



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

Second Quarter Financial Statements and  
Dividend Announcement for period ended

**31 December 2009**

**Statements of Financial Position**

		Group			Company		
	Note	31 December 2009 \$'000	30 June 2009 \$'000	Var. %	31 December 2009 \$'000	30 June 2009 \$'000	Var. %
<b>Non-current assets</b>							
Property, plant and equipment	3	11,968	13,660	(12)	8	8	-
Intangible assets	4	35,372	36,163	(2)	7	9	(22)
Subsidiaries		-	-	-	83,119	83,324	-
Associates		4,492	4,382	3	3,018	3,018	-
Joint ventures		214	209	2	-	-	-
Financial assets	5	4,475	-	100	4,475	-	100
Amounts due from related parties		-	-	-	1,358	1,652	(18)
Deferred tax assets		2,389	2,220	8	3	7	(57)
		<u>58,910</u>	<u>56,634</u>	4	<u>91,988</u>	<u>88,018</u>	5
<b>Current assets</b>							
Inventories		8,990	10,245	(12)	-	-	-
Project-in-progress		1,565	823	90	-	-	-
Convertible loan receivable		-	-	-	-	-	-
Trade and other receivables		30,874	26,796	15	80	42	90
Amounts due from related parties		26	160	(84)	7,907	11,374	(30)
Cash and cash equivalents	6	37,898	32,433	17	2,768	3,649	(24)
		<u>79,353</u>	<u>70,457</u>	13	<u>10,755</u>	<u>15,065</u>	(29)
<b>Total assets</b>		<u>138,263</u>	<u>127,091</u>	9	<u>102,743</u>	<u>103,083</u>	-
<b>Equity attributable to owners of the Company</b>							
Share capital	7	86,773	129,578	(33)	86,773	129,578	(33)
Reserves		2,709	(52,706)	105	1,491	(42,514)	104
		<u>89,482</u>	<u>76,872</u>	16	<u>88,264</u>	<u>87,064</u>	1
<b>Minority interests</b>		2,507	2,614	(4)	-	-	-
<b>Total equity</b>		<u>91,989</u>	<u>79,486</u>	16	<u>88,264</u>	<u>87,064</u>	1
<b>Non-current liabilities</b>							
Interest-bearing borrowings	8	5,434	5,604	(3)	3,764	3,442	9
Deferred tax liabilities		913	1,000	(9)	-	-	-
		<u>6,347</u>	<u>6,604</u>	(4)	<u>3,764</u>	<u>3,442</u>	9
<b>Current liabilities</b>							
Trade and other payables		25,384	27,380	(7)	1,951	2,035	(4)
Provisions		2,259	2,131	6	-	-	-
Amounts due to related parties		83	82	1	5,158	5,270	(2)
Interest-bearing borrowings	8	7,395	9,470	(22)	3,074	4,911	(37)
Redeemable convertible preference shares		78	78	-	-	-	-
Current tax payable		4,728	1,860	154	532	361	47
		<u>39,927</u>	<u>41,001</u>	(3)	<u>10,715</u>	<u>12,577</u>	(15)
<b>Total liabilities</b>		<u>46,274</u>	<u>47,605</u>	(3)	<u>14,479</u>	<u>16,019</u>	(10)
<b>Total equity and liabilities</b>		<u>138,263</u>	<u>127,091</u>	9	<u>102,743</u>	<u>103,083</u>	-

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

**Consolidated Statement of Comprehensive Income**

Group	Note	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	Var. %	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000	Var. %
<b>Revenue</b>		35,073	39,071	(10)	67,195	85,422	(21)
Cost of revenue		(26,442)	(34,668)	(24)	(51,225)	(72,950)	(30)
<b>Gross profit</b>		8,631	4,403	96	15,970	12,472	28
Other income	9	18,337	343	5,246	19,048	1,442	1,221
Distribution expenses		(3,472)	(3,898)	(11)	(7,061)	(8,485)	(17)
Administrative expenses		(4,822)	(4,644)	4	(8,757)	(10,097)	(13)
Research and development expenses		(555)	(795)	(30)	(1,303)	(1,884)	(31)
Other expenses		(986)	(115)	757	(1,467)	(156)	840
<b>Results from operating activities</b>	9	17,133	(4,706)	464	16,430	(6,708)	345
Finance income		12	62	(81)	25	99	(75)
Finance expenses		(146)	(212)	(31)	(309)	(429)	(28)
<b>Net finance expenses</b>	10	(134)	(150)	(11)	(284)	(330)	(14)
Share of results of associates (net of tax)		107	(535)	120	109	(393)	128
Share of results of joint ventures (net of tax)		(11)	72	(115)	20	43	(53)
<b>Profit/(Loss) before income tax</b>		17,095	(5,319)	421	16,275	(7,388)	320
Income tax (expense)/credit	11	(2,893)	98	(3,052)	(2,913)	960	(403)
<b>Profit/(Loss) for the period</b>		14,202	(5,221)	372	13,362	(6,428)	308
<b>Other comprehensive income</b>							
Exchange differences on translation of financial statements of foreign operations		(279)	2,497	(111)	(1,532)	4,856	(132)
Exchange differences on monetary items forming part of net investments in foreign operations		(201)	(1,394)	86	187	(983)	119
Net change in fair value of available-for-sale financial assets, net of tax		(21)	(279)	92	189	(18)	1,150
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		-	-	-	(14)	(13)	(8)
<b>Other comprehensive income for the period, net of income tax</b>		(501)	824	(161)	(1,170)	3,842	(130)
<b>Total comprehensive income for the period</b>		13,701	(4,397)	412	12,192	(2,586)	571
Profit/(Loss) attributable to:							
Owners of the Company		14,350	(5,216)	375	13,509	(6,355)	313
Minority interests		(148)	(5)	2,860	(147)	(73)	101
<b>Profit/(Loss) for the period</b>		14,202	(5,221)	372	13,362	(6,428)	308

