



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

Second Quarter Financial Statements and
Dividend Announcement for period ended

31 December 2010

Statements of Financial Position

		Group			Company		
	Note	31 December 2010 \$'000	30 June 2010 \$'000	Var. %	31 December 2010 \$'000	30 June 2010 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	7,316	8,953	(18)	7	9	(22)
Intangible assets	4	33,630	34,943	(4)	4	5	(20)
Subsidiaries	5	-	-	-	84,354	84,754	-
Associates	6	5,463	4,692	16	3,216	3,216	-
Joint ventures		976	1,050	(7)	-	-	-
Financial assets		5,195	4,000	30	5,195	4,000	30
Amounts due from related parties		-	-	-	749	1,058	(29)
Deferred tax assets		2,648	2,221	19	9	3	200
		<u>55,228</u>	<u>55,859</u>	(1)	<u>93,534</u>	<u>93,045</u>	1
Current assets							
Inventories		11,101	10,423	7	-	-	-
Project-in-progress		4,284	2,904	48	-	-	-
Convertible loan receivable		-	-	-	-	-	-
Trade and other receivables		33,354	40,388	(17)	953	388	146
Amounts due from related parties		114	107	7	11,168	9,427	18
Cash and cash equivalents	7	38,435	38,242	1	10,253	11,680	(12)
Asset classified as held for sale		-	2,678	(100)	-	-	-
		<u>87,288</u>	<u>94,742</u>	(8)	<u>22,374</u>	<u>21,495</u>	4
Total assets		<u>142,516</u>	<u>150,601</u>	(5)	<u>115,908</u>	<u>114,540</u>	1
Equity attributable to Owners of the Company							
Share capital	8	88,230	86,855	2	88,230	86,855	2
Reserves		7,855	9,872	(20)	12,048	16,826	(28)
		<u>96,085</u>	<u>96,727</u>	(1)	<u>100,278</u>	<u>103,681</u>	(3)
Non-controlling interests							
Total equity		<u>97,875</u>	<u>98,943</u>	(1)	<u>100,278</u>	<u>103,681</u>	(3)
Non-current liabilities							
Interest-bearing borrowings	9	2,349	3,550	(34)	1,562	2,204	(29)
Deferred tax liabilities		477	607	(21)	-	-	-
		<u>2,826</u>	<u>4,157</u>	(32)	<u>1,562</u>	<u>2,204</u>	(29)
Current liabilities							
Trade and other payables		30,042	32,549	(8)	1,141	1,303	(12)
Provisions		1,118	1,529	(27)	-	-	-
Amounts due to related parties		527	462	14	10,415	3,927	165
Interest-bearing borrowings	9	6,989	9,606	(27)	2,202	3,104	(29)
Redeemable convertible preference shares		78	78	-	-	-	-
Current tax payable		3,061	3,277	(7)	310	321	(3)
		<u>41,815</u>	<u>47,501</u>	(12)	<u>14,068</u>	<u>8,655</u>	63
Total liabilities		<u>44,641</u>	<u>51,658</u>	(14)	<u>15,630</u>	<u>10,859</u>	44
Total equity and liabilities		<u>142,516</u>	<u>150,601</u>	(5)	<u>115,908</u>	<u>114,540</u>	1

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

Statements of Comprehensive Income

Group	Note	1 October	1 October	Var.	1 July	1 July	Var.
		to	to		to	to	
		31 December	31 December	%	31 December	31 December	%
		2010	2009		2010	2009	
		\$'000	\$'000		\$'000	\$'000	
Revenue		42,593	35,073	21	87,239	67,195	30
Cost of revenue		(32,949)	(26,442)	25	(67,276)	(51,225)	31
Gross profit		9,644	8,631	12	19,963	15,970	25
Other income	10	86	18,337	(100)	1,977	19,048	(90)
Distribution expenses		(3,673)	(3,472)	6	(7,748)	(7,061)	10
Administrative expenses		(3,590)	(4,822)	(26)	(7,417)	(8,757)	(15)
Research and development expenses		(348)	(555)	(37)	(752)	(1,303)	(42)
Other expenses		(617)	(986)	(37)	(1,340)	(1,467)	(9)
Results from operating activities	10	1,502	17,133	(91)	4,683	16,430	(72)
Finance income		11	12	(8)	18	25	(28)
Finance expenses		(97)	(146)	(34)	(236)	(309)	(24)
Net finance expenses	11	(86)	(134)	(36)	(218)	(284)	(23)
Share of results of associates (net of tax)		102	107	(5)	363	109	233
Share of results of joint ventures (net of tax)		12	(11)	209	-	20	(100)
Profit before income tax		1,530	17,095	(91)	4,828	16,275	(70)
Income tax credit/(expense)	12	260	(2,893)	(109)	144	(2,913)	(105)
Profit for the period		1,790	14,202	(87)	4,972	13,362	(63)
Other comprehensive income							
Exchange differences on translation of financial statements of foreign operations		(138)	(279)	51	(2,897)	(1,532)	(89)
Exchange differences on monetary items forming part of net investments in foreign operations		(242)	(201)	(20)	479	187	156
Net change in fair value of available-for-sale financial assets, net of tax		6	(21)	129	1,195	189	532
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 period, net of income tax		(374)	(501)	25	(1,223)	(1,170)	(5)
Total comprehensive income for the period		1,416	13,701	(90)	3,749	12,192	(69)
Profit/(Loss) attributable to:							
Owners of the Company		1,878	14,350	(87)	5,373	13,509	(60)
Non-controlling interests		(88)	(148)	(41)	(401)	(147)	173
Profit for the period		1,790	14,202	(87)	4,972	13,362	(63)

