ellipsiz
ANNUAL REPORT 2006

Sharing the Blossoms that **Bloom Today,**
Sowing the Seeds that **Flourish Tomorrow**

vision

We aim to be the best creator of value for our customers, business partners and stakeholders in the semiconductor markets that we participate in.

mission

To enable our customers and business partners in the semiconductor industry to achieve their goals optimally, we offer innovative and integrated solutions.

contents

Ellipsiz is a leading probe card company and manufacturing solutions provider. We serve the semiconductor and electronics manufacturing services (EMS) industries. Our four core businesses are probe card manufacturing, wafer reclaim, equipment distribution & services and test & inspection-related services for printed circuit board assemblies (PCBAs).

We are among the top probe card companies in the world and a leading player in Asia for wafer reclaim. Ellipsiz currently has operations in Singapore, Malaysia, Taiwan, Vietnam, China, France and USA and a global network of sales and customer support centres.

Ellipsiz is listed on the main board of the Singapore Exchange. We employ more than 1,300 people worldwide and achieved revenue of S$186.0 million and net profit of S$26.1 million for the financial year ended 30 June 2006.

Harnessing the Power of Forward Solutions

Fabless Solutions

We design and manufacture a complete range of probe cards which are essential consumable tools in semiconductor wafer testing.

Wafer Fab Solutions

We offer a comprehensive range of services to chipmakers and wafer fabs, including semiconductor equipment distribution, wafer reclaim, facilities, pump refurbishment and consumables.

Manufacturing Test Solutions

We provide PCBA test and inspection solutions to Electronics Manufacturing Services companies and Original Design Manufacturers.

FY : Financial Year **FS** : Fabless Solutions **WFS** : Wafer Fab Solutions **MTS** : Manufacturing Test Solutions

Nurturing Strength and Capabilities

Ellipsiz has arrived at its success today through the nurturing of talents and capabilities to deliver on our strategy, time after time. We remain committed to cultivating a strong team of global professionals with talent and drive, as well as developing new competencies and solutions that will shape the future of the markets we participate in.

Releasing the Potential to Reach Beyond

In FY2006, we continued to demonstrate the strength of our business model, the validity of our strategies and our ability to execute those strategies. Moving forward, our robust portfolio of service and product offerings, strong global presence, proven strategies and innovation plant us firmly in a position to seize opportunities that will continue to create value for stakeholders.

Letter to Shareholders

Left to right: Matthew Chan, Xavier Chong, Dr. Foo See Liang

Dear Shareholders,

FY2006 was another year of solid growth for Ellipsiz. Net profit for the year jumped 145% to S$26 million, while revenue grew 57% over FY2005 to S$186 million. The compound annual growth rate (CAGR) of our revenue between FY2002 and FY2006 was 47%.

Our four core businesses: wafer probe cards, wafer reclaim, equipment distribution & services, and PCBA test & inspection – related services continued to deliver strong and consistent growth. The growth trajectory is propelled by organic business engines as well as strategic acquisitions and divestment.

During the year, we implemented several strategic initiatives to strengthen our business structure for sustainable growth with strong recurrent revenue. They include the full acquisition of iNETest Resources (in 2 stages), the acquisition of the wafer test assets of Kulicke and Soffa (K&S), the divestment of our interests in EEMS Asia, and the acquisition of the remaining 50% shares of SV Probe (our wafer probe subsidiary) from minority shareholders. These initiatives are far-reaching in transforming Ellipsiz into a global company with strong fundamentals moving forward. For example, the acquisition of the K&S wafer test assets by SV Probe expanded our product breadth and depth, as well as afforded us the scale and technology to engage top-tier chipmaking and chip-design companies. More significantly, it further strengthened SV Probe's position as one of the top probe card makers in the world. With 100% ownership in all our key subsidiaries, we can now fully tap their potential to achieve long term stability and growth for Ellipsiz.

We look forward to FY2007 with great anticipation. This is a year in which we expect to reap the benefits of our strategic initiatives in FY2006. We are cautiously optimistic, despite the darkening global macroeconomic picture and lowered forecasts for the technology industry. With a more robust and scalable business model in place, we believe Ellipsiz will continue to do well moving forward.

The Board of Directors is pleased to declare a final dividend of 0.5 cent per share for FY2006. Together with the 0.5 cent per share interim dividend, this brings total dividends for FY2006 to 1.0 cent per share. We aim to continue to generate tangible returns for our shareholders.

Finally, we would like to thank our shareholders for their strong support over the years. We would also like to extend our gratitude to our customers, suppliers and business partners for their continuing support. Last, but not least, a big Thank You to all our employees for their hard work and dedication.

Matthew Chan
Executive Chairman

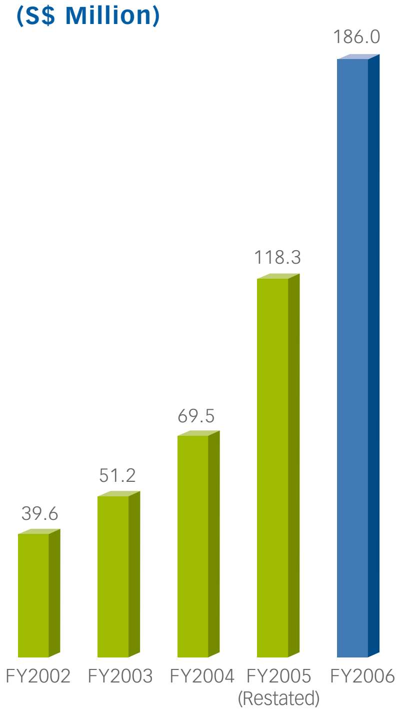
Foo See Liang
Co-Chairman

Xavier Chong
Chief Executive Officer

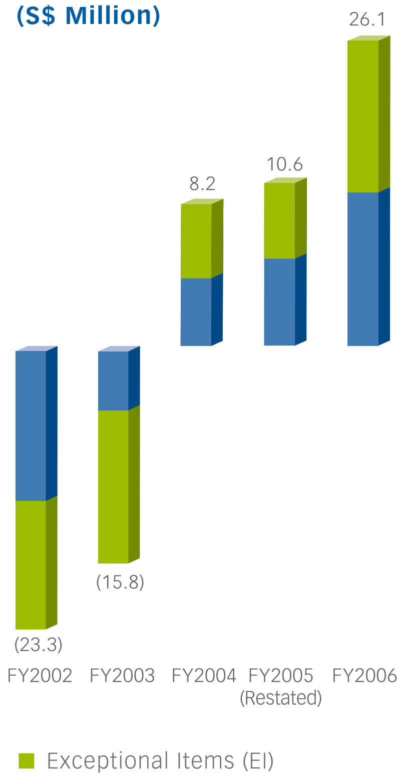
Financial Highlights

Financial year ended 30 June

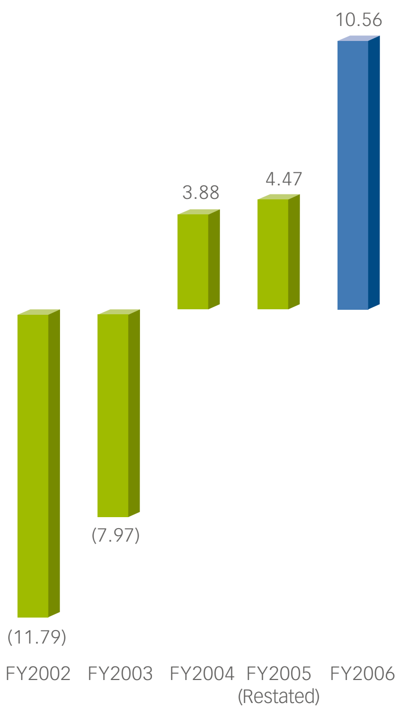
Revenue (S$ Million)



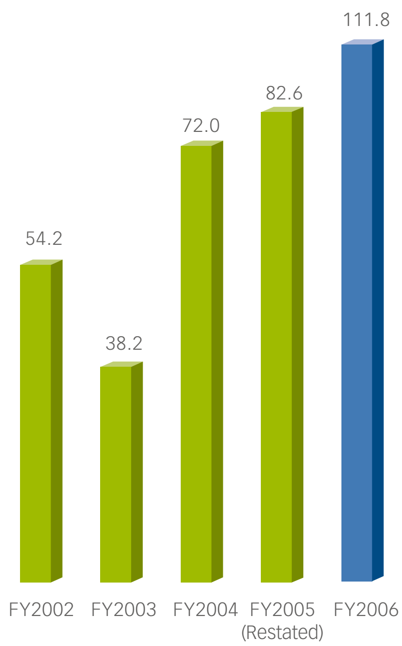
Profit after Tax & Minority Interest (S$ Million)



Basic Earnings Per Share (Singapore Cents)



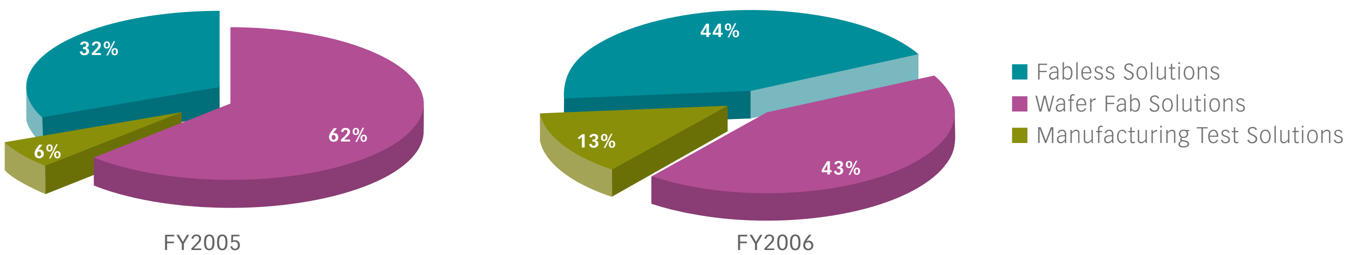
Shareholders' Equity (S$ Million)



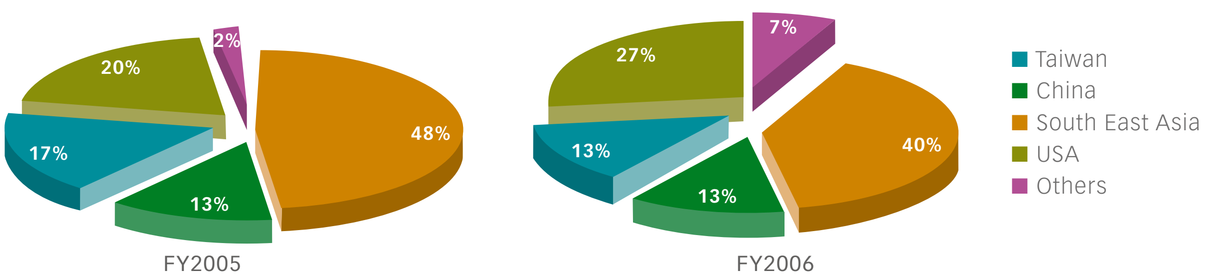
Key Financial Ratios

Financial Year ended 30 June	FY2002	FY2003	FY2004	FY2005 (Restated)	**FY2006**
Profitability (%)					
Gross Profit Margin	7.4	8.1	19.7	32.7	**30.5**
Profit Before Tax Margin	(58.3)	(35.5)	12.6	13.7	**22.0**
Net Earnings Margin	(58.9)	(30.8)	11.8	9.0	**14.0**
Return on Equity	(43.1)	(41.3)	11.4	12.9	**23.3**
Return on Total Assets	(29.3)	(28.7)	8.1	8.0	**12.9**
Liquidity (times)					
Current ratio	2.8	3.3	3.8	2.6	**1.5**
Quick ratio	2.6	3.1	3.7	2.3	**1.2**
Leverage (%)					
Gross Debt / Equity	6.4	2.9	10.3	11.6	**13.6**
Efficiency (days)					
Debtors turnover	167.0	73.0	84.0	83.0	**72.0**
Others (Singapore cents)					
Gross Dividend per share	–	–	0.6875	1.0	**1.0**
NAV per share	27.4	19.3	30.3	34.6	**44.9**

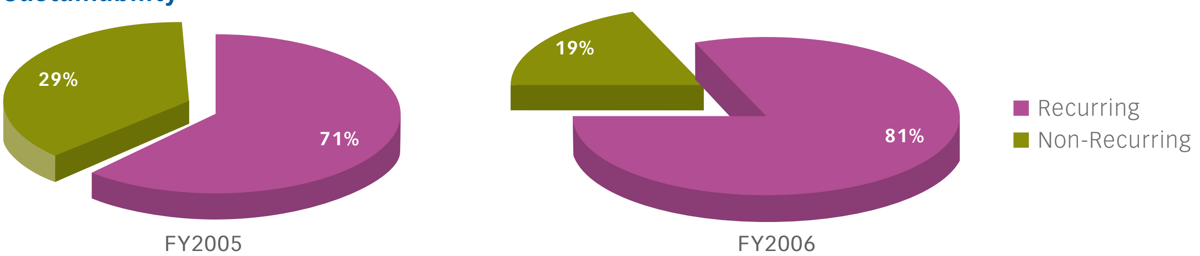
Revenue by Business Division (%)



Revenue by Region



Sustainability



REVENUE
S$118.3 Million

REVENUE
S$186.0 Million

Operations Review

FABLESS SOLUTIONS

Our Fabless Solutions division comprises SV Probe Pte Ltd, a wholly-owned subsidiary of Ellipsiz Ltd. SV Probe is a leading global probe-card company that counts world-class chipmakers and chip designers including Intel and Texas Instruments among its customers. SV Probe works closely with customers to design, develop and manufacture customised probe cards that are specific to their die and wafer designs. As a result, revenue growth is driven by the number of new semiconductor designs, technology transitions and semiconductor production volumes.