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

Group	Note	1 October	1 October	Var.	1 July	1 July	Var.
		2009	2008		2009	2008	
		to	to		to	to	
		31 December	31 December		31 December	31 December	
		2009	2008	%	2009	2008	%
		\$'000	\$'000		\$'000	\$'000	
Total comprehensive income attributable to:							
Owners of the Company		13,800	(4,368)	416	12,299	(2,526)	587
Minority interests		(99)	(29)	241	(107)	(60)	78
<b>Total comprehensive income for the period</b>		<b>13,701</b>	<b>(4,397)</b>	<b>412</b>	<b>12,192</b>	<b>(2,586)</b>	<b>571</b>
<b>Earnings per share</b>	12						
- Basic (cents)		2.80	(2.04)	237	2.65	(2.49)	206
- Diluted (cents)		2.67	(2.04)	231	2.51	(2.49)	201

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

**Consolidated Statement of Changes in Equity**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>31 December 2009</b>									
Balance as at 1 July 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486
<b>Total comprehensive income for the period</b>									
(Loss)/Profit for the period	-	-	-	-	-	(841)	(841)	1	(840)
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(1,244)	-	(1,244)	(9)	(1,253)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	388	-	388	-	388
Net change in fair value of available-for-sale financial assets, net of tax	-	-	210	-	-	-	210	-	210
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	(14)	-	-	-	(14)	-	(14)
Total other comprehensive income	-	-	196	-	(856)	-	(660)	(9)	(669)
Total comprehensive income for the period	-	-	196	-	(856)	(841)	(1,501)	(8)	(1,509)
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Issue of ordinary shares	133	-	-	-	-	-	133	-	133
Total contributions by and distributions to owners	133	-	-	-	-	-	133	-	133
Total transactions with owners	133	-	-	-	-	-	133	-	133
Balance as at 30 September 2009	129,711	(11,720)	196	464	(8,586)	(34,561)	75,504	2,606	78,110

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

**Consolidated Statement of Changes in Equity**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated (losses)/ profits \$'000	Total attributable to owners of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>31 December 2009</b>									
Balance as at 1 October 2009	129,711	(11,720)	196	464	(8,586)	(34,561)	75,504	2,606	78,110
<b>Total comprehensive income for the period</b>									
Profit/(Loss) for the period	-	-	-	-	-	14,350	14,350	(148)	14,202
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(328)	-	(328)	49	(279)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(201)	-	(201)	-	(201)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(21)	-	-	-	(21)	-	(21)
Total other comprehensive income	-	-	(21)	-	(529)	-	(550)	49	(501)
Total comprehensive income for the period	-	-	(21)	-	(529)	14,350	13,800	(99)	13,701
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Issue of ordinary shares	40	-	-	-	-	-	40	-	40
Capital reduction	(42,978)	-	-	-	-	42,978	-	-	-
Value of employee services received for issue of share options	-	-	-	138	-	-	138	-	138
Total contributions by and distributions to owners	(42,938)	-	-	138	-	42,978	178	-	178
Total transactions with owners	(42,938)	-	-	138	-	42,978	178	-	178
Balance as at 31 December 2009	86,773	(11,720)	175	602	(9,115)	22,767	89,482	2,507	91,989

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

**Consolidated Statement of Changes in Equity**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated profits/(loss) \$'000	Total attributable to owners of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>31 December 2008</b>									
Balance as at 1 July 2008	121,112	(11,720)	40	464	(11,428)	5,188	103,656	3,589	107,245
<b>Total comprehensive income for the period</b>									
Loss for the period	-	-	-	-	-	(1,139)	(1,139)	(68)	(1,207)
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	2,322	-	2,322	37	2,359
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	411	-	411	-	411
Net change in fair value of available-for-sale financial assets, net of tax	-	-	261	-	-	-	261	-	261
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	(13)	-	-	-	(13)	-	(13)
Total other comprehensive income	-	-	248	-	2,733	-	2,981	37	3,018
Total comprehensive income for the period	-	-	248	-	2,733	(1,139)	1,842	(31)	1,811
Balance as at 30 September 2008	121,112	(11,720)	288	464	(8,695)	4,049	105,498	3,558	109,056
Balance as at 1 October 2008	121,112	(11,720)	288	464	(8,695)	4,049	105,498	3,558	109,056
<b>Total comprehensive income for the period</b>									
Loss for the period	-	-	-	-	-	(5,216)	(5,216)	(5)	(5,221)
<b>Other comprehensive income</b>									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	2,521	-	2,521	(24)	2,497
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(1,394)	-	(1,394)	-	(1,394)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(279)	-	-	-	(279)	-	(279)
Total other comprehensive income	-	-	(279)	-	1,127	-	848	(24)	824
Total comprehensive income for the period	-	-	(279)	-	1,127	(5,216)	(4,368)	(29)	(4,397)
Balance as at 31 December 2008	121,112	(11,720)	9	464	(7,568)	(1,167)	101,130	3,529	104,659

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

**Statement of Changes in Equity**

Company	Share capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated (losses)/profit \$'000	Total equity \$'000
<b>31 December 2009</b>					
Balance as at 1 July 2009	129,578	-	464	(42,978)	87,064
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(94)	(94)
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets, net of tax	-	210	-	-	210
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(14)	-	-	(14)
Total other comprehensive income	-	196	-	-	196
Total comprehensive income for the period	-	196	-	(94)	102
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Issue of ordinary shares	133	-	-	-	133
Total contributions by and distributions to owners	133	-	-	-	133
Total transactions with owners	133	-	-	-	133
Balance as at 30 September 2009	129,711	196	464	(43,072)	87,299
Balance as at 1 October 2009	129,711	196	464	(43,072)	87,299
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	896	896
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets, net of tax	-	(21)	-	-	(21)
Total other comprehensive income	-	(21)	-	-	(21)
Total comprehensive income for the period	-	(21)	-	896	875
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Issue of ordinary shares	40	-	-	-	40
Capital reduction	(42,978)	-	-	42,978	-
Value of employee services received for issue of share options	-	-	50	-	50
Total contributions by and distributions to owners	(42,938)	-	50	42,978	90
Total transactions with owners	(42,938)	-	50	42,978	90
Balance as at 31 December 2009	86,773	175	514	802	88,264

