



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

Half Year Financial Statements and Dividend Announcement for  
six months ended

**31 December 2007**

***Financial Information***

**Balance Sheets**

	Note	Group			Company		
		31 December 2007 \$'000	30 June 2007 \$'000	Var. %	31 December 2007 \$'000	30 June 2007 \$'000	Var. %
<b>Non-current assets</b>							
Property, plant and equipment	3	35,167	36,175	(3)	19	27	(30)
Intangible assets	4	36,216	37,162	(3)	7	8	(13)
Subsidiaries	5	-	-	-	81,160	75,223	8
Associates	6	5,364	4,336	24	3,877	3,627	7
Joint venture		-	29	(100)	-	-	-
Deferred tax assets		481	321	50	1	-	100
		<u>77,228</u>	<u>78,023</u>	(1)	<u>85,064</u>	<u>78,885</u>	8
<b>Current assets</b>							
Inventories		20,539	21,463	(4)	-	-	-
Project-in-progress		324	500	(35)	-	-	-
Convertible loan receivable		1,448	1,511	(4)	1,448	1,511	(4)
Trade and other receivables		44,086	40,670	8	224	248	(10)
Amounts due from related parties		776	1,774	(56)	5,021	11,593	(57)
Cash and cash equivalents	7	31,328	27,827	13	1,237	2,144	(42)
		<u>98,501</u>	<u>93,745</u>	5	<u>7,930</u>	<u>15,496</u>	(49)
<b>Total assets</b>		<u>175,729</u>	<u>171,768</u>	2	<u>92,994</u>	<u>94,381</u>	(1)
<b>Total attributable to equity holders of the Company</b>							
Share capital	8	121,112	121,112	-	121,112	121,112	-
Reserves		641	1,799	(64)	(36,241)	(36,258)	-
		<u>121,753</u>	<u>122,911</u>	(1)	<u>84,871</u>	<u>84,854</u>	-
<b>Minority interests</b>							
		3,985	1,759	127	-	-	-
<b>Total equity</b>		<u>125,738</u>	<u>124,670</u>	1	<u>84,871</u>	<u>84,854</u>	-
<b>Non-current liabilities</b>							
Interest-bearing borrowings	9	2,505	2,709	(8)	-	-	-
Redeemable convertible preference shares		78	78	-	-	-	-
Other payables		13	231	(94)	-	220	(100)
Amounts due to related parties		-	-	-	4,982	-	100
Deferred tax liabilities		2,213	2,388	(7)	-	18	(100)
		<u>4,809</u>	<u>5,406</u>	(11)	<u>4,982</u>	<u>238</u>	1,993
<b>Current liabilities</b>							
Trade and other payables	10	37,193	31,709	17	2,212	3,137	(29)
Amounts due to related parties		2,352	1,740	35	881	6,095	(86)
Interest-bearing borrowings	9	3,635	5,749	(37)	-	-	-
Current tax payable		2,002	2,494	(20)	48	57	(16)
		<u>45,182</u>	<u>41,692</u>	8	<u>3,141</u>	<u>9,289</u>	(66)
<b>Total liabilities</b>		<u>49,991</u>	<u>47,098</u>	6	<u>8,123</u>	<u>9,527</u>	(15)
<b>Total equity and liabilities</b>		<u>175,729</u>	<u>171,768</u>	2	<u>92,994</u>	<u>94,381</u>	(1)

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

**Consolidated Income Statement**

Group	Note	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 31 December 2006 \$'000	Var. %
<b>Revenue</b>		101,599	104,555	(3)
Cost of revenue		(78,997)	(70,113)	13
<b>Gross profit</b>		<u>22,602</u>	<u>34,442</u>	(34)
Other income	13	404	798	(49)
Distribution expenses		(7,156)	(8,335)	(14)
Administrative expenses		(10,897)	(10,446)	4
Research and development expenses		(2,697)	(2,879)	(6)
Other expenses		(481)	(587)	(18)
<b>Results from operating activities</b>	13	<u>1,775</u>	<u>12,993</u>	(86)
Finance income		291	439	(34)
Finance expense		(324)	(383)	(15)
<b>Net finance (costs)/income</b>	14	<u>(33)</u>	<u>56</u>	(159)
Share of results of associates (net of tax)		203	(18)	1,228
Share of result of a joint venture (net of tax)		(35)	(9)	(289)
<b>Profit before income tax</b>		<u>1,910</u>	<u>13,022</u>	(85)
Income tax credit/(expense)	15	<u>948</u>	<u>(2,159)</u>	(144)
<b>Profit for the period</b>		<u><u>2,858</u></u>	<u><u>10,863</u></u>	(74)
Attributable to:				
Equity holders of the Company		2,991	10,887	(73)
Minority interests		(133)	(24)	454
<b>Profit for the period</b>		<u><u>2,858</u></u>	<u><u>10,863</u></u>	(74)
<b>Earnings per share (cents)</b>	16			
- Basic		1.17	4.33	(73)
- Diluted		<u>1.17</u>	<u>4.33</u>	(73)