Sales Growth

Our revenue is made up of wafer probe card sales mainly. Sales for the 12 months ended 30 June 2006 were S$82 million, compared to sales of S$37 million for the 12 months ended 30 June 2005. This represents a year-on-year increase of about 121%. The strong growth is due to increased demand for our existing products and newly-introduced products, new markets penetrated, and four months' contribution, or S$33 million, from the wafer test assets acquired from Kulicke & Soffa Industries (K&S). In terms of geographical sales, the South East Asia region was the fastest-growing market for us.

Sales from our customers are subject to quarterly and annual fluctuations due to a number of factors, including design cycles, technology adoption rates and the cyclicality of different end-markets. We expect sales of probe cards to continue to account for substantially all of our revenues in the foreseeable future.

Production Analysis

Table 1 below shows the comparison of the key indices of our probe card business. In general, we had increased our production output significantly, which can be attributed to a combination of strong organic growth as well as the acquisition of K&S's wafer test assets. We have also captured more new design wins, resulting in a net increase of 540 new designs, which is a strong 33% over the year before.

Table 1

	FY2005	FY2006	% change
No. Points of Manufactured	1,897,299	2,184,605	+15%
No. Cards of Manufactured	14,549	18,350	+26%
Number of New Designs	1,653	2,193	+33%

Highlights for the Year

- The most significant event for SV Probe in FY2006 was the successful acquisition of the wafer test assets from K&S for US$10 million in March 2006. The acquired assets contributed positively to earnings and doubled SV Probe's production capacity.
- We were able to ramp up our capacity for vertical probe cards from 27,000 points to 50,000 points per week. Vertical probe card revenue contributed 25% of total probe card revenue for FY2006.
- During the year, SV Probe successfully launched its 'No Clean' probe cards targeted for the LCD driver market. 'No Clean' probe cards require minimal or no cleaning during use, thus, offering customers significant benefits in terms of productivity and lower cost of ownership.

WAFER FAB SOLUTIONS

The Wafer Fab Solutions division (WFS) comprises businesses in equipment distribution, facilities, wafer fab consumables supply and wafer reclaim services. Revenue for the division for FY2006 was S$80 million, an increase of 9% compared to S$74 million in FY2005.

Equipment Distribution and Services

The equipment and services business contributed approximately S$64 million in FY2006, compared to S$61 million in FY2005, and increase of 5%. In this business, it distributes semiconductor manufacturing equipment and instruments, including photolithography systems for Nikon Precision. For most of the equipment it distributes, particularly for photolithography systems, it also provides post-sales service and technical support on behalf of its principals. Other services that WFS provides include facilities services and the supply of consumables and chemicals for wafer fabrication plants (or 'fabs').

Key achievements of WFS' equipment distribution and service business in FY2006 include:

1. Winning the Outstanding Service Engineer (Fab 7) from Chartered Semiconductor Manufacturing.
2. Supporting Nikon in its latest photolithography system based on the latest immersion technology with a Numerical Aperture of 1.30 for 45nm technology wafer processing.
3. Winning the sale of the first 300mm-wafer metrology tool in South East Asia for our principal, SDI.
4. Winning the Most Outstanding Sales award from Berkshire, one of our principals for consumables.
5. Completing a large-scale turnkey cleanroom facility project for leading assembly and test company, EEMS (Suzhou).
6. Winning a cleanroom facility project from an Indian institution, marking our first successful penetration into the Indian market.

Wafer Reclaim

The wafer reclaim business grew 29% from S$13 million in FY2005 to S$17 million. The healthy growth was driven by strong demand for wafer reclaim services, partly attributed to the global shortage of raw silicon wafers and the rising cost of raw silicon. The combined effect of raw silicon shortage and rising silicon cost prompted chipmakers and wafer foundries to increase the use of reclaimed test wafers instead of purchasing new ones to save costs.

During the year, we continuously improved our productivity and expanded production capacity to meet the increasing volume of market demand, which came from existing customers as well as new overseas customers. These new customers include Lite-On, Mosel Vitelic, Advanced Microelectronics Products Inc. (AMPI) from Taiwan, Central Semiconductor Manufacturing Corporation (CSMC), Shougang NEC Electronics (SGNEC), and a six-inch fab of Advanced Semiconductor Manufacturing Corporation (ASMC) in China.

The average monthly production capacity of our plant in Singapore was increased from about 71,000 wafers at the beginning of the financial year to about 100,000 wafers by end of FY2006. Average monthly utilisation rates kept above 90%. The total number of reclaimed wafers shipped during FY2006 increased 24% to more than 1 million, a record.

Operations Review

MANUFACTURING TEST SOLUTIONS

Our Manufacturing Test Solutions division (MTS) comprises iNETest Resources Pte Ltd, a wholly-owned subsidiary of Ellipsiz Ltd. Ellipsiz first acquired 51% of iNETest in July 2005, and the subsequent 49% in March 2006. iNETest Resources is a PCBA test and inspection solutions provider. It is also a strategic sales and outsourcing partner of Agilent Technologies for its Electronic Manufacturing Test (EMT) equipment. iNETest's customers include world-leading EMS companies like Solectron, Flextronics International, Celestica, Jabil Circuit, Venture as well as OEM/ODM companies including Quanta Computer, Asustek Computer, Wistron, Compal Electronics and Foxconn Electronics. iNETest derives its revenue from commissions from equipment distribution, the sale of other equipment, and the provision of outsourced sales and technical services.

Strong Revenue Performance from Increased Demand

This is the first full-year contribution of iNETest to the Group. The MTS division achieved revenue of S$23 million for the 12 months ended 30 June 2006. This represents approximately 13% of the Group's revenue. During the first six months ended 31 December 2005, the revenue achieved was S$11 million and the revenue for the subsequent six months grew 11% sequentially to S$12 million. Growth was attributed mainly to the addition of new customers as well as increased orders from existing customers which expanded their capacity amid a strong recovery in the electronics manufacturing industry.

Expanded Product Scope for Manufacturing Tests

In January 2006, iNETest acquired ATE Technology, a company based in Shanghai which manufactures test fixtures. The acquisition enabled iNETest to expand its product portfolio and offer its customers a more complete manufacturing test solution. iNETest has also forged a partnership with Qualmark, a leading equipment manufacturer for quality and reliability testing, to extend its product offerings to its customers.

During the year, iNETest was awarded a spare-parts logistics and warehouse-management contract from Agilent, under which it took over the delivery logistics support for Singapore, Malaysia, China (Shanghai, Shenzhen and Suzhou), Taiwan and Thailand. It also set up a repair and refurbishment centre in Suzhou to reduce turnaround time and to bring efficiency gains to its valued customers. The partnership between Agilent and iNETest grew to include test solutions targeting the automotive segment as well.

As of 30 June 2006, the total headcount for iNETest is 249, up from 165 a year ago. The additional headcount was mainly from the acquisition of ATE Technology. iNETest currently operates a network of sales and support offices located in China, Malaysia and Singapore.

Key Events




Apr 17, 2006	Jeffrey Staszak rejoins Ellipsiz's Board of Directors.
Mar 29, 2006	Ellipsiz increases its stake in SV Probe Pte Ltd to 100% to make it a wholly-owned subsidiary.
Mar 20, 2006	Ellipsiz increases iNETest stake to 100% to make it a wholly-owned subsidiary.
Feb 21, 2006	Ellipsiz's engineering team named Outstanding Service Engineer (Fab 7) by Chartered Semiconductor Manufacturing.
Feb 10, 2006	Ellipsiz divests entire 16% stake in EEMS Asia and book one-time extraordinary gain of S$10 million.
Jan 26, 2006	SV Probe acquires K&S wafer test assets for US$10m cash.
Jul 04, 2005	Ellipsiz acquires 51% of iNETest.
Jul 01, 2005	Ellipsiz appoints Matthew Chan as Executive Chairman.

A Global Presence to Serve Customers Worldwide


NORTH AMERICA
USA
SOUTH AMERICA
CONNECTICUT
PENNSYLVANIA
CALIFORNIA
ARIZONA
TEXAS
HEADQUARTERS
Singapore
MANUFACTURING FACILITY
China
France
Singapore
Taiwan
USA
Vietnam
SALES OFFICE/ SERVICE CENTRE
China
Malaysia
Singapore
Taiwan
USA

Board of Directors

Matthew Chan Chung Shin

Executive Chairman

Matthew Chan Chung Shin was appointed Executive Chairman on 1 July 2005, after five years as an Independent Director. Mr. Chan has extensive management experience in the electronics industry in the Asia-Pacific. Prior to becoming our Executive Chairman, he was the Asia-Pacific President and Corporate Senior Vice-President for Cadence Design Systems. Prior to Cadence, he was the President of Asia for Novellus Systems. Before Novellus, he worked for Tektronix and rose to become regional head for China, Hong Kong and South Asia. Currently, Mr. Chan is the Senior Advisor for Beijing Chunquancun Software Science Park and Taiwan CIDC Investment Company.

Mr. Chan graduated from Chung Yuan University, Chung-Li, Taiwan with a Bachelor of Industrial Engineering Degree. He holds a Master of Computer-Aided Manufacturing from Brigham Young University, Provo, Utah, and was a Ph.D. candidate of Sales and Marketing, University of South Australia, Adelaide, South Australia.

Dr. Foo See Liang

Co-Chairman & Independent Director

Dr. Foo See Liang was appointed an Independent Director on 14 June 2000 and has been a Co-Chairman of the Company since 8 February 2001. Dr. Foo is currently an Associate Professor in the Nanyang Business School at the Nanyang Technological University, Singapore. He is a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore. He is also an Academic Board Member of the Productivity Standards Board Academy in Singapore.

Dr. Foo was a National University of Singapore Overseas Graduates Scholar. He has a Bachelor of Commerce degree from the University of New South Wales, Australia and a Ph.D. in Accountancy from the University of Hull, UK. In 1993, he attended the Senior Executives Programme at the Sloan School of Management of the Massachusetts Institute of Technology, USA.

Xavier Chong Fook Choy

Executive Director & Chief Executive Officer

Xavier Chong is the Chief Executive Officer of Ellipsiz Ltd. He founded the company, then called ESI, in 1992 and grew the company rapidly to offer a diverse range of services in semiconductor packaging and equipment distribution. Under his leadership, the company made the Enterprise 50 in 1999, a prestigious list of the 50 most enterprising privately-held companies in Singapore. In July 2000, Xavier led the company, by then renamed SingaTrust, to its successful initial public listing on the mainboard of the Singapore Exchange.

Mr. Chong's business acumen and entrepreneurial resolve steered Ellipsiz through the industry recession in 2001 and then grew revenue by a compound annual rate of 47% over the next 4 years. More recently, he led Ellipsiz through multiple strategic moves, including the acquisition of Kulicke & Soffa's wafer test assets that propelled the company to be the third largest probe card maker in the world.

Lim May Lan

Executive Director and Chief Financial Officer

Lim May Lan joined the Ellipsiz Group in 2000 as CFO and was appointed an Executive Director on 16 November 2001. Ms. Lim was formerly the CFO of Zagro Asia Limited, a company listed on the Singapore Exchange and the Financial Controller of United Leasing and Services Pte. Ltd., an associate company of Scott & English (Malaysia) Sdn. Bhd. Prior to joining the commercial sector, she spent 10 years of her career with two international public accounting firms, namely, Arthur Young and Deloitte & Touche. Ms. Lim is a member of the Institute of Certified Public Accountants of Singapore, Chartered Institute of Marketing (UK) and Institute of Chartered Secretaries and Administrators (UK).