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

**Statement of Changes in Equity**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Compensation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>31 December 2008</b>					
Balance as at 1 July 2008	121,112	40	464	(32,192)	89,424
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	207	207
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets, net of tax	-	261	-	-	261
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(13)	-	-	(13)
Total other comprehensive income	-	248	-	-	248
Total comprehensive income for the period	-	248	-	207	455
Balance as at 30 September 2008	121,112	288	464	(31,985)	89,879
Balance as at 1 October 2008	121,112	288	464	(31,985)	89,879
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	35	35
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets, net of tax	-	(279)	-	-	(279)
Total other comprehensive income	-	(279)	-	-	(279)
Total comprehensive income for the period	-	(279)	-	35	(244)
Balance as at 31 December 2008	121,112	9	464	(31,950)	89,635

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

**Consolidated Statement of Cash Flows**

	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
<b>Operating Activities</b>				
Profit/(Loss) for the period	14,202	(5,221)	13,362	(6,428)
Adjustments for:				
(Reversal of)/Allowance for:				
- inventory obsolescence	287	963	275	1,280
- doubtful debts from trade and other receivables	(54)	(7)	(82)	17
Depreciation of property, plant and equipment	1,171	2,396	2,488	4,702
Interest income	(12)	(62)	(25)	(99)
Interest expense	146	212	309	429
Bad debts written off	-	1	33	3
Property, plant and equipment written off	-	18	4	25
Inventories written off	4	5	200	5
Impairment losses on property, plant and equipment	-	651	-	651
Gain on disposal of property, plant and equipment	(19)	(31)	(60)	(53)
Gain on disposal of other financial asset	-	-	(14)	(13)
Gain on disposal of an associate	-	(13)	-	(13)
Amortisation of intangible assets	112	122	227	238
Grant income	-	(64)	-	(145)
Government grant – Jobs Credit Scheme income	(201)	-	(407)	-
Insurance claim income <sup>(1)</sup>	(17,957)	-	(18,253)	-
Provision for other liabilities <sup>(1)</sup>	794	-	794	-
Retrenchment benefits <sup>(1)</sup>	222	-	222	-
Share option expense	138	-	138	-
Share of results of associates and joint ventures (net of tax)	(96)	463	(129)	350
Income tax expense/(credit)	2,893	(98)	2,913	(960)
<b>Operating profit/(loss) before working capital changes</b>	<b>1,630</b>	<b>(665)</b>	<b>1,995</b>	<b>(11)</b>
Changes in working capital:				
Inventories	183	(118)	647	701
Project-in-progress	(981)	925	(930)	(693)
Amounts due from related parties (trade)	66	447	135	193
Amounts due to related parties (trade)	-	(16)	1	(15)
Trade and other receivables	991	3,022	(44)	8,212
Trade and other payables	(1,229)	(2,097)	(1,695)	(5,236)
Advances from insurance claims	(650)	-	100	-
Insurance claim received	13,410	-	13,410	-
Utilisation of provision for other liabilities <sup>(1)</sup>	(21)	-	(21)	-
Restructuring and retrenchment costs paid	(343)	(1,495)	(919)	(4,373)
Release of pledged deposits with financial institutions	127	2	13	5
Cash generated/(used in) from operations	13,183	5	12,692	(1,217)
Interest received	12	62	25	99
Interest paid	(77)	(175)	(165)	(358)
Tax credit received	132	26	132	269
Income tax paid	(264)	(490)	(470)	(583)
<b>Cash flows from operating activities</b>	<b>12,986</b>	<b>(572)</b>	<b>12,214</b>	<b>(1,790)</b>

<sup>(1)</sup> Arising from fire incident

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

**Ellipsiz Ltd and its Subsidiaries**  
 Second quarter results ended  
 31 December 2009

Note	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
<b>Investing Activities</b>				
Purchase of property, plant and equipment <sup>(1) (2)</sup>	(195)	(1,032)	(530)	(2,148)
Purchase of intangible assets	(64)	(555)	(120)	(607)
Proceeds from disposal of property, plant and equipment	20	114	84	204
Proceeds from disposal of other financial asset	-	-	14	19
Proceeds from disposal of an associate	-	616	-	616
Investment in associate	-	-	-	(261)
Investment in other financial asset	(4,300)	-	(4,300)	(15)
Amounts due from related parties (non-trade)	124	(238)	(1)	(238)
<b>Cash flows from investing activities</b>	<b>(4,415)</b>	<b>(1,095)</b>	<b>(4,853)</b>	<b>(2,430)</b>
<b>Financing Activities</b>				
Interest paid	(69)	(37)	(144)	(71)
Drawdown of bank loans	2,810	2,880	4,360	8,406
Repayment of bank loans	(2,675)	(2,302)	(5,867)	(5,325)
Repayment of hire purchase and finance lease creditors	(297)	(165)	(454)	(324)
Amounts due to related parties (non-trade)	-	-	-	640
Grant received	-	49	-	168
Government grant – Jobs Credit Scheme received	201	-	407	-
Issuance of shares	40	-	173	-
<b>Cash flows from financing activities</b>	<b>10</b>	<b>425</b>	<b>(1,525)</b>	<b>3,494</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,581</b>	<b>(1,242)</b>	<b>5,836</b>	<b>(726)</b>
Cash and cash equivalents at beginning of period	28,284	25,040	31,166	24,167
Effect of exchange rate changes on balances in foreign currencies	(76)	(188)	(213)	169
<b>Cash and cash equivalents at end of period</b>	<b>36,789</b>	<b>23,610</b>	<b>36,789</b>	<b>23,610</b>
6				

**Significant non-cash transaction**

<sup>(1)</sup> Property, plant and equipment amounting to \$Nil (31 December 2008: \$64,000) were acquired through hire purchase arrangements and finance leases.

<sup>(2)</sup> The Group is claiming insurance for the restoration costs of leasehold building damaged in the fire incident and the insurer had made an interim payment of \$650,000 directly to the contractor.

