



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

Full Year Financial Statements and
Dividend Announcement for the year ended

30 June 2012

Statements of Financial Position

	Note	Group			Company		
		2012 \$'000	2011 \$'000	Var. %	2012 \$'000	2011 \$'000	Var. %
Non-current assets							
Property, plant and equipment	3	5,119	5,619	(9)	1	5	(80)
Intangible assets	4	35,735	33,210	8	-	2	(100)
Subsidiaries	5	-	-	-	83,313	84,123	(1)
Associates	6	8,780	7,917	11	4,868	4,868	-
Joint ventures		389	838	(54)	-	-	-
Financial assets	7	6,681	4,514	48	6,681	4,514	48
Trade and other receivables		6,204	4,695	32	-	-	-
Amounts due from related parties		-	-	-	-	433	(100)
Deferred tax assets		4,123	2,653	55	7	11	(36)
		<u>67,031</u>	<u>59,446</u>	13	<u>94,870</u>	<u>93,956</u>	1
Current assets							
Inventories		7,272	9,920	(27)	-	-	-
Project-in-progress		9,778	4,085	139	-	-	-
Trade and other receivables		32,164	33,797	(5)	264	362	(27)
Amounts due from related parties		77	385	(80)	13,034	13,704	(5)
Cash and cash equivalents	8	32,334	34,685	(7)	10,051	10,743	(6)
		<u>81,625</u>	<u>82,872</u>	(2)	<u>23,349</u>	<u>24,809</u>	(6)
Total assets		<u>148,656</u>	<u>142,318</u>	4	<u>118,219</u>	<u>118,765</u>	-
Equity attributable to Owners of the Company							
Share capital	9	88,773	88,240	1	88,773	88,240	1
Reserves	10	12,720	9,362	36	16,639	16,252	2
		<u>101,493</u>	<u>97,602</u>	4	<u>105,412</u>	<u>104,492</u>	1
Non-controlling interests		<u>1,756</u>	<u>1,657</u>	6	-	-	-
Total equity		<u>103,249</u>	<u>99,259</u>	4	<u>105,412</u>	<u>104,492</u>	1
Non-current liabilities							
Interest-bearing borrowings	11	3,595	4,272	(16)	-	903	(100)
Deferred tax liabilities		632	654	(3)	-	-	-
		<u>4,227</u>	<u>4,926</u>	(14)	<u>-</u>	<u>903</u>	(100)
Current liabilities							
Trade and other payables		34,070	30,485	12	850	1,274	(33)
Provisions		387	492	(21)	-	-	-
Amounts due to related parties		406	692	(41)	10,889	10,335	5
Interest-bearing borrowings	11	5,593	5,423	3	903	1,301	(31)
Redeemable convertible preference shares		78	78	-	-	-	-
Current tax payable		646	963	(33)	165	460	(64)
		<u>41,180</u>	<u>38,133</u>	8	<u>12,807</u>	<u>13,370</u>	(4)
Total liabilities		<u>45,407</u>	<u>43,059</u>	5	<u>12,807</u>	<u>14,273</u>	(10)
Total equity and liabilities		<u>148,656</u>	<u>142,318</u>	4	<u>118,219</u>	<u>118,765</u>	-

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

Consolidated Statement of Comprehensive Income

	Note	Group		
		2012 \$'000	2011 \$'000	Var. %
Revenue		144,290	175,723	(18)
Cost of revenue		(114,901)	(137,391)	(16)
Gross profit		29,389	38,332	(23)
Other income	12	1,134	4,932	(77)
Distribution expenses		(12,836)	(15,832)	(19)
Administrative expenses		(14,251)	(15,453)	(8)
Research and development expenses		(1,014)	(1,117)	(9)
Other expenses		(635)	(2,274)	(72)
Results from operating activities	12	1,787	8,588	(79)
Finance income		273	104	163
Finance expenses		(341)	(422)	(19)
Net finance expenses	13	(68)	(318)	(79)
Share of results of associates (net of tax)		328	850	(61)
Share of results of joint ventures (net of tax)		(479)	(126)	(280)
Profit before income tax		1,568	8,994	(83)
Income tax credit	14	694	853	(19)
Profit for the year		2,262	9,847	(77)
Other comprehensive income				
Exchange differences on translation of financial statements of foreign operations		3,595	(5,612)	164
Exchange differences on monetary items forming part of net investments in foreign operations		(1,621)	1,182	(237)
Net change in fair value of available-for-sale financial assets, net of tax		619	514	20
Exchange difference on disposal of subsidiaries reclassified to profit or loss		59	-	100
Other comprehensive income for the year, net of income tax		2,652	(3,916)	168
Total comprehensive income for the year		4,914	5,931	(17)
Profit/(Loss) attributable to:				
Owners of the Company		2,247	10,344	(78)
Non-controlling interests		15	(497)	103
Profit for the year		2,262	9,847	(77)
Total comprehensive income attributable to:				
Owners of the Company		4,815	6,490	(26)
Non-controlling interests		99	(559)	118
Total comprehensive income for the year		4,914	5,931	(17)
Earnings per share				
	15			
- Basic earnings per share (cents)		0.41	1.91	(79)
- Diluted earnings per share (cents)		0.41	1.87	(78)

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 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 year									
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
Issuance 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.