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

**Consolidated Statement of Changes in Equity**

Group	Share capital \$'000	Capital reserve \$'000	Unissued capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>31 December 2007</b>										
At 1 July 2007	121,112	(11,720)	-	-	464	(4,460)	17,515	122,911	1,759	124,670
Dilution loss arising from issue of shares in a subsidiary to minority shareholders	-	-	-	-	-	-	-	-	14	14
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(4,637)	-	(4,637)	(67)	(4,704)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	-	488	-	488	-	488
Net losses recognised directly in equity	-	-	-	-	-	(4,149)	-	(4,149)	(67)	(4,216)
Profit for the period	-	-	-	-	-	-	2,991	2,991	(133)	2,858
Total recognised income and expense for the period	-	-	-	-	-	(4,149)	2,991	(1,158)	(200)	(1,358)
Capital contribution by minority shareholders of subsidiaries (Notes 5 and 17)	-	-	-	-	-	-	-	-	2,412	2,412
At 31 December 2007	121,112	(11,720)	-	-	464	(8,609)	20,506	121,753	3,985	125,738
<b>31 December 2006</b>										
At 1 July 2006	117,169	(11,720)	3,150	-	722	(2,243)	4,766	111,844	753	112,597
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(2,479)	-	(2,479)	(14)	(2,493)
Change in fair value of equity securities available-for-sale	-	-	-	(638)	-	-	-	(638)	-	(638)
Net losses recognised directly in equity	-	-	-	(638)	-	(2,479)	-	(3,117)	(14)	(3,131)
Profit for the period	-	-	-	-	-	-	10,887	10,887	(24)	10,863
Total recognised income and expense for the period	-	-	-	(638)	-	(2,479)	10,887	7,770	(38)	7,732
Issue of new shares	3,150	-	(3,150)	-	-	-	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"										
- exercise price	276	-	-	-	-	-	-	276	-	276
- value of employee services received	109	-	-	-	(109)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	9	-	-	9	-	9
Issue of shares pursuant to vesting of awards under the "Ellipsiz Restricted Stock Plan"										
- value of employee services received	30	-	-	-	(30)	-	-	-	-	-
Value of employee services received for issue of share awards	-	-	-	-	28	-	-	28	-	28
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	370	370
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	-	-	(1,020)	(1,020)	-	(1,020)
At 31 December 2006	120,734	(11,720)	-	(638)	620	(4,722)	14,633	118,907	1,085	119,992

**Statement of Changes in Equity**

Company	Share capital \$'000	Unissued capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>31 December 2007</b>						
At 1 July 2007	121,112	-	-	464	(36,722)	84,854
Profit for the period	-	-	-	-	17	17
Total recognised income for the period	-	-	-	-	17	17
At 31 December 2007	121,112	-	-	464	(36,705)	84,871
<b>31 December 2006</b>						
At 1 July 2006	117,169	3,150	-	722	(39,770)	81,271
Change in fair value of equity securities available-for-sale	-	-	(638)	-	-	(638)
Net loss recognised directly in equity	-	-	(638)	-	-	(638)
Profit for the period	-	-	-	-	1,336	1,336
Total recognised income and expense for the period	-	-	(638)	-	1,336	698
Issue of new ordinary shares	3,150	(3,150)	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"						
- exercise price	276	-	-	-	-	276
- value of employee services received	109	-	-	(109)	-	-
Value of employee services received for issue of share options	-	-	-	9	-	9
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"						
- value of employee services received	30	-	-	(30)	-	-
Value of employee services received for issue of share awards	-	-	-	28	-	28
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	(1,020)	(1,020)
At 31 December 2006	120,734	-	(638)	620	(39,454)	81,262