## 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 10 February 2010.

### 1. Basis of Preparation

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

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

### 2. Changes in the Accounting Policies, Methods of Computation and Accounting Standards

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 2009. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2009.

Following the adoption of FRS 1 - Presentation of Financial Statements (2008), the Group presents in the consolidated statements of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

The adoption of the remaining new/revised FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies. Additional disclosures will be required in the financial statements of the Company and its subsidiaries for the full year ending 30 June 2010.

### 3. Property, Plant and Equipment

Group	Leasehold land and building \$'000	Leasehold improve- ment \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Mechanical and electrical facilities \$'000	Assets under construct- ion \$'000	Total \$'000
<b>31 December 2009</b>										
<b>Cost</b>										
At 1 July 2009	4,596	4,369	610	1,059	5,690	459	36,201	384	224	53,592
Additions	-	25	5	22	82	-	336	-	710	1,180
Disposals/Write off	(2,505)	(8)	-	(6)	(4)	(43)	(35)	(13)	-	(2,614)
Reclassification	-	-	-	-	-	-	113	-	(113)	-
Translation difference on consolidation	(72)	(96)	(14)	(21)	(96)	(10)	(1,298)	-	-	(1,607)
At 31 December 2009	<u>2,019</u>	<u>4,290</u>	<u>601</u>	<u>1,054</u>	<u>5,672</u>	<u>406</u>	<u>35,317</u>	<u>371</u>	<u>821</u>	<u>50,551</u>
<b>Accumulated depreciation and impairment losses</b>										
At 1 July 2009	2,598	3,117	508	861	4,954	392	27,288	214	-	39,932
Depreciation charge for the period	29	231	20	47	223	13	1,909	16	-	2,488
Disposals/Write off	(2,505)	(4)	-	(4)	(3)	(41)	(22)	(7)	-	(2,586)
Translation difference on consolidation	(4)	(65)	(12)	(17)	(86)	(8)	(1,059)	-	-	(1,251)
At 31 December 2009	<u>118</u>	<u>3,279</u>	<u>516</u>	<u>887</u>	<u>5,088</u>	<u>356</u>	<u>28,116</u>	<u>223</u>	<u>-</u>	<u>38,583</u>
<b>Carrying amount</b>										
At 31 December 2009	<u>1,901</u>	<u>1,011</u>	<u>85</u>	<u>167</u>	<u>584</u>	<u>50</u>	<u>7,201</u>	<u>148</u>	<u>821</u>	<u>11,968</u>
At 1 July 2009	<u>1,998</u>	<u>1,252</u>	<u>102</u>	<u>198</u>	<u>736</u>	<u>67</u>	<u>8,913</u>	<u>170</u>	<u>224</u>	<u>13,660</u>

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
<b>31 December 2009</b>				
<b>Cost</b>				
At 1 July 2009	62	47	1,462	1,571
Additions	-	-	3	3
At 31 December 2009	<u>62</u>	<u>47</u>	<u>1,465</u>	<u>1,574</u>
<b>Accumulated depreciation</b>				
At 1 July 2009	62	45	1,456	1,563
Depreciation charge for the period	-	1	2	3
At 31 December 2009	<u>62</u>	<u>46</u>	<u>1,458</u>	<u>1,566</u>
<b>Carrying amount</b>				
At 31 December 2009	-	1	7	8
At 1 July 2009	<u>-</u>	<u>2</u>	<u>6</u>	<u>8</u>

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,826,000 (30 June 2009: \$1,911,000) and \$1,629,000 (30 June 2009: \$509,000), respectively, have been pledged to banks as securities for certain bank loans (Note 8).

The carrying amount of property, plant and equipment includes amount totalling \$784,000 (30 June 2009: \$1,023,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases.

#### 4. Intangible Assets

Group	Computer software \$'000	Technology licence \$'000	Intellectual property \$'000	Goodwill \$'000	Total \$'000
<b>31 December 2009</b>					
<b>Cost</b>					
At 1 July 2009	2,252	2,262	6,572	29,034	40,120
Additions	11	-	109	-	120
Translation difference on consolidation	-	(78)	(227)	(431)	(736)
At 31 December 2009	<u>2,263</u>	<u>2,184</u>	<u>6,454</u>	<u>28,603</u>	<u>39,504</u>
<b>Accumulated amortisation and impairment losses</b>					
At 1 July 2009	2,142	448	983	384	3,957
Amortisation for the period	19	43	165	-	227
Translation difference on consolidation	-	(16)	(36)	-	(52)
At 31 December 2009	<u>2,161</u>	<u>475</u>	<u>1,112</u>	<u>384</u>	<u>4,132</u>
<b>Carrying amount</b>					
At 31 December 2009	<u>102</u>	<u>1,709</u>	<u>5,342</u>	<u>28,219</u>	<u>35,372</u>
At 1 July 2009	<u>110</u>	<u>1,814</u>	<u>5,589</u>	<u>28,650</u>	<u>36,163</u>

Company	Computer software \$'000
<b>31 December 2009</b>	
<b>Cost</b>	
At 1 July 2009 and 31 December 2009	<u>1,829</u>
<b>Accumulated amortisation and impairment losses</b>	
At 1 July 2009	1,820
Amortisation for the period	2
At 31 December 2009	<u>1,822</u>
<b>Carrying amount</b>	
At 31 December 2009	<u>7</u>
At 1 July 2009	<u>9</u>

**5. Financial Assets**

On 16 October 2009, the Company entered into an agreement to subscribe for 71,667,000 quoted equity securities of a company listed in Singapore Catalist for a cash consideration of \$4,300,020. The transaction was completed in December 2009; and as at 31 December 2009, the Company holds 13.76% equity interest in the investee company.

