



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

Full Year Financial Statements and
Dividend Announcement for the year ended

30 June 2011

Statements of Financial Position

	Note	Group			Company		
		2011 \$'000	2010 \$'000	Var. %	2011 \$'000	2010 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	5,619	8,953	(37)	5	9	(44)
Intangible assets	4	33,210	34,943	(5)	2	5	(60)
Subsidiaries	5	-	-	-	84,123	84,754	(1)
Associates	6	7,917	4,692	69	4,868	3,216	51
Joint ventures		838	1,050	(20)	-	-	-
Financial assets		4,514	4,000	13	4,514	4,000	13
Trade receivable		4,695	-	100	-	-	-
Amounts due from related parties		-	-	-	433	1,058	(59)
Deferred tax assets		2,653	2,221	19	11	3	267
		<u>59,446</u>	<u>55,859</u>	6	<u>93,956</u>	<u>93,045</u>	1
Current assets							
Inventories		9,920	10,423	(5)	-	-	-
Project-in-progress		4,085	2,904	41	-	-	-
Convertible loan receivable		-	-	-	-	-	-
Trade and other receivables		33,797	40,388	(16)	362	388	(7)
Amounts due from related parties		385	107	260	13,704	9,427	45
Cash and cash equivalents	7	34,685	38,242	(9)	10,743	11,680	(8)
Asset classified as held for sale	8	-	2,678	(100)	-	-	-
		<u>82,872</u>	<u>94,742</u>	(13)	<u>24,809</u>	<u>21,495</u>	15
Total assets		<u>142,318</u>	<u>150,601</u>	(5)	<u>118,765</u>	<u>114,540</u>	4
Equity attributable to Owners of the Company							
Share capital	9	88,240	86,855	2	88,240	86,855	2
Reserves	10	9,362	9,872	(5)	16,252	16,826	(3)
		<u>97,602</u>	<u>96,727</u>	1	<u>104,492</u>	<u>103,681</u>	1
Non-controlling interests		<u>1,657</u>	<u>2,216</u>	(25)	-	-	-
Total equity		<u>99,259</u>	<u>98,943</u>	-	<u>104,492</u>	<u>103,681</u>	1
Non-current liabilities							
Interest-bearing borrowings	11	4,272	3,550	20	903	2,204	(59)
Deferred tax liabilities		654	607	8	-	-	-
		<u>4,926</u>	<u>4,157</u>	18	<u>903</u>	<u>2,204</u>	(59)
Current liabilities							
Trade and other payables		30,485	32,549	(6)	1,274	1,303	(2)
Provisions		492	1,529	(68)	-	-	-
Amounts due to related parties		692	462	50	10,335	3,927	163
Interest-bearing borrowings	11	5,423	9,606	(44)	1,301	3,104	(58)
Redeemable convertible preference shares		78	78	-	-	-	-
Current tax payable		963	3,277	(71)	460	321	43
		<u>38,133</u>	<u>47,501</u>	(20)	<u>13,370</u>	<u>8,655</u>	54
Total liabilities		<u>43,059</u>	<u>51,658</u>	(17)	<u>14,273</u>	<u>10,859</u>	31
Total equity and liabilities		<u>142,318</u>	<u>150,601</u>	(5)	<u>118,765</u>	<u>114,540</u>	4

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

Consolidated Statement of Comprehensive Income

Group	Note	2011 \$'000	2010 \$'000	Var. %
Revenue		175,723	150,521	17
Cost of revenue		(137,391)	(114,625)	20
Gross profit		<u>38,332</u>	<u>35,896</u>	7
Other income	12	4,932	23,731	(79)
Distribution expenses		(15,832)	(14,901)	6
Administrative expenses		(15,453)	(17,521)	(12)
Research and development expenses		(1,117)	(2,275)	(51)
Other expenses		(2,274)	(3,820)	(40)
Results from operating activities	12	<u>8,588</u>	<u>21,110</u>	(59)
Finance income		104	79	32
Finance expenses		(422)	(625)	(32)
Net finance expenses	13	<u>(318)</u>	<u>(546)</u>	(42)
Share of results of associates (net of tax)		850	242	251
Share of results of joint ventures (net of tax)		(126)	32	(494)
Profit before income tax		<u>8,994</u>	<u>20,838</u>	(57)
Income tax credit/(expenses)	14	853	(517)	(265)
Profit for the year		<u><u>9,847</u></u>	<u><u>20,321</u></u>	(52)
Other comprehensive income				
Exchange differences on translation of financial statements of foreign operations		(5,612)	108	(5,296)
Exchange differences on monetary items forming part of net investments in foreign operations		1,182	(1,923)	161
Net change in fair value of available-for-sale financial assets, net of tax		514	251	105
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		-	(14)	100
Other comprehensive income for the year, net of income tax		<u>(3,916)</u>	<u>(1,578)</u>	(148)
Total comprehensive income for the year		<u><u>5,931</u></u>	<u><u>18,743</u></u>	(68)
Profit/(Loss) attributable to:				
Owners of the Company		10,344	20,708	(50)
Non-controlling interests		(497)	(387)	28
Profit for the year		<u><u>9,847</u></u>	<u><u>20,321</u></u>	(52)
Total comprehensive income attributable to:				
Owners of the Company		6,490	19,179	(66)
Non-controlling interests		(559)	(436)	28
Total comprehensive income for the year		<u><u>5,931</u></u>	<u><u>18,743</u></u>	(68)
Earnings per share				
	15			
- Basic earnings per share (cents)		1.91	4.05	(53)
- Diluted earnings per share (cents)		<u>1.87</u>	<u>3.85</u>	(51)

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	Share based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated (losses)/ profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 June 2010									
Balance as at 1 July 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486
Total comprehensive income for the year									
Profit/(Loss) for the year	-	-	-	-	-	20,708	20,708	(387)	20,321
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	157	-	157	(49)	108
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(1,923)	-	(1,923)	-	(1,923)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	251	-	-	-	251	-	251
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	-	-	237	-	(1,766)	-	(1,529)	(49)	(1,578)
Total comprehensive income for the year	-	-	237	-	(1,766)	20,708	19,179	(436)	18,743
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of shares pursuant to the exercise of warrants	255	-	-	-	-	-	255	-	255
Capital reduction	(42,978)	-	-	-	-	42,978	-	-	-
Value of employee services received for issue of share options	-	-	-	554	-	-	554	-	554
Total contributions by and distributions to Owners	(42,723)	-	-	554	-	42,978	809	-	809
Arising from acquisition of remaining interest from non-controlling interest of a subsidiary	-	-	-	-	-	(133)	(133)	(84)	(217)
Capital contribution by non-controlling interest of subsidiary	-	-	-	-	-	-	-	122	122
Total transactions with Owners	(42,723)	-	-	554	-	42,845	676	38	714
Balance as at 30 June 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943