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

Group	Note	1 October	1 October	Var.	1 July	1 July	Var.
		2010 to 31 December 2010 \$'000	2009 to 31 December 2009 \$'000		2010 to 31 December 2010 \$'000	2009 to 31 December 2009 \$'000	
Total comprehensive income attributable to:							
Owners of the Company		1,479	13,800	(89)	4,175	12,299	(66)
Non-controlling interests		(63)	(99)	(36)	(426)	(107)	298
Total comprehensive income for the period		1,416	13,701	(90)	3,749	12,192	(69)
Earnings per share	13						
- Basic (cents)		0.35	2.80	(88)	1.00	2.65	(62)
- Diluted (cents)		0.34	2.67	(87)	0.97	2.51	(61)

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	Non-controlling interests \$'000	Total equity \$'000
31 December 2009									
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 period (Loss)/Profit for the period	-	-	-	-	-	(841)	(841)	1	(840)
Other comprehensive income									
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)
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares pursuant to the exercise of warrants	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

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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)/profit \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
31 December 2009									
Balance as at 1 October 2009	129,711	(11,720)	196	464	(8,586)	(34,561)	75,504	2,606	78,110
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	14,350	14,350	(148)	14,202
Other comprehensive income									
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
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares pursuant to the exercise of warrants	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

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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 profit \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
31 December 2010									
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 period	-	-	-	-	-	3,495	3,495	(313)	3,182
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(2,709)	-	(2,709)	(50)	(2,759)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	721	-	721	-	721
Net change in fair value of available-for-sale financial assets, net of tax	-	-	1,189	-	-	-	1,189	-	1,189
Total other comprehensive income	-	-	1,189	-	(1,988)	-	(799)	(50)	(849)
Total comprehensive income for the period	-	-	1,189	-	(1,988)	3,495	2,696	(363)	2,333
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares pursuant to the exercise of warrants	234	-	-	-	-	-	234	-	234
Value of employee services received for issue of share options	-	-	-	175	-	-	175	-	175
Value of employee services received for issue of share awards	-	-	-	50	-	-	50	-	50
Total contributions by and distributions to Owners	234	-	-	225	-	-	459	-	459
Total transactions with Owners	234	-	-	225	-	-	459	-	459
Balance as at 30 September 2010	87,089	(11,720)	1,426	1,243	(11,484)	33,328	99,882	1,853	101,735

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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 \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
31 December 2010									
Balance as at 1 October 2010	87,089	(11,720)	1,426	1,243	(11,484)	33,328	99,882	1,853	101,735
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	1,878	1,878	(88)	1,790
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(163)	-	(163)	25	(138)
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(242)	-	(242)	-	(242)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	6	-	-	-	6	-	6
Total other comprehensive income	-	-	6	-	(405)	-	(399)	25	(374)
Total comprehensive income for the period	-	-	6	-	(405)	1,878	1,479	(63)	1,416
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of ordinary shares pursuant to the exercise of warrants	667	-	-	-	-	-	667	-	667
Issue of shares pursuant to the exercise of options									
- Exercise price	358	-	-	-	-	-	358	-	358
- Value of employee services received	116	-	-	(116)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	382	-	-	382	-	382
Value of employee services received for issue of share awards	-	-	-	100	-	-	100	-	100
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)
Total contributions by and distributions to Owners	1,141	-	-	366	-	(6,783)	(5,276)	-	(5,276)
Total transactions with Owners	1,141	-	-	366	-	(6,783)	(5,276)	-	(5,276)
Balance as at 31 December 2010	88,230	(11,720)	1,432	1,609	(11,889)	28,423	96,085	1,790	97,875

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
31 December 2009					
Balance as at 1 July 2009	129,578	-	464	(42,978)	87,064
Total comprehensive income for the period					
Loss for the period	-	-	-	(94)	(94)
Other comprehensive income					
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
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares pursuant to the exercise of warrants	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
Total comprehensive income for the period					
Profit for the period	-	-	-	896	896
Other comprehensive income					
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
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares pursuant to the exercise of warrants	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

