenue for PCS. The slowdown in the performance of PCS was also the main cause for the poorer performance reported in the United States and Europe.

Gross Profit

The Group attained gross profit of \$36 million for FY2008. This was a decline of 37% as compared to FY2007's gross profit of \$57 million.

Gross profit margin for FY2008 decreased by 10 percentage points from 28% in FY2007 to 18% in FY2008. The drop in margin was mainly due to the decline in revenue of the manufacturing activity (probe card activities) without proportionate decrease in cost of sales since major portion of the manufacturing expenses are fixed in nature. DSS had also suffered decrease in gross profit margins from declining average selling price due to intense competition, pricing pressure and inventory issues. The weakening of USD and strengthening of Asian currencies had also led to relatively higher direct operating costs for our Asian operations.

Other Income

Other income decreased by 43% from \$1.2 million in FY2007 to \$0.7 million in FY2008. In FY2007, PCS segment sold its interface intellectual property that brought gain of approximately \$342,000 to the Group. Additionally, the Group had also recorded gain from disposal of financial assets and other assets of \$130,000 and \$65,000 respectively. The non-recurrence of these gains were the main cause for the drop in other income.

Operating expenses

Total operating expenses for FY2008 was \$53 million, an increase of 22% as compared to FY2007 of \$44 million.

The significant increase in other operating expenses was the main reason for the higher operating expenses. The one-time restructuring charge of \$8 million and the incurrence of higher exchange loss led to the negative variance of other operating expenses.

During the fourth quarter of the financial year, our PCS segment commenced an exercise to rationalise their production facilities in Europe and the United States to improve its cost efficiency and to remain competitive. In the process of rationalisation, PCS segment initiated a project to relocate a loss-making production activity to benefit from the relatively lower operating cost in Asia. This exercise led to a restructuring charge of \$8 million and the loss of tax benefit of \$1 million.

There was no material variance for distribution and administration expenses while research and development expenses decreased by 11% from \$6 million to \$5 million.

Share of Results of Associates and Joint Venture

The Group recorded profits of \$639,000 and loss of \$16,000 from the share of results of its associates and joint venture respectively during the financial year.

Income Taxes

The Group had a tax credit of \$3 million in FY2008. The recording of income not subject to tax by certain subsidiaries, the reversal of over-provision of tax expenses in prior years, refund of tax and reversal of deferred tax liabilities resulting from the movement in temporary difference led to this tax credit. The income not subject to tax was mainly from certain subsidiaries that are granted tax exempt status or subsidiaries having incomes that do not invite tax liabilities in the tax jurisdictions that they operate.

Net Profit after Taxes and Minority Interests (Attributable to equity shareholders of parent)

The Group achieved a net loss after taxes and minority interests of \$12 million in FY2008. This was a decrease of 182% from FY2007's profit of \$15 million. The lower gross profit margin attained in the financial year and the incurrence of the one-time restructuring charge, partially offset by the recording higher tax credit, was the main reason for the negative variance in net profits of the Group.

Financial Conditions

Non-current Assets

The non-current assets of the Group increased from \$78 million as at 30 June 2007 to \$82 million as at 30 June 2008.

During the financial year, the Group acquired 1.47 million units of Series D Convertible Preferred Stock in Touchdown Technologies Inc and invested \$0.3 million in a quoted security, thus leading to the increase in other investments as at 30 June 2008. This increase in other investments, coupled with higher investment in associates and higher deferred tax assets due to recording of deferred tax assets by certain subsidiaries, led to the 5% increase in non-current assets.

The Group increased its stake in one of the associates and acquired a new associate during the year.

Current Assets

Total current assets as at 30 June 2008 was \$87 million, a drop of 7% from \$94 million as at 30 June 2007. The partial collection of the amounts due from related parties and the lower inventory as at 30 June 2008 resulted in the overall decline in current assets. During the year, the Group made an allowance for inventory obsolescence and wrote off certain inventory that amounted to \$2 million.