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 profits \$'000	Total attributable to Owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
30 June 2012									
Balance as at 1 July 2011	88,240	(11,720)	751	2,321	(13,864)	31,874	97,602	1,657	99,259
Total comprehensive income for the period									
Profit for the year	-	-	-	-	-	2,247	2,247	15	2,262
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	3,530	-	3,530	65	3,595
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(1,621)	-	(1,621)	-	(1,621)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	619	-	-	-	619	-	619
Exchange difference on disposal of subsidiaries reclassified to profit or loss	-	-	-	-	40	-	40	19	59
Total other comprehensive income	-	-	619	-	1,949	-	2,568	84	2,652
Total comprehensive income for the year	-	-	619	-	1,949	2,247	4,815	99	4,914
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issue of shares pursuant to the exercise of warrants	258	-	-	-	-	-	258	-	258
Issue of shares pursuant to the vesting of share awards									
- Value of employee services received	275	-	-	(275)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	347	-	-	347	-	347
Final dividend of 0.13 cents per share in respect of 2011	-	-	-	-	-	(710)	(710)	-	(710)
Special dividend of 0.15 cents per share in respect of 2011	-	-	-	-	-	(819)	(819)	-	(819)
Total contributions by and distributions to Owners	533	-	-	72	-	(1,529)	(924)	-	(924)
Total transactions with Owners	533	-	-	72	-	(1,529)	(924)	-	(924)
Balance as at 30 June 2012	88,773	(11,720)	1,370	2,393	(11,915)	32,592	101,493	1,756	103,249

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 profits \$'000	Total equity \$'000
30 June 2011					
Balance as at 1 July 2010	86,855	237	1,018	15,571	103,681
Total comprehensive income for the year					
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
30 June 2012					
Balance as at 1 July 2011	88,240	751	2,321	13,180	104,492
Total comprehensive income for the period					
Profit for the year	-	-	-	1,225	1,225
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	619	-	-	619
Total other comprehensive income	-	619	-	-	619
Total comprehensive income for the year	-	619	-	1,225	1,844
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	258	-	-	-	258
Issuance of shares pursuant to the vesting of share awards					
- Value of employee services received	275	-	(275)	-	-
Value of employee services received for issue of share options	-	-	347	-	347
Final dividend of 0.13 cents per share in respect of 2011	-	-	-	(710)	(710)
Special dividend of 0.15 cents per share in respect of 2011	-	-	-	(819)	(819)
Total transactions with Owners	533	-	72	(1,529)	(924)
Balance as at 30 June 2012	88,773	1,370	2,393	12,876	105,412

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

Consolidated Cash Flow Statement

	Group	
	2012	2011
	\$'000	\$'000
Operating Activities		
Profit for the year	2,262	9,847
Adjustments for:		
Allowance/(Reversal of allowance) for:		
- doubtful debts from trade receivables	138	(5)
- inventory obsolescence	1,394	86
Amortisation of intangible assets	513	440
Bad debts written off	4	4
Depreciation of property, plant and equipment	1,930	3,504
Government grant – Jobs Credit Scheme	-	(8)
Gain on disposal of:		
- property, plant and equipment	(340)	(64)
- asset classified as held for sale	-	(1,681)
Gain on disposal of subsidiaries	(49)	-
Interest income	(273)	(104)
Interest expenses	341	422
Property, plant and equipment written off	-	7
Inventories written off	42	51
Impairment/(Reversal of impairment) losses on:		
- property, plant and equipment	160	596
- intangible assets	2	3
- investment in associate	-	(1,850)
Impairment of goodwill	-	360
(Reversal of)/Provision for:		
- restructuring cost	(12)	(160)
- retrenchments benefits	142	(20)
- other liabilities arising from fire incident	-	(378)
Grant income	-	(150)
Share-based payment expense	347	1,419
Share of results of associates and joint ventures (net of tax)	151	(724)
Income tax credit	(694)	(853)
Operating profit before working capital changes	6,058	10,742
Changes in working capital:		
Inventories	708	(19)
Project-in-progress	(6,876)	(1,622)
Trade and other receivables	183	(1,922)
Amounts due from related parties (trade)	11	(3)
Trade and other payables	5,799	(1,038)
Amounts due to related parties (trade)	-	(1)
Restructuring cost paid	(24)	(276)
Retrenchment benefits paid	(142)	-
Other liabilities arising from fire incident paid	(40)	(223)
Insurance claim received	-	2,751
Placement of pledged deposits with financial institutions	(71)	(7)
Cash generated from operations	5,606	8,382
Interest received	273	104
Interest paid	(156)	(259)
Income taxes paid	(1,158)	(1,995)
Cash flows generated from operating activities	4,565	6,232

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

	Note	Group 2012 \$'000	Group 2011 \$'000
Investing activities			
Amounts due from related parties (non-trade)		225	(279)
Acquisition of additional interest in an associate		-	(149)
Additional capital injection in an associate ⁽³⁾		(119)	(196)
Net cash outflow on disposal of subsidiaries ⁽⁴⁾		(711)	-
Proceeds from disposal of:			
- property, plant and equipment		363	99
- asset classified as held for sale		-	4,359
Purchase of:			
- intangible assets		(2,379)	(1,148)
- other financial assets		(1,548)	-
- property, plant and equipment ⁽¹⁾⁽²⁾		(1,470)	(1,255)
Cash flows (used in)/generated from investing activities		(5,639)	1,431
Financing activities			
Amounts due to related parties (non-trade)		(191)	275
Dividend paid		(1,529)	(8,303)
Government grant – Jobs Credit Scheme received		-	8
Interest paid		(81)	(163)
Issuance of shares		258	1,269
Repayment of bank loans		(11,487)	(17,700)
Repayment of hire purchase and finance lease creditors		(221)	(504)
Proceed from bank loans		11,237	15,319
Cash flows used in financing activities		(2,014)	(9,799)
Net decrease in cash and cash equivalents		(3,088)	(2,136)
Cash and cash equivalents at beginning of year		33,001	36,280
Effect of exchange rate fluctuations on cash held		666	(1,143)
Cash and cash equivalents at end of year	8	30,579	33,001