Ms. Lim has a Bachelor of Accountancy from the National University of Singapore. She holds an MBA in Strategic Marketing from the University of Hull (UK), a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Diploma in company secretarial matters from the Institute of Chartered Secretaries and Administrators (UK).

Phoon Wai Meng

Independent Director

Phoon Wai Meng was appointed an Independent Director on 1 July 2004. He was with Hewlett-Packard Singapore for over 20 years, 5 years with Agilent Technologies, a spin-off from HP. He is currently the Vice President and General Manager (Manufacturing) of Avago Technologies Singapore, where he manages the worldwide manufacturing operation for the Imaging Systems Division. In his more than 25 years of senior management experience, Mr. Phoon has managed the design and manufacturing of test and assembly of high-performance ASIC and ASSP products. He was involved in the setting up of one of the first IC design centres in Singapore in 1987. Currently, he serves as a Board member of Chartered Silicon Partners, also known as Chartered's Fab 6. Mr. Phoon graduated from Monash University, Australia, with a Bachelor of Electrical and Electronics Engineering degree.

Rick Kenneth Hodgman

Independent Director

Rick Kenneth Hodgman was re-appointed an Independent Director on 31 May 2005. He had earlier resigned from the Board on 31 August 2004 to focus on an enlarged portfolio at Broadcom Singapore Pte. Ltd. following his promotion to Vice President and Managing Director for Asia Operations.

From 1996 to 1999, Mr. Hodgman was Vice President and General Manager of Wafer Fab Operations for Fabs 2, 3, and 6 (officially called Chartered Silicon Partners) at Chartered Semiconductor Manufacturing Ltd. Prior to this, he was with Silicon Systems, Inc., for 14 years. When he left Silicon Systems, he was Vice President for World-wide Wafer Fab and Foundry Operations. Mr. Hodgman graduated from the University of Utah with BSc and MSc degrees in Electrical Engineering.

Jeffrey Staszak

Independent Director

Jeffrey Staszak joined Ellipsiz's board of directors as Independent Director on 17 April 2006. Mr Staszak is presently the President and CEO and a member of the board of directors of Volterra Semiconductor Corporation (NASDAQ: VLTR). Prior to joining Volterra, Mr Staszak was Senior Vice President in the Storage Products Group of Texas Instruments Inc., a semiconductor company, from July 1996 to March 1999. From May 1993 to July 1996, Mr Staszak served as Senior Vice President and General Manager of the Storage Products Division of Silicon Systems, Inc., a semiconductor company then affiliated with TDK Corporation.

Mr Staszak holds a B.S. in Industrial Technology from the University of Wisconsin - Stout and an MBA from Pepperdine University.

Key Executives

Ong Puay Han

President, Wafer Fab Solutions

Ong Puay Han oversees the operations of Wafer Fab Solutions in Singapore, Malaysia, Taiwan and China. Puay Han has more than 15 years of experience in the semiconductor industry. He joined Ellipsiz in 1999 as the General Manager of its Wafer Fab Engineering Services Division. He was previously the Regional Business Unit Manager for KLA-Tencor. Puay Han has also worked for Texas Instruments and TECH Semiconductor.

Puay Han holds a Master of Science and a Bachelor of Science (Hons.) in Electrical Engineering from the University of Arkansas, and a Diploma in Chemical Process Technology from Singapore Polytechnic. He has also completed the Program of Management Development from Harvard Business School.

Kevin M. Kurtz

President & Chief Executive Officer, SV Probe

Kevin M. Kurtz has been the President and Chief Executive Officer of SV Probe since February 2001. Kevin spent 10 years of his career, between December 1990 and January 2001 with Cerprobe Corporation, where he rose from a Regional Sales Manager to Vice President. Between February 1999 and January 2001, Kevin served as Vice President of Operations of Kulicke & Soffa, after its purchase of Cerprobe Corporation. Prior to joining Cerprobe, from September 1985 to November 1990, Kevin held various sales and sales management positions with Probe Technology, a manufacturer of probing devices for testing of integrated circuits.

Kevin graduated with a Bachelor of Science in Business Administration, with an emphasis in marketing and a secondary degree in cybernetic systems, from San Jose State University.

Melvin Chan Wai Leong

President, iNETest Resources

Melvin Chan Wai Leong is the President of iNETest Resources. Prior to iNETest, Melvin was the Regional Sales and Marketing Manager for Electronics Resources Limited (ERL). After ERL was listed on the Singapore Stock Exchange in December 1993, he was appointed to the Board of Directors, where he was responsible for the business development and operations of ERL in the Asia-Pacific. He was also responsible for functions such as strategic investments and corporate development. After ERL was acquired by Ingram Micro in 1999, Melvin joined Ingram as Vice President for Asia-Pacific. Prior to ERL, Melvin worked at Hewlett Packard and Motorola. Melvin has a Bachelor's degree in Electrical Engineering and an MBA from the National University of Singapore.

Investor Relations

Investor tour to our probe card production facility

CEO Xavier Chong at results briefing

Visiting investors to our SV Probe factory

The main purpose of Investor Relations (IR) is to communicate and provide shareholders and potential investors with an accurate portrayal of the company's performance and strategy moving forward. As Ellipsiz continues on its growth path, we will continue to refine our IR programme to improve our communication channels and content for our shareholders and potential investors. We are happy to report that we have made good progress in the initiatives we have launched and received very encouraging and positive feedback from our shareholders and investors. The details of the initiatives are described in the next few paragraphs.

New Website with Improved IR Section

Clean and user-friendly user interface

We recognise the importance of the company's website as an IR and general communication platform. In April 2006, we launched our new corporate website that incorporates a significantly improved IR section. The new website adopted a clean and user-friendly interface that makes web navigation very easy. The content and business descriptions were completely revamped to improve the clarity and accuracy. Easy-to-understand illustrations such as diagrams and photographs of actual products or processes were also added to improve overall user experience. Our website address is www.ellipsiz.com.

New IR microsite within Ellipsiz website

We have also created a new IR microsite within our Ellipsiz website that is rich with investor-oriented information, including financials, fact sheet, presentations, press releases and MASNET/SGXNET announcements as well as pseudo real-time stock price and volume charts. We have also made available the financial data in downloadable Excel™ files for ease of use. Visitors to our IR microsite can also download our past annual reports as well as research reports published by the various research houses. Moving forward, visitors to our website can look forward to more improvements such as webcasts of events. You can log on to http://www.ellipsiz.com/ir.php to access our IR site.

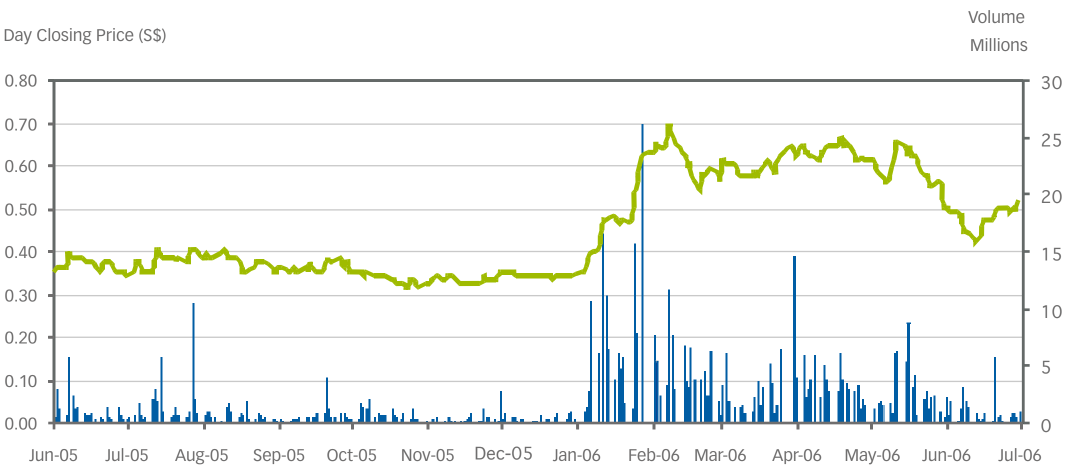
Pro-active IR Activities

In addition to the half-yearly results announcement briefings, we have stepped up our IR efforts by taking proactive steps to engage the investment community. Between February and June 2006, we participated in multiple road shows during which we held over 40 meetings with 30 different funds and six research houses in Singapore. We also hosted three visits to our facilities in Vietnam and Singapore for analysts and investors. In April, we participated in a Lunch Seminar organised by SGX that helped to promote Ellipsiz to the investment community. We plan to participate in more road shows and public seminars to extend our reach to the retail investors as well.

IR Moving Forward

Moving forward, we will continue the positive momentum of the initiatives we started, which include pro-active IR activities and the use of the web as an effective IR platform. In addition, we aim to participate in more events to engage the retail investors' community as well as extend our reach to overseas investors. We are committed to the continuous process of IR excellence with the guiding principles of corporate governance and transparency.

Ellipsiz Share Price and Volume Chart (1 Jul 2005 - 30 Jun 2006)



Stock price movement (1 Jul 2005 – 30 Jun 2006)

Ellipsiz shares have performed well, especially during the first six months of calendar year 2006. Between 3 Jan 2006 and 30 Jun 2006, Ellipsiz share price has moved from S$0.34 to S$0.51, an increase of about 50%. In comparison, the increase in the benchmark Straits Times Index (STI) in the same period was about 3.4%. In addition, we also saw significant improvement in the average daily traded volume, from less than 1 million shares between July 2005 and December 2005 to more than 3 million shares between January 2006 and June 2006.

Share price summary
(1 Jul 2005 – 30 Jun 2006)

Closing Price (S$)

High	:	0.72
Low	:	0.31
Mean	:	0.45

Daily Traded Volume

High	:	26,133,000
Low	:	21,000
Mean	:	2,226,036

Corporate Information

HEADQUARTERS
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Singapore 757716
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Fax : (65) 6269 2628

Stock Listing
Ellipsiz ordinary shares are traded on the Singapore Exchange Securities Trading Limited or SGX-ST since 6 July 2000 under the symbol "Ellipsiz"

Independent Auditor
KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge : Mr. Quek Shu Ping
(since FY2004)

Registrar and Share Transfer Office
M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel : (65) 6227 6660

Joint Company Secretaries
Chan Yuen Leng, LL.B. (Hons)
Anne Choo, LL.B. (Hons)

Principal Bankers
DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

United Overseas Bank Group
80 Raffles Place
#12-00 UOB Plaza 1
Singapore 048624

Malayan Banking Bhd
2 Battery Road
Maybank Tower
Singapore 049907

Board of Directors
Mr. Matthew Chan Chung Shin
Executive Chairman

Dr. Foo See Liang
Non-Executive Co-Chairman

Mr. Chong Fook Choy
Executive Director, CEO

Ms. Lim May Lan
Executive Director, CFO

Mr. Jeffrey Staszak
Non-Executive Director

Mr. Phoon Wai Meng
Non-Executive Director

Mr. Rick Kenneth Hodgman
Non-Executive Director

Nominating Committee
Chairman : Mr. Rick Kenneth Hodgman
Member : Mr. Phoon Wai Meng
: Mr. Chong Fook Choy

Remuneration Committee
Chairman : Mr. Phoon Wai Meng
Member : Mr. Rick Kenneth Hodgman
: Mr. Jeffrey Staszak

Audit Committee
Chairman : Dr. Foo See Liang
Member : Mr. Phoon Wai Meng
: Mr. Rick Kenneth Hodgman

Corporate Governance

The Board of Directors (the "Board") of Ellipsiz Ltd (the "Company") is committed to maintaining good standards of corporate governance and ensuring effective self-regulatory corporate practices exist to protect the interest of its shareholders.

The Company endeavors to adopt corporate governance practices that are in conformity with the principles of the Code of Corporate Governance (the "2001 Code") issued by the Corporate Governance Committee.

The Company's corporate governance processes and activities for the financial year are outlined below.

BOARD OF DIRECTORS

Board Composition and Independence

As at date of this report, the Board comprises the following members:

Executive Directors

Mr. Matthew Chan Chung Shin	(Executive Chairman)
Mr. Chong Fook Choy	(Chief Executive Officer)
Ms. Lim May Lan	(Chief Financial Officer)

Non-Executive and Independent Directors

Dr. Foo See Liang	(Co-Chairman)
Mr. Jeffrey Staszak	(Appointed on 17 April 2006)
Mr. Phoon Wai Meng	
Mr. Rick Kenneth Hodgman	

The Board's Conduct of its Affairs

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. It approves the overall strategies and initiatives of the Group, regularly reviews its financial performance and ensures implementation of appropriate systems to manage the principal risks of the Group's business. The Company's internal guidelines stipulate that all strategic investments, divestments and acquisitions projects shall first be approved by the Board.

The Board established three sub-committees namely, the Audit Committee, Nominating Committee and Remuneration Committee, to assist in the execution of its responsibilities and facilitate effective management. Most of the members of the sub-committees are non-Executive Directors.