**6. Cash and Cash Equivalents**

	Note	Group		Company	
		31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
Cash at banks and in hand		36,520	30,190	2,768	3,449
Deposits with financial institutions		1,378	2,243	-	200
		<u>37,898</u>	<u>32,433</u>	<u>2,768</u>	<u>3,649</u>
Bank overdraft	8	-	(145)		
Deposits held as securities by financial institutions	8	(1,109)	(1,122)		
Cash and cash equivalents in the consolidated statement of cash flows		<u>36,789</u>	<u>31,166</u>		

**7. Share Capital**

	Group and Company	
	31 December 2009 '000	30 June 2009 '000
<b>Fully paid ordinary shares, with no par value:</b>		
Ordinary shares		
At 1 July	506,940	255,658
Issuance of shares pursuant to the rights issue	-	251,245
Issuance of shares pursuant to the exercise of warrants	4,954	37
At 31 December 2009/30 June 2009	<u>511,894</u>	<u>506,940</u>

The Group had not acquired any treasury shares for the financial period ended 31 December 2009. There are no treasury shares held by the Group as at 31 December 2008 and 31 December 2009.

As at 31 December 2009, there were outstanding warrants which entitle warrant holders to subscribe 36,882,000 (31 December 2008: Nil) new ordinary shares at the exercise price of \$0.035 per share.

On 26 October 2009, the Company granted 27,200,000 options to qualified participants under the Ellipsiz Stock Option Plan. The options will vest and become exercisable in three equal tranches on or after 26 October 2010, 26 October 2011 and 26 October 2012 at an exercise price of \$0.135 per share.

**Capital reduction**

On 21 October 2009, the Company obtained shareholders' approval on the capital reduction exercise to reduce and cancel the issued and paid-up share capital of the Company by \$42,978,000, with a corresponding write off of the accumulated losses of the Company by the same amount.

**8. Interest-Bearing Borrowings**

*Interest-bearing borrowings consist of the following:*

	Group		Company	
	31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
<b>Non-current liabilities</b>				
Secured bank loans	344	517	-	-
Unsecured bank loans <sup>(1)</sup>	4,626	4,392	3,764	3,442
Obligations under hire purchase agreements and finance leases	464	695	-	-
	<u>5,434</u>	<u>5,604</u>	<u>3,764</u>	<u>3,442</u>

	Note	Group		Company	
		31 December 2009 \$'000	30 June 2009 \$'000	31 December 2009 \$'000	30 June 2009 \$'000
<b>Current liabilities</b>					
Bank overdraft	6	-	145	-	-
Secured bank loans		1,971	1,469	-	-
Unsecured bank loans <sup>(1)</sup>		4,978	7,155	3,074	4,911
Obligations under hire purchase agreements and finance leases		446	701	-	-
		<u>7,395</u>	<u>9,470</u>	<u>3,074</u>	<u>4,911</u>

<sup>(1)</sup> The unsecured bank loans of the Company are guaranteed by certain subsidiaries of the Company.

**Maturity of liabilities (excluding finance lease liabilities)**

	Group	
	31 December 2009 \$'000	30 June 2009 \$'000
Within 1 year	6,949	8,769
After 1 year but within 5 years	4,970	4,909
	<u>11,919</u>	<u>13,678</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		31 December 2009 \$'000	30 June 2009 \$'000
Leasehold land and building	3	1,826	1,911
Plant and machinery	3	1,629	509
Deposits with financial institutions	6	1,109	1,122
Total carrying amount		<u>4,564</u>	<u>3,542</u>

**Obligations under hire purchase agreements and finance leases:**

Group	31 December 2009			30 June 2009		
	Principal \$'000	Interest \$'000	Payment \$'000	Principal \$'000	Interest \$'000	Payment \$'000
Repayable within 1 year	446	49	495	701	79	780
Repayable after 1 year but within 5 years	464	33	497	695	43	738
	<u>910</u>	<u>82</u>	<u>992</u>	<u>1,396</u>	<u>122</u>	<u>1,518</u>

**9. Results from Operating Activities**

Group	1 October 2009	1 October 2008	1 July 2009	1 July 2008
	to 31 December 2009 \$'000	to 31 December 2008 \$'000	to 31 December 2009 \$'000	to 31 December 2008 \$'000
<b>Other income</b>				
Rental income from third parties	98	92	193	185
Gain on disposal of property, plant equipment	19	31	60	53
Gain on disposal of other financial asset	-	-	14	13
Gain on disposal of an associate	-	13	-	13
Exchange gain, net	-	47	-	877
Government grant – Jobs Credit Scheme	201	-	407	-
Grant income	-	64	-	145
Insurance claim income	17,957	-	18,253 <sup>(1)</sup>	-
Sundry income	62	96	121	156
	<u>18,337</u>	<u>343</u>	<u>19,048</u>	<u>1,442</u>

<sup>(1)</sup> Included in insurance claim income is \$15,458,000 relating to compensation received for property, plant and equipment impaired or written off in the last financial year.

Group	Note	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
<b>Other expense</b>					
(Reversal of)/Allowance for doubtful debts from trade and other receivables					
		(54)	(7)	(82)	17
		287	963	275	1,280
		-	1	33	3
		4	5	200	5
	3	1,171	2,396	2,488	4,702
	4	112	122	227	238
		-	18	4	25
		-	651	-	651
		222	-	222	-
		794	-	794	-
		138	-	138	-
		176	-	650	-

<sup>(2)</sup> Arising from the fire incident

#### 10. Net Finance Expenses

Group	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
<b>Finance income</b>				
Interest income from:				
- financial institutions	9	62	22	99
- associates	1	-	1	-
- third parties	2	-	2	-
	12	62	25	99
<b>Finance expenses</b>				
Interest expenses to:				
- hire purchase arrangements and finance leases	(18)	(36)	(41)	(75)
- financial institutions	(127)	(168)	(266)	(339)
- an affiliate	(1)	(8)	(2)	(15)
	(146)	(212)	(309)	(429)
Net finance expenses recognised in the income statement	(134)	(150)	(284)	(330)

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

Group	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
<b>Current tax expense:</b>				
- current year	2,998	97	3,220	182
- withholding tax	-	42	19	104
- group relief	-	-	-	9
- under/(over)provision in prior year	4	(74)	(38)	(53)
	3,002	65	3,201	242
<b>Deferred tax expense:</b>				
- origination and reversal of temporary differences	(109)	(154)	(241)	(1,193)
- underprovision in prior year	-	(9)	(47)	(9)
	(109)	(163)	(288)	(1,202)
Total income tax expense/(credit)	2,893	(98)	2,913	(960)