Significant non-cash transaction

- (1) Property, plant and equipment amounting to \$Nil (2011: \$26,000) were acquired through hire purchase arrangements and finance lease.
- (2) The Group accrued reinstatement cost of \$Nil (2011: \$192,000) under property, plant and equipment.
- (3) The capital injection in an associate in 2012 includes a conversion of inter-company balance of Thai Baht 2,000,000 (\$82,000) and the balance of Thai Baht 2,900,000 (\$119,000) was paid in cash.
- (4) The effect of disposal of subsidiaries is set out below:

	Group 2012 \$'000	Group 2011 \$'000
Inventories	582	-
Trade and other receivables	1,956	-
Cash and cash equivalents	712	-
Trade and other payables	(1,257)	-
Amounts due to related parties	(2,100)	-
Non-controlling interests	19	-
Net identifiable assets disposed	(88)	-
Realisation of exchange translation reserves	40	-
Gain on disposal of subsidiaries	49	-
Cash proceed from disposal of subsidiaries	1	-
Less: Cash and cash equivalents disposed	(712)	-
Net cash outflow on disposal of subsidiaries	(711)	-

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 22 August 2012.

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 2011. In addition, the Group has adopted new/revised FRS and INT FRS that have become effective for the financial year beginning 1 July 2011 (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

From 1 July 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements.

There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

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 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
Additions	160	161	7	34	207	29	872	-	-	1,470
Disposal/Write off	-	(1,492)	(67)	(57)	(74)	(78)	(1,740)	(191)	(1)	(3,700)
Arising from disposal of subsidiaries	-	(107)	(62)	(56)	(115)	(43)	(2,280)	-	-	(2,663)
Reclassification to intangible assets	-	-	-	-	(266)	-	-	-	-	(266)
Translation difference on consolidation	86	82	13	-	89	6	964	-	-	1,240
At 30 June 2012	2,023	2,882	519	810	4,161	213	29,907	-	-	40,515
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 year	54	442	35	65	333	30	2,544	1	-	3,504
Impairment losses	-	57	-	5	7	-	527	-	-	596
Disposal/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

Group	Leasehold land and building \$'000	Leasehold improvement \$'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
Accumulated depreciation and impairment losses										
At 1 July 2011	181	3,695	524	789	3,901	237	29,317	171	-	38,815
Depreciation charge for the year	62	310	26	35	219	30	1,248	-	-	1,930
Impairment losses	-	28	-	2	-	3	127	-	-	160
Disposal/Write off	-	(1,503)	(51)	(49)	(63)	(48)	(1,792)	(171)	-	(3,677)
Arising from disposal of subsidiaries	-	(107)	(62)	(56)	(115)	(43)	(2,280)	-	-	(2,663)
Reclassification to intangible assets	-	-	-	-	(260)	-	-	-	-	(260)
Translation difference on consolidation	17	75	13	-	83	5	898	-	-	1,091
At 30 June 2012	260	2,498	450	721	3,765	184	27,518	-	-	35,396
Carrying amount										
At 1 July 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
At 30 June 2012	1,763	384	69	89	396	29	2,389	-	-	5,119

Leasehold land and building and plant and machinery of the Group with carrying amounts of \$Nil (2011: \$1,518,000) and \$Nil (2011: \$589,000), 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 \$151,000 (2011: \$308,000) 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 2010	62	47	75	184
Write off	-	(11)	(5)	(16)
At 30 June 2011 & 30 June 2012	62	36	70	168
Accumulated depreciation				
At 1 July 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
Depreciation charge for the year	-	-	4	4
At 30 June 2012	62	36	69	167
Carrying amount				
At 1 July 2010	-	1	8	9
At 30 June 2011	-	-	5	5
At 30 June 2012	-	-	1	1

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cost of revenue	1,374	2,809	-	-
Distribution expenses	185	175	-	-
Administrative expenses	329	373	4	4
Research and development expenses	42	147	-	-
	1,930	3,504	4	4

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 Group has impaired \$160,000 mainly due to the cessation of a business under the Distribution and Services solutions.

In the prior year, the impairment losses of \$596,000 on property, plant and equipment of the Distribution and Services solutions was recognised in profit or loss. The recoverable amounts of the property, plant and equipment were based on their value-in-use and the pre-tax discount rate used ranged from 11.9% to 19.8% for Distribution and Services solutions.