The Board currently holds four scheduled meetings each year. Ad-hoc meetings and discussions are often held as and when necessary to address specific significant matters that may arise. As permitted by the Company's Articles of Association, Board meetings may be conducted by way of telephone or video conferencing.

Corporate Governance

The number of meetings held by the Board and the sub-committees and the attendance of the members for the year ended 30 June 2006 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meeting	Remuneration Committee Meetings
Number of meetings held	5	4	1	1
Executive Directors				
Matthew Chan Chung Shin	5	4 [a]	Not applicable	Not applicable
Chong Fook Choy	5	4 [a]	1	Not applicable
Lim May Lan	5	4 [a]	1 [a]	1 [a]
Non-Executive Directors				
Foo See Liang [c]	5	4	Not applicable	1
Jeffrey Staszak [b]	1 of 1	1 of 1	Not applicable	Not applicable
Phoon Wai Meng	5	4	1	1
Rick Kenneth Hodgman	4	3	1	1

[a] *Attendance by invitation*

[b] *Appointed as Director on 17 April 2006 and as member of Remuneration Committee on 22 May 2006*

[c] *Was a member of Remuneration Committee from 1 July 2005 to 22 May 2006*

The Board receives relevant, complete and timely information prior to the Board meetings and on an on-going basis. Management is invited to participate at the Board meetings to provide the Board members with background and explanatory information relating to matters brought before the Board. Information presented to the Board includes explanatory information relating to matters to be discussed such as business plans, budgets, forecasts, and quarterly internal financial statements. In respect of budgets, any material variance between projections and actual results are always disclosed and explained.

The Company secretary attends all scheduled Board and Audit Committee meetings in the financial year, except for one meeting that was held overseas and minuted by the legal officer of the Company. The Company secretary advises the Company on procedures and relevant company legislation, rules and regulations, which are applicable to the Company.

The Board has separate and independent access to the senior management team and the Company secretary at all times.

Board Composition and Balance

The Board considers the current size, competence and composition of the Board appropriate, taking into consideration the scope and nature of the Group's operations.

The members of the Board collectively have a diversified portfolio of expertise covering business, industry knowledge, strategic planning, risk management and assurance, accounting and financial knowledge. The information pertaining to each Director is set out on pages 16 and 17 of the Annual Report.

In accordance with the Company's Articles of Association, one-third of the Board is subject to retirement by rotation and re-election at the Annual General Meeting. New Board members, if any, will undergo an orientation programme, which will include briefings by the Chairman of the Nominating Committee, Chief Executive Officer and management on the businesses and activities of the Group, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group. Board members receive updates on relevant developments on finance and corporate issues and the Company will consider further training where necessary.

Corporate Governance

Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer. Mr. Matthew Chan Chung Shin is the Chairman and he bears the primary responsibility for the workings of the Board and ensuring its effective function. He is responsible for the workings of the Board and also ensures that Board meetings are held as and when necessary. Mr. Chong Fook Choy, the Chief Executive Officer, is primarily responsible for the performance of the Group, charting of corporate directions and strategies, including overseeing its financial planning and investment activities. He also works closely with the Chairman on corporate issues. Mr. Chong is not related to Mr. Chan.

Nominating Committee

The Nominating Committee comprises Mr. Rick Kenneth Hodgman (Chairman), Mr. Phoon Wai Meng and Mr. Chong Fook Choy.

The Committee assesses the effectiveness of the Board, its committees and their members. Its functions include nominations for the appointment, re-appointment, election and re-election of Directors and members of the Remuneration Committee and Audit Committee. It also reviews and approves nominations for senior management positions in the Group, including that of the Chief Executive Officer and other senior executives.

The Nominating Committee assesses the performance of the Directors by evaluating their participation records and contributions in the financial year. The Nominating Committee is also tasked to assist the Board in ensuring that Directors appointed to the Board and its sub-committees possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each Director, through his unique contributions, brings to the Board an independent objective perspective to enable balanced and well-considered decisions to be made.

The Nominating Committee also considered, and is satisfied that all existing non-Executive Directors of the Board, namely, Dr. Foo See Liang, Mr. Jeffrey Staszak, Mr. Phoon Wai Meng and Mr. Rick Kenneth Hodgman are independent Directors.

REMUNERATION MATTERS

Remuneration Committee

The Remuneration Committee comprises Mr. Phoon Wai Meng (Chairman), Mr. Rick Kenneth Hodgman and Mr. Jeffrey Staszak.

The Remuneration Committee is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of Directors, Chief Executive Officer and other senior management executives of the Group, including director's fees, salaries, allowances, bonuses, options and benefits in kind. The Committee is also empowered to review policies governing compensation and promotion of executive officers of the Company and its subsidiaries to ensure that these are consistent with the Group's strategy and performance. The Committee's recommendations are made in consultation with the Chairman of the Board, and submitted for endorsement by the entire Board. The members of the Remuneration Committee do not decide on their own remuneration.

The Committee also oversees the implementation of the Ellipsiz Share Option Plan ("ESOP") and the Ellipsiz Restricted Stock Plan ("ERSP").

Remuneration Information

The Executive Directors have employment contracts with the Company that can be terminated by either party serving the relevant notice. There is no contractual provision for payment of compensation upon such termination of service. The Executive Directors are assessed based on their individual performance and the performance of the Company.

The non-Executive Directors have no service contracts with the Company and are not entitled to any compensation upon termination of directorship.

In line with past practice, the Directors of the Company are paid Directors' fees, subject to shareholders' approval at the Annual General Meeting. No individual Director fixes his own remuneration.

Corporate Governance

As may be noted from the table below, the performance related elements of remuneration (that is bonuses) form a significant proportion of the Executive Directors' total remuneration. Their performance was evaluated by the Remuneration Committee based on a formal employee evaluation process.

The remuneration information of the Directors is as set out below:

Director	Remuneration band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus	Total
Executive Directors					
Mr. Matthew Chan Chung Shin	$500,000 to $749,999	12%	52%	36%	100%
Mr. Chong Fook Choy	Above $750,000	7%	40%	53%	100%
Ms. Lim May Lan	$250,000 to $499,999	11%	44%	45%	100%
Non-Executive Directors					
Dr. Foo See Liang	Below $250,000	100%	–	–	100%
Mr. Jeffrey Staszak	Below $250,000	100%	–	–	100%
Mr. Phoon Wai Meng	Below $250,000	100%	–	–	100%
Mr. Rick Kenneth Hodgman	Below $250,000	100%	–	–	100%

The Best Practices Guide requires the disclosure of the names and remuneration of at least the top five executives (who are not Directors) earning remuneration that falls within bands of $250,000. The Company believes that disclosure of the details and remuneration of individual executives is disadvantageous to the business interests, given that it is operating in a highly competitive industry. The Group has instead presented the number of top five key executives (who are not Directors of the Company) that receive remuneration in bands of $250,000.

Remuneration bands	Number of staff
Below $250,000	1
$250,000 to $499,999	4
$500,000 to $749,999	–
Above $750,000	–

Ellipsiz Share Option Plan and Ellipsiz Restricted Stock Plan

The salient details of the ESOP and ERSP and the details of the options and awards granted are provided in the Directors' Report and Note 28 to the financial statements in the audited accounts.

Since the commencement of ESOP and ERSP, no options or awards have been granted to controlling shareholders of the Company or their associates. Details of the options and awards granted to Directors and details of participants who have been granted 5% or more of the total options or awards available under the Plans are provided in the Directors' Report.

ACCOUNTABILITY AND AUDIT

The Board keeps the shareholders updated on the business of the Group through releases of the Group's half and full year financial results, publication of the Company's annual report and timely releases of the relevant information through SGXNET. Currently, the Company has not commenced quarterly financial reports as recommended by the Code but will do so if required by the SGX-Listing Rules.

Management keeps the Board informed of the Group's performance through presentation at quarterly Board meetings, regular updates and informal discussions. The Board receives detailed information on the Group's performance, position and prospects, including management accounts and detailed presentation by each senior manager of the various business groupings at these quarterly meetings.

Corporate Governance

Audit Committee

The Audit Committee comprises three Directors namely Dr. Foo See Liang (Chairman), Mr. Phoon Wai Meng and Mr. Rick Kenneth Hodgman.

The Committee in assisting the Board to fulfil its responsibilities for the Group's financial statements and external financial reporting, meets periodically with the management and external auditors to:

(a) review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

(b) review the interim and full year announcements of the Company and the Group before they are submitted to the Board for approval;

(c) review and discuss with external auditors the overall scope of work of the audit and its effectiveness, the results of the audit and the evaluation of the internal control system, external auditors' management letter and the responses from management;

(d) review the nature and extent of non-audit services provided by the external auditors of the Company;

(e) review the independence and objectivity of external auditors annually; and

(f) review interested person transactions between the Group and interested persons, if any.

The Committee is also tasked with advising the Board on the appointment and re-appointment of external auditors of the Company at each Annual General Meeting. In accordance with Chapter 12 of the Singapore Exchange Listing Manual, the Audit Committee also undertakes to review the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors.

The Audit Committee has full access to and co-operation from the Group's management. It has also been given the resources required to discharge its function properly and has full discretion to invite any Director or executive officer to attend its meetings. The auditors have unrestricted access to the Audit Committee and meet with the members of the Audit Committee without the presence of the management at least once a year.

The Audit Committee has recommended to the Board the nomination of KPMG for re-appointment as external auditors of the Company at its forthcoming Annual General Meeting.

The Group presently does not have an independent internal audit function. However, the Board recognises the benefits of this function and will from time to time review the appropriateness of its set up.

The Board acknowledges its overall responsibility for ensuring that there is a sound system of internal control and is satisfied that there is no significant weakness in the system of internal control of the Group that may result in material loss to the Group.

Risk Management

As the Company does not have a risk management committee, the Audit Committee and senior management assume the responsibility of the risk management function.

The Audit Committee and senior management seek to identify areas of significant business risk, including revenue loss, property loss and breach of information security, as well as appropriate measures to control and mitigate these risks. In determining the appropriate measures, the cost of control and the impact of risks occurring will be balanced with the benefits of reducing risk.

Corporate Governance

KEY MANAGEMENT TEAM

The profiles of the Group's key management are set out on page 18 of the Annual Report.

There are no employees in the Group who are immediate family members of a Director or the Chief Executive Officer.

COMMUNICATION WITH SHAREHOLDERS

To maintain high level of transparency, the Board aims to ensure timely disclosure of all material business affecting the Group through announcements made via SGXNET. At the Annual General Meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. The Board and management are present at these meetings to address any question that shareholders may have concerning the Company. The external auditors are also present to answer any relevant shareholders' queries.

DEALING IN SECURITIES

The Group has adopted its own internal compliance code on dealings in shares of the Company by the Company and by all officers of the Group. In accordance with the Group's Internal code, Directors and employees are advised not to deal in the Company's securities on short-term considerations and during the period commencing one month before the announcement of the Group's financial results (ie. half yearly and full year results) and ending on the date of the announcement of the relevant results.

Directors and employees are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

INTERESTED PERSON TRANSACTIONS

All interested person transactions are subject to review by the Audit Committee. There were no significant interested person transactions during the financial year.

Financial Review

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

Our consolidated financial statements are reported in Singapore dollars and have been prepared in accordance with the provisions of Companies Act, Chapter 50, and Singapore Financial Reporting Standards.

Results of Operations

Consolidated Profit and Loss Accounts for the financial year ended 30 June	2006 $'000	Restated 2005 $'000	Variance %
Revenue	186,044	118,276	57
Gross profit	56,665	38,717	46
Gross profit margin	30%	33%	
Other income	24,839	6,245	298
Operating expenses	(39,591)	(28,111)	41
Finance costs	(836)	(591)	41
Share of results of associates and jointly-controlled entity	(149)	(26)	(473)
Profit before taxation	40,928	16,234	152
Income taxes	(4,239)	(2,860)	48
Profit after taxation	36,689	13,374	174
Minority Interests	(10,598)	(2,738)	287
Profit attributable to equity holders of the parent	26,091	10,636	145
Earnings per share (cents)			
- Basic	10.56	4.47	136
- Diluted	10.52	4.38	140

Revenue

The Group achieved revenue of $186 million in FY2006, an improvement of 57% over FY2005's performance.