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

**Consolidated Cash Flow Statement**

<b>Group</b>	<b>1 July 2007 to 31 December 2007 \$'000</b>	<b>1 July 2006 to 31 December 2006 \$'000</b>
<b>Operating Activities</b>		
Profit for the period	2,858	10,863
Adjustments for:		
Allowance made/(reversal of allowance) for:		
- inventory obsolescence	452	691
- doubtful debts from trade receivables	420	(270)
Amortisation of intangible assets	235	207
Bad debts written off	-	117
Depreciation of property, plant and equipment	5,056	5,303
Dilution loss on issue of shares in a subsidiary to minority shareholders	14	-
Interest income	(291)	(439)
Interest expense	324	383
Inventories written off	110	67
Gain on disposals of property, plant and equipment	(139)	(163)
Gain on disposals of intangible assets	-	(347)
Plant and equipment written off	-	5
Share options and awards granted to employees	-	37
Share of results of associates and joint venture (net of tax)	(168)	27
Income tax (credit)/expense	(948)	2,159
<b>Operating profit before working capital changes</b>	<b>7,923</b>	<b>18,640</b>
Changes in working capital:		
Inventories	1,001	(940)
Project-in-progress	206	(44)
Amounts due from related parties (trade)	671	230
Amounts due to related parties (trade)	(628)	(147)
Trade and other receivables	(4,141)	9,244
Trade and other payables	6,070	(8,427)
Increase in pledged fixed deposits	(25)	(1,450)
Cash generated from operations	11,077	17,106
Interest received	291	431
Interest paid	(324)	(151)
Tax credit received	408	-
Income tax paid	(814)	(4,723)
<b>Cash flows from operating activities</b>	<b>10,638</b>	<b>12,663</b>
<b>Investing Activities</b>		
Investment in associate	(579)	-
Purchase of property, plant and equipment <sup>(1)</sup>	(4,363)	(5,825)
Purchase of intangible assets	(259)	(3)
Proceeds from disposals of property, plant and equipment	297	251
Proceeds from disposals of intangible assets	-	1,852
Purchase of other financial asset	-	(1,674)
Partial settlement of deferred consideration for acquisitions of additional interest in subsidiaries in prior financial period	(568)	(8,140)
Net cash outflow from acquisition of business and subsidiary <sup>(2)</sup>	(61)	-
Amounts due from related parties (non-trade)	78	435
<b>Cash flows from investing activities</b>	<b>(5,455)</b>	<b>(13,104)</b>

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

Group	Note	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 31 December 2006 \$'000
<b>Financing Activities</b>			
Interest paid		-	(189)
Drawdown of bank loans		745	3,185
Repayment of bank loans		(2,100)	(12,360)
Repayment of hire purchase and finance lease creditors		(439)	(411)
Amounts due to related parties (non-trade)		1,179	-
Amount paid to minority shareholder (non-trade)		-	(2,521)
Issue of ordinary shares under share option scheme		-	276
Dividend paid		-	(1,020)
Capital injection from minority shareholders of subsidiaries		440	370
<b>Cash flow from financing activities</b>		<b>(175)</b>	<b>(12,670)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,008</b>	<b>(13,111)</b>
Cash and cash equivalents at beginning of period		24,207	43,054
Effect of exchange rate changes on balances in foreign currencies		(1,105)	(717)
<b>Cash and cash equivalents at end of period</b>	7	<b>28,110</b>	<b>29,226</b>

**Significant non-cash transactions**

(1) Plant and equipment amounting to \$66,000 (31 December 2006: \$1,937,000) were acquired through hire purchase arrangements and finance leases.

(2) The effect of acquisitions of subsidiary (Note 5) and business (Note 17) is set out below:

	1 July 2007 to 31 December 2007 \$'000
Property, plant and equipment	831
Intangible assets	182
Inventories	1,148
Trade and other receivables	157
Cash and cash equivalents	162
Trade and other payables	(329)
Net identifiable assets acquired	2,151
Goodwill on consolidation	44
Total consideration	2,195
Consideration satisfied in equity shares	(1,972)
Consideration satisfied in cash	223
Cash acquired	(162)
<b>Net cash outflow from acquisition of business and subsidiary</b>	<b>61</b>

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

## Notes to the Financial Statements

These notes form and integral part of the financial statements.

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

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

### 1. Basis of Preparation

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

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 period 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 period, the Group changed the grouping of its business activities and business segment classifications. Details of the changes are provided in Note 21 to the financial statements.

For comparison and disclosure purposes, the comparative financials of prior periods in respect of the segment reporting were restated.

The change in policy of segment reporting does not have any impact on the balance sheet, net profit for the financial period and the 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 six months ended 31 December 2007.