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

	Group	
	2012 \$'000	2011 \$'000
Cost of revenue	160	590
Administrative expenses	-	6
	160	596

4. Intangible Assets

Group	Computer software \$'000	Technology licence \$'000	Intellectual property \$'000	Development expenditure \$'000	Goodwill \$'000	Total \$'000
Cost						
At 1 July 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
Additions	7	-	81	2,291	-	2,379
Disposal	(1)	-	-	-	-	(1)
Arising from disposal of subsidiaries	(244)	-	-	-	-	(244)
Reclassification from property, plant and equipment	266	-	-	-	-	266
Translation difference on consolidation	8	68	208	75	379	738
At 30 June 2012	627	1,987	6,094	3,247	27,508	39,463
Accumulated amortisation and impairment losses						
At 1 July 2010	373	510	1,260	-	384	2,527
Amortisation for the year	51	78	311	-	-	440
Impairment losses	3	-	-	-	360	363
Translation difference on consolidation	(3)	(59)	(153)	-	-	(215)
At 30 June 2011	424	529	1,418	-	744	3,115
Amortisation for the year	94	101	306	12	-	513
Impairment losses	2	-	-	-	-	2
Disposal	(1)	-	-	-	-	(1)
Arising from disposal of subsidiaries	(244)	-	-	-	-	(244)
Reclassification from property, plant and equipment	260	-	-	-	-	260
Translation difference on consolidation	6	21	56	-	-	83
At 30 June 2012	541	651	1,780	12	744	3,728
Carrying amount						
At 1 July 2010	90	1,644	5,161	-	28,048	34,943
At 30 June 2011	167	1,390	4,387	881	26,385	33,210
At 30 June 2012	86	1,336	4,314	3,235	26,764	35,735

Company	Computer software \$'000
Cost	
At 1 July 2010, 30 June 2011 & 30 June 2012	<u>21</u>
Accumulated amortisation	
At 1 July 2010	16
Amortisation for the year	<u>3</u>
At 30 June 2011	19
Amortisation for the year	<u>2</u>
At 30 June 2012	<u>21</u>
Carrying amount	
At 1 July 2010	<u>5</u>
At 30 June 2011	<u>2</u>
At 30 June 2012	<u>-</u>

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cost of revenue	418	396	-	-
Distribution expenses	-	1	-	-
Administrative expenses	95	43	2	3
	<u>513</u>	<u>440</u>	<u>2</u>	<u>3</u>

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	
	2012 \$'000	2011 \$'000
Probe Card solutions	11,370	10,991
Distribution and Services solutions	15,394	15,394
	<u>26,764</u>	<u>26,385</u>

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 of 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 %
2012		
Probe Card solutions	6.6	13.7
Distribution and Services solutions	5.8	14.2
	<u>5.8</u>	<u>14.2</u>
2011		
Probe Card solutions	8.1	14.1
Distribution and Services solutions	0 – 15.5	11.9 – 19.8
	<u>0 – 15.5</u>	<u>11.9 – 19.8</u>

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

In the prior year, the Company recognised impairment losses of \$360,000 on the goodwill 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 of 11.05%.

Certain intangible assets under Distribution and Services solutions were also impaired by \$2,000 (2011: \$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	
	2012 \$'000	2011 \$'000
Cost of revenue	2	2
Administrative expenses	-	1
Other operating expenses	-	360
	<u>2</u>	<u>363</u>

5. Subsidiaries

A wholly-owned subsidiary, iNETest Resources Pte Ltd, disposed all its interests in Testel Solutions Pte Ltd ("Testel") and Testel's subsidiaries to a third party for a cash consideration of \$1,000 in December 2011.

6. Associates

Upon a capital call by an associate, IRC Technologies Ltd, the Group through a wholly-owned subsidiary, iNETest Resources Pte Ltd, injected capital of Thai Baht 4,900,000 (\$201,000) in the associate according to its proportionate interest in the associate. Total consideration was paid by way of a conversion of inter-company balance of Thai Baht 2,000,000 and the balance of Thai Baht 2,900,000 was paid in cash. After the capital injection, the effective interest held by the Group in the associate remains unchanged.

7. Financial Assets

In October 2011, the Company purchased additional 49,948,000 shares in JEP Holding Ltd ("JEP") for a total consideration of \$1,548,000. This resulted in the Company's interest in JEP to increase to 175,365,000 shares. As at 30 June 2012, the Company's interest in JEP was approximately 18.9%.

8. Cash and Cash Equivalents

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at banks and in hand		25,039	28,673	4,544	6,440
Deposits with financial institutions		<u>7,295</u>	<u>6,012</u>	<u>5,507</u>	<u>4,303</u>
		32,334	34,685	10,051	10,743
Deposits held as securities by financial institutions	11	<u>(1,755)</u>	<u>(1,684)</u>		
Cash and cash equivalents in the consolidated cash flow statement		<u>30,579</u>	<u>33,001</u>		

9. Share Capital

	Group and Company	
	No. of shares 2012 '000	No. of shares 2011 '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July	542,910	514,228
Issuance of shares pursuant to the exercise of warrants	7,384	26,032
Issuance of shares pursuant to the exercise of share options	-	2,650
Issuance of shares pursuant to the exercise of share awards	<u>2,500</u>	<u>-</u>
At 30 June	<u>552,794</u>	<u>542,910</u>

The Group had not acquired any treasury shares for the financial year ended 30 June 2012. There are no treasury shares held by the Group as at 30 June 2012 and 30 June 2011.

Warrants

Warrants expired on 20 January 2012, 5.00 pm and de-listed from SGX-ST on 25 January 2012.

As at 30 June 2012, there were outstanding warrants of Nil (2011: 8,517,000) which entitle warrant holders to subscribe Nil (2011: 8,517,000) new ordinary shares at an exercise price of \$0.035 per share.