The increase of $68 million was mainly attributed by:

(a) a 9% performance improvement in our WFS business segment, flowing mainly from the increased revenue in respect of wafer reclaim activities and consumables business;

(b) the acquisition of iNETest Resources Pte Ltd and its subsidiaries (iNETest Group) in July 2005, which led to the $23 million increase in revenue from MTS business segment (renamed from Test and Advanced Packaging Solutions). However, this was partially offset by loss in revenue from Ellipsiz Test Pte Ltd (Etest) that was deconsolidated from the Group due to the disposal of Group's interest in Etest (Etest's revenue in FY2005 was $4 million) and the non-recurrence of the licensing revenue from the licensing of bumping technology (revenue of $3 million in FY2005); and

(c) the FS segment which recorded an increase in revenue of 121% from $37 million in FY2005 to $82 million in FY2006. The 121% growth in FS revenue was contributed by the expanded activities from SV Probe's acquisition of wafer test business from Kulicke and Soffa Industries (K&S) in March 2006 (of which, the contribution for the four months since acquisition was approximately $33 million), the growth experienced by the various operations in the region, and the additional one month operation consolidated in FY2006 (FY2005 – 11 months as SV Probe became subsidiary of the Group only in August 2004).

Financial Review

Our revenue generated from Singapore and other Asean countries increased by 31% and 33% respectively. The improved revenue in Singapore was mainly due to the increased revenue from consumables and reclaim operations as well as the revenue from the newly acquired iNETest Group. The increase in revenue in other Asean countries mainly arises from the contributions from our MTS and FS segments in the region. Revenue in Taiwan and China increased by 40% due to the completion of a China facility project by WFS in the financial year and the increase in revenue from MTS and FS segments. The increases in revenue from United States of America and other region were mainly contributed by FS; a result of the growth in probe card activities and the increased revenue arising from acquisition of wafer test business from K&S.

Gross Profit and Gross Profit Margin

The consolidated gross profit of the Group in FY2006 was $57 million, an increase of 46% or $18 million as compared to FY2005's gross profit of $39 million.

Though the gross profit increased by 46%, the consolidated gross profit margin decreased from 33% to 30%. In first half of the year, WFS completed a facility project and some equipment transactions that generated lower margins, with a resultant downward pull of WFS Group's average margin. Additionally the non-recurrence of the profit from licensing of bumping technology that generated higher than average margin and the lower margin attained by FS segment due to the transitional period to integrate the newly acquired wafer test business had also contributed to the lower consolidated gross profit margin.

Other Income

Other income increased by $18 million or 298%. In FY2006, the Group recorded a gain of disposal of financial asset of $10m and a negative goodwill arising from acquisition of business of $13 million. These positive variances were partially offset by the non-recurrence of the gains on disposal of plant and equipment and subsidiaries of $3 million and $2 million respectively that was recorded in FY2005.

Operating Expenses

Operating expenses increased by 41%. The increase was from:

(a) the higher distribution and administrative expenses, resulting from the expanded scope and territories of the Group's operations and the increased sales activities; and

(b) the higher other operating expenses due to the incurrence of exchange loss of $1 million and the impairment losses of $3 million provided for the carrying amounts of the Group's financial assets.

Finance Costs

Finance costs increased by 41% mainly due to the increase in the Group's interest-bearing borrowings by 59% during the year.

Share of Results of Associates and Jointly-Controlled Entity

The Group recorded losses of $42,000 from the share of results of its associates and losses of $107,000 on its share of results from its jointly-controlled entity in FY2006.

Income Taxes

The effective tax rate of the Group was approximately 10%. The effective tax is lower than Singapore corporate tax rate of 20% mainly due to:

(a) the negative goodwill of $13 million and gain on disposal of financial assets of $10 million are not subject to tax; and

(b) pioneer tax status and tax exempt status enjoyed by certain subsidiaries.

Financial Review

Net Profit after Taxes and Minority Interests

The Group achieved a net profit after tax and minority interests of $26 million in FY2006, a growth of 145%.

During the year, the Group recorded certain non-recurring income and expenses, namely negative goodwill of $6 million (net of minority interest's share), gain on disposal of financial assets of $10 million and impairment loss on financial assets of $3 million. Excluding such non-recurring income and expenses, the Group had net profits after tax of $13 million, a growth of 128% over the net profit after excluding non-recurring income and expenses of $6 million in FY2005.

FINANCIAL CONDITIONS

Consolidated Balance Sheet as at 30 June	2006 $'000	Restated 2005 $'000	Variance %
Property, plant and equipment	34,643	19,694	76
Intangible assets	39,366	11,772	234
Associates	1,302	1,484	(12)
Jointly-controlled entity	127	236	(46)
Other assets	77	21,280	(100)
Convertible loan receivable	1,481	–	100
Trade receivables	–	138	(100)
Deferred tax assets	249	186	34
Non-current assets	**77,245**	**54,790**	41
Current assets	**125,016**	**77,584**	61
Total assets	**202,261**	**132,374**	**53**
Current liabilities	**83,029**	**29,567**	181
Non-current liabilities	**6,635**	**6,198**	7
Equity attributable to equity holders of the parent	111,844	82,595	35
Minority interests	753	14,014	(95)
Total equity	**112,597**	**96,609**	17
Total equity and liabilities	**202,261**	**132,374**	**53**

Non-Current Assets

The non-current assets of the Group increased by 41%, from $55 million as at 30 June 2005 to $77 million as at 30 June 2006. The increase of $22 million was mainly attributed by:

(a) higher property, plant and equipment;
(b) increase in intangible assets;
(c) extension of a convertible loan to third party; and partially offset by the
(d) decrease in other investment.

Property, plant and equipment increased by 76% or $15 million. The increase was mainly due to the purchase of plant and equipment in WFS and FS segments, as well as from acquisitions of iNETest Group and wafer test business from K&S.

Financial Review

The $27 million increase in intangible assets was mainly attributed to the intellectual property of $8 million acquired from K&S and goodwill mainly arising from the investments or further investments in iNETest Group, wafer test business and SV Probe.

During the year, the Group extended a convertible loan of $1 million to a third party.

Other assets decreased by $21 million mainly due to the disposal of one of the financial assets and the re-classification of the other financial asset as available-for-sale asset in accordance to FRS 39.

Current Assets

Current assets increased by 61% that comprised mainly increases in:

(a) inventories and project-in-progress of 142%;
(b) trade and other receivables of 29%;
(c) cash and cash equivalents of 56%; and

re-classification of other investment of $5 million from non-current asset to current asset.

The increases in inventories and receivables of $13 million and $11 million respectively mainly resulted from acquisitions of subsidiaries and improved business during the year.

The 56% increase in cash and cash equivalents was mainly attributed by the cash inflow from operating activities of the Group and improvement in accounts receivables collections; partially offset by the cash outflow for purchase of plant and equipment and the various acquisition activities.

Current Liabilities and Non-Current Liabilities

The increase in trade and other payables, coupled with the higher interest-bearing borrowings and tax payable led to the increase in current liabilities of 181%. The increase in trade and other payables arose from the inclusion of the newly acquired businesses and the recording of liabilities in respect of the purchase consideration of $21 million payable for the additional 50% acquisition of SV Probe and the acquisition of iNETest.

During the year, the Group increased its interest-bearing borrowings by $6 million to finance the investing activities of the Group.

Deferred tax liabilities increased by $3 million to $5 million as at 30 June 2006.

FINANCIAL CONDITIONS

Consolidated Cash Flow Statement for the financial year ended 30 June	2006 $'000	Restated 2005 $'000	Variance %
Net cash flows from operating activities	33,737	5,924	469
Net cash flows from investing activities	(21,421)	(19,444)	(10)
Net cash flows from financing activities	5,007	(9,081)	155
Net increase/(decrease) in cash and cash equivalents	**17,323**	**(22,601)**	**177**
Cash and cash equivalents at beginning of the year	26,221	48,822	(46)
Effect of exchange rate on balances in foreign currencies	(490)	–	(100)
Cash and cash equivalents at end of the year	**43,054**	**26,221**	**64**
Deposits held as security by financial institutions	3,332	3,567	(7)
Total cash and cash equivalents per balance sheet	46,386	29,788	56

Financial Review

The Group had positive cash flow from its operating activities during the year mainly due to the pre-tax profit achieved by the Group and the increase in trade and other payables as at 30 June 2006.

The purchase of property, plant and equipment of $8 million, cash outflow of $34 million for acquisitions and further investment in subsidiaries, partially offset by the proceeds from disposal of financial assets of $23 million led to the negative cash outflow for investing activities.

The increase in borrowings by $6 million partially offset by the payment of dividends during the year led to the net cash inflow of $5 million in financing activities.

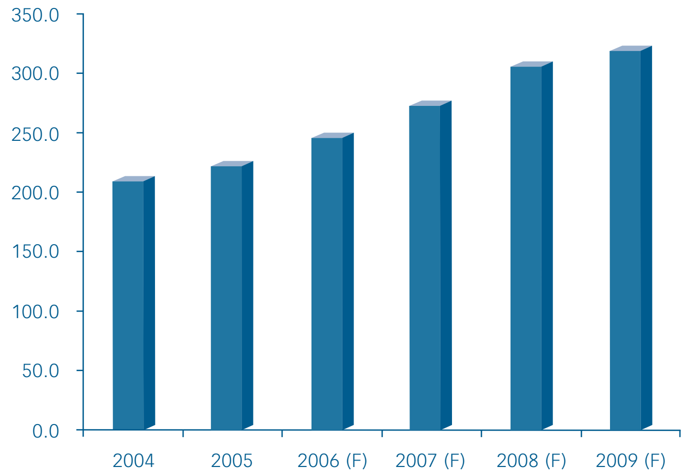
The Group's cash and cash equivalent position as at 30 June 2006 (including fixed deposit held as security) was $46 million.

Industry Outlook

Global Semiconductor Market Outlook

We operate in the semiconductor and electronics manufacturing services (EMS) industries. Our businesses, to a certain extent, are affected by general trends in the global semiconductor market. According to the Semiconductor Industry Association (SIA), global semiconductor revenue for the first six months of 2006 were up a healthy 8.0% year-on-year to US$117.7 billion on a three-month moving-average basis. For the whole of 2006, the SIA upped its forecast in June 2006, forecasting global semiconductor revenue to grow 9.8% to US$249.6 billion, upgraded from an earlier forecast of 7.9% growth made in November 2005. For 2007 and 2008, the SIA forecasts healthy 11.0% and 12.0% growth respectively. While this is encouraging, we recognise that current volatility in global macroeconomic, geopolitical and industry conditions impose significant downside risks to this outlook and we are vigilant to the challenges ahead. Nevertheless, we are cautiously optimistic for FY2007 as we believe our businesses are positioned in niche segments of the manufacturing chain with greater resilience in an industry down-cycle.

Global Semiconductor Revenue (US$B)



Business Segment Outlook

Ellipsiz has three business divisions: Fabless Solutions, Wafer Fab Solutions (WFS) and Manufacturing Test Solutions (MTS). The Fabless Solutions division, through our wholly owned subsidiary, SV Probe, operates our probe card business, the WFS division operates our equipment distribution, wafer reclaim, as well as wafer fab consumables & services businesses. The MTS division, through our wholly owned subsidiary, iNETest Resources, operates our printed circuit board assembly (PCBA) test and inspection business, which serves mainly the Electronics Manufacturing Services (EMS) and the Original Design Manufacturer (ODM) industries.

Fabless Solutions (SV Probe) - Probe Cards

Our probe card business is operated by our fully-owned subsidiary, SV Probe Pte Ltd. Following the acquisition of the wafer tests assets of Kulicke and Soffa Industries (K&S) in March 2006, it is expected to contribute more than 50% of our group's revenue and earnings in FY2007.

The outlook for the global probe card market remains strong. According to recent data from VLSI Research (June 2006), the market for wafer probe cards is expected to grow 19.1% to just under US$1 billion in 2006, following a 19.5% growth to US$838 million in 2005. We believe the long term growth of the probe card market and our probe card business will continue to be strong, underpinned by several drivers:

(1) Increase in wafer capacity: According to Gartner Inc., global capacity for 200mm and 300mm wafer is expected to grow 11.3% in 2006, 9.8% in 2007 and a further 10.9% in 2008. This is expected to increase the demand for more probe cards since more wafers are expected to be tested.

Industry Outlook

(2) Growing complexity of chips: Tracking Moore's Law, new chips will get more complex and powerful. The increasing complexity of the chips will drive demand for correspondingly advanced probe cards, such as vertical probe cards, which are of higher value.

(3) Shorter new chip design cycle: As the chip design cycle continues to shorten, the number of new chips in a given period is expected to increase. As each new chip design requires a customised probe card design, we expect this would have a positive impact on the demand for new probe cards, especially for advanced probe cards such as vertical probe cards.

(4) Increasing cost of chip failure: The rising cost of chip failure necessitates more thorough probing of wafers, so as to avoid the cost of processing bad chips in downstream processes. This is important especially for 3-D chip packaging and multi-chip modules (MCM) designs where multiple chips are assembled together in an IC package. In these packaging designs, the failure of one component chip will usually result in the failure (and the loss) of the entire package or system.