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

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share based compensation reserve \$'000	Exchange translation reserve \$'000	Accumulated (losses)/ profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 June 2011									
Balance as at 1 July 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943
Total comprehensive income for the period									
Profit/(Loss) for the year	-	-	-	-	-	10,344	10,344	(497)	9,847
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(5,550)	-	(5,550)	(62)	(5,612)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	1,182	-	1,182	-	1,182
Net change in fair value of available-for-sale financial assets, net of tax	-	-	514	-	-	-	514	-	514
Total other comprehensive income	-	-	514	-	(4,368)	-	(3,854)	(62)	(3,916)
Total comprehensive income for the year	-	-	514	-	(4,368)	10,344	6,490	(559)	5,931
Transactions with Owners, recorded directly in equity Contributions by and distributions to Owners									
Issue of shares pursuant to the exercise of warrants	911	-	-	-	-	-	911	-	911
Issue of shares pursuant to the exercise of share options									
- Exercise price	358	-	-	-	-	-	358	-	358
- Value of employee services received	116	-	-	(116)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	1,144	-	-	1,144	-	1,144
Value of employee services received for issue of share awards	-	-	-	275	-	-	275	-	275
Final dividend of 0.15 cents per share in respect of 2010	-	-	-	-	-	(814)	(814)	-	(814)
Special dividend of 1.10 cents per share in respect of 2010	-	-	-	-	-	(5,969)	(5,969)	-	(5,969)
Interim dividend of 0.13 cents per share in respect of 2011	-	-	-	-	-	(706)	(706)	-	(706)
Special dividend of 0.15 cents per share in respect of 2011	-	-	-	-	-	(814)	(814)	-	(814)
Total contributions by and distributions to Owners	1,385	-	-	1,303	-	(8,303)	(5,615)	-	(5,615)
Total transactions with Owners	1,385	-	-	1,303	-	(8,303)	(5,615)	-	(5,615)
Balance as at 30 June 2011	88,240	(11,720)	751	2,321	(13,864)	31,874	97,602	1,657	99,259

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

Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Share based compensation reserve \$'000	Accumulated (losses)/profits \$'000	Total equity \$'000
Balance as at 1 July 2009	129,578	-	464	(42,978)	87,064
Total comprehensive income for the year					
Profit for the year	-	-	-	15,571	15,571
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	251	-	-	251
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	-	237	-	-	237
Total comprehensive income for the year	-	237	-	15,571	15,808
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	255	-	-	-	255
Capital reduction	(42,978)	-	-	42,978	-
Value of employee services received for issue of share options	-	-	554	-	554
Total transactions with Owners	(42,723)	-	554	42,978	809
Balance as at 30 June 2010	86,855	237	1,018	15,571	103,681
Balance as at 1 July 2010	86,855	237	1,018	15,571	103,681
Total comprehensive income for the period					
Profit for the year	-	-	-	5,912	5,912
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	514	-	-	514
Total other comprehensive income	-	514	-	-	514
Total comprehensive income for the year	-	514	-	5,912	6,426
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	911	-	-	-	911
Issuance of shares pursuant to the exercise of share options					
- Exercise price	358	-	-	-	358
- Value of employee services received	116	-	(116)	-	-
Value of employee services received for issue of share options	-	-	1,144	-	1,144
Value of employee services received for issue of share awards	-	-	275	-	275
Final dividend of 0.15 cents per share in respect of 2010	-	-	-	(814)	(814)
Special dividend of 1.10 cents per share in respect of 2010	-	-	-	(5,969)	(5,969)
Interim dividend of 0.13 cents per share in respect of 2011	-	-	-	(706)	(706)
Special dividend of 0.15 cents per share in respect of 2011	-	-	-	(814)	(814)
Total transactions with Owners	1,385	-	1,303	(8,303)	(5,615)
Balance as at 30 June 2011	88,240	751	2,321	13,180	104,492

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

Consolidated Cash Flow Statement

	Group	
	2011	2010
	\$'000	\$'000
Operating Activities		
Profit for the year	9,847	20,321
Adjustments for:		
Allowance/(Reversal of allowance) for:		
- doubtful debts from trade receivables	(5)	(123)
- inventory obsolescence	86	483
Amortisation of intangible assets	440	452
Bad debts written off	4	128
Depreciation of property, plant and equipment	3,504	4,645
Government grant – Jobs Credit Scheme	(8)	(539)
Gain on disposal of:		
- other financial assets	-	(14)
- property, plant and equipment	(64)	(174)
- asset classified as held for sale	(1,681)	-
Interest income	(104)	(79)
Interest expenses	422	625
Property, plant and equipment written off	7	15
Inventories written off	51	242
Impairment/(Reversal of impairment) losses on:		
- property, plant and equipment	596	128
- intangible assets	3	-
- investment in associate	(1,850)	-
- other financial assets	-	2,150
Impairment of goodwill	360	-
(Reversal of)/Provision for restructuring cost	(160)	577
(Reversal of)/Provision for retrenchments benefits	(20)	498
(Reversal of)/Provision for other liabilities arising from fire incident	(378)	115
Grant income	(150)	-
Insurance income ⁽²⁾	-	(22,344)
Share based expenses	1,419	554
Share of results of associates and joint ventures (net of tax)	(724)	(274)
Income tax (credit)/expenses	(853)	517
Operating profit before working capital changes	10,742	7,903
Changes in working capital:		
Inventories	(19)	(1,135)
Project-in-progress	(1,622)	(1,652)
Trade and other receivables	(1,922)	(11,359)
Amounts due from related parties (trade)	(3)	113
Trade and other payables	(1,038)	5,167
Amounts due to related parties (trade)	(1)	1
Restructuring cost paid	(276)	(978)
Retrenchment cost paid	-	(559)
Other liabilities arising from fire incident paid	(223)	(321)
Insurance claim received	2,751	2,964
Placement of pledged deposits with financial institutions	(7)	(555)
Cash generated from/(used in) operations	8,382	(411)
Interest received	104	79
Interest paid	(259)	(362)
Tax credit received	-	1,459
Income taxes paid	(1,995)	(899)
Cash flows generated from/(used in) operating activities	6,232	(134)