Options

As at 30 June 2012, there were 20,150,000 (2011: 23,050,000) and 18,350,000 (2011: 20,500,000) outstanding options with exercise price of \$0.135 per share and \$0.14 per share, respectively.

Awards

On 1 July 2011, 2,500,000 shares were issued for the awards vested on 30 June 2011.

At 30 June 2012, there were no outstanding awards (2011: 2,500,000).

10. Reserves

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Capital reserve	(11,720)	(11,720)	-	-
Fair value reserve	1,370	751	1,370	751
Share-based compensation reserve	2,393	2,321	2,393	2,321
Exchange translation reserve	(11,915)	(13,864)	-	-
Accumulated profits	32,592	31,874	12,876	13,180
	<u>12,720</u>	<u>9,362</u>	<u>16,639</u>	<u>16,252</u>

11. Interest-Bearing Borrowings

Interest-bearing borrowings consist of the following:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current liabilities				
Secured bank loans	-	29	-	-
Unsecured bank loans ⁽¹⁾	3,520	4,127	-	903
Obligations under hire purchase agreements and finance leases	75	116	-	-
	<u>3,595</u>	<u>4,272</u>	<u>-</u>	<u>903</u>
Current liabilities				
Secured bank loans	-	305	-	-
Unsecured bank loans ⁽¹⁾	5,544	4,889	903	1,301
Obligations under hire purchase agreements and finance leases	49	229	-	-
	<u>5,593</u>	<u>5,423</u>	<u>903</u>	<u>1,301</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	
	2012 \$'000	2011 \$'000
Within 1 year	5,544	5,194
After 1 year but within 5 years	3,520	4,156
	<u>9,064</u>	<u>9,350</u>

The borrowings are secured on the following assets:

	Note	Group	
		2012 \$'000	2011 \$'000
Leasehold land and building	3	-	1,518
Plant and machinery	3	-	589
Deposits with financial institutions	8	1,755	1,684
Total carrying amount		<u>1,755</u>	<u>3,791</u>

Obligations under hire purchase agreements and finance leases:

Group	2012			2011		
	Principal \$'000	Interest \$'000	Payment \$'000	Principal \$'000	Interest \$'000	Payment \$'000
Repayable within 1 year	49	7	56	229	13	242
Repayable after 1 year but within 5 years	75	5	80	116	22	138
	<u>124</u>	<u>12</u>	<u>136</u>	<u>345</u>	<u>35</u>	<u>380</u>

12. Results from Operating Activities

	Group	
	2012 \$'000	2011 \$'000
Other income		
Rental income	53	112
Sundry income	680	500
Changes in fair value of financial derivatives	-	9
Grant income	-	150
Government grant – Jobs Credit Scheme	-	8
Gain on disposal of:		
- property, plant and equipment	340	64
- asset classified as held for sale	-	1,681
Gain on disposal of subsidiaries	49	-
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	12	180
	<u>1,134</u>	<u>4,932</u>
Other expenses		
Depreciation of property, plant and equipment	1,930	3,504
Amortisation of intangible assets	513	440
Allowance/(Reversal of allowance) for:		
- doubtful trade receivables	138	(5)
- inventory obsolescences	1,394	86
Inventories written off	42	51
Bad debts written off	4	4
Property, plant and equipment written off	-	7
Impairment loss on:		
- property, plant and equipment	160	596
- intangible assets	2	3
Impairment of goodwill	-	360
Loss on liquidation of a subsidiary	-	69
Operating lease expenses	2,621	3,643
Retrenchment benefits	142	-
Share-based payments expenses	347	1,419
Exchange loss, net	516	1,684

The decrease in depreciation charge of property, plant and equipment in 2012 was due to certain plant and machinery were fully depreciated towards the end of the previous financial year.

13. Net Finance Expenses

	Group	
	2012 \$'000	2011 \$'000
Finance income		
Interest income from:		
- financial institutions	44	72
- third parties	8	32
- Interest income arising from the unwinding discount implicit in the third parties receivables	221	-
	<u>273</u>	<u>104</u>
Finance expenses		
Interest expenses to:		
- hire purchase arrangements and finance leases	(23)	(41)
- financial institutions	(201)	(352)
- affiliates	(4)	(24)
- non-controlling interest	(9)	(5)
- Interest expenses arising from the discount implicit in the interest-free third party receivable	(104)	-
	<u>(341)</u>	<u>(422)</u>
Net finance expenses recognised in profit or loss	<u>(68)</u>	<u>(318)</u>

14. Income Tax Credit

	Group	
	2012 \$'000	2011 \$'000
Current tax expense/(credit):		
- current year	460	1,230
- withholding tax	343	159
- overprovision in prior year	(76)	(1,686)
	<u>727</u>	<u>(297)</u>
Deferred tax credit:		
- original and reversal of temporary differences	(49)	(668)
- underprovision in prior year	(172)	112
- recognition of previously unrecognised tax losses	(1,200)	-
	<u>(1,421)</u>	<u>(556)</u>
Total income tax credit	<u>(694)</u>	<u>(853)</u>

15. Earnings Per Share

	Group	
	2012 \$'000	2011 \$'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	<u>2,247</u>	<u>10,344</u>
Weighted average number of:		
- shares outstanding during the year	542,910	514,228
- shares issued during the year:		
- pursuant to the exercise of warrants	5,976	24,412
- pursuant to the exercise of share options	-	1,797
- pursuant to the exercise of share awards	2,500	-
	<u>551,386</u>	<u>540,437</u>