### 3. Property, Plant and Equipment

Group	Leasehold land and building \$'000	Leasehold improvements \$'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
<b>Cost</b>										
At 1 July 2007	2,970	7,489	736	1,117	5,528	431	56,318	394	679	75,662
Additions	3	207	51	59	219	41	2,738	-	1,111	4,429
Arising from acquisitions of business and subsidiary	-	2	19	3	23	-	809	-	-	856
Disposals	-	(145)	(18)	(11)	(87)	(35)	(189)	-	(24)	(509)
Reclassification	1,552	-	-	-	-	-	85	-	(1,637)	-
Translation difference on consolidation	(27)	(177)	(30)	(20)	(163)	(11)	(1,691)	-	(34)	(2,153)
At 31 December 2007	4,498	7,376	758	1,148	5,520	426	58,070	394	95	78,285
<b>Accumulated depreciation and impairment losses</b>										
At 1 July 2007	1,052	2,256	531	780	4,017	239	30,420	192	-	39,487
Depreciation charge for the period	49	514	39	78	358	37	3,967	14	-	5,056
Arising from acquisition of business and subsidiary	-	-	6	1	18	-	(107)	-	-	25
Disposals	-	(120)	(8)	(9)	(81)	(26)	(107)	-	-	(351)
Translation difference on consolidation	-	(54)	(24)	(21)	(108)	(6)	(886)	-	-	(1,099)
At 31 December 2007	1,101	2,596	544	829	4,204	244	33,394	206	-	43,118
<b>Carrying amount</b>										
At 31 December 2007	3,397	4,780	214	319	1,316	182	24,676	188	95	35,167
At 1 July 2007	1,918	5,233	205	337	1,511	192	25,898	202	679	36,175

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
<b>Cost</b>				
At 1 July 2007 & 31 December 2007	72	61	1,508	1,641
<b>Accumulated depreciation</b>				
At 1 July 2007	71	58	1,485	1,614
Depreciation charge for the period	-	1	7	8
At 31 December 2007	71	59	1,492	1,622
<b>Carrying amount</b>				
At 31 December 2007	1	2	16	19
At 1 July 2007	1	3	23	27

Leasehold land and building, leasehold improvements and plant and machinery of the Group with carrying amount of \$3,387,000 (30 June 2007: \$1,918,000), \$1,373,000 (30 June 2007: \$1,615,000) and \$2,463,000 (30 June 2007: \$3,889,000) respectively have been pledged to banks as security for certain bank loans.

The carrying amount of property, plant and equipment includes amount totaling \$2,442,000 (30 June 2007: \$2,893,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases.

Plant and machinery of the Group with carrying amount of \$1,069,000 (30 June 2007: \$Nil) were leased out to third parties under cancellable operating lease agreements.

#### 4. Intangible Assets

Group	Computer software \$'000	Development expenditure \$'000	Technology licence \$'000	Intellectual property \$'000	Goodwill \$'000	Total \$'000
<b>Cost</b>						
At 1 July 2007	1,967	3,920	1,844	6,273	29,591	43,595
Additions	14	-	-	245	-	259
Arising from acquisitions of business and subsidiary	182	-	-	-	44	226
Translation difference on consolidation	-	-	(107)	(362)	(770)	(1,239)
At 31 December 2007	2,163	3,920	1,737	6,156	28,865	42,841
<b>Accumulated amortisation and impairment losses</b>						
At 1 July 2007	1,860	3,920	289	364	-	6,433
Amortisation for the period	34	-	45	156	-	235
Translation difference on consolidation	-	-	(18)	(25)	-	(43)
At 31 December 2007	1,894	3,920	316	495	-	6,625
<b>Carrying amount</b>						
At 31 December 2007	269	-	1,421	5,661	28,865	36,216
At 1 July 2007	107	-	1,555	5,909	29,591	37,162

Company	Computer software \$'000
<b>Cost</b>	
At 1 July 2007 & 31 December 2007	1,823
<b>Accumulated amortisation</b>	
At 1 July 2007	1,815
Amortisation for the period	1
At 31 December 2007	1,816
<b>Carrying amount</b>	
At 31 December 2007	7
At 1 July 2007	8

## 5. Subsidiaries

### (a) Incorporation of subsidiaries

During the financial period, a wholly-owned subsidiary, Ellipsiz Communication Pte Ltd (formerly known as Tezt Pulse Pte Ltd), incorporated 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 are 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.

### (b) Acquisition of subsidiary

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 iNETest Resources (Thailand) Ltd (IR Thai) from key employees of the subsidiary, for a cash consideration of Thai Baht 3,093,000 (approximately S\$144,000). 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 progress of ascertaining and assessing the preliminary fair values determined.

Had the acquisition of subsidiary occurred on 1 July 2007, the consolidated revenue and profit for the period attributable to equity holders of the Company would have been:

	<b>1 July 2007 to 31 December 2007 \$'000</b>
Revenue	101,799
Profit for the period attributable to equity holders of the Company	<u>2,948</u>

The acquisition of subsidiary has contributed a consolidated net loss attributable to equity holders of the Company of \$66,000 during the financial period.