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

	Group	
	2011	2010
	\$'000	\$'000
Investing activities		
Amounts due from related parties (non-trade)	(279)	(61)
Investment in a joint venture	-	(832)
Acquisition of additional interest in an associate	(149)	-
Additional capital injection in an associate	(196)	-
Proceeds from disposal of:		
- other financial assets	-	14
- property, plant and equipment	99	579
- asset classified as held for sale	4,359	-
Purchase of:		
- intangible assets	(1,148)	(186)
- other financial assets	-	(5,913)
- property, plant and equipment ⁽¹⁾⁽²⁾⁽³⁾	(1,255)	(1,071)
Insurance claim received	-	14,078
Cash flows generated from investing activities	1,431	6,608
Financing activities		
Acquisition of non-controlling interest of a subsidiary	-	(217)
Amounts due to related parties (non-trade)	275	385
Capital injection from non-controlling interests of subsidiaries	-	122
Dividend paid	(8,303)	-
Government grant – Jobs Credit Scheme received	8	539
Interest paid	(163)	(263)
Issuance of shares	1,269	255
Repayment of bank loans	(17,700)	(12,858)
Repayment of hire purchase and finance lease creditors	(504)	(698)
Proceed from bank loans	15,319	11,414
Proceed from finance lease creditors	-	207
Cash flows used in financing activities	(9,799)	(1,114)
Net (decrease)/increase in cash and cash equivalents	(2,136)	5,360
Cash and cash equivalents at beginning of year	36,280	31,166
Effect of exchange rate fluctuations on cash held	(1,143)	(246)
Cash and cash equivalents at end of year	33,001	36,280

Significant non-cash transaction

- (1) Property, plant and equipment amounting to \$26,000 (2010: \$Nil) were acquired through hire purchase arrangements and finance lease.
- (2) In prior year, included in the other income was \$2,678,000 relating to an insurance claim for the restoration of a leasehold building damaged in a fire incident. The insurer paid \$2,551,000 direct to the contractor that performed the restoration work.
- (3) During the year, the Group accrued reinstatement cost of \$192,000 (2010: \$Nil) under property, plant and equipment.

The effect of acquiring additional non-controlling interest from minority shareholder of a subsidiary is set out below:

	Group	
	2011	2010
	\$'000	\$'000
Acquisition of non-controlling interest from minority shareholder of a subsidiary	-	84
Equity	-	133
Consideration paid, satisfied in cash	-	217

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

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 24 August 2011.

1. Basis of Preparation

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 2010. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2010 (see Note 2).

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 adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2010. The adoption of the new/revised FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies and also did not have any significant impact on the financials for the period ended 30 June 2011. Additional disclosures will be required in the financial statements of the Company and its subsidiaries for the full year ended 30 June 2011.

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
Cost										
At 1 July 2009	4,596	4,369	610	1,059	5,690	459	36,201	384	224	53,592
Additions	-	28	25	37	246	55	494	-	2,737	3,622
Disposals/Write off	(2,505)	(42)	(11)	(34)	(1,564)	(207)	(681)	(31)	-	(5,075)
Transfer to asset classified as held for sale	-	-	-	-	-	-	-	-	(2,678)	(2,678)
Reclassification	-	-	-	-	-	-	283	-	(283)	-
Translation difference on consolidation	(100)	(129)	(17)	(39)	(132)	(12)	(1,443)	-	-	(1,872)
At 30 June 2010	1,991	4,226	607	1,023	4,240	295	34,854	353	-	47,589
Additions	3	313	63	42	226	44	771	10	1	1,473
Disposals/Write off	-	(33)	(2)	(141)	(42)	(24)	(331)	(172)	-	(745)
Reclassification	-	-	-	-	205	-	(205)	-	-	-
Translation difference on consolidation	(217)	(268)	(40)	(35)	(309)	(16)	(2,998)	-	-	(3,883)
At 30 June 2011	1,777	4,238	628	889	4,320	299	32,091	191	1	44,434
Accumulated depreciation and impairment losses										
At 1 July 2009	2,598	3,117	508	861	4,954	392	27,288	214	-	39,932
Depreciation charge for the year	58	454	40	89	406	23	3,547	28	-	4,645
Impairment charge for the year	-	-	-	-	-	-	29	99	-	128
Disposals/Write off	(2,505)	(32)	(5)	(25)	(1,562)	(165)	(347)	(14)	-	(4,655)
Translation difference on consolidation	(5)	(92)	(16)	(33)	(118)	(9)	(1,141)	-	-	(1,414)
At 30 June 2010	146	3,447	527	892	3,680	241	29,376	327	-	38,636
Depreciation charge for the year	54	442	35	65	333	30	2,544	1	-	3,504
Impairment charge for the year	-	57	-	5	7	-	527	-	-	596
Disposals/Write off	-	(29)	(2)	(138)	(37)	(22)	(318)	(157)	-	(703)
Reclassification	-	-	-	-	198	-	(198)	-	-	-
Translation difference on consolidation	(19)	(222)	(36)	(35)	(280)	(12)	(2,614)	-	-	(3,218)
At 30 June 2011	181	3,695	524	789	3,901	237	29,317	171	-	38,815

	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 construction \$'000	Total \$'000
Carrying amount										
At 1 July 2009	1,998	1,252	102	198	736	67	8,913	170	224	13,660
At 30 June 2010	1,845	779	80	131	560	54	5,478	26	-	8,953
At 30 June 2011	1,596	543	104	100	419	62	2,774	20	1	5,619

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,518,000 (2010: \$1,782,000) and \$589,000 (2010: \$1,227,000), respectively, have been pledged to banks as securities for certain bank loans (Note 11).

The carrying amount of property, plant and equipment includes amounts totalling \$308,000 (2010: \$738,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 11).