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Statement of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Compensation reserve \$'000	Accumulated profit \$'000	Total equity \$'000
31 December 2010					
Balance as at 1 July 2010	86,855	237	1,018	15,571	103,681
Total comprehensive income for the period					
Profit for the period	-	-	-	14	14
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	1,189	-	-	1,189
Total other comprehensive income	-	1,189	-	-	1,189
Total comprehensive income for the period	-	1,189	-	14	1,203
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares pursuant to exercise of warrants	234	-	-	-	234
Value of employee services received for issue of share options	-	-	175	-	175
Value of employee services received for issue of share awards	-	-	50	-	50
Total contributions by and distributions to Owners	234	-	225	-	459
Total transactions with Owners	234	-	225	-	459
Balance as at 30 September 2010	87,089	1,426	1,243	15,585	105,343
Balance as at 1 October 2010	87,089	1,426	1,243	15,585	105,343
Total comprehensive income for the period					
Profit for the period	-	-	-	205	205
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	6	-	-	6
Total other comprehensive income	-	6	-	-	6
Total comprehensive income for the period	-	6	-	205	211
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issue of ordinary shares pursuant to exercise of warrants	667	-	-	-	667
Issue of shares pursuant to the exercise of options					
- Exercise price	358	-	-	-	358
- Value of employee services received	116	-	(116)	-	-
Value of employee services received for issue of share options	-	-	382	-	382
Value of employee services received for issue of share awards	-	-	100	-	100
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)
Total contributions by and distributions to Owners	1,141	-	366	(6,783)	(5,276)
Total transactions with Owners	1,141	-	366	(6,783)	(5,276)
Balance as at 31 December 2010	88,230	1,432	1,609	9,007	100,278

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

Consolidated Statement of Cash Flows

Group	1 October 2010 to 31 December 2010 \$'000	1 October 2009 to 31 December 2009 \$'000	1 July 2010 to 31 December 2010 \$'000	1 July 2009 to 31 December 2009 \$'000
	Operating Activities			
Profit for the period	1,790	14,202	4,972	13,362
Adjustments for:				
(Reversal of allowance)/Allowance for:				
- inventory obsolescence	(58)	287	60	275
- doubtful debts from trade and other receivables	(9)	(54)	138	(82)
Depreciation of property, plant and equipment	955	1,171	1,977	2,488
Interest income	(11)	(12)	(18)	(25)
Interest expense	97	146	236	309
Bad debts written off	-	-	-	33
Property, plant and equipment written off	7	-	7	4
Inventories written off	7	4	25	200
Loss/(Gain) on disposal of property, plant and equipment	31	(19)	(1)	(60)
Gain on disposal of asset classified as held for sale	-	-	(1,681)	(14)
Amortisation of intangible assets	119	112	219	227
Government grant – Jobs Credit Scheme income	-	(201)	(8)	(407)
Insurance claim income ⁽¹⁾	-	(17,957)	-	(18,253)
Provision for other liabilities ⁽¹⁾	-	794	-	794
Retrenchment benefits ⁽¹⁾	-	222	-	222
Share option expense	482	138	707	138
Share of results of associates and joint ventures (net of tax)	(114)	(96)	(363)	(129)
Income tax (credit)/expense	(260)	2,893	(144)	2,913
Operating profit before working capital changes	3,036	1,630	6,126	1,995
Changes in working capital:				
Inventories	(754)	183	(910)	647
Project-in-progress	(1,848)	(981)	(2,634)	(930)
Amounts due from related parties (trade)	56	66	4	135
Amounts due to related parties (trade)	21	-	21	1
Trade and other receivables	3,847	991	3,839	(44)
Trade and other payables	(1,318)	(1,229)	(967)	(1,695)
Advances from insurance claims	-	(650)	-	100
Insurance claim received	-	13,410	2,751	13,410
Other liabilities arising from fire incident paid ⁽¹⁾	(128)	(21)	(223)	(21)
Restructuring and retrenchment costs paid	(124)	(343)	(178)	(919)
Release of pledged deposits with financial institutions	17	127	876	13
Cash generated from operations	2,805	13,183	8,705	12,692
Interest received	11	12	18	25
Interest paid	(53)	(77)	(142)	(165)
Tax credit received	-	132	-	132
Income tax paid	(750)	(264)	(890)	(470)
Cash flows from operating activities	2,013	12,986	7,691	12,214

Group	Note	1 October 2010 to 31 December 2010	1 October 2009 to 31 December 2009	1 July 2010 to 31 December 2010	1 July 2009 to 31 December 2009
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The accompanying notes form an integral part of these financial statements.

	\$'000	\$'000	\$'000	\$'000
Investing Activities				
Purchase of property, plant and equipment	(267)	(195)	(802)	(530)
Purchase of intangible assets	(89)	(64)	(132)	(120)
Proceeds from disposal of property, plant and equipment	29	20	41	84
Proceeds from disposal of other financial asset	-	-	-	14
Additional capital injection in associate	-	-	(196)	-
Acquisition of additional interest in associate	(149)	-	(149)	-
Proceed for disposal of asset classified as held for sale	-	-	4,359	-
Investment in other financial asset	-	(4,300)	-	(4,300)
Amounts due from related parties (non-trade)	(19)	124	(12)	(1)
Cash flows from investing activities	(495)	(4,415)	3,109	(4,853)
Financing Activities				
Interest paid	(44)	(69)	(94)	(144)
Drawdown of bank loans	2,566	2,810	5,548	4,360
Repayment of bank loans	(3,260)	(2,675)	(9,046)	(5,867)
Repayment of hire purchase and finance lease creditors	(126)	(297)	(254)	(454)
Amounts due to related parties (non-trade)	59	-	63	-
Government grant – Jobs Credit Scheme received	-	201	8	407
Issuance of shares	1,025	40	1,259	173
Dividend paid	(6,783)	-	(6,783)	-
Cash flows from financing activities	(6,563)	10	(9,299)	(1,525)
Net (decrease)/increase in cash and cash equivalents	(5,045)	8,581	1,501	5,836
Cash and cash equivalents at beginning of period	42,330	28,284	36,280	31,166
Effect of exchange rate changes on balances in foreign currencies	(87)	(76)	(583)	(213)
Cash and cash equivalents at end of period	37,198	36,789	37,198	36,789

⁽¹⁾ Arising from fire incident

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 10 February 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.