**12. Earnings Per Share**

	<b>1 October 2009 to 31 December 2009 \$'000</b>	<b>1 October 2008 to 31 December 2008 \$'000</b>	<b>1 July 2009 to 31 December 2009 \$'000</b>	<b>1 July 2008 to 31 December 2008 \$'000</b>
Basic earnings per share is based on: Profit/(Loss) for the period attributable to owners of the Company	14,350	(5,216)	13,509	(6,355)
	<b>No. of shares '000</b>	<b>No. of shares '000</b>	<b>No. of shares '000</b>	<b>No. of shares '000</b>
Weighted average number of:				
- shares outstanding during the period	510,767	255,658	506,940	255,658
- shares issued during the period pursuant to the exercise of warrants	973	-	3,300	-
	<u>511,740</u>	<u>255,658</u>	<u>510,240</u>	<u>255,658</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 warrants with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of warrants on the weighted average number of ordinary shares in issue is as follows:

	<b>1 October 2009 to 31 December 2009 No. of shares '000</b>	<b>1 October 2008 to 31 December 2008 No. of shares '000</b>	<b>1 July 2009 to 31 December 2009 No. of shares '000</b>	<b>1 July 2008 to 31 December 2008 No. of shares '000</b>
Weighted average number of shares issued, used in the calculation of basic earnings per shares	511,740	255,658	510,240	255,658
Dilutive effect of warrants	26,244	-	27,719	-
Weighted average number of ordinary shares (diluted)	<u>537,984</u>	<u>255,658</u>	<u>537,959</u>	<u>255,658</u>

At 31 December 2009, 27,200,000 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

**13. Net Asset Value Per Share**

	<b>Group cents</b>	<b>Company cents</b>
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 31 December 2009	17.48	17.24
(b) 30 June 2009	<u>15.16</u>	<u>17.17</u>

**14. Dividends**

There was no dividend declared or recommended for the current financial period reported on or the corresponding period of the immediately preceding financial year.

**15. Significant Related Party Transactions**

Significant transactions with related parties are as follows:

Group	1 October 2009 to 31 December 2009 \$'000	1 October 2008 to 31 December 2008 \$'000	1 July 2009 to 31 December 2009 \$'000	1 July 2008 to 31 December 2008 \$'000
Sales to other affiliates	-	533	97	1,910
Service income from an associate	-	-	62	30
Interest income from an associate	1	-	1	-
Rental expense paid to an associate	(11)	-	(11)	-
Rental expense paid to director	(41)	43	(63)	63
Interest expense paid to affiliate <sup>(1)</sup>	(1)	8	(2)	15

<sup>(1)</sup> This relates to a corporation which a director of the Company had an interest during the financial period.

**16. Interested Person Transactions**

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

**17. Commitments**

***Lease Commitments***

As at 31 December 2009, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	31 December 2009 \$'000	30 June 2009 \$'000
<b>Receivable:</b>		
Within 1 year	114	112
After 1 year but within 5 years	106	158
	220	270
<b>Payable:</b>		
Within 1 year	3,304	3,282
After 1 year but within 5 years	2,928	4,111
After 5 years	528	548
	6,760	7,941

***Capital commitments***

	Group	
	31 December 2009 \$'000	30 June 2009 \$'000
Capital commitments contracted but not provided for <sup>(1)</sup>	1,837	239

<sup>(1)</sup> During the financial period, the Group awarded a contract of tender value \$2,487,000 to a third party to restore the leasehold building that was damaged in a fire incident in March 2009 to working condition. As at 31 December 2009, the Group had recognised \$650,000 of the costs incurred in the financial statements. The remaining capital commitment of \$1,837,000 is expected to be settled in the next twelve months.

***Corporate guarantees***

As at 31 December 2009, the Company provided corporate guarantee amounting to \$13,049,000 (30 June 2009: \$19,609,000) to banks for banking facilities of \$10,249,000 (30 June 2009: \$19,621,000) made available to its subsidiaries, of which the subsidiaries have utilised \$2,613,000 (30 June 2009: \$2,602,000).

**18. Contingent Assets**

During the financial period, certain insurance claims relating to the fire incident at our wafer reclaim facility was finalised, and hence the Group recognised insurance income amounting to \$18,253,000 as other income. The remaining claim process is still in progress and insurance income will be recognised upon finalisation of the claims by the insurance companies.