### (c) Dilution of interest in subsidiary

Resulting from the issuance of new ordinary shares of subsidiary, Testel Solutions Pte Ltd (formerly known as iNETest China Holdings Pte Ltd) at \$0.9916 per share to third party as part of business acquired (Note 17) 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 Jul 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

### (a) Acquisition of new associate

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 S\$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.

### (b) Increase in equity shares of associate

On 25 October 2007, the Group entered into an agreement to increase its equity shareholding in its associate, Chiron SemiLab Pte Ltd (Chiron), 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.

The agreement in further investment in Chiron was completed in January 2008. Hence, as at 31 December 2007, the investment was still classified as an associate in the financial statements.

## 7. Cash and Cash Equivalents

Note	Group		Company	
	31 December 2007 \$'000	30 June 2007 \$'000	31 December 2007 \$'000	30 June 2007 \$'000
Cash at banks and in hand	24,890	20,310	1,237	1,141
Deposits with financial institutions	6,438	7,517	-	1,003
	<u>31,328</u>	<u>27,827</u>	<u>1,237</u>	<u>2,144</u>
Bank overdraft	9	(427)		
Deposits held as security by financial institutions	9	(3,218)		
Cash and cash equivalents in the consolidated statement of cash flow	<u>28,110</u>	<u>24,207</u>		

## 8. Share Capital

	Group and Company	
	31 December 2007 No. of shares '000	30 June 2007 No. of shares '000
Issued and fully paid:		
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 31 December/30 June	<u>255,658</u>	<u>255,658</u>

As at 31 December 2007, 661,000 (30 June 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.

## 9. Interest-Bearing Borrowings

*Interest-bearing borrowings consist of the following:*

	Group	
	31 December 2007 \$'000	30 June 2007 \$'000
<b>Non-current liabilities</b>		
Secured bank loans	898	636
Unsecured bank loans	209	348
Obligations under hire purchase agreements and finance leases	1,398	1,725
	<u>2,505</u>	<u>2,709</u>

	Note	Group	
		31 December 2007 \$'000	30 June 2007 \$'000
<b>Current liabilities</b>			
Bank overdraft	7	-	427
Secured bank loans		2,648	4,168
Unsecured bank loans		279	279
Obligations under hire purchase agreements and finance leases		708	875
		<u>3,635</u>	<u>5,749</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		31 December 2007 \$'000	30 June 2007 \$'000
Leasehold land and building	3	3,387	1,918
Leasehold improvements	3	1,373	1,615
Plant and machinery	3	2,463	3,889
Deposits with financial institutions	7	3,218	3,193
Total carrying amount		<u>10,441</u>	<u>10,615</u>

*Maturity of liabilities (excluding finance lease liabilities)*

	Group	
	31 December 2007 \$'000	30 June 2007 \$'000
Within 1 year	2,927	4,874
After 1 year but within 5 years	1,107	984
	<u>4,034</u>	<u>5,858</u>

*Obligations under hire purchase agreements and finance leases:*

Group	31 December 2007			30 June 2007		
	Payment \$'000	Interest \$'000	Principal \$'000	Payment \$'000	Interest \$'000	Principal \$'000
Within 1 year	838	130	708	1,030	155	875
After 1 year but within 5 years	1,535	137	1,398	1,932	207	1,725
	<u>2,373</u>	<u>267</u>	<u>2,106</u>	<u>2,962</u>	<u>362</u>	<u>2,600</u>

## 10. Trade and Other Payables

Included in other payables (current) of the Group and the Company are contingent consideration payable amounting to \$220,000 (30 June 2007: \$757,000) and deferred consideration payable amount to \$Nil (30 June 2007: \$31,000) in relation to the acquisitions of subsidiaries.

## 11. Net Asset Value Per Ordinary Share

	Group (cents)	Company (cents)
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 31 December 2007	47.62	33.20
(b) 30 June 2007	48.08	33.19

## 12. Dividends

	1 July 2007 to 31 December 2007	1 July 2006 to 31 December 2006
Name of dividend	Not applicable	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 March 2007
Date payable	Not applicable	16 March 2007