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 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 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
31 December 2010										
Cost										
At 1 July 2010	1,991	4,226	607	1,023	4,240	295	34,854	353	-	47,589
Additions	3	7	21	13	137	-	567	10	44	802
Disposals/Write off	-	(15)	(2)	(24)	(15)	(23)	(133)	(126)	-	(338)
Translation difference on consolidation	(131)	(154)	(22)	(24)	(173)	(10)	(1,764)	-	(1)	(2,279)
At 31 December 2010	1,863	4,064	604	988	4,189	262	33,524	237	43	45,774
Accumulated depreciation and impairment losses										
At 1 July 2010	146	3,447	527	892	3,680	241	29,376	327	-	38,636
Depreciation charge for the period	28	215	17	37	182	14	1,484	-	-	1,977
Disposals/Write off	-	(10)	(2)	(20)	(14)	(23)	(112)	(110)	-	(291)
Translation difference on consolidation	(10)	(125)	(21)	(23)	(156)	(8)	(1,521)	-	-	(1,864)
At 31 December 2010	164	3,527	521	886	3,692	224	29,227	217	-	38,458
Carrying amount										
At 31 December 2010	1,699	537	83	102	497	38	4,297	20	43	7,316
At 1 July 2010	1,845	779	80	131	560	54	5,478	26	-	8,953

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
31 December 2010				
Cost				
At 1 July 2010	62	47	75	184
Write off	-	(13)	(6)	(19)
At 31 December 2010	<u>62</u>	<u>34</u>	<u>69</u>	<u>165</u>
Accumulated depreciation				
At 1 July 2010	62	46	67	175
Depreciation charge for the period	-	1	1	2
Write off	-	(13)	(6)	(19)
At 31 December 2010	<u>62</u>	<u>34</u>	<u>62</u>	<u>158</u>
Carrying amount				
At 31 December 2010	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
At 1 July 2010	<u>-</u>	<u>1</u>	<u>8</u>	<u>9</u>

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$1,615,000 (30 June 2010: \$1,782,000) and \$828,000 (30 June 2010: \$1,227,000), respectively, have been pledged to banks as securities for certain bank loans (Note 9).

The carrying amount of property, plant and equipment includes amount totalling \$733,000 (30 June 2010: \$738,000) 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
31 December 2010					
Cost					
At 1 July 2010	463	2,154	6,421	28,432	37,470
Additions	97	-	35	-	132
Translation difference on consolidation	(2)	(141)	(423)	(784)	(1,350)
At 31 December 2010	<u>558</u>	<u>2,013</u>	<u>6,033</u>	<u>27,648</u>	<u>36,252</u>
Accumulated amortisation and impairment losses					
At 1 July 2010	373	510	1,260	384	2,527
Amortisation for the period	21	40	158	-	219
Translation difference on consolidation	(1)	(35)	(88)	-	(124)
At 31 December 2010	<u>393</u>	<u>515</u>	<u>1,330</u>	<u>384</u>	<u>2,622</u>
Carrying amount					
At 31 December 2010	<u>165</u>	<u>1,498</u>	<u>4,703</u>	<u>27,264</u>	<u>33,630</u>
At 1 July 2010	<u>90</u>	<u>1,644</u>	<u>5,161</u>	<u>28,048</u>	<u>34,943</u>

Company	Computer software \$'000
31 December 2010	
Cost	
At 1 July 2010 and 31 December 2010	<u>21</u>
Accumulated amortisation and impairment losses	
At 1 July 2010	16
Amortisation for the period	1
At 31 December 2010	<u>17</u>
Carrying amount	
At 31 December 2010	<u>4</u>
At 1 July 2010	<u>5</u>

5. Subsidiaries

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

6. Associates

Upon the call up of additional capital injection by an associate, the Group through a wholly-owned subsidiary, iNETest Resources Pte Ltd injected cash of THB4,410,000 (S\$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 (S\$149,000). The consideration was paid in cash on completion.