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
Cost				
At 1 July 2009	62	47	1,462	1,571
Additions	-	-	8	8
Write off	-	-	(1,395)	(1,395)
At 30 June 2010	62	47	75	184
Write off	-	(11)	(5)	(16)
At 30 June 2011	62	36	70	168
Accumulated depreciation				
At 1 July 2009	62	45	1,456	1,563
Depreciation charge for the year	-	1	6	7
Write-off	-	-	(1,395)	(1,395)
At 30 June 2010	62	46	67	175
Depreciation charge for the year	-	1	3	4
Write-off	-	(11)	(5)	(16)
At 30 June 2011	62	36	65	163
Carrying amount				
At 1 July 2009	-	2	6	8
At 30 June 2010	-	1	8	9
At 30 June 2011	-	-	5	5

Depreciation for the year was included in the following line items of the statements of comprehensive income:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cost of revenue	2,809	3,980	-	-
Distribution expenses	175	138	-	-
Administrative expenses	373	391	4	7
Research and development expenses	147	136	-	-
	<u>3,504</u>	<u>4,645</u>	<u>4</u>	<u>7</u>

Impairment losses

Having regard to the current economic conditions, the Group reviewed the recoverability of the carrying amounts of certain property, plant and equipment during the year. The review led to the recognition of impairment losses of \$596,000 (2010: \$128,000) on property, plant and equipment of the Distribution and Services solutions in profit or loss for the year.

The recoverable amounts of the property, plant and equipment were based on their value-in-use and the pre-tax discount rate used ranging from 11.9% to 19.8% (2010: 10.7% to 12.2%) for Distribution and Services solutions.

Impairment loss for the year was included in the following line items of the statement of comprehensive income:

	Group	
	2011	2010
	\$'000	\$'000
Cost of revenue	590	128
Administrative expenses	6	-
	596	128

4. Intangible Assets

Group	Computer software	Technology licence	Intellectual property	Development expenditure	Goodwill	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
At 1 July 2009	2,252	2,262	6,572	-	29,034	40,120
Additions	19	-	167	-	-	186
Write off	(1,808)	-	-	-	-	(1,808)
Translation difference on consolidation	-	(108)	(318)	-	(602)	(1,028)
At 30 June 2010	463	2,154	6,421	-	28,432	37,470
Additions	132	-	88	928	-	1,148
Translation difference on consolidation	(4)	(235)	(704)	(47)	(1,303)	(2,293)
At 30 June 2011	591	1,919	5,805	881	27,129	36,325

Accumulated amortisation and impairment losses

At 1 July 2009	2,142	448	983	-	384	3,957
Amortisation for the year	38	85	329	-	-	452
Write off	(1,808)	-	-	-	-	(1,808)
Translation difference on consolidation	1	(23)	(52)	-	-	(74)
At 30 June 2010	373	510	1,260	-	384	2,527
Amorisation for the year	51	78	311	-	-	440
Impairment charge for the year	3	-	-	-	360	363
Translation difference on consolidation	(3)	(59)	(153)	-	-	(215)
At 30 June 2011	424	529	1,418	-	744	3,115

Carrying amount

At 1 July 2009	110	1,814	5,589	-	28,650	36,163
At 30 June 2010	90	1,644	5,161	-	28,048	34,943
At 30 June 2011	167	1,390	4,387	881	26,385	33,210

Company

Computer software
\$'000

Cost

At 1 July 2009	1,829
Write off	(1,808)
At 30 June 2010 & 30 June 2011	21

Accumulated amortisation

At 1 July 2009	1,820
Amortisation for the year	4
Write off	(1,808)
At 30 June 2010	16
Amortisation for the year	3
At 30 June 2011	19

Carrying amount

At 1 July 2009	9
At 30 June 2010	5
At 30 June 2011	2

Amortisation for the year was included in the following line items of the statements of comprehensive income:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cost of revenue	396	419	-	-
Distribution expenses	1	1	-	-
Administrative expenses	43	32	3	4
	440	452	3	4

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2011 \$'000	2010 \$'000
Probe Card solutions	10,991	12,293
Distribution and Services solutions	15,394	15,755
	26,385	28,048

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

Key assumptions used for value-in-use calculations

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

	Group	
	Growth rate %	Discount rate %
2011		
Probe Card solutions	8.1	14.1
Distribution and Services solutions	0 - 15.5	11.9 - 19.8
	0 - 15.5	11.9 - 19.8
2010		
Probe Card solutions	1.9 - 11.7	9.4
Distribution and Services solutions	1.0 - 10.0	10.7 - 12.2
	1.0 - 10.0	10.7 - 12.2

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

The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

Impairment losses for goodwill and others

During the year, the Company recognised impairment losses of \$360,000 on one of the business under Distribution and Services solutions to reflect its recoverable amount. The recoverable amount was based on its value-in-use and discount rate ranging from 11.9% to 19.8%.

Other intangible assets under Distribution and Services solutions were also impaired downward by \$3,000 to its recoverable amount.

Impairment losses of all intangible assets for the year were included in the following line items of the statement of comprehensive income:

	Group	
	2011 \$'000	2010 \$'000
Cost of revenue	2	-
Administrative expenses	1	-
Other operating expenses	360	-
	363	-

5. Subsidiaries

In November 2010, a wholly-owned subsidiary, Ellipsiz Semiconductor Technology (Shenzhen) Ltd commenced its member's voluntary liquidation.

On 24 March 2011, iNETest International Trading (Shanghai) Co., Ltd, a dormant subsidiary and incorporated in the People's Republic of China, has been placed under member's voluntary liquidation.

6. Associates

Upon the call up of additional capital injection by an associate, IRC Technologies Ltd, the Group through a wholly-owned subsidiary, iNETest Resources Pte Ltd, injected cash of THB4,410,000 (\$196,000) in the associate according to its proportionate interest in the associate. After the capital injection, the effective interest held by the Group in the associate remains unchanged.

In October 2010, iNETest Resources Pte Ltd increased its shareholding in Advantech Corporation (Thailand) Co. Ltd. from 35% to 49% through the purchase of additional 14% equity interest, for a consideration of THB 3,387,580 (\$149,000). The consideration was paid in cash on completion.

During the year, the Group carried out a review on the carrying amount of an investment in an associate. The review led to the reversal of impairment losses of \$1,850,000 to its recoverable amounts. The recoverable was based on their value-in-use and the pre-tax discount rate of 10.0%.