**19. Other information**

**Analysis by Businesses**

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	December 2009	December 2008	December 2009	December 2008	December 2009	December 2008	December 2009	December 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and Expense</b>								
Total revenue from external customers	44,438	57,777	22,757	27,645			67,195	85,422
Inter-segment revenue	414	368	-	7	(414)	(375)	-	-
	<u>44,852</u>	<u>58,145</u>	<u>22,757</u>	<u>27,652</u>			<u>67,195</u>	<u>85,422</u>
Segment results	<u>15,215</u>	<u>(765)</u>	<u>467</u>	<u>(5,993)</u>	-	-	15,682	(6,758)
Unallocated corporate results							748	50
							<u>16,430</u>	<u>(6,708)</u>
Share of results of associates and joint ventures								
- allocated to business segment	162	65	(33)	(451)	-	-	129	(386)
- unallocated corporate & other							-	36
Profit/(Loss) before interest income/(expense) and income tax							16,559	(7,058)
Interest income							25	99
Interest expense							(309)	(429)
Income tax (expense)/credit							(2,913)	960
Minority interests							147	73
Profit/(Loss) for the period							<u>13,509</u>	<u>(6,355)</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	30	31	30	31	30	31	30
	December 2009	June 2009	December 2009	June 2009	December 2009	June 2009	December 2009	June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets and Liabilities</b>								
Segment assets	76,760	60,333	45,793	54,936	-	-	122,553	115,269
Unallocated corporate assets							8,451	4,862
Investments in associates								
- allocated to business segment	1,053	933	3,439	3,449	-	-	4,492	4,382
Investments in joint ventures								
- unallocated corporate & other	214	209	-	-	-	-	214	209
Tax receivables							164	149
Deferred tax assets							2,389	2,220
Total assets							<u>138,263</u>	<u>127,091</u>
Segment liabilities	22,335	22,123	4,516	6,599	-	-	26,851	28,722
Unallocated corporate liabilities							953	949
Interest-bearing borrowings							12,829	15,074
Income tax liabilities							5,641	2,860
Total liabilities							<u>46,274</u>	<u>47,605</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
- allocated to business segments	1,005	503	292	2,305	-	-	1,297	2,808
- unallocated corporate expenses							3	11
							<u>1,300</u>	<u>2,819</u>
Depreciation of property, plant and equipment:								
- allocated to business segment	400	1,588	2,085	3,108	-	-	2,485	4,696
- unallocated corporate expenses							3	6
							<u>2,488</u>	<u>4,702</u>
Gain on disposal of property, plant and equipment:								
- allocated to business segment	(50)	(5)	(10)	(48)	-	-	(60)	(53)
Amortisation of intangible assets:								
- allocated to business segment	17	35	208	201	-	-	225	236
- unallocated corporate expenses							2	2
							<u>227</u>	<u>238</u>
(Reversal of)/Allowance for doubtful debts from trade and other receivables								
- allocated to business segment	(45)	17	(37)	-	-	-	(82)	17
Allowance for inventory obsolescence								
- allocated to business segments	40	260	235	1,020	-	-	275	1,280
Bad debts written off								
- allocated to business segments	33	3	-	-	-	-	33	3
Inventories written off								
- allocated to business segments	11	-	189	5	-	-	200	5
Property, plant and equipment written off								
- allocated to business segments	4	7	-	18	-	-	4	25
Impairment losses on property, plant and equipment								
	-	-	-	651	-	-	-	651

## Analysis by region

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	22,889	28,590	14,808	14,065	11,827	17,930	12,348	16,178	2,221	3,169	3,102	5,490	67,195	85,422
	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009	31 December 2009	30 June 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current segment assets	28,379	28,437	5,454	6,162	1,426	1,742	10,273	11,545	34	49	1,774	1,888	47,340	49,823
Investments in associates	-	-	1,053	933	-	-	-	-	-	-	3,439	3,449	4,492	4,382
Investments in joint ventures	-	-	214	209	-	-	-	-	-	-	-	-	214	209
Investments in other financial assets	4,300	-	-	-	-	-	-	-	175	-	-	-	4,475	-
Deferred tax assets													2,389	2,220
<b>Total non-current assets</b>	<b>32,679</b>	<b>28,437</b>	<b>6,721</b>	<b>7,304</b>	<b>1,426</b>	<b>1,742</b>	<b>10,273</b>	<b>11,545</b>	<b>209</b>	<b>49</b>	<b>5,213</b>	<b>5,337</b>	<b>58,910</b>	<b>56,634</b>
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	795	478	410	1,414	38	25	52	337	-	15	5	550	1,300	2,819

## 20. Subsequent Event

On 26 January 2010, our 51% owned subsidiary, E+HPS Pte Ltd, acquired the remaining 40% interests in our 60% owned subsidiary, iNETest Technologies India Private Limited (iNETest India), from the minority shareholder for cash of USD154,715. Upon completion of the transaction, Ellipsiz's effective interest in iNETest India will increase from 60% to 80.4%.

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

We, Chong Fook Choy and Chan Wai Leong, being Non-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 2<sup>nd</sup> quarter results ended 31 December 2009 to be false or misleading.

On behalf of the Board of Directors



*Chong Fook Choy*  
*Non-Executive Chairman*



*Chan Wai Leong*  
*Chief Executive Officer*

Singapore  
10 February 2010



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

Second Quarter Financial Statements and Dividend Announcement for  
period ended

**31 December 2009**

***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**

### ***Overview***

The Group attained revenue of \$67 million with profit after tax and minority interests of \$14 million for the six months ended 31 December 2009 (1H FY2010). Revenue from the second quarter ended 31 December 2009 (2Q FY2010) was \$35 million and the profits after tax and minority interests was \$14 million.

Included in the higher profits for the financial periods were some one-time income and charges with details as follows:

<b>One-time income / (charges)</b>	<b>2Q FY2010</b>	<b>1H FY2010</b>
<b>Insurance claim income</b>	\$17.9 million	\$18.2 million
<b>One-time charges like retrenchment benefits and compensation liabilities etc</b>	(\$1.0 million)	(\$1.0 million)
<b>Tax liabilities arising out of the insurance claims</b>	(\$2.6 million)	(\$2.6 million)
<b>NET one-time income</b>	\$14.3 million	\$14.6 million

Excluding the above one-time income and charges, the Group had a marginal profits after tax and minority of \$34,000 for 2Q FY2010 but a net loss of \$1 million for 1HFY2010.

### ***Revenue***

#### **1H FY2010 vs 1H FY2009**

The Group's revenue for 1H FY2010 was \$67 million, a decrease of 21% over the performance in corresponding period of FY2009 (1H FY2009).

Probe Card solutions (PCS) reported revenue of \$23 million in 1H FY2010, a 18% year-on-year (y-o-y) decrease, as the segment continues to be affected by pricing pressures and keen competition in the marketplace.

Similarly, Distribution and Services solutions (DSS) had lower revenue of \$44 million in 1H FY2010, a 23% y-o-y decline from 1H FY2009. Without taking into account revenue from wafer reclaim activities in 1H FY2009, revenue from DSS decreased by 13% y-o-y. The decline is mainly attributable to the completion of certain significant turnkey facility projects in Singapore in the last financial year and reduced equipment distribution activities as customers remain cautious on their capital expenditures.

The lower revenue in both PCS and DSS led to the weaker revenues in all the regions.

#### **2Q FY2010 vs 2Q FY2009**

For 2Q FY2010, the Group reported revenue of \$35 million, a 10% decrease from \$39 million in the corresponding quarter of the previous financial year (2Q FY2009). Excluding wafer reclaim revenue in 2Q FY2009, the Group recorded a 4% y-o-y drop in revenue.