7. Cash and Cash Equivalents

	Note	Group		Company	
		31 December 2010 \$'000	30 June 2010 \$'000	31 December 2010 \$'000	30 June 2010 \$'000
Cash at banks and in hand		30,262	30,352	3,226	6,176
Deposits with financial institutions		8,173	7,890	7,027	5,504
		<u>38,435</u>	<u>38,242</u>	<u>10,253</u>	<u>11,680</u>
Bank overdraft	9	(436)	(285)		
Deposits held as securities by financial institutions	9	<u>(801)</u>	<u>(1,677)</u>		
Cash and cash equivalents in the consolidated statement of cash flows		<u>37,198</u>	<u>36,280</u>		

8. Share Capital

	Group and Company	
	31 December 2010 '000	30 June 2010 '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July 2010/1 July 2009	514,228	506,940
Issuance of shares pursuant to the exercise of warrants	25,752	7,288
Issuance of shares pursuant to the exercise of options	2,650	-
At 31 December 2010/30 June 2010	<u>542,630</u>	<u>514,228</u>

The Group had not acquired any treasury shares for the financial period ended 31 December 2010. There are no treasury shares held by the Group as at 30 June 2010 and 31 December 2010.

Warrants

As at 31 December 2010, there were outstanding warrants which entitle warrant holders to subscribe 8,797,000 (31 December 2009: 36,882,000) new ordinary shares at the 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 employees 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.

At balance sheet date, there were 43,550,000 (31 December 2009: 27,200,000) 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 will vest on 30 June 2011.

At balance sheet date, there were 2,500,000 (31 December 2009: Nil) outstanding awards.

9. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Note	Group		Company	
		31 December 2010 \$'000	30 June 2010 \$'000	31 December 2010 \$'000	30 June 2010 \$'000
Non-current liabilities					
Secured bank loans		30	185	-	-
Unsecured bank loans ⁽¹⁾		2,114	2,974	1,562	2,204
Obligations under hire purchase agreements and finance leases		205	391	-	-
		<u>2,349</u>	<u>3,550</u>	<u>1,562</u>	<u>2,204</u>
Current liabilities					
Bank overdraft	7	436	285	-	-
Secured bank loans		961	1,905	-	-
Unsecured bank loans ⁽¹⁾		5,213	6,935	2,202	3,104
Obligations under hire purchase agreements and finance leases		379	481	-	-
		<u>6,989</u>	<u>9,606</u>	<u>2,202</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	
	31 December 2010 \$'000	30 June 2010 \$'000
Within 1 year	6,610	9,125
After 1 year but within 5 years	2,144	3,159
	<u>8,754</u>	<u>12,284</u>

The secured bank loans are secured on the following assets:

	Note	Group	
		31 December 2010 \$'000	30 June 2010 \$'000
Leasehold land and building	3	1,615	1,782
Plant and machinery	3	828	1,227
Deposits with financial institutions	7	801	1,677
Total carrying amount		<u>3,244</u>	<u>4,686</u>

Obligations under hire purchase agreements and finance leases:

Group	31 December 2010			30 June 2010		
	Principal \$'000	Interest \$'000	Payment \$'000	Principal \$'000	Interest \$'000	Payment \$'000
Repayable within 1 year	379	17	396	481	34	515
Repayable after 1 year but within 5 years	205	43	248	391	44	435
	<u>584</u>	<u>60</u>	<u>644</u>	<u>872</u>	<u>78</u>	<u>950</u>

10. Results from Operating Activities

Group	Note	1 October 2010	1 October 2009	1 July 2010	1 July 2009
		to 31 December 2010 \$'000	to 31 December 2009 \$'000	to 31 December 2010 \$'000	to 31 December 2009 \$'000
Other income					
Rental income from third parties		41	98	62	193
(Loss)/Gain on disposal of property, plant equipment		(31)	19	1	60
Gain on disposal of asset classified as held for sale		-	-	1,681	-
Gain on disposal of other financial asset		-	-	-	14
Government grant – Jobs Credit Scheme		-	201	8	407
Insurance claim income ⁽¹⁾		-	17,957	-	18,253
Sundry income		76	62	225	121
		<u>86</u>	<u>18,337</u>	<u>1,977</u>	<u>19,048</u>
Other expense					
(Reversal of allowance)/Allowance for doubtful debts from trade and other receivables		(9)	(54)	138	(82)
(Reversal of allowance)/Allowance for inventory obsolescence		(58)	287	60	275
Bad debts written off		-	-	-	33
Inventories written off		7	4	25	200
Depreciation of property, plant and equipment	3	955	1,171	1,977	2,488
Amortisation of intangible assets	4	119	112	219	227
Property, plant and equipment written off		7	-	7	4
Retrenchment benefits ⁽¹⁾		-	222	-	222
Provision for other liabilities ⁽¹⁾		-	794	-	794
Share option expense		482	138	707	138
Exchange loss, net		417	176	1,112	650

⁽¹⁾ Arising from the fire incident

11. Net Finance Expenses

Group	1 October 2010	1 October 2009	1 July 2010	1 July 2009
	to 31 December 2010 \$'000	to 31 December 2009 \$'000	to 31 December 2010 \$'000	to 31 December 2009 \$'000
Finance income				
Interest income from:				
- financial institutions	11	9	18	22
- associates	-	1	-	1
- third parties	-	2	-	2
	<u>11</u>	<u>12</u>	<u>18</u>	<u>25</u>
Finance expenses				
Interest expenses to:				
- hire purchase arrangements and finance leases	(11)	(18)	(25)	(41)
- financial institutions	(84)	(127)	(206)	(266)
- an affiliate	(2)	(1)	(5)	(2)
	<u>(97)</u>	<u>(146)</u>	<u>(236)</u>	<u>(309)</u>
Net finance expenses recognised in the profit and loss	<u>(86)</u>	<u>(134)</u>	<u>(218)</u>	<u>(284)</u>