### 13. Results from Operating Activities

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

Group	Note	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 31 December 2006 \$'000
<b>Other income</b>			
Rental income from third parties		122	154
Gain on disposals of property, plant and equipment		139	163
Gain on disposals of intangible assets		-	347
Sundry income		143	134
		404	798
<b>Other expenses</b>			
Allowance made/(reversal of allowance) for doubtful debts from trade receivables		420	(270)
Allowance made for inventory obsolescence		452	691
Amortisation of intangible assets	4	235	207
Bad debts written off		-	117
Depreciation of property, plant and equipment	3	5,056	5,303
Dilution loss on issue of shares in a subsidiary to minority shareholders		14	-
Exchange loss, net		466	572
Inventories written off		110	67
Plant and equipment written off		-	5
		-	5

### 14. Net Finance (Costs)/Income

Group	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 31 December 2006 \$'000
<i>Finance income</i>		
Interest income:		
- banks	254	427
- third parties	37	12
	291	439
<i>Finance expense</i>		
Interest expense:		
- hire purchase arrangements and finance leases	92	54
- loans from financial institutions	138	284
- loans from related parties	92	43
- third party	2	2
	324	383
Net finance (costs)/income	(33)	56

### 15. Income Tax (Credit)/Expense

Group	1 July 2007 to 31 December 2007 \$'000	1 July 2006 to 31 December 2006 \$'000
Current tax expense:		
- current period	(620)	2,994
- over provision in prior period	(86)	(548)
	(706)	2,446
Deferred tax expense:		
- movements in temporary differences	(301)	(955)
- under provision in prior period	59	668
	(242)	(287)
Income tax (credit)/expense	(948)	2,159

## 16. Earnings Per Share

<b>Group</b>	<b>1 July 2007 to 31 December 2007 \$'000</b>	<b>1 July 2006 to 31 December 2006 \$'000</b>
Basic earnings per share is based on: Profit for the period attributable to equity holders of the Company	2,991	10,887
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
Weighted average number of:		
- shares outstanding during the period	255,658	250,968
- shares issued under share options and share awards schemes	-	197
	<u>255,658</u>	<u>251,165</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 period 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:

<b>Group</b>	<b>1 July 2007 to 31 December 2007 \$'000</b>	<b>1 July 2006 to 31 December 2006 \$'000</b>
Weighted average number of shares issued, used in calculation of basic earnings per share	255,658	251,165
Dilutive effect of share awards	-	125
Dilutive effect of share options	1	147
Weighted average number of ordinary shares (diluted)	<u>255,659</u>	<u>251,437</u>

Options to purchase 661,000 ordinary shares at \$0.64 per share were outstanding during the first half of financial year 2008 (30 June 2007: Nil) but not included in the computation of diluted earnings per share because these options were antidilutive.

## 17. 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:

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

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 profit after the Group, had the acquisitions of business occurred at the beginning of the financial period, 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 period.

## 18. Significant Related Party Transactions

Significant transactions with related parties are as follows:

<b>Group</b>	<b>1 July 2007 to 31 December 2007 \$'000</b>	<b>1 July 2006 to 31 December 2006 \$'000</b>
Sales to:		
- associates	144	-
- affiliates	1,994	1,032
Purchases from:		
- associates	39	48
- affiliates	4	71
Service fee expense paid to affiliates	70	-

## 19. Interested Person Transactions

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

## 20. Commitments

### Lease commitments

As at 31 December 2007, commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>
Payable:				
Within 1 year	1,661	2,089	184	461
After 1 year but within 5 years	2,216	2,206	-	-
After 5 years	667	655	-	-
	<u>4,544</u>	<u>4,950</u>	<u>184</u>	<u>461</u>

### Capital commitments

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>
Capital commitments contracted but not provided for:				
Within 1 year	730	1,282	-	-

### Corporate guarantees

As at 31 December 2007, the Company provided corporate guarantees amounting to \$13,696,000 (30 June 2007: \$9,200,000) to banks for banking facilities made available to its subsidiaries.

## 21. Segment Results

### Business Segments

The Group, in the exercise to integrate and streamline its business activities during the financial period, 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 & 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 & Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	31 December 2007	Restated 31 December 2006	31 December 2007	31 December 2006	31 December 2007	Restated 31 December 2006	31 December 2007	31 December 2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Revenue and Expense</i>								
Total revenue from external customers	56,633	45,212	44,966	59,343	-	-	101,599	104,555
Inter-segment revenue	91	-	-	-	(91)	-	-	-
	<u>56,724</u>	<u>45,212</u>	<u>44,966</u>	<u>59,343</u>			<u>101,599</u>	<u>104,555</u>
Segment results	<u>942</u>	<u>6,142</u>	<u>599</u>	<u>6,538</u>	-	-	<u>1,541</u>	<u>12,680</u>
Unallocated corporate results							<u>234</u>	<u>313</u>
							<u>1,775</u>	<u>12,993</u>
Share of results of associates and a joint venture								
- allocated to business segments	64	(15)	145	-	-	-	209	(15)
- unallocated corporate & others							<u>(41)</u>	<u>(12)</u>
Profit before interest income/(expense) and taxation							<u>1,943</u>	<u>12,966</u>
Interest income							291	439
Interest expense							(324)	(383)
Income taxes							<u>948</u>	<u>(2,159)</u>
Profit for the period							<u>2,858</u>	<u>10,863</u>
Attributable to:								
Equity holders of the Company							<u>2,991</u>	<u>10,887</u>
Minority interests							<u>(133)</u>	<u>(24)</u>
Profit for the period							<u>2,858</u>	<u>10,863</u>