7. Cash and Cash Equivalents

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at banks and in hand		28,673	30,352	6,440	6,176
Deposits with financial institutions		6,012	7,890	4,303	5,504
		<u>34,685</u>	<u>38,242</u>	<u>10,743</u>	<u>11,680</u>
Bank overdraft	11	-	(285)		
Deposits held as securities by financial institutions		<u>(1,684)</u>	<u>(1,677)</u>		
Cash and cash equivalents in the consolidated cash flow statement		<u>33,001</u>	<u>36,280</u>		

8. Asset classified as held for sale

	Group	
	2011 \$'000	2010 \$'000
Property, plant and equipment	-	<u>2,678</u>

In year 2010, Ellipsiz ISP Pte. Ltd., a wholly-owned subsidiary of the Company (within Distributions and Services solutions segment), entered into an agreement to sell its leasehold building to a third party for cash consideration of \$4,400,000. The sale transaction was completed in financial year 2011.

9. Share Capital

	Group and Company	
	No. of shares 2011 '000	No. of shares 2010 '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July	514,228	506,940
Issuance of shares pursuant to the exercise of warrants	26,032	7,288
Issuance of shares pursuant to the exercise of share options	2,650	-
At 30 June	<u>542,910</u>	<u>514,228</u>

The Group had not acquired any treasury shares for the financial year ended 30 June 2011. There are no treasury shares held by the Group as at 30 June 2011 and 30 June 2010.

Warrants

As at 30 June 2011, there were outstanding warrants of 8,517,000 (2010: 34,549,000) which entitle warrant holders to subscribe 8,517,000 (2010: 34,549,000) new ordinary shares at an exercise price of \$0.035 per share.

Options

On 26 October 2009, the Company granted 27,200,000 options to qualified participants under the Ellipsiz Share 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.

On 25 August 2010, the Company granted 20,500,000 options to qualified directors and employee under the Ellipsiz Share Option Plan. The options will vest and become exercisable in two equal tranches on or after 25 August 2011 and 25 August 2012 at an exercise price of \$0.14 per share and will expire on 24 August 2015.

As at 30 June 2011, there were 43,550,000 (2010: 26,300,000) outstanding options.

Awards

On 25 August 2010, 2,500,000 new share awards under the Ellipsiz Restricted Stock Plan were granted by the Company to qualified directors and employees. The awards vested on 30 June 2011 and were allotted on 1 July 2011.

As at 30 June 2011, there were 2,500,000 (2010: Nil) outstanding awards.

10. Reserves

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Capital reserves	(11,720)	(11,720)	-	-
Fair value reserve	751	237	751	237
Share based compensation reserve	2,321	1,018	2,321	1,018
Exchange translation reserve	(13,864)	(9,496)	-	-
Accumulated profits	31,874	29,833	13,180	15,571
	<u>9,362</u>	<u>9,872</u>	<u>16,252</u>	<u>16,826</u>

11. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current liabilities					
Secured bank loans		29	185	-	-
Unsecured bank loans ⁽¹⁾		4,127	2,974	903	2,204
Obligations under hire purchase agreements and finance leases		116	391	-	-
		<u>4,272</u>	<u>3,550</u>	<u>903</u>	<u>2,204</u>
Current liabilities					
Bank overdraft	7	-	285	-	-
Secured bank loans		305	1,905	-	-
Unsecured bank loans ⁽¹⁾		4,889	6,935	1,301	3,104
Obligations under hire purchase agreements and finance leases		229	481	-	-
		<u>5,423</u>	<u>9,606</u>	<u>1,301</u>	<u>3,104</u>

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

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	2011 \$'000	2010 \$'000
Within 1 year	5,194	9,125
After 1 year but within 5 years	4,156	3,159
	<u>9,350</u>	<u>12,284</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		2011 \$'000	2010 \$'000
Leasehold land and building	3	1,518	1,782
Plant and machinery	3	589	1,227
Deposits with financial institutions	7	1,684	1,677
Total carrying amount		<u>3,791</u>	<u>4,686</u>

Obligations under hire purchase agreements and finance leases:

Group	2011			2010		
	Principal \$'000	Interest \$'000	Payment \$'000	Principal \$'000	Interest \$'000	Payment \$'000
Repayable within 1 year	229	13	242	481	34	515
Repayable after 1 year but within 5 years	116	22	138	391	44	435
	<u>345</u>	<u>35</u>	<u>380</u>	<u>872</u>	<u>78</u>	<u>950</u>

12. Results from Operating Activities

Group	2011 \$'000	2010 \$'000
Other income		
Rental income	112	321
Sundry income	500	339
Changes in fair value of financial derivatives	9	-
Grant income	150	-
Government grant – Jobs Credit Scheme	8	539
Gain on disposal of:		
- other financial asset	-	14
- property, plant and equipment	64	174
- asset classified as held for sale	1,681	-
Reversal of impairment of investment in an associate	1,850	-
Reversal of provision for other liabilities arising from fire incident	378	-
Reversal of provision for restructuring and retrenchment costs	180	-
Insurance income	-	22,344
	<u>4,932</u>	<u>23,731</u>
Other expenses		
Depreciation of property, plant and equipment	3,504	4,645
Amortisation of intangible assets	440	452
(Reversal of allowance)/Allowance for:		
- doubtful trade receivables	(5)	(123)
- inventory obsolescences	86	483
Inventories written off	51	242
Bad debts written off	4	128
Property, plant and equipment written off	7	15
Impairment loss on:		
- property, plant and equipment	596	128
- intangible assets	3	-
- other financial assets	-	2,150
Impairment of goodwill	360	-
Loss on liquidation of subsidiary	69	-
Operating lease expenses	3,643	4,643
Provision for restructuring costs	-	577
Provision for other liabilities arising from fire incident	-	115
Retrenchment benefits expenses arising from fire incident	-	498
Share based expenses	1,419	554
Exchange loss, net	<u>1,684</u>	<u>1,025</u>

The decrease in depreciate charge of the property, plant and equipment in FY2011 was due to the lower foreign exchange rate on foreign operations.