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, warrants and awards 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:

	Group	
	2012 No. of shares '000	2011 No. of shares '000
Weighted average number of shares issued, used in calculation of basic earnings per share	551,386	540,437
Dilutive effect of warrants	-	11,390
Dilutive effect of share awards	-	2,123
Weighted average number of ordinary shares (diluted)	551,386	553,950

As at 30 June 2012, 38,500,000 (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 cents	Company cents
Net asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2012	18.36	19.07
(b) 30 June 2011	17.98	19.25
Net tangible asset value per ordinary share based on issued share capital of the Company as at		
(a) 30 June 2012	11.90	19.07
(b) 30 June 2011	11.86	19.25

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

Group	2012 \$'000	2011 \$'000	Variance %
Revenue reported for first half year	68,402	87,239	(22)
Operating (loss)/profit after tax before deducting non-controlling interests for first half year	(1,591)	4,972	(132)
Revenue reported for second half year	75,888	88,484	(14)
Operating profit after tax before deducting non-controlling interests for second half year	3,853	4,875	(21)

18. Dividends

18.1 Dividend Paid

The resolution in respect of the final and special dividend declared for the financial year ended 30 June 2011 was approved at the Company's Annual General Meeting convened on 19 October 2011. The final 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 was paid on 16 November 2011.

In the prior year, 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)

	2012	2011
Name of dividend	Final (Proposed)	Final (Declared)
Dividend type	Cash	Cash
Dividend rate	0.16 cents per ordinary share	0.13 cents per ordinary share
Tax	Tax exempt (One-Tier)	Tax exempt (One-Tier)

Name of dividend	N.A	Special (Declared)
Dividend type	N.A	Cash
Dividend rate	N.A	0.15 cents per ordinary share
Tax	N.A	Tax exempt (One-Tier)

Date payable

The final dividend proposed, if approved at the Seventeenth Annual General Meeting, will be payable on 15 November 2012.

Book closure date

The book closure date is 29 October 2012, after 5.00 pm.

18.3 Annual Dividend

	Net Dividend	
	2012 \$'000	2011 \$'000
Ordinary shares		
Interim dividend	-	706
Special dividend at half year	-	814
Final dividend ⁽¹⁾	884	710
Special dividend at full year	-	819
	<u>884</u>	<u>3,049</u>

⁽¹⁾ The final dividend for 2012 is estimated based on the number of ordinary shares issued by the Company as at 30 June 2012. This dividend has not been provided for in the financial statements.

19. Significant Related Party Transactions

Significant transactions with related parties are as follows:

	Group	
	2012 \$'000	2011 \$'000
Sales and service income:		
- joint ventures	211	9
- associate	131	145
- other affiliates	914	549
Purchases from:		
- joint ventures	-	(64)
- other affiliates	-	(35)
Service fee paid to an associate	(207)	-

	Group	
	2012 \$'000	2011 \$'000
Management fee paid to other affiliate	-	(23)
Interest expenses paid to:		
- affiliate ⁽¹⁾	(4)	(24)
- non-controlling interest of subsidiary	(9)	(5)
Rental expenses paid to:		
- director	(125)	(117)
- associate	(3)	(38)
- non-controlling interest of subsidiary	(50)	(50)
- other affiliate	(147)	(143)
Services rendered by:		
- affiliate ⁽¹⁾	(10)	(151)
Property, plant and equipment purchased:		
- affiliate ⁽¹⁾	-	(90)

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

There is no managerial position in the Company or its principal subsidiaries, who is a family member or relative of a director, chief executive officer or substantial shareholder of the Company 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.

The Company does not have any general mandate from shareholders for interested person transaction.

21. Commitments

Lease Commitments

As at 30 June 2012, commitments of the Group for minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2012 \$'000	2011 \$'000
Receivable:		
Within 1 year	2	44
After 1 year but within 5 years	5	7
	<u>7</u>	<u>51</u>
Payable:		
Within 1 year	1,390	2,278
After 1 year but within 5 years	1,126	1,480
	<u>2,516</u>	<u>3,758</u>

Corporate guarantees

At the balance sheet date, the Company provided corporate guarantee amounting to \$17,886,000 (2011: \$19,859,000) to banks for banking facilities of \$23,717,000 (2011: \$18,959,000) made available to its subsidiaries, of which the subsidiaries have utilised \$9,145,000 (2011: \$8,636,000).