Group	Distribution & Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	31 December 2007	Restated 30 June 2007	31 December 2007	30 June 2007	31 December 2007	Restated 30 June 2007	31 December 2007	30 June 2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Assets and Liabilities</i>								
Segment assets	92,002	83,607	71,214	76,127	-	-	163,216	159,734
Unallocated corporate assets							3,541	4,842
Investments in associates								
- allocated to business segment	1,493	647	3,290	3,091	-	-	4,783	3,738
- unallocated corporate & others							581	598
Investment in a joint-venture								
- unallocated corporate & others							-	29
Tax receivable							3,127	2,506
Deferred tax assets							481	321
Total assets							<u>175,729</u>	<u>171,768</u>
Segment liabilities								
Unallocated corporate liabilities	30,001	20,927	8,517	10,573	-	-	38,518	31,500
Unallocated corporate liabilities							1,118	2,258
Interest-bearing borrowings							6,140	8,458
Income tax liabilities							4,215	4,882
Total liabilities							<u>49,991</u>	<u>47,098</u>

Group	Distribution & Services solutions		Probe Cards solutions		Eliminations		Consolidated	
	31 December 2007	Restated 31 December 2006	31 December 2007	31 December 2006	31 December 2007	Restated 31 December 2006	31 December 2007	31 December 2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Other non-cash items</i>								
Capital expenditure Corporate	2,387	2,458	2,301	5,304	-	-	4,688	7,762
							-	3
							<u>4,688</u>	<u>7,765</u>
Depreciation of property, plant and equipment:								
- allocated to business segments	1,693	1,675	3,355	3,619	-	-	5,048	5,294
- unallocated corporate expenses							8	9
							<u>5,056</u>	<u>5,303</u>
Gain on disposals of property, plant and equipment								
- allocated to business segments	(2)	-	(137)	(163)	-	-	(139)	(163)
							<u>(139)</u>	<u>(163)</u>
Amortisation of intangible assets:								
- allocated to business segments	33	1	201	205	-	-	234	206
- unallocated corporate expenses							1	1
							<u>235</u>	<u>207</u>
Gain on disposals of intangible assets	-	-	-	(347)	-	-	-	(347)
							<u>-</u>	<u>(347)</u>



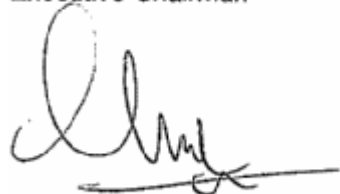
**CONFIRMATION BY THE BOARD  
PURSUANT TO RULE 705(4) OF THE SGX-ST LISTING MANUAL**

We, Chong Fook Choy and Chan Wai Leong, being Executive Chairman and Chief Executive Officer of Ellipsiz Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Company and of the Group for the six months ended 31 December 2007 to be false or misleading.

On behalf of the Board of Directors



Chong Fook Choy  
Executive Chairman



Chan Wai Leong  
Chief Executive Officer

Singapore  
14 February 2008



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

Financial Statement And Dividend Announcement for  
Six months ended

**31 December 2007**

***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**

The Group's revenue for the six months ended 31 December 2007 (FY2008 H1) decreased marginally by 3% as compared to the corresponding period of previous financial year (FY2007 H1).

Analysis of the revenue performance by business segments indicated that revenue for Distribution and Services Solution (DSS) improved by 25% while Probe Card Solution (PCS) decreased by 24%.

Our DSS segment underwent a period of consolidation and restructuring. 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 period had also contributed to the higher revenue for the segment.

The softening of the market and the weakening of USD had 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 USA, Europe and other regions.

#### **Gross Profit**

Gross profit decreased by 34% to \$23 million in FY2008 H1. Gross profit margin decreased from 33% in FY2007 H1 to 22% in FY2008 H1. The 11 percentage points 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 49% from \$798,000 in FY2007 H1 to \$404,000 in FY2008 H1. In FY2007 H1, PCS sold its interface intellectual property that brought gain of approximately \$347,000 to the Group in FY2007 H1. This exceptional gain did not recur in FY2008 H1.