12. Income Tax (Credit)/Expense

Group	1 October 2010 to 31 December 2010 \$'000	1 October 2009 to 31 December 2009 \$'000	1 July 2010 to 31 December 2010 \$'000	1 July 2009 to 31 December 2009 \$'000
Current tax expense:				
- current year	297	2,998	471	3,220
- withholding tax	32	-	32	19
- (over)/under provision in prior year	(6)	4	(1)	(38)
	<u>323</u>	<u>3,002</u>	<u>502</u>	<u>3,201</u>
Deferred tax credit:				
- origination and reversal of temporary differences	(349)	(109)	(427)	(241)
- overprovision of deferred tax liabilities in prior year	(26)	-	(11)	(47)
- utilisation of previously unrecognised deferred tax assets	(208)	-	(208)	-
	<u>(583)</u>	<u>(109)</u>	<u>(646)</u>	<u>(288)</u>
Total income tax (credit)/expense	<u>(260)</u>	<u>2,893</u>	<u>(144)</u>	<u>2,913</u>

13. Earnings per Share

	1 October 2010 to 31 December 2010 \$'000	1 October 2009 to 31 December 2009 \$'000	1 July 2010 to 31 December 2010 \$'000	1 July 2009 to 31 December 2009 \$'000
Basic earnings per share is based on: Profit for the period attributable to Owners of the Company	1,878	14,350	5,373	13,509
	No. of shares '000	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of:				
- shares outstanding during the period	520,924	510,767	514,228	506,940
- shares issued during the period				
- pursuant to the exercise of warrants	18,489	973	22,876	3,300
- pursuant to the exercise of options	1,915	-	957	-
	<u>541,328</u>	<u>511,740</u>	<u>538,061</u>	<u>510,240</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, share options and awards with the potential ordinary shares weighted for the period outstanding.

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

	1 October 2010 to 31 December 2010 No. of shares '000	1 October 2009 to 31 December 2009 No. of shares '000	1 July 2010 to 31 December 2010 No. of shares '000	1 July 2009 to 31 December 2009 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per shares	541,328	511,740	538,061	510,240
Dilutive effect of warrants	7,947	26,244	16,596	27,729
Dilutive effect of awards	2,500	-	1,752	-
Weighted average number of ordinary shares (diluted)	<u>551,775</u>	<u>537,984</u>	<u>556,409</u>	<u>537,969</u>

At 31 December 2010, 43,550,000 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

14. Net Asset Value per Share

	Group cents	Company cents
Net asset value per ordinary share based on issued share capital of the Company as at:		
(a) 31 December 2010	17.71	18.48
(b) 30 June 2010	18.81	20.16

15. Dividends

Dividend declared or recommended for the current financial period reported on or the corresponding period of the immediately preceding financial year is as follows:

	1 July 2010 to 31 December 2010 \$'000	1 July 2009 to 31 December 2009 \$'000
Name of dividend	Interim	Nil
Dividend type	Cash	Nil
Dividend rate	0.13 cents	Nil
Tax	Tax-exempt (one-Tier)	NA
Name of dividend	Special	Nil
Dividend type	Cash	Nil
Dividend rate	0.15 cents	Nil
Tax	Tax-exempt (one-Tier)	NA

Date payable

The interim and special dividends were proposed and approved by the Board of Directors. The dividend will be payable on 16 March 2011.

Books closure date

The books closure date is 23 February 2011, after 5.00 pm.

16. Significant Related Party Transactions

Significant transactions with related parties are as follows:

Group	1 October 2010 to 31 December 2010 \$'000	1 October 2009 to 31 December 2009 \$'000	1 July 2010 to 31 December 2010 \$'000	1 July 2009 to 31 December 2009 \$'000
Sales to joint venture	-	-	7	-
Sales to other affiliates	-	-	-	97
Service income from an associate	-	-	83	62
Purchases from joint venture	(64)	-	(64)	-
Interest income from an associate	-	1	-	1
Rental expenses paid to:				
- an associate	(10)	(11)	(19)	(11)
- non-controlling interests	(13)	-	(25)	-
- a director	(29)	(41)	(59)	(63)
Interest expense paid to affiliate ⁽¹⁾	(2)	(1)	(5)	(2)

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

17. Interested Person Transactions

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

18. Commitments

Lease Commitments

As at 31 December 2010, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	31 December 2010 \$'000	30 June 2010 \$'000
Receivable:		
Within 1 year	91	101
After 1 year but within 5 years	8	51
	<u>99</u>	<u>152</u>
Payable:		
Within 1 year	3,050	2,588
After 1 year but within 5 years	2,033	1,812
After 5 years	-	586
	<u>5,083</u>	<u>4,986</u>

Capital commitments

	Group	
	31 December 2010 \$'000	30 June 2010 \$'000
Capital commitments contracted but not provided for	21	80

Corporate guarantees

As at 31 December 2010, the Company provided corporate guarantee amounting to \$11,432,000 (30 June 2010: \$9,860,000) to banks for banking facilities of \$13,251,000 (30 June 2010: \$11,360,000) made available to its subsidiaries, of which the subsidiaries have utilised \$5,524,000 (30 June 2010: \$5,030,000).