Wafer Fab Solutions (WFS) - Equipment Distribution and Services

In the equipment distribution business, our key principals are Nikon Precision (for lithography equipment) and Sonoscan (for scanning acoustic microscope) among other semiconductor equipment manufacturers (Seiko, Hoya, etc). We continue to maintain very good relations with these principals. In the case of Nikon, we are celebrating our 10th year anniversary of partnership this year.

For this business, we derive our revenue from the commission fees for the distribution sales of the equipment as well as service fees for the provision of after-sales technical support and maintenance for end customers. To a certain extent, growth of our equipment distribution business will be affected by overall demand for chip equipment. According to the consensus forecast by Semiconductor Equipment and Materials International (SEMI) in July 2006, global chip equipment sales are expected to grow 18% in 2006 to reach US$38.8 billion. However, growth for 2007 is expected to slow down to 1.4%. Our strategy moving forward is to focus on next-generation equipment and increasing service-based revenue that we believe will allow us to continue to grow despite the anticipated slowdown in 2007. We will continue to shift our focus to newer and more advanced equipment such as the 65-nanometre and 55-nanometre-capable Nikon steppers as we expect this category of equipment to move into mainstream production over the next few years. We also plan to grow our global installed base of equipment (currently more than 150 steppers in South-East Asia), to increase our service-based revenue.

Wafer Fab Solutions (WFS) - Wafer Reclaim

Our wafer reclaim business, operated by our fully owned subsidiary Ellipsiz ISP, recycles used test wafers for chipmakers (including foundries). In FY2006, due to the increasing demand, we increased our capacity incrementally through productivity improvements and capacity optimisation. We expect demand for wafer reclaim to continue to increase as new wafer capacity in the region, including China, continue to come on-stream. In addition, in recent months, the price of raw silicon has increased steadily due to supply shortages and the increasing demand from the solar panel market (which uses low-grade silicon to make solar panels). We expect this trend to have a positive impact on the demand for our services as we believe there is a growing practice among chipmakers to recycle and reclaim their used test wafers instead of mostly buying new wafers. Moving forward to FY2007, we expect to increase our wafer reclaim capacity significantly to meet anticipated demand.

Manufacturing Test Solutions (MTS) – PCBA Test and Inspection Solutions

The MTS division provides PCBA test and inspection solutions and is operated by our fully-owned subsidiary, iNETest Resources.

Our MTS business is service-oriented and derives mainly revenue from the commission fees for the distribution of Agilent's EMT equipment as well as sales of test jigs and fixtures, systems integration and technical support services. Our customers in this business include leading electronics manufacturing services (EMS) companies, original design manufacturing (ODM) companies and contract manufacturers.

To a certain extent, the growth of our MTS division is dependent on overall growth in the EMS and contract manufacturing industry. Long term prospects for the EMS and the ODM industries remain good. Market research firm iSuppli predicts healthy 10.9% and 9.3% compound revenue growth rate between 2004 and 2010 for the ODM and EMS industries respectively. Moving forward, we expect to continue to expand our product portfolio, particularly in the area of test jigs and fixtures, add new Agilent EMT equipment into our distribution portfolio, as well as expand our business in the China and India markets.

Risks and Uncertainties

(a) *Cyclical Industries*

We operate mainly in the semiconductor and electronics manufacturing services (EMS) industries. The semiconductor industry is highly cyclical due to the abrupt fluctuations in supply and demand of semiconductors. The semiconductor industry has experienced periodic downturns that have resulted in semiconductor manufacturers cancelling or delaying their purchases of semiconductor materials or equipment. The timing, length and severity of such downturns are difficult to predict. In the event of any downturn in the semiconductor industry, the Group's operating results would be materially affected.

The EMS industry is less cyclical, but highly seasonal with the second half of the calendar year usually stronger than the first. Also, pricing is under constant pressure in this industry and product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers.

(b) *Foreign Exchange Risk*

As the Group is involved in international businesses, it is exposed to foreign exchange risk for its sales, purchases, trade receivables, trade payables and cash and cash equivalents denominated in foreign currencies. The currencies giving rise to this risk are primarily US dollars and Japanese yen. Currently, the Group does not hedge its foreign currency exposure, as there is natural hedging between its sales and purchases, its trade receivables and trade payables. However, the management monitors the exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(c) *Macroeconomic Risks*

Demands in our end-markets are affected by economic performance of the major economies and consumer sentiment. It is the general consensus among economists that risks lie ahead for the global economy due to rising interest rates and the high price of petroleum, among other factors. The risk of property prices falling substantially in the US also presents a risk to global economic prospects.

Financial Statements

Directors' Report

Year ended 30 June 2006

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2006.

Directors

The directors in office at the date of this report are as follows:

Matthew Chan Chung Shin
Chong Fook Choy
Lim May Lan
Foo See Liang
Jeffrey Staszak *(Appointed on 17 April 2006)*
Phoon Wai Meng
Rick Kenneth Hodgman

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at 1/7/2005 or date of appointment	Holdings at 30/6/2006	Holdings at 21/7/2006
Company			
Ordinary shares			
Matthew Chan Chung Shin	240,000	240,000	240,000
Chong Fook Choy	28,377,710	28,705,100	28,705,100
Lim May Lan	593,493	651,320	651,320
Foo See Liang	430,000	500,000	500,000
Phoon Wai Meng [(1)]	120,000	120,000	120,000
Rick Kenneth Hodgman	450,000	450,000	450,000
Options to subscribe for ordinary shares [(2)]			
Exercisable in three tranches from 6 January 2004, 6 January 2005 and 6 January 2006 onwards at $0.25 each			
Lim May Lan	151,000	151,000	151,000
Exercisable in three tranches from 11 March 2005, 11 March 2006 and 11 March 2007 onwards at $0.64 each			
Chong Fook Choy	220,000	220,000	220,000
Lim May Lan	139,000	139,000	139,000
Exercisable from 11 March 2005 onwards at $0.64 each			
Matthew Chan Chung Shin	20,000	20,000	20,000
Chong Fook Choy	20,000	20,000	20,000
Lim May Lan	20,000	20,000	20,000
Foo See Liang	30,000	30,000	30,000

Directors' Report

Year ended 30 June 2006

	Holdings at 1/7/2005 or date of appointment	Holdings at 30/6/2006	Holdings at 21/7/2006
Awards for ordinary shares (3)			
To vest on 6 January 2006			
Lim May Lan	40,667	–	–
To vest in two tranches on 11 March 2006 and 11 March 2007			
Chong Fook Choy	55,610	28,220	28,220
Lim May Lan	34,840	17,680	17,680
To vest on 1 July 2006			
Matthew Chan Chung Shin	60,000	60,000	60,000

(1) Included in Mr. Phoon Wai Meng's interest was his deemed interest in 25,000 ordinary shares held in the name of his spouse.

(2) Options refer to the options to subscribe for shares of the Company granted to employees and directors of the Group pursuant to the holding company's "Ellipsiz Share Option Plan" approved by its shareholders on 28 November 2001.

(3) Awards refer to shares of the Company granted to employees and non-executive directors of the Group, free of charge, pursuant to the "Ellipsiz Restricted Stock Plan" approved by its shareholders on 28 November 2001.

Except as disclosed in this report, no director who held office at the end of the financial year had any interest in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year or at 21 July 2006.

Except as disclosed under the "Share Plans" section of this report, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses, fees and benefits received by the directors and related party transactions as disclosed in the Notes 23 and 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm in which he is a member or with a company in which he has a substantial financial interest.

Share Plans

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan". The "Ellipsiz Share Option Plan" enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge.

The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are administered by the Remuneration Committee.

Directors' Report

Year ended 30 June 2006

Other salient details regarding the "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are set out below:

(a) The total number of new shares over which options may be granted pursuant to the "Ellipsiz Share Option Plan", when added to the number of new shares issued and issuable in respect of all options granted, and all awards granted under the "Ellipsiz Restricted Stock Plan", shall not exceed 15% of the issued share capital of the Company (or such other limit that may be imposed by the Companies Act or the SGX-ST Listing Manual) on the day preceding the relevant date of grant. This works on average to an issue rate of about 1.5% per year over the 10-year period of each plan.

(b) The subscription price of the option shares is the price equal to the volume-weighted average price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) over 7 consecutive trading days immediately preceding the date of grant of the relevant options or such higher price as may be determined by the Remuneration Committee. Options may be exercised one year after the grant date and will expire on the 5th anniversary of the grant date, and in accordance with a vesting schedule and the conditions (if any) to be determined by the Remuneration Committee on such option's grant date, unless they are cancelled or have lapsed.

(c) The "Ellipsiz Restricted Stock Plan" envisages the awards of shares to participants upon achieving certain pre-determined performance target(s) or fulfilling certain prescribed periods of service with the Group. Where the award is time-based, the awards granted will be vested after the grantee has fulfilled the prescribed period of employment with the Group as stated in the particular award letter. Where such award is performance-based, the awards will be vested after the grantee has achieved the performance targets within the performance periods set in that particular award and may be further subject to additional vesting periods as may be stipulated by the Remuneration Committee for each grantee.

(d) Subject to the prevailing legislation and SGX-ST's guidelines, the Company has the flexibility to deliver shares to grantees upon the exercise of their awards by way of:

(i) an issue of new shares; and/or

(ii) by procuring the transfer of existing shares.

The Company can also determine and make a release of an award, wholly or partly, in the form of cash rather than shares or by a combination of any of the mentioned methods.

Details of options or awards granted during the financial year, under the "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" on the unissued ordinary shares of the Company are set out in Note 28 to the financial statements.

Except as disclosed herein, there were no unissued shares of the Company or its subsidiaries under options or awards granted by the Company or its subsidiaries at the end of the financial year.

Details of options or awards granted to directors of the Company under the "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan", collectively known as "the Plans" are as follows:

Director	Options granted for financial year ended 30 June 2006		Aggregate options granted since commencement to 30 June 2006		Aggregate options exercised since commencement to 30 June 2006		Aggregate options outstanding as at 30 June 2006	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Matthew Chan Chung Shin	-	-	20,000	0.01	-	-	20,000	0.01
Chong Fook Choy	-	-	240,000	0.10	-	-	240,000	0.10
Lim May Lan	-	-	310,000	0.12	-	-	310,000	0.12
Foo See Liang	-	-	30,000	0.01	-	-	30,000	0.01
Rick Kenneth Hodgman	-	-	30,000*	0.01	-	-	-	-

** Options have lapsed*

Directors' Report

Year ended 30 June 2006

Director	Awards granted for financial year ended 30 June 2006		Aggregate awards granted since commencement to 30 June 2006		Aggregate awards vested since commencement to 30 June 2006		Aggregate awards outstanding as at 30 June 2006	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Matthew Chan Chung Shin	-	-	140,000	0.06	80,000	0.03	60,000	0.02
Chong Fook Choy	-	-	103,000	0.04	74,780	0.03	28,220	0.01
Lim May Lan	-	-	194,000	0.08	176,320	0.07	17,680	0.01
Foo See Liang	-	-	20,000	0.01	20,000	0.01	-	-
Rick Kenneth Hodgman	-	-	20,000	0.01	20,000	0.01	-	-

Details of participants (other than Directors) who received more than 5% of the total number of options and awards made available under the Plans are as follows:

Participant	Options granted for financial year ended 30 June 2006		Aggregate options granted since commencement to 30 June 2006		Aggregate options exercised since commencement to 30 June 2006		Aggregate options outstanding as at 30 June 2006	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Ong Puay Han	-	-	275,000	0.11	136,000	0.05	139,000	0.06

Participant	Awards granted for financial year ended 30 June 2006		Aggregate awards granted since commencement to 30 June 2006		Aggregate awards vested since commencement to 30 June 2006		Aggregate awards outstanding as at 30 June 2006	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Ong Puay Han	-	-	162,000	0.07	144,320	0.06	17,680	0.01

The percentage is computed based on the options or awards granted divided by the total number of ordinary shares issued by the Company as at 30 June 2006.

Since the commencement of the "Ellipsiz Share Option Plan", no option has been granted to the controlling shareholders of the Company or their associates. The aforesaid group of persons is also not eligible to participate in the "Ellipsiz Restricted Stock Plan".

Other than as stated above, no participant under the Plans has been granted 5% or more of the total options or awards available under the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan".

None of the options are granted at a subscription price which is at a discount of the shares' market price immediately prior to the date of grant, as this is not allowed under the rules of the "Ellipsiz Share Option Plan".

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Directors' Report

Year ended 30 June 2006

Audit Committee

The members of the Audit Committee during the financial year are:

Foo See Liang (Chairman)
Phoon Wai Meng
Rick Kenneth Hodgman

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report.