#### **Operating expenses**

Total operating expenses decreased by 5% to \$21 million for FY2008 H1. There was no significant variance for administrative expenses and research & development expenses. The decrease in distribution expense was mainly from PCS and it is in line with the decline in its sales activities. The incurrence of lower exchange loss was the main reason for the decrease in other expense by 18%.

### **Share of Results of Associates and Joint Venture**

The Group recorded profits of \$203,000 and loss of \$35,000 from the share of results of its associates and joint venture respectively during the financial period.

### **Income Taxes**

The Group had a tax credit of \$948,000 in FY2008 H1. 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 profit after taxes and minority interests of \$3 million in FY2008 H1. This was a decrease of 73% from FY2007 H1's profit of \$11 million. The lower GPM attained in the financial period, partially offset by the lower expenses and the recording tax credit instead of tax expense, was the main reason for the reduction in net profits of the Group.

### **Financial Conditions**

#### **Non-current Assets**

The non-current assets of the Group decreased marginally by 1%, from \$78 million as at 30 June 2007 to \$77 million as at 31 December 2007. There was no significant movement in various non-current assets except for investments in associates and joint venture. The higher investment in associates was due to the acquisition of new associate during the financial period and the reclassification of loan due from associate from current assets to investment. The transfer resulted from the intent to convert the loan into equity. The share of losses of the joint venture led to the decline in the investment.

#### **Current Assets**

There was no material variance noted for current assets except for the increase in trade and other receivables and the decline in amount due from related parties. Total current assets as at 31 December 2007 was \$99 million, an increase of 5% from \$94 million as at 30 June 2007.

#### **Current Liabilities and Non-current Liabilities**

Total liabilities as at 31 December 2007 stood at \$50 million, a 6% drop from \$47 million as at 30 June 2007. The increase of \$5 million in trade and other payables was the main cause for the increase in total liabilities. The impact was however partially offset by the \$2 million decrease in interest bearing borrowings.

#### **Minority Interests**

Minority interests increased by 127% to \$4 million as at 31 December 2007. This increase was mainly due to the investments by minority shareholders in certain subsidiaries during the financial period.

### **Liquidity and Capital Reserves**

The net cash inflow of the Group during the period was \$5 million. This can be accounted by:

- (a) cash inflow of \$11 million from operating activities;
- (b) cash outflow of \$6 million from investing activities; and
- (c) cash outflow of \$175,000 from financing activities.

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

The purchase of property, plant and equipment 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 decrease in borrowings, partially offset by the cash inflow from capital injection from minority shareholder of a subsidiary and the increase in amount due to related parties, led to the net cash outflow in financing activities.

The Group's cash and cash equivalents position as at 31 December 2007 (including fixed deposit held as security) was \$31 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 semiconductor-related industries. Our businesses, to a certain extent, are affected by general trends in the global semiconductor, semiconductor equipment and semiconductor wafer probe card industries.

The outlook for calendar year 2008 is mixed and cautious. The industry is facing a slow down in growth particularly in early part of 2008 (Merrill Lynch, 10 Dec 07). Weaker than expected demand, pricing pressures in the growing consumer markets as well as over supply of Dynamic Random Access Memory (DRAM) have exacerbated the tightening of the industry climate (Gartner, 6 Dec 07). In addition, macroeconomic issues including the U.S. subprime crisis, persistent high oil prices, weak US dollar, risk of USA economic recession as well as geopolitical tensions are increasingly impacting semiconductor market growth outlook over the next 6-12 months.

Leading market research firm such as Gartner and iSuppli have trimmed their semiconductor market growth forecast for 2008. Gartner cut its growth forecast from 8.2% to 6.2% (6 Dec 07) while iSuppli cut its growth forecast from 9.3% to 7.5% (20 Dec 07). In addition, Gartner has also forecast a steeper decline in overall semiconductor capital expenditure for 2008 to 13.7% from the earlier forecast of 4%, citing concerns on overcapacity and recession fears. Gartner also warned that in the event of a recession, semiconductor market growth would be limited to between 3 and 7%, wafer foundry market could shrink by 5% to 10% and the electronics manufacturing service (EMS) sector could decline by as much as 7-10%.

Given the above industry and economic forecasts, we remain cautious with regards to our prospects for the next 12 months. Our growth strategy is to outperform the underlying industries by targeting high-growth sub-segments and customers, increasing the intellectual property content of our products and services and enhancing our cost competitiveness.