19. Operating Segments

Analysis by Businesses

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 December 2010 \$'000	31 December 2009 \$'000	31 December 2010 \$'000	31 December 2009 \$'000	31 December 2010 \$'000	31 December 2009 \$'000	31 December 2010 \$'000	31 December 2009 \$'000
Revenue and Expense								
Total revenue from external customers	63,894	44,438	23,345	22,757			87,239	67,195
Inter-segment revenue	515	414	163	-	(678)	(414)	-	-
	<u>64,409</u>	<u>44,852</u>	<u>23,508</u>	<u>22,757</u>			<u>87,239</u>	<u>67,195</u>
Segment results	1,317	15,215	2,943	467	-	-	4,260	15,682
Unallocated corporate results							423	748
							<u>4,683</u>	<u>16,430</u>
Share of results of associates and joint ventures - allocated to reportable segment	314	162	49	(33)	-	-	363	129
Profit before interest income/(expense) and income tax							5,046	16,559
Interest income							18	25
Interest expense							(236)	(309)
Income tax credit/(expense)							144	(2,913)
Non-controlling interests							401	147
Profit for the period							<u>5,373</u>	<u>13,509</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	30	31	30	31	30	31	30
	December 2010	June 2010	December 2010	June 2010	December 2010	June 2010	December 2010	June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and Liabilities								
Segment assets	70,026	76,900	46,105	48,505	-	-	116,131	125,405
Investments in associates								
- allocated to reportable segment	1,821	1,160	3,642	3,532	-	-	5,463	4,692
Investments in joint ventures								
- allocated to reportable segment	198	218	-	-	-	-	198	218
- unallocated corporate & other							778	832
Tax receivables	167	-	57	54	-	-	224	54
Deferred tax assets	375	139	2,264	2,079	-	-	2,639	2,218
Unallocated corporate assets							17,083	17,182
Total assets							<u>142,516</u>	<u>150,601</u>
Segment liabilities	25,780	26,990	4,828	6,312	-	-	30,608	33,302
Interest-bearing borrowings	3,787	4,641	1,787	3,207	-	-	5,574	7,848
Income tax liabilities	2,116	2,423	1,112	1,140	-	-	3,228	3,563
Unallocated corporate liabilities							5,231	6,945
Total liabilities							<u>44,641</u>	<u>51,658</u>

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31	31	31	31	31	31	31	31
	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009	December 2010	December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure								
- allocated to reportable segments	519	1,005	415	292	-	-	934	1,297
- unallocated corporate expenses							-	3
							<u>934</u>	<u>1,300</u>
Depreciation of property, plant and equipment:								
- allocated to reportable segment	351	400	1,624	2,085	-	-	1,975	2,485
- unallocated corporate expenses							2	3
							<u>1,977</u>	<u>2,488</u>
Gain on disposal of property, plant and equipment:								
- allocated to reportable segment	(1)	(50)	-	(10)	-	-	(1)	(60)
Amortisation of intangible assets:								
- allocated to reportable segment	20	17	198	208	-	-	218	225
- unallocated corporate expenses							1	2
							<u>219</u>	<u>227</u>
(Reversal of)/Allowance for doubtful debts from trade and other receivables								
- allocated to reportable segment	-	(45)	138	(37)	-	-	138	(82)

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Reversal of allowance)/Allowance for inventory obsolescence - allocated to reportable segments	(105)	40	165	235	-	-	60	275
Bad debts written off - allocated to business segments	-	33	-	-	-	-	-	33
Inventories written off - allocated to reportable segments	14	11	11	189	-	-	25	200
Property, plant and equipment written off - allocated to reportable segments	7	4	-	-	-	-	7	4

Analysis by region

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	24,268	22,889	15,504	14,808	26,534	11,827	11,467	12,348	1,944	2,221	7,522	3,102	87,239	67,195
	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current segment assets	23,807	24,674	4,709	5,458	2,705	2,548	8,013	9,336	19	24	1,693	1,856	40,946	43,896
Investments in associates	-	-	1,821	1,160	-	-	-	-	-	-	3,642	3,532	5,463	4,692
Investments in joint ventures	-	-	198	218	778	832	-	-	-	-	-	-	976	1,050
Investments in other financial assets	5,017	3,763	-	-	-	-	-	-	178	237	-	-	5,195	4,000
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	2,648	2,221
Total non-current assets	28,824	28,437	6,728	6,836	3,483	3,380	8,013	9,336	197	261	5,335	5,388	55,228	55,859
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure	421	795	246	410	88	38	163	52	4	-	12	5	934	1,300

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 2nd quarter results ended 31 December 2010 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 2011



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

Second Quarter Financial Statements and Dividend Announcement for
period ended

31 December 2010

Review and Commentary

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

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

Results of Operations

Revenue and gross profits

For the six months ended 31 December 2010 (1H FY2011), the Group reported revenue of \$87.2 million, a 30% growth from \$67.2 million revenue attained in the corresponding period of the previous financial year (1H FY2010). Probe Card solutions (PCS) and Distribution & Services solutions (DSS) were 3% and 44% higher than their 1H FY2010's performances respectively. The improved market conditions had also led to improved revenue for the Group's operations in most of the regions. Although there was significant improvement in the performance, the Group continues to have pressures from keen price competition and currency risk.