22. Other information

Reportable segments

Group	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue and Expense								
Total revenue from external customers	108,970	132,122	35,320	43,601	-	-	144,290	175,723
Inter-segment revenue	391	984	264	417	(655)	(1,401)	-	-
	<u>109,361</u>	<u>133,106</u>	<u>35,584</u>	<u>44,018</u>			<u>144,290</u>	<u>175,723</u>
Segment results	(16)	2,009	1,497	6,917	-	-	1,481	8,926
Unallocated corporate results							306	(338)
							<u>1,787</u>	<u>8,588</u>
Share of results of associates and joint ventures								
- allocated to reportable segment	65	489	162	355	-	-	227	844
- unallocated corporate & other							(378)	(120)
Profit before finance income/(expenses) and income tax							1,636	9,312
Finance income							273	104
Finance expenses							(341)	(422)
Income tax credit							694	853
Non-controlling interests							(15)	497
Profit for the year attributable to Owners of the Company							<u>2,247</u>	<u>10,344</u>
Assets and Liabilities								
Segment assets	73,831	71,638	43,034	42,391	-	-	116,865	114,029
Investments in associates								
- allocated to reportable segment	2,234	1,874	6,546	6,043	-	-	8,780	7,917
Investments in joint ventures								
- allocated to reportable segment	75	174	-	-	-	-	75	174
- unallocated corporate & others							314	664
Tax receivables	131	39	-	3	-	-	131	42
Deferred tax assets	1,245	125	2,871	2,517	-	-	4,116	2,642
Unallocated corporate assets							18,375	16,850
Total assets							<u>148,656</u>	<u>142,318</u>
Segment liabilities	29,810	26,291	4,235	4,168	-	-	34,045	30,459
Interest-bearing borrowings	8,094	6,657	191	834	-	-	8,285	7,491
Income tax liabilities	270	459	843	826	-	-	1,113	1,285
Unallocated corporate liabilities							1,964	3,824
Total liabilities							<u>45,407</u>	<u>43,059</u>
Capital expenditure								
- allocated to reportable segment	280	1,161	3,569	1,460	-	-	3,849	2,621

	Distribution & Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other non-cash items								
Depreciation of property, plant and equipment								
- allocated to reportable segment	576	733	1,350	2,767	-	-	1,926	3,500
- unallocated corporate expenses							4	4
							<u>1,930</u>	<u>3,504</u>
Amortisation of intangible assets								
- allocated to reportable segment	84	48	427	389	-	-	511	437
- unallocated corporate expenses							2	3
							<u>513</u>	<u>440</u>
Gain on disposal of property, plant and equipment								
- allocated to reportable segment	(293)	(55)	(47)	(9)	-	-	(340)	(64)
Property, plant and equipment written off								
- allocated to reportable segment	-	7	-	-	-	-	-	7
Gain on disposal of asset classified as held for sale								
- allocated to reportable segment	-	(1,681)	-	-	-	-	-	(1,681)
Allowance/(Reversal of allowance) for inventory obsolescence								
- allocated to reportable segment	1,130	(99)	264	185	-	-	1,394	86
Inventories written off								
- allocated to reportable segment	-	14	42	37	-	-	42	51
Allowance/(Reversal of allowance) for doubtful trade receivables								
- allocated to reportable segment	148	-	(10)	(5)	-	-	138	(5)
Bad debts written off								
- allocated to reportable segment	4	4	-	-	-	-	4	4
Impairment loss on property, plant and equipment								
- allocated to reportable segment	160	596	-	-	-	-	160	596
Impairment loss on other intangible assets								
- allocated to reportable segment	2	3	-	-	-	-	2	3
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)

Geographical segments

Group	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	52,508	51,780	27,915	32,546	36,105	51,016	17,598	21,091	3,200	3,508	6,964	15,782	144,290	175,723
Non-current segment assets	28,075	23,285	3,710	4,033	6,292	6,771	7,577	7,995	17	18	1,387	1,422	47,058	43,524
Investments in associates	-	-	2,234	1,874	-	-	-	-	-	-	6,546	6,043	8,780	7,917
Investments in joint ventures	-	-	75	174	314	664	-	-	-	-	-	-	389	838
Investments in other financial assets	6,488	4,389	-	-	-	-	-	-	193	125	-	-	6,681	4,514
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	4,123	2,653
Total non-current assets	34,563	27,674	6,019	6,081	6,606	7,435	7,577	7,995	210	143	7,933	7,465	67,031	59,446
Capital expenditure	2,519	1,913	351	299	162	213	738	172	5	6	74	18	3,849	2,621

23. Subsequent events

Subsequent to balance sheet date, the Company increased its investments in two wholly-owned subsidiaries:

- (a) Ellipsiz DSS Pte Ltd ("EDSS") by subscribing for new shares at an aggregate subscription price of \$4,500,000. The share subscription consideration is settled by way of capitalizing inter-company trade and non-trade debts due to the Company; and
- (b) iNETest Resources Pte Ltd ("IRPL") by transferring its legal and beneficial interests in its wholly-owned subsidiary, iNETest Malaysia Sdn Bhd ("IMS B"), to IRPL in exchange of 2,200,000 new shares in IRPL.

Upon completion of the above exercises, the Company's interests in EDSS, IRPL and IMSB remain unchanged at 100%.



Ellipsiz Ltd and its Subsidiaries
Registration Number: 199408329R

Financial Statements and Dividend Announcement for
full year ended

30 June 2012

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

The Group had revenue of \$144.3 million for the year ended 30 June 2012 (FY2012). This was a decline of 18% compared to the previous financial year (FY2011). Both business segments attained lower revenue in FY2012 with Probe Card solutions (PCS) experiencing a decrease of 19% and Distribution & Services solutions (DSS) had a decline of 18%.

The macroeconomic uncertainties, especially in the US and Europe; the excess inventories built up after the tight capacity situation in 2010; and the adoption of more conservative capital spending by some customers in view of the global uncertainties, had affected the performance of the Group and leading to lower revenue from operations in most of the regions. Keen price competition and currency risk continues to pose challenges to the Group. Other than Singapore and Europe, most of the regions that the Group operates in experienced declines of more than 10%.

Revenue for the last quarter of the financial year (4QFY2012) however was the strongest quarter in the year with revenue of \$44.4 million. This was just 1% below the performance in the corresponding quarter of the previous financial year.