13. Net Finance Expenses

	Group	
	2011	2010
	\$'000	\$'000
Finance income		
Interest income from:		
- financial institutions	72	65
- associates	-	1
- third parties	32	13
	104	79
Finance expenses		
Interest expenses to:		
- hire purchase arrangements and finance leases	(41)	(67)
- financial institutions	(352)	(550)
- affiliates	(24)	(8)
- non-controlling interest	(5)	-
	(422)	(625)
Net finance expenses recognised in profit or loss	(318)	(546)

14. Income Tax (Credit)/Expenses

	Group	
	2011	2010
	\$'000	\$'000
Current tax expense:		
- current year	1,230	1,678
- withholding tax	159	79
- refund of tax loss carry-back	-	(1,301)
- (over)/under in prior year	(1,686)	516
	(297)	972
Deferred tax expense/(credit):		
- original and reversal of temporary differences	(668)	(700)
- overprovision in prior year	112	172
- change in tax rate	-	73
	(556)	(455)
Total income tax (credit)/expenses	(853)	517

15. Earnings Per Share

	2011	2010
	\$'000	\$'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	10,344	20,708
Weighted average number of:-		
- shares outstanding during the year	514,228	506,940
- shares issue during the year:		
- pursuant to the exercise of warrants	24,412	4,634
- pursuant to the exercise of share options	1,797	-
	540,437	511,574

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 warrants with the potential ordinary shares weighted for the period outstanding.

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

	2011	2010
	No. of shares	No. of shares
	'000	'000
Weighted average number of shares issued, used in calculation of basic earnings per share	540,437	511,574
Dilutive effect of warrants	11,390	26,961
Dilutive effect of share awards	2,123	-
Weighted average number of ordinary shares (diluted)	<u>553,950</u>	<u>538,535</u>

As at 30 June 2011, 43,550,000 share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

16. Net Asset and Tangible Asset Values Per Ordinary Share

	Group	Company
	cents	cents
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2011	<u>17.98</u>	<u>19.25</u>
(b) 30 June 2010	<u>18.81</u>	<u>20.16</u>
Net tangible asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2011	<u>11.86</u>	<u>19.25</u>
(b) 30 June 2010	<u>12.01</u>	<u>20.16</u>

17. Breakdown of Revenue and Profit/(Loss) After Tax Before Non-Controlling Interests

Group	2011	2010	Variance
	\$'000	\$'000	%
Revenue reported for first half year	87,239	67,195	30
Operating profit after tax before deducting non-controlling interests for first half year	4,972	13,362	(63)
Revenue reported for second half year	88,484	83,326	6
Operating profit after tax before deducting non-controlling interests for second half year	4,875	6,959	(30)

18. Dividends

18.1 Dividend Paid

The resolution in respect of the final dividend declared for the financial year ended 30 June 2010 was approved at the Company's Annual General Meeting convened on 20 October 2010. The final tax exempt, one-tier cash dividend of 0.15 cents per ordinary share and special tax exempt, one-tier cash dividend of 1.10 cents per ordinary share was paid on 23 November 2010.

The Company declared and paid an interim tax exempt, one-tier cash dividend of 0.13 cents per ordinary share and special tax exempt, one-tier cash dividend of 0.15 cents per ordinary share on 16 March 2011.

18.2 Dividend Declared (Proposed)

	2011	2010 (Note 18.1)
Name of dividend	Final (Proposed)	Final
Dividend type	Cash	Cash
Dividend rate	0.13 cents per ordinary share	0.15 cents per ordinary share
Tax	Tax exempt (One-Tier)	Tax exempt (One-Tier)

Name of dividend	Special (Proposed)	Special
Dividend type	Cash	Cash
Dividend rate	0.15 cents per ordinary share	1.10 cents per ordinary share
Tax	Tax exempt (One-Tier)	Tax exempt (One-Tier)

Date payable

The final and special dividend proposed, if approved at the Sixteen Annual General Meeting, will be payable on 16 November 2011.

Book closure date

The book closure date is 28 October 2011, after 5.00 pm.

18.3 Annual Dividend

	Net Dividend	
	2011	2010
	\$'000	\$'000
Ordinary shares		
Interim dividend	706	-
Special dividend at half year	814	-
Final dividend ⁽¹⁾	706	814
Special dividend at full year ⁽¹⁾	814	5,969
	3,040	6,783

⁽¹⁾ The final and special dividends for 2011 were estimated based on the number of ordinary shares issued by the Company as at 30 June 2011. The dividends have not been provided for in the financial statements.

19. Significant Related Party Transactions

Significant transactions with related parties are as follows:

	Group	
	2011	2010
	\$'000	\$'000
Sales to:		
- joint ventures	9	1
- non-controlling interest of subsidiary	-	71
- other affiliates	549	83
Purchases from:		
- joint ventures	(64)	-
- other affiliates	(35)	-
Service fee income from:		
- associate	145	83

	Group	
	2011	2010
	\$'000	\$'000
Interest expenses paid to:		
- affiliate ⁽¹⁾	(24)	(8)
- non-controlling interest of subsidiary	(5)	-
Rental expenses paid to:		
- director	(117)	(125)
- associate	(38)	(33)
- non-controlling interest of subsidiary	(50)	(47)
- other affiliate	-	(33)
Services rendered by:		
- affiliate ⁽¹⁾	(151)	-
Properrt, plant and equipment purchased		
- affiliate ⁽¹⁾	(90)	-
	(90)	-

⁽¹⁾ This relates to corporations which a director of the Company had an interest during the financial year.

20. Interested Person Transactions

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

21. Commitments

Lease Commitments

As at 30 June 2011, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2011	2010
	\$'000	\$'000
Receivable:-		
Within 1 year	44	101
After 1 year but within 5 years	7	51
	51	152
Payable:-		
Within 1 year	2,278	2,588
After 1 year but within 5 years	1,480	1,812
After 5 years	-	586
	3,758	4,986

Capital commitments

	Group	
	2011	2010
	\$'000	\$'000
Capital commitments contracted but not provided for	-	80
	-	80

Corporate guarantees

At the balance sheet date, the Company provided corporate guarantee amounting to \$20,329,000 (2010: \$9,860,000) to banks for banking facilities of \$24,929,000 (2010: \$11,360,000) made available to its subsidiaries, of which the subsidiaries have utilised \$8,974,000 (2010: \$5,030,000).