The principal responsibilities of the Audit Committee include review of:

(a) the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

(b) the half and full year announcements of the Company and the Group before they are submitted to the Board for approval;

(c) discussion with the external auditors on the overall scope of work of the audit and its effectiveness, the results of the audit and the evaluation of the internal control system, auditors' management letter and the responses from management;

(d) the nature and extent of non-audit services provided by the external auditors to the Group and the Company;

(e) the independence and objectivity of external auditors annually; and

(f) interested person transactions between the Group and interested persons, if any.

In accordance with Chapter 9 of the SGX-ST Listing Manual, the Audit Committee has reviewed the requirements for approval and disclosure of interested person transactions, and reviewed the internal procedures set up by the Company to identify and report and where necessary, seek approval for interested person transactions.

In accordance with Chapter 12 of the SGX-ST Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the auditors and these services would not, in the Audit Committee's opinion, affect the independence of the auditors.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

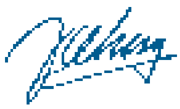
Directors' Report

Year ended 30 June 2006

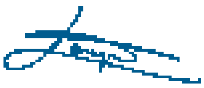
Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



CHONG FOOK CHOY
Director



LIM MAY LAN
Director

Singapore
7 September 2006

Statement by Directors

Year ended 30 June 2006

In our opinion:

(a) the financial statements set out on pages 45 to 99 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

CHONG FOOK CHOY
Director

LIM MAY LAN
Director

Singapore
7 September 2006

Report of the Auditors to the Members of Ellipsiz Ltd

Year ended 30 June 2006

We have audited the accompanying financial statements of Ellipsiz Ltd for the year ended 30 June 2006 as set out on pages 45 to 99. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the consolidated financial statements of the Group, the balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG
Certified Public Accountants

Singapore
7 September 2006

Balance Sheets

As at 30 June 2006

	Note	Group 2006 $'000	Group Restated 2005 $'000	Company 2006 $'000	Company Restated 2005 $'000
Non-current assets					
Property, plant and equipment	3	34,643	19,694	41	93
Intangible assets	4	39,366	11,772	7	4
Subsidiaries	5	-	-	74,039	32,432
Associates	6	1,302	1,484	500	750
Jointly-controlled entity	7	127	236	-	-
Other assets	8	77	21,280	75	21,276
Convertible loan receivable	9	1,481	-	1,481	-
Trade receivables	10	-	138	-	-
Deferred tax assets	11	249	186	12	-
		77,245	54,790	76,155	54,555
Current assets					
Inventories	12	22,222	8,915	-	-
Project-in-progress	13	64	298	-	-
Trade and other receivables	14	49,590	38,357	1,878	1,649
Amounts due from related parties	15	1,325	226	29,116	11,107
Other assets	8	5,429	-	5,429	-
Cash and cash equivalents	16	46,386	29,788	12,152	7,885
		125,016	77,584	48,575	20,641
Total assets		202,261	132,374	124,730	75,196
Equity attributable to equity holders of the parent					
Share capital	17	117,169	59,727	117,169	59,727
Reserves	18	(5,325)	22,868	(36,375)	10,819
		111,844	82,595	80,794	70,546
Minority interests		753	14,014	-	-
Total equity		112,597	96,609	80,794	70,546
Non-current liabilities					
Interest-bearing borrowings	19	1,049	4,693	-	-
Redeemable convertible preference shares	20	78	78	-	-
Other payables	21	764	-	757	-
Deferred tax liabilities	11	4,744	1,427	-	6
		6,635	6,198	757	6
Current liabilities					
Trade and other payables	21	61,105	23,169	22,712	3,318
Amounts due to related parties	15	2,725	97	10,873	1,326
Interest-bearing borrowings	19	14,141	4,887	9,594	-
Current tax payable		5,058	1,414	-	-
		83,029	29,567	43,179	4,644
Total liabilities		89,664	35,765	43,936	4,650
Total equity and liabilities		202,261	132,374	124,730	75,196

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

Profit and Loss Accounts

Year ended 30 June 2006

		Group		Company	
			Restated		Restated
	Note	2006	2005	2006	2005
		$'000	$'000	$'000	$'000
Revenue	22	186,044	118,276	6,284	6,627
Cost of revenue		(129,379)	(79,559)	-	(402)
Gross profit		56,665	38,717	6,284	6,225
Other income	23	24,839	6,245	10,730	3,952
Distribution expenses		(11,442)	(6,802)	-	-
Administrative expenses		(24,139)	(21,146)	(5,076)	(5,124)
Other (expenses)/credit		(4,010)	(163)	(6,315)	2,511
Finance costs	23	(836)	(591)	(300)	-
Share of results of associates		(42)	108	-	-
Share of results of a jointly-controlled entity		(107)	(134)	-	-
Profit before taxation	23	40,928	16,234	5,323	7,564
Income taxes	24	(4,239)	(2,860)	(220)	(14)
Profit for the year		36,689	13,374	5,103	7,550
Attributable to:					
Equity holders of the parent		26,091	10,636	5,103	7,550
Minority interests		10,598	2,738	-	-
Profit for the year		36,689	13,374	5,103	7,550
Earnings per share (cents)	26				
- Basic		10.56	4.47		
- Diluted		10.52	4.38		

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

Consolidated Statement of Changes in Equity

Year ended 30 June 2006

Group	Share capital $'000	Share premium $'000	Capital reserve $'000	Unissued capital $'000	Fair value reserve $'000	Compen-sation reserve $'000	Exchange translation reserve $'000	Accum-ulated losses $'000	Total attributable to holders of the parent $'000	Minority interests $'000	Total equity $'000
At 1 July 2004, as previously reported	59,431	53,564	(11,720)	-	-	-	(249)	(27,790)	73,236	2,010	75,246
Effects of adopting FRS 102 (Note 27)	-	12	-	-	-	449	-	(189)	272	-	272
At 1 July 2004, restated	59,431	53,576	(11,720)	-	-	449	(249)	(27,979)	73,508	2,010	75,518
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	-	-	(95)	-	(95)	(177)	(272)
Net losses recognised directly in equity	-	-	-	-	-	-	(95)	-	(95)	(177)	(272)
Profit for the year	-	-	-	-	-	-	-	10,636	10,636	2,738	13,374
Total recognised income and expense for the year	-	-	-	-	-	-	(95)	10,636	10,541	2,561	13,102
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"											
- exercise price	51	-	-	-	-	-	-	-	51	-	51
- value of employee services received	-	8	-	-	-	(8)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	-	402	-	-	402	-	402
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"											
- value of employee services received	245	131	-	-	-	(376)	-	-	-	-	-
Value of employee services received for issue of share awards	-	-	-	-	-	353	-	-	353	-	353
Investment by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	3,390	3,390
Excess capital contribution by the Group over the share of fair value of net identifiable assets acquired	-	-	-	-	-	-	-	-	-	1,626	1,626
Acquisition of interest from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,648)	(1,648)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	11,097	11,097
Arising from disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(5,022)	(5,022)
Final dividend of 0.6875 cents per share less tax at 20% in respect of 2004	-	-	-	-	-	-	-	(1,308)	(1,308)	-	(1,308)
Interim dividend of 0.5 cents per share less tax at 20%	-	-	-	-	-	-	-	(952)	(952)	-	(952)
At 30 June 2005	59,727	53,715	(11,720)	-	-	820	(344)	(19,603)	82,595	14,014	96,609

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

Consolidated Statement of Changes in Equity

Year ended 30 June 2006

Group	Share capital $'000	Share premium $'000	Capital reserve $'000	Unissued capital $'000	Fair value reserve $'000	Compen-sation reserve $'000	Exchange translation reserve $'000	Accum-ulated (losses)/ profit $'000	Total attributable to holders of the parent $'000	Minority interests $'000	Total equity $'000
At 30 June 2005, as previously reported	59,727	53,695	(11,720)	-	-	-	(344)	(18,980)	82,378	14,014	96,392
Effects of adopting FRS 102 (Note 27)	-	20	-	-	-	820	-	(623)	217	-	217
At 30 June 2005, restated	59,727	53,715	(11,720)	-	-	820	(344)	(19,603)	82,595	14,014	96,609
Effects of adopting FRS 39 (Note 27)	-	-	-	-	445	-	-	265	710	-	710
At 1 July 2005, restated	59,727	53,715	(11,720)	-	445	820	(344)	(19,338)	83,305	14,014	97,319
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	-	-	(1,899)	-	(1,899)	(724)	(2,623)
Change in fair value of equity securities available-for-sale	-	-	-	-	(445)	-	-	-	(445)	-	(445)
Net losses recognised directly in equity	-	-	-	-	(445)	-	(1,899)	-	(2,344)	(724)	(3,068)
Profit for the year	-	-	-	-	-	-	-	26,091	26,091	10,598	36,689
Total recognised income and expense for the year	-	-	-	-	(445)	-	(1,899)	26,091	23,747	9,874	33,621
Issue of ordinary shares (Note 17)	2,321	929	-	-	-	-	-	-	3,250	-	3,250
Ordinary shares outstanding for issuance (Note 18)	-	-	-	3,150	-	-	-	-	3,150	-	3,150
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"											
- exercise price	62	-	-	-	-	-	-	-	62	-	62
- value of employee services received	5	4	-	-	-	(9)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	-	-	69	-	-	69	-	69
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"											
- value of employee services received	388	18	-	-	-	(406)	-	-	-	-	-
Value of employee services received for issue of share awards	-	-	-	-	-	248	-	-	248	-	248
Acquisition of additional interest from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(23,684)	(23,684)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	1,561	1,561
Arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	(32)	(32)
Interim dividend paid by subsidiary	-	-	-	-	-	-	-	-	-	(980)	(980)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	54,666	(54,666)	-	-	-	-	-	-	-	-	-
Final dividend of 0.5 cents per share less tax at 20% in respect of 2005	-	-	-	-	-	-	-	(993)	(993)	-	(993)
Interim dividend of 0.5 cents per share less tax at 20%	-	-	-	-	-	-	-	(994)	(994)	-	(994)
At 30 June 2006	117,169	-	(11,720)	3,150	-	722	(2,243)	4,766	111,844	753	112,597

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

Statement of Changes in Equity

Year ended 30 June 2006

Company	Share capital $'000	Share premium $'000	Unissued capital $'000	Fair value reserve $'000	Compensation reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2004, as previously reported	59,431	53,564	-	-	-	(48,639)	64,356
Effects of adopting FRS 102 (Note 27)	-	12	-	-	164	198	374
At 1 July 2004, restated	59,431	53,576	-	-	164	(48,441)	64,730
Profit for the year	-	-	-	-	-	7,550	7,550
Total recognised income and expense for the year	-	-	-	-	-	7,550	7,550
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"							
- exercise price	51	-	-	-	-	-	51
- value of employee services received	-	8	-	-	(2)	-	6
Value of employee services received for issue of share options	-	-	-	-	100	-	100
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"							
- value of employee services received	245	131	-	-	(128)	-	248
Value of employee services received for issue of share awards	-	-	-	-	121	-	121
Final dividend of 0.6875 cents per share less tax at 20% in respect of 2004	-	-	-	-	-	(1,308)	(1,308)
Interim dividend of 0.5 cents per share less tax at 20%	-	-	-	-	-	(952)	(952)
At 30 June 2005	59,727	53,715	-	-	255	(43,151)	70,546
At 30 June 2005, as previously reported	59,727	53,695	-	-	-	(43,449)	69,973
Effects of adopting FRS 102 (Note 27)	-	20	-	-	255	298	573
At 30 June 2005, restated	59,727	53,715	-	-	255	(43,151)	70,546
Effects of adopting FRS 39 (Note 27)	-	-	-	445	-	265	710
At 1 July 2005, restated	59,727	53,715	-	445	255	(42,886)	71,256
Change in fair value of equity securities available-for-sale	-	-	-	(445)	-	-	(445)
Net losses recognised directly in equity	-	-	-	(445)	-	-	(445)
Profit for the year	-	-	-	-	-	5,103	5,103
Total recognised income and expense for the year	-	-	-	(445)	-	5,103	4,658
Issue of ordinary shares (Note 17)	2,321	929	-	-	-	-	3,250
Ordinary shares outstanding for issuance (Note 18)	-	-	3,150	-	-	-	3,150
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"							
- exercise price	62	-	-	-	-	-	62
- value of employee services received	5	4	-	-	-	-	9
Value of employee services received for issue of share options	-	-	-	-	27	-	27
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"							
- value of employee services received	388	18	-	-	(145)	-	261
Value of employee services received for issue of share awards	-	-	-	-	108	-	108
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	54,666	(54,666)	-	-	-	-	-
Final dividend of 0.5 cents per share less tax at 20% in respect of 2005	-	-	-	-	-	(993)	(993)
Interim dividend of 0.5 cents per share less tax at 20%	-	-	-	-	-	(994)	(994)
At 30 June 2006	117,169	-	3,150	-	245	(39,770)	80,794