Gross profit attained in FY2012 was \$29.4 million, a drop of 23% over \$38.3 million in FY2011. Gross profit margin decreased by 2% to 20%. During the year, the Group has made the decision to cease one of its less profitable activities, the pump refurbishment activity in Taiwan. This resulted in the recording of a one-time impairment expense of \$2.0 million on the carrying amounts of related inventory as well as plant and equipment and the recording of warranty compensation and severance cost in the cost of sales. Excluding this one-time expense, the gross profit margin for the year was 22%.

Gross profit margin (excluding the one-time charges) for 4QFY2012 was at 22% and this was consistent with the margin attained in the corresponding quarter of previous financial year.

Other income

Other income decreased by 77% from \$4.9 million in FY2011 to \$1.1 million in FY2012 mainly due to the non-recurrence of FY2011's gain of \$1.7 million from the disposal of asset classified as held for sale and reversal of impairment of investment in an associate of \$1.9 million.

Operating expenses

Total operating expenses decreased by 17% from \$34.7 million to \$28.7 million in FY2012. The lower expenses resulting from the disposal of fixturing businesses in December 2011 and the cessation of pump refurbishment activities in January 2012, the capitalisation of higher development costs, the incurrance of lower exchange losses (FY2012: \$0.5 million and FY2011: \$1.7 million) and lower share-based payment expenses were the main causes for the decrease in operating expenses.

Finance expenses

Due to the lower interest-bearing borrowings, finance expenses incurred in FY2012 was 19% lower than that incurred in the previous financial year.

Share of results of associates and joint ventures

The Group recorded profits of \$0.3 million from share of results from associates and losses of \$0.5 million from share of results from its joint ventures in FY2012.

Income taxes

In FY2012, the Group had tax credit of \$0.7 million, comprised mainly the deferred tax credit of \$1.2 million, partially offset by current year tax expenses of \$0.5 million.

Net profit attributable to Owners of the Company

The Group had net profits after taxes and non-controlling interests of \$2.2 million for the year as compared to the net profits of \$10.3 million in FY2011.

Current year's net profits included one-time expenses relating to the cessation of the Group's pump refurbishment activity in Taiwan that amounted to approximately \$2.2 million. Excluding the one-time expenses, the Group's net profit was \$4.4 million in FY2012. Net profits for the previous financial year was \$7.2 million, after excluding certain one-time net income of \$3.1 million, mainly from gain on disposal of asset classified as held for sale, reversal of impairment on investment in an associate, partially offset by impairment provision on carrying amounts of plant and machinery as well as goodwill. The lower gross profits mainly resulting from the decline in revenue, partially offset by the decrease in operating expenses, were the main causes that led to the negative variance of \$2.8 million in net profits.

Financial Conditions

Non-current assets

The non-current assets increased by 13% from \$59.4 million to \$67.0 million. This is attributable to share of results and translation gains relating to the Group's investment in associates, increase in trade and other receivables (non-current portion), additional investment in financial assets as well as increase in deferred tax assets of the Group during the financial year.

Current assets

Total current asset as at 30 June 2012 was \$81.6 million, a marginal drop of 2% from \$82.9 million as at 30 June 2011. Lower inventories (mainly due to the provision of stock obsolescence of inventory arising from the decision to cease the pump refurbishment activities) and the decreased cash and cash equivalents, partially offset by higher project-in-progress as of balance sheet date were the main causes for the 2% decline in current assets. The decrease in cash and cash equivalents was mainly due to the purchase of financial assets and payment of dividend.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2012 stood at \$45.4 million, a 5% increase from \$43.1 million as at 30 June 2011. The increase was mainly attributed to the increase in trade and other payables, partially offset by lower interest-bearing borrowings and current tax payable.

Liquidity and Capital Reserves

The net cash outflow of the Group for the year ended 30 June 2012 was \$3.1 million. This can be accounted by:

- (a) cash inflow of \$4.5 million for operating activities;
- (b) cash outflow of \$5.6 million for investing activities; and
- (c) cash outflow of \$2.0 million for financing activities.

The operating profit before working capital changes in the year, coupled with the decrease in inventories and increase in payables, partially offset by the increase in project-in-progress and payment of tax during the year, led to the cash inflow from operating activities of \$4.5 million.

The purchase of additional plant and equipment, intangible assets and financial asset were the key reasons for the negative cashflow of \$5.6 million for investing activities, while payment of dividend during the year and net repayment of interest-bearing borrowings were the main reasons for the outflow of cash for financing activities.

As at 30 June 2012, the Group's cash and cash equivalents position (including fixed deposits held as securities) was \$32.3 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.

Market conditions have not significantly changed since the last quarterly update. We remained cautious over our business prospects for the rest of 2012. The worldwide semiconductor market is expected to grow by 0.4% to US\$301 billion in 2012 (source: WSTS Spring 2012 forecast, 5 June 2012). Meanwhile, SIA ("Semiconductor Industry Association") had reported 1.4% growth in global semiconductor sales to US\$24.4 billion in May. The growth marked the third consecutive month of sales growth and the longest streak of sequential monthly growth since September 2010, thus, lending support to modest growth in 2012 with sluggish global economy being the substantial headwinds that limit robust growth. The global semiconductor equipment sale is expected to contract by 2.6% to US\$42.2 billion in 2012, of which the wafer processing equipment is expected to decline by 3.8% to US\$33 billion in 2012. The Group would, therefore, continue with our focus on business fundamentals and re-engineering to harness our agility and to position for the growth projected in 2013 and 2014.