The weakening of the USD led to a marginal 1% y-o-y decrease in revenue from PCS. Based on the functional currency (USD) of our PCS group, the unit had in fact recorded a 5% y-o-y increase in revenue for the quarter.

Revenue from DSS was lower as a result of non-recurrence of certain significant facility projects, partially offset by improvements in revenue from chemical and consumables distribution activities in the quarter.

### ***Gross profit and gross profit margin***

The Group attained gross profit of \$9 million for 2Q FY2010 and \$16 million for 1H FY2010, a y-o-y improvement of 96% and 28% for the quarterly and year-to-date performance respectively. Gross profit margins improved by 14 percentage points from 11% in 2Q FY2009 to 25% for the current quarter and 9 percentage points from 15% in 1H FY2009 to 24% in 1H FY2010.

The better margin was due to reduction in the fixed portion of the manufacturing expenses following the Group's conscientious efforts to align costs with sales activities, improved sales from revenue stream with higher margins and the non-recurrence of inventory obsolescence and impairment charges on plant and equipment recorded in 2Q FY2009.

### ***Other income***

The Group recorded \$19 million other income in 1H FY2010, an \$18 million increase as compared to \$1 million in 1H FY2009. The increase was mainly attributable to the recording of non-recurring insurance claim income of \$18 million and the receipt of jobs credit income subsidised by the government, partially offset by the absence of exchange gain this financial period. In 1H FY2009, the Group had an exchange gain of \$877,000.

### ***Operating expenses***

Total operating expenses for 1H FY2010 decreased 10% y-o-y from \$21 million in 1H FY2009 to \$19 million in 1H FY2010.

The reduction in operating expenses was mainly due to

- (i) lower operating expenses with the completion of the various phases of the facilities rationalisation exercise carried out by PCS since the fourth quarter of FY2008; and
- (ii) the positive impact from the costs-control measures put in place by the Group since second quarter of the last financial year.

The decrease was partially offset by the recording of certain one-time fire disaster recovery costs amounting to \$1 million and exchange loss of \$650,000 in 1H FY2010. The Group was in a net exchange gain position in 1H FY2009.

### ***Share of results of associates and joint ventures***

The Group recorded profits of \$109,000 and \$20,000 from the shares of results of its associates and joint ventures respectively for 1H FY2010.

### ***Income taxes***

In 1H FY2010, the Group recorded a tax expense of \$3 million, which mainly arises from the provision of tax expense in relation to the insurance claim income of \$18 million for the financial period. This is partially offset by deferred tax credits in the financial period resulting from movements in temporary differences.

### ***Net profit attributable to equity holders of the Company***

Excluding the one-time insurance claim income (net of tax) and fire disaster recovery costs, the Group had a net profit after taxes and minority interests of \$34,000 1H FY2010.

Better gross margins and lower cost structure partially offset by the negative variance from exchange gain in 1H FY2009 to exchange loss position in 1H FY2010 led to the Group achieving positive results in the current financial period.

## **Financial Conditions**

### ***Non-current assets***

The non-current assets increased marginally by 4% from \$57 million as at 30 June 2009 to \$59 million as at 31 December 2009. The increase was accounted mainly by a \$4 million investment into quoted equity securities, offset by the decrease in property, plant and equipment and intangible assets of 12% and 2% respectively.

### ***Current assets***

Total current assets as at 31 December 2009 was \$79 million, a 13% increase as compared to \$70 million as at 30 June 2009. The increase was due to higher cash and cash equivalents held and insurance claims receivable (other receivables) as at balance sheet date, partly offset by a decrease in inventory on hand.

### ***Current liabilities and non-current liabilities***

Total liabilities as at 31 December 2009 stood at \$46 million, a 3% decrease from \$48 million as at 30 June 2009. The decline was mainly attributed to a 15% decrease in interest-bearing borrowings, and 7% decrease in trade and other payables, partially offset by an increase in current tax payable arising from the tax obligations on the insurance claim income.

### ***Minority interests***

There was no significant movement in the minority interests during the financial period.

## **Liquidity and Capital Reserves**

The net cash inflow of the Group for financial period ended 31 December 2009 was \$6 million. This can be accounted by:

- (a) cash inflow of \$12 million for operating activities;
- (b) cash outflow of \$5 million for investing activities; and
- (c) cash outflow of \$1.5 million for financing activities.

The cash inflow from operating activities is a result of the group's \$2 million profits from operations, coupled with insurance claim monies received. This is partially offset by negative movements in working capital and the payment of \$0.9 million restructuring and retrenchment costs.

The acquisition of property, plant and equipment and other financial asset led to the cash outflow for investing activities, while repayments of interest-bearing borrowings during the financial period was the main reason for the outflow of cash for financing activities.

As at 31 December 2009, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$38 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.**

Semiconductor Industry Association (SIA) had reported the first year on year increase in worldwide chip sales since the onslaught of the credit crisis in September 2008. Global chip revenue for November rose 8.5% year on year to US\$22.6 billion on better than expected sales of IT and consumer products. SIA along with numerous research houses are forecasting double digits growth rate (ranging from 10% to 15%) for worldwide semiconductor revenues for 2010 amid improving economic environment, lean inventories and expectation of double-digit growth rate for both PC and cell phone unit volume shipment.

There were also bullish forecasts on the semiconductor equipment market on technology purchases for 2010 despite fabs closures in 2009 and absence of new fab construction in 2010. According to Semiconductor Equipment and Materials International (SEMI) and Gartner, the semiconductor equipment market is expected to increase by 53% and 57% this year following 46% and 48% contraction in 2009 respectively. Bullishness stemmed from current lean inventory situation and the tightening of capacity at major foundries as a result of inventory buildups at chip vendors.

Though visibility continued to improve, consolidations, mergers and acquisitions as well as outsourcing trends are expected to gain momentum on needs to rein costs and satisfy market demand across the semiconductor and electronics supply chains. We remained cautious of the recent improvement as our businesses remained susceptible to seasonal trends. We would, however, continue with our efforts to identify new and emerging opportunities and focus on the core fundamental management of our businesses.