22. Other information

Reportable segments

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue and Expense								
Total revenue from external customers	132,122	104,598	43,601	45,923	-	-	175,723	150,521
Inter-segment revenue	984	1,068	417	108	(1,401)	(1,176)	-	-
	<u>133,106</u>	<u>105,666</u>	<u>44,018</u>	<u>46,031</u>			<u>175,723</u>	<u>150,521</u>
Segment results	<u>2,009</u>	<u>20,128</u>	<u>6,917</u>	<u>2,050</u>	-	-	8,926	22,178
Unallocated corporate results							(338)	(1,068)
							<u>8,588</u>	<u>21,110</u>
Share of results of associates and joint ventures								
- allocated to reportable segment	489	255	355	19	-	-	844	274
- unallocated corporate & other							(120)	-
Profit before interest income/(expense) and income tax							9,312	21,384
Interest income							104	79
Interest expense							(422)	(625)
Income tax credit/(expenses)							853	(517)
Non-controlling interests							497	387
Profit for the year							<u>10,344</u>	<u>20,708</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Assets and Liabilities								
Segment assets	71,638	76,900	42,391	48,505	-	-	114,029	125,405
Unallocated corporate assets								
Investments in associates								
- allocated to reportable segment	1,874	1,160	6,043	3,532	-	-	7,917	4,692
Investments in joint ventures								
- allocated to reportable segment	174	218	-	-	-	-	174	218
- Unallocated corporate & others							664	832
Tax receivables	39	-	3	54	-	-	42	54
Deferred tax assets	125	139	2,517	2,079	-	-	2,642	2,218
Unallocated corporate assets							16,850	17,182
Total assets							<u>142,318</u>	<u>150,601</u>
Segment liabilities	26,291	26,990	4,168	6,312	-	-	30,459	33,302
Interest-bearing borrowings	6,657	4,641	834	3,207	-	-	7,491	7,848
Income tax liabilities	459	2,423	826	1,140	-	-	1,285	3,563
Unallocated corporate liabilities							3,824	6,945
Total liabilities							<u>43,059</u>	<u>51,658</u>

	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
- allocated to reportable segment	1,161	3,160	1,460	640	-	-	2,621	3,800
- unallocated corporate expenses							-	8
							<u>2,621</u>	<u>3,808</u>
Other non-cash items								
Depreciation of property, plant and equipment								
- allocated to reportable segment	733	722	2,767	3,916	-	-	3,500	4,638
- unallocated corporate expenses							4	7
							<u>3,504</u>	<u>4,645</u>
Amortisation of intangible assets								
- allocated to reportable segment	48	34	389	414	-	-	437	448
- unallocated corporate expenses							3	4
							<u>440</u>	<u>452</u>
(Gain)/Loss on disposal of property, plant and equipment								
- allocated to reportable segment	(55)	(181)	(9)	7	-	-	(64)	(174)
Property, plant and equipment written off								
- allocated to business segment	7	9	-	6	-	-	7	15
Gain on disposal of asset classified as held for sale								
- allocated to reportable segment	(1,681)	-	-	-	-	-	(1,681)	-
(Reversal of allowance)/Allowance for inventory obsolescence								
- allocated to business segment	(99)	156	185	327	-	-	86	483
Inventories written off								
- allocated to reportable segment	14	23	37	219	-	-	51	242
(Reversal of allowance)/Allowance for doubtful trade receivables								
- allocated to reportable segment	-	(43)	(5)	(80)	-	-	(5)	(123)
Bad debts written off								
- allocated to reportable segment	4	128	-	-	-	-	4	128
Impairment loss on property, plant and equipment								
- allocated to reportable segment	596	128	-	-	-	-	596	128
Impairment loss on other intangible assets								
- allocated to reportable segment	3	-	-	-	-	-	3	-

	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Impairment of goodwill - allocated to reportable segment	360	-	-	-	-	-	360	-
Reversal of impairment loss on investment in an associate - allocated to reportable segment	-	-	(1,850)	-	-	-	(1,850)	-
Impairment loss on other financial assets - unallocated corporate expenses							-	2,150

Geographical segments

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	51,780	48,764	32,546	32,512	51,016	29,556	21,091	26,248	3,508	4,075	15,782	9,366	175,723	150,521
Non-current segment assets	23,285	24,674	4,033	5,458	6,771	2,548	7,995	9,336	18	24	1,422	1,856	43,524	43,896
Investments in associates	-	-	1,874	1,160	-	-	-	-	-	-	6,043	3,532	7,917	4,692
Investments in joint ventures	-	-	174	218	664	832	-	-	-	-	-	-	838	1,050
Investments in other financial assets	4,389	3,763	-	-	-	-	-	-	125	237	-	-	4,514	4,000
Deferred tax assets													2,653	2,221
Total non-current assets	27,674	28,437	6,081	6,836	7,435	3,380	7,995	9,336	143	261	7,465	5,388	59,446	55,859
Capital expenditure	1,913	2,922	299	540	213	191	172	137	6	5	18	13	2,621	3,808



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

Financial Statements and Dividend Announcement for
financial year ended

30 June 2011

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 \$176 million with profit after tax and non-controlling interests of \$10.3 million for the financial year ended 30 June 2011 (FY2011).

The net profits after tax and non-controlling interests was 50% lower than FY2010's net profits of \$20.7 million. The net profits were after considering the following income and expenses (thereinafter known as "Specific Items").

Specific Items	FY2011 (\$ million)	FY2010 (\$ million)
Reversal / (provision) of impairment losses on		
- certain property, plant and equipment	(0.6)	(0.1)
- intangible assets	(0.4)	-
- investment in associate	1.9	-
- other financial assets	-	(2.2)
Gain on disposal of assets classified as held for sale	1.7	-
Provision for inventory obsolescence	-	(0.5)
Reversal / (provision) for		
- restructuring cost	0.2	(0.6)
- fire incident		
- Other liabilities	0.4	(0.9)
- Insurance claim income	-	22.3
- Tax liabilities arising out of the claim	-	(1.4)
Provision for onerous contract	-	(0.3)
Non-controlling interests' share of the Specific Items	(0.1)	0.1
Net	3.1	16.4

Excluding the Specific Items, the Group's profits after tax and non-controlling interests was \$7.2 million for FY2011, an improvement of 69% over FY2010 results of \$4.3 million.

Revenue, gross profits and gross profit margin

The Group's revenue for the FY2011 was \$176 million, a 17% increase over the performance in FY2010.