Gross profit attained in 1HFY2011 was \$20.0 million, an increase of 25% over \$16.0 million in 1HFY2010. As the growth in revenue was mainly from DSS which generally has lower gross profit margin, consolidated margin dropped marginally from 24% in 1HFY2010 to 23% in 1HFY2011.

The Group attained a 21% growth in revenue in the second quarter of FY2011 (2QFY2011) as compared to the corresponding quarter of the previous financial year (2QFY2010). The gross profit margin in 2QFY2011 was 23%.

Other income

Other income decreased by 90% from \$19.0 million in 1H FY2010 to \$2.0 million in 1H FY2011. In 1HFY2010, the Group recorded one-time income of \$18.7 million from its insurance claim and job credit grant income in Singapore. In 1HFY2011, it reported gain of \$1.7 million from disposal of property. These one-time incomes contribute to the variance in the other income for the two financial periods.

Operating expenses

Total operating expenses decreased by 7% from \$18.6 million to \$17.3 million. In line with the increase in revenue, distribution expenses increased by 10% while the non-recurrence of the provision of certain one-time expenses like retrenchment benefits and compensation to customers resulting from fire incident led to the decreases in other categories of expenses. The positive variance from the non-recurrence of certain one-time expenses was however partially offset by the higher exchange losses.

Share of results of associates and joint ventures

The Group recorded profit of \$363,000 from share of results from associates but had \$Nil profits from share of results of its joint ventures for 1H FY2011.

Income taxes

In 1H FY2011, the Group recorded tax expenses of \$0.5 million. This was however offset by recording of deferred tax assets of \$0.6 million, leading to an overall tax credit of \$0.1 million.

Net profit attributable to owners of the Company

The Group had net profits after taxes and non-controlling interests of \$5.4 million for the financial period.

Excluding the one-time gain on disposal of property, the Group had a net profit after taxes and non-controlling interests of \$3.7 million for 1H FY2011. This was a significant improvement over the net loss of \$1.1 million

(exclude the one-time insurance claim income, related taxes, retrenchment benefits and other expenses relating to fire incident amounting to \$14.6 million) in 1HFY2010. Higher revenue achieved in the quarter was the main reason for this improvement.

Financial Conditions

Non-current assets

The non-current assets dropped marginally by 1% to \$55.2 million. Property, plant and equipment and intangible assets decreased by 18% and 4% respectively mainly due to the depreciation and amortisation expenses during the period. Financial assets had an increase of 30% as a result of the increase in the market prices of the quoted securities held.

Current assets

Total current asset as at 31 December 2010 was \$87.3 million, a drop of 8% from \$94.7 million as at 30 June 2010. The decrease in asset classified as held for sale and payment of dividend of \$6.8 million partially offset by the increase in project-in-progress, the receipt of proceeds from disposal of property and collection of receivables, led to the decrease in current assets.

Current liabilities and non-current liabilities

Total liabilities as at 31 December 2010 stood at \$44.6 million, a 14% decrease from \$51.7 million as at 30 June 2010. The decline was mainly attributed to repayment of bank borrowings during the financial period, which led to a 29% decrease in interest-bearing loans.

Non-controlling interests

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

Liquidity and Capital Reserves

The net cash inflow of the Group for financial period ended 31 December 2010 was \$1.5 million. This can be accounted by:

- (a) cash inflow of \$7.7 million for operating activities;
- (b) cash inflow of \$3.1 million for investing activities; and
- (c) cash outflow of \$9.3 million for financing activities.

The positive results in the quarter, coupled with the receipt of insurance claim income of \$2.8 million, cash flow from operating activities was an inflow of \$7.7 million in 1HFY2011.

The proceeds from disposal of property, plant and equipment led to the cash inflow for investing activities, while repayments of interest-bearing borrowings and payment of dividend during the financial period were the main reasons for the outflow of cash for financing activities.

As at 31 December 2010, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$38.4 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 remained cautiously optimistic over our business prospects for the rest of our financial year ended 30 Jun 2011 amidst moderate growth forecast for the global economy, semiconductor sales and capital expenditure for 2011 following a boom in 2010. While increasing outsourcing trend coupled with expansion plans and technology upgrades in the foundry space, logic and NAND Flash provided support to our businesses, we expect the ongoing normalization of inventories across the semiconductor and electronics manufacturing industries, general macroeconomic and financial uncertainties as well as the US dollar movement to potentially impact our businesses in the foreseeable future. We would, thus, continue with our close monitor of market situations to develop business opportunities and focus on our integration efforts to achieve greater efficiency and returns to our shareholders.