Current Liabilities and Non-current Liabilities

Total liabilities as at 30 June 2008 stood at \$62 million, a 31% increase from \$47 million as at 30 June 2007. The total increase of \$9 million in trade and other payables and \$8 million increase in interest-bearing borrowings were the main causes for the higher total liabilities.

The accrual of restructuring charge led to the increase in other payables while the increase in borrowings was to fund the other investments and the increase in investment in associates.

Minority Interests

Minority interests increased by 104% to \$4 million as at 30 June 2008. This increase was mainly due to the investments by minority shareholders in certain subsidiaries during the financial year.

Liquidity and Capital Reserves

The net cash inflow of the Group during the year was \$1 million. This can be accounted by:

- (a) cash inflow of \$8 million from operating activities;
- (b) cash outflow of \$15 million from investing activities; and
- (c) cash inflow of \$8 million from financing activities.

The Group had positive cash inflow from its operating activities during the year due to the positive earning before interest, tax, depreciation and amortisation achieved by the Group and the positive movement in net working capital.

The acquisition of other investments, purchase of property, plant and equipment and intellectual property, investment in associates and partial settlement of deferred consideration for acquisition of additional interest in subsidiary in prior financial year led to the negative cash outflow for investing activities.

The net increase in borrowings, coupled with the cash inflow from capital injection from minority shareholder of a subsidiary, partially offset by the repayment of amount due to related parties, led to the net cash inflow in financing activities.

The Group's cash and cash equivalents position as at 30 June 2008 (including fixed deposit held as security) was \$28 million.

(B) Where a forecast, a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

(C) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We operate primarily in the semiconductor and electronics manufacturing services (EMS) industries, where our businesses are subject to general trends and conditions in the global semiconductor market.

The outlook of the industry continues to be mixed with high level of uncertainty amidst softening market demand and reduced capital spending. Macroeconomic including the U.S. financial credit crisis, staggering high oil prices, inflation pressures, weak US dollar, risk of U.S. economic recession as well as geopolitical tensions continue to weigh down on the semiconductor market growth.

Leading organizations like Gartner and WSTS have lowered their market growth forecast for 2008 in their recent updates. Gartner lowered the forecast from 6.2% (in Jan08) to 4.6% (Jun 08) and WSTS slashed their forecast from 9.1% (Nov 07) to 4.7% (May 08). The common issues facing the industry were continuous oversupply, weak memory market, and aggressive cut-backs in the capital spending.

Given the above market forecasts and the on-going turbulence in the macroeconomic situations, we believe the near term prospects for our business would be challenging. However, taking a longer view, we believe the prospects for the semiconductor and electronics industries would still enjoy healthy growth, driven by continuous growing demand and increasing silicon content in digital and electronics products. Gartner expects Global Semiconductor Market revenue to grow from US\$273.9 billion in 2007 to US\$348.7 billion in 2012, representing a compounded annual growth rate of about 5% over 5 years. In addition, we believe the continuous shift of semiconductor manufacturing activities into Asia bodes well for companies that are well positioned in this region.

Turning to the Probe Card segment, according to the latest report by VLSI research, 2008 is expected to be a difficult year as well for the probe card market, growing just 3.4% compared to the strong double digit growths in the preceding years. This is mainly due to the overall slow down in the industry, particularly from the memory producers as well as the acceleration in the decline of the average selling price (ASP). However, the probe card market is expected to recover strongly over the next few years, driven by the resumption in the pace of new chip design turnover, increasing chip output and shift towards advanced probe cards such as Vertical and MEMS-based probe cards that command higher value.

According to VLSI Research, the total probe card market for semiconductor component test, including spares and service, is projected to grow at a CAGR of 12.2% over the next 5 years to 2012 to \$2.4B. Majority of the growth is expected to come from the advanced probe card segment comprising the Vertical and MEMS-based probe products that target the Memory applications (DRAM, NAND and NOR) as well as the advanced Logic applications (microprocessors, Digital signal processors etc). Hence, the outlook for probe card market is still very healthy and it remains as one of the faster growing segments relative to the broader semiconductor market.