Revenue growth was largely driven by the Distribution & Services solutions (DSS) segment, which grew by 26% from \$105 million to \$132 million and accounted for 75% of FY2011 total revenue, on improved business activities across most of the regions that the Group has presence in. Revenue at the Probe Card solutions (PCS) segment dropped by 5% from \$46 million previously to \$44 million due to negative movement in US dollar. Eliminating the impact of the currency movement, PCS had a 4% revenue growth in FY2011.

Although there was improvement in the performance of the Group, keen price competition and currency fluctuations continue to have impact on revenue growth.

Gross profit (excluding Specific Items) attained in FY2011 was \$38.9 million, an increase of 7% over FY2010 gross profit of \$36.5 million. As the growth in revenue for FY2011 was mainly from DSS which generally has lower gross profit margin, consolidated margin dropped from 24% in FY2010 to 22% in FY2011.

Other income

Other income decreased by 79% from \$23.7 million in FY2010 to \$4.9 million in FY2011. In FY2010, the Group recorded a one-time income of \$22.3 million from an insurance claim and \$0.5 million for the receipt of jobs credit grant income in Singapore. In FY2011, it reported a gain of \$1.7 million from the disposal of asset previously classified as held for sale and reversal of impairment of investment in an associate amounting to \$1.9 million. These Specific Items contribute to the significant variance in the other income for the two financial years.

Operating expenses

Total operating expenses decreased by 10% from \$38.5 million to \$34.7 million. Due to the increase in revenue, distribution expenses increased by 6% while the capitalisation of certain of development costs incurred during the year led to the lower research and development costs.

The non-recurrence of the provision of certain one-time expenses like retrenchment benefits and compensation to customers resulting from the prior year's fire incident led to the decreases in other categories of expenses. However, this was partially offset by the higher exchange losses in FY2011.

Finance expenses

Due to the lower interest-bearing borrowings in FY2011, finance expenses decreased by 32%.

Share of results of associates and joint ventures

The Group recorded profit of \$850,000 from share of results from associates but had \$126,000 of losses from share of results of its joint ventures in FY2011.

Income taxes

In FY2011, the Group recorded a net tax credit of \$0.9 million, comprising prior year overprovision adjustment of \$1.7 million and recognition of net deferred tax benefits of \$0.6 million, partially offset by tax expenses of \$1.4 million.

Net profit attributable to owners of the Company

The Group had net profits after taxes and non-controlling interests of \$10.3 million for the financial year.

Excluding certain specific items of \$3.1 million, the Group had a net profit after taxes and non-controlling interests of \$7.2 million for FY2011. This was an improvement of 69% over the net profits of \$4.3 million (excluding the one-time insurance claim income, related taxes, retrenchment benefits and other expenses relating to fire incident amounting to \$16.4 million) in FY2010. Higher revenue achieved in the year and lower operating expenses were the main reasons for this performance improvement.

Financial Conditions

Non-current assets

The non-current assets increased by 6% from \$55.9 million to \$59.4 million. Property, plant and equipment and intangible assets decreased by 37% and 5% respectively mainly due to an impairment provision for certain plant and equipment and the recording of depreciation and amortisation expenses during the year. Other than the decrease in the property, plant and equipment and intangible assets, financial assets increased 13% as a result of the increase in the market prices of the quoted securities; while investments in associates increased by 69% due to the share of results from associates, additional investments during the financial year as well as reversal of impairment provision on one of the investments in associates. Furthermore, the addition of a \$4.7 million of trade receivable had also led to the overall increase in non-current assets.

Current assets

Total current asset as at 30 June 2011 was \$82.9 million, a drop of 13% from \$94.7 million as at 30 June 2010. The decrease in asset classified as held for sale and dividend payment of \$8.3 million, partially offset by the increases in project-in-progress, the receipt of proceeds from disposal of asset held for sale and collection of trade and other receivables led to the overall net decrease in current assets.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2011 stood at \$43.1 million, a 17% decrease from \$51.7 million as at 30 June 2010. The decline were mainly attributed to the repayment of bank borrowings during the financial year, which led to a 26% decrease in interest-bearing loans, the net decrease of trade and other payables of 6% and the decrease in current tax payable of 71%.

Non-controlling interests

The decrease in the non-controlling interests was due to the share of losses during the financial year.

Liquidity and Capital Reserves

The net cash outflow of the Group for FY2011 was \$2.1 million. This was accounted by:

- (a) cash inflow of \$6.2 million for operating activities;
- (b) cash inflow of \$1.4 million for investing activities; and
- (c) cash outflow of \$9.7 million for financing activities.

The positive results in the year and the receipt of insurance claim income of \$2.8 million, partially offset by the decrease in net working capital, led to cash inflow from operating activities of \$6.2 million in FY2011.

The proceeds from disposal of an asset previously classified as held for sale, partially offset by the purchase of plant and equipment and investment in development expenditure were the main causes for the net cash inflow for investing activities.

The repayment of interest-bearing borrowings, coupled with the payment of dividends during the year contributed to the outflow of cash for financing activities.

As at 30 June 2011, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$34.7 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.

The Group remains cautious of our business prospects into the second half of calendar 2011 that is clouded by the high unemployment situation in the US, the sovereign debt crisis in the Euro zone and potential impacts brought about by the anti-inflationary measures in China. Reports of rising excess inventories across the semiconductor and electronics manufacturing supply chain coupled with talks of foundries and memory chip players rethinking their capacity expansion plans also added haze to the uncertain outlook. Semiconductor Equipment and Materials International (SEMI), which reported the second consecutive month of declines for its book-to-bill ratio of 0.94 in June, expects global semiconductor equipment sales to grow 12.1% to US\$44.3 billion in 2011 during its mid-year consensus forecast. The global equipment market is, however, expected to experience a slight decrease of about 1.2% in 2012. Wafer processing equipment, the largest global product segment by dollar value, is expected to increase 18.8% in 2011 to US\$35.1 billion before a decline of 2.0% in 2012 to US\$34.4 billion. Elsewhere, global sales of both global semiconductor test and assembly and packaging equipment are forecast to contract global sales in 2011 by 5.5% and 18.0% to US\$3.9 billion and US\$3.2 billion prior to a growth of 3.6% and 2.5% to US\$4.1 billion and US\$3.3 billion in 2012, respectively. With the mixed bag of growth expected, the Group is likely to focus on growing niche market and will continue with the prudent management of our balance sheet as we seek new growth opportunities.