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

Consolidated Statement of Cash Flows

Year ended 30 June 2006

	2006 $'000	Restated 2005 $'000
Operating activities		
Profit before taxation	40,928	16,234
Adjustments for:		
Depreciation of property, plant and equipment	6,865	5,303
Interest income	(887)	(437)
Interest expense	836	591
Loss/(gain) on disposal of property, plant and equipment	83	(2,761)
Bad debts written off	95	29
Allowance/(reversal of allowance) for:		
- inventory obsolescence	757	628
- doubtful debt from trade receivables	574	180
- doubtful debt from an affiliate	154	(46)
Inventories written off	170	4
Loss/(gain) on disposal of subsidiaries	9	(1,863)
Gain on liquidation of associate	-	(1)
Loss on disposal of associate	-	30
Amortisation of intangible assets	196	103
Negative goodwill	(12,954)	(80)
Gain on disposal of financial assets	(9,742)	-
Impairment loss on other assets	2,766	-
Fair value adjustment for embedded derivatives	265	-
Share options and awards granted to employees under the Plans [1]	317	755
Grant income	-	(8)
Share of results of associates and a jointly-controlled entity	149	26
Operating profit before working capital changes	30,581	18,687
Changes in working capital:		
Inventories	(4,631)	(3,662)
Project-in-progress	234	229
Amounts due from related parties (trade)	(493)	962
Amount due from minority shareholder of a subsidiary (trade)	-	600
Amounts due to related parties (trade)	353	(397)
Amount due to minority shareholder of a subsidiary (trade)	-	(4,068)
Trade and other receivables [2]	(422)	(10,016)
Trade and other payables	10,704	5,923
Placement of deposits with financial institutions	235	(211)
Cash generated from operations	36,561	8,047
Interest received	870	437
Interest paid	(829)	(587)
Income tax paid	(2,865)	(1,973)
Cash flows from operating activities	33,737	5,924

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

Consolidated Statement of Cash Flows

Year ended 30 June 2006

	Note	2006 $'000	Restated 2005 $'000
Investing activities			
Purchase of property, plant and equipment [3]		(8,368)	(21,839)
Proceeds from disposal of property, plant and equipment [2]		389	1,847
Purchase of intangible assets		(7)	(43)
Investment in associate		(75)	-
Convertible loan to a third party		(1,596)	-
Proceeds from liquidation of associate		-	1
Proceeds from disposal of associate		-	249
Proceeds from disposal of financial assets		22,750	-
Net cash (outflow)/inflow on acquisitions of subsidiaries and business		(18,341)	2,579
Net cash outflow on disposals of subsidiaries [4]		(165)	(467)
Acquisition of additional interests in subsidiaries		(15,638)	(1,952)
Amounts due from related parties (non-trade)		(370)	181
Cash flows from investing activities		(21,421)	(19,444)
Financing activities			
Proceeds from bank loans		21,766	1,087
Repayment of bank loans		(15,805)	-
Repayment of hire purchase and finance lease creditors		(560)	(1,198)
Grant received		-	8
Amounts due to related parties (non-trade)		2,511	(180)
Amount paid to minority shareholder of a subsidiary (non-trade)		-	(10,057)
Issue of ordinary shares under share option scheme		62	51
Dividend paid		(1,987)	(2,260)
Dividend paid to minority interests		(980)	-
Capital injection from minority shareholders of subsidiaries		-	3,390
Issuance of redeemable convertible preference shares to minority shareholder of subsidiary		-	78
Cash flows from financing activities		5,007	(9,081)
Net increase/(decrease) in cash and cash equivalents		17,323	(22,601)
Cash and cash equivalents at beginning of year		26,221	48,822
Effect of exchange rate changes on balances in foreign currencies		(490)	-
Cash and cash equivalents at end of year	16	43,054	26,221

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

Consolidated Statement of Cash Flows

Year ended 30 June 2006

Significant non-cash transactions

(1) Share options and awards values amounting to $69,000 (2005: $402,000) and $248,000 (2005: $353,000) issued or issuable under "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan", respectively, were charged as staff cost.

(2) Trade receivables and proceeds from disposal of property, plant and equipment amounting to $Nil (2005: $3,903,000) and $Nil (2005: $4,290,000) respectively were received in the form of quoted equity instruments issued to the Company, which was recorded as "other assets" in the financial statements.

(3) Plant and equipment amounting to $296,000 (2005: $6,123,000) were acquired through hire purchase arrangements and finance leases.

(4) The sale proceeds relating to the disposal of one of the subsidiaries include unquoted equity shares with fair value of $Nil (2005: $13,008,000) (Note 5).

(5) During the year, the Company issued 9,285,714 new ordinary shares amounting to $3,250,000 (2005: $Nil) for partial settlement of the purchase consideration in respect of its acquisition of subsidiary (Notes 5 and 17).

The effect of acquisitions of subsidiaries (Note 5) and business (Note 25) is set out below:

	Note	2006 $'000	2005 $'000
Property, plant and equipment		14,227	7,769
Intangible assets		7,582	11,284
Investment in associate		48	-
Inventories		10,337	3,270
Trade and other receivables		13,021	13,883
Cash and cash equivalents		5,479	8,899
Trade and other payables		(8,582)	(20,725)
Current tax payable		(607)	-
Interest-bearing borrowings		-	(1,826)
Deferred tax liabilities		(4,839)	(359)
Minority interests		(30)	-
Net identifiable assets acquired		36,636	22,195
Minority interests		(1,531)	(11,097)
Share of net assets previously equity accounted for		-	(2,556)
Uncalled capital at date of acquisition		-	(2,580)
Additional consideration	5	(1,513)	-
		33,592	5,962
Negative goodwill on acquisition		(12,951)	-
Goodwill on acquisition		6,429	358
Consideration satisfied in equity shares (5)		(3,250)	-
Consideration satisfied in cash		23,820	6,320
Cash and cash equivalents acquired		(5,479)	(8,899)
Net cash outflow/(inflow) on acquisitions of subsidiaries and business		18,341	(2,579)

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

Consolidated Statement of Cash Flows

Year ended 30 June 2006

The effect of acquiring additional equity interests in existing subsidiaries is set out below:

	2006 $'000	2005 $'000
Acquisition of interest from minority shareholders of subsidiaries	23,684	1,648
Goodwill on acquisition	14,444	384
Negative goodwill arising from		
- increase of subsidiary's share capital	(3)	-
- acquisition of interest from minority shareholders of subsidiaries	-	(80)
Consideration settled in equity shares, not issued at the balance sheet date	(3,150)	-
Outstanding consideration not paid	(19,337)	-
Consideration paid, satisfied in cash	15,638	1,952

The effect of disposal of subsidiaries is set out below:

	2006 $'000	2005 $'000
Property, plant and equipment	(7)	(22,424)
Intangible assets	-	(37)
Inventories	(13)	(591)
Trade and other receivables	(409)	(3,727)
Cash and cash equivalents	(198)	(7,024)
Trade and other payables	143	6,868
Interest-bearing borrowings	419	5,693
Deferred tax liabilities	-	144
Net identifiable assets disposed	(65)	(21,098)
Goodwill on consolidation disposed	(9)	(1,626)
Minority interests	32	5,022
	(42)	(17,702)
Loss/(gain) on disposals	9	(1,863)
Consideration received	(33)	(19,565)
Consideration in the form of unquoted equity shares [4]	-	13,008
Cash consideration	(33)	(6,557)
Cash and cash equivalents disposed	198	7,024
Net cash outflow on disposal of subsidiaries	165	467

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

Notes to the Financial Statements

Year ended 30 June 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 7 September 2006.

1 Domicile and Activities

Ellipsiz Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06 NorthTech Building, Singapore 757716.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates and a jointly-controlled entity.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis, except for certain financial assets and liabilities which are stated at fair value.

During the financial year, the Group adopted the following new/revised FRSs which are relevant to its operations:

FRS 1 *(revised)*	*Presentation of Financial Statements*
FRS 2 *(revised)*	*Inventories*
FRS 8 *(revised)*	*Accounting Policies, Changes in Accounting Estimates and Errors*
FRS 10 *(revised)*	*Events After the Balance Sheet Date*
FRS 16 *(revised)*	*Property, Plant and Equipment*
FRS 17 *(revised)*	*Leases*
FRS 21 *(revised)*	*The Effects of Changes in Foreign Exchange Rates*
FRS 24 *(revised)*	*Related Party Disclosures*
FRS 27 *(revised)*	*Consolidated and Separate Financial Statements*
FRS 28 *(revised)*	*Investments in Associates*
FRS 31 *(revised)*	*Interests in Joint Ventures*
FRS 32 *(revised)*	*Financial Instruments: Disclosure and Presentation*
FRS 33 *(revised)*	*Earnings Per Share*
FRS 39	*Financial Instruments: Recognition and Measurement*
FRS 102	*Share-based Payment*
FRS 105	*Non-current Assets Held for Sale and Discontinued Operations*
INT FRS 101	*Changes in Existing Recommissioning, Restoration and Similar Liabilities*

The effects of adopting the new/revised FRSs during the financial year are set out in Note 27.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Notes to the Financial Statements

Year ended 30 June 2006

The Group has not applied certain new accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective. The initial application of these standards and interpretations is not expected to have any material impact on the Group's financial statements.

The Group has not considered the impact of accounting standards issued after the balance sheet date.

2.2 Functional currency

The functional currency of the Company is the Singapore dollar. As sales and purchases are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the directors are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the Company.

2.3 Consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are companies in which the Group has significant influence, but not control, over financial and operating policies. Jointly-controlled entities are entities over whose activities the Group has joint control, established by contractual agreement.

Investments in associates and jointly-controlled entity are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, they are accounted for using the equity method of accounting. The Group's investment in these entities includes goodwill on acquisition.

When the Group's share of losses exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or contractual obligations or made payments on behalf of the associate.

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired and in the case of acquisitions relating to additional interests in subsidiaries, the Group's interest in the carrying values of the identifiable assets, liabilities and contingent liabilities acquired over the cost of acquisition is credited to the profit and loss account in the period of the acquisition.

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at the foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at cost in foreign currencies are translated using exchange rates at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the Financial Statements

Year ended 30 June 2006

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and lease term.

Except for assets under construction, depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment, over their estimated useful lives as follows:

Leasehold building	30 years
Leasehold improvements	shorter of 30 years and remaining lease period
Furniture and fittings	5 to 10 years
Office equipment	5 to 10 years
Computers	1 to 5 years
Motor vehicles	5 years
Plant and machinery	3 to 10 years
Mechanical and electrical facilities	10 years

The useful lives and residual values, if not insignificant, are reassessed annually.

2.6 Intangible assets

Computer software

Computer software which does not form an integral part of related hardware is stated at cost less accumulated amortisation and impairment losses.

Amortisation of computer software is calculated on the straight-line basis so as to write off the costs of the computer software over its estimated useful life of 1 to 5 years.

Research and development expenditure

Development expenditure attributable to a project whose technical feasibility and commercial viability are reasonably assured is capitalised. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over a 5-year period from the date of commencement of commercial production.

Other research and development expenditure is recognised in the profit and loss account as an expense when incurred.

Technology licence and intellectual properties

Technology licence and intellectual properties represent patents, registered designs, technical data, know-how, and other intellectual property rights related to or connected with the processing, manufacturing, repair, rework and sale of probe cards.

Notes to the Financial Statements

Year ended 30 June 2006

Technology licence and intellectual properties are stated at cost less accumulated amortisation and impairment losses. The cost of these intangible acquired in the business combination is their fair values at the date of acquisition. Technology licence and intellectual properties are capitalised and amortised on a straight-line basis over its estimated economic useful life of 20 years.

Negative goodwill

Negative goodwill in a business combination represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. With the adoption of FRS 103 Business Combinations from 1 July 2004, negative goodwill is recognised immediately in the profit and loss account.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired for business combinations which result in the Group obtaining control over the acquired entity or business. Where the acquisition relates to additional interests in a subsidiary, goodwill represents the excess of the cost of acquisition over the carrying value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates is presented together with investments in associates.

Goodwill is tested for impairment on an annual basis as described in Note 2.16.

2.7 Affiliates

An affiliate is defined as one, other than a related corporation, which has common direct or indirect shareholders or common directors with the Company and subsidiaries of the Group.

Amounts due from affiliates are stated at cost less allowance for doubtful receivables.

2.8 Other assets

Club memberships

Club memberships held for long-term are stated at cost less an allowance for diminution in value which, in the opinion of the directors, is other than temporary.

The cost of investment is the fair value of assets given up and charges directly attributable to the acquisition. When the fair value of the investment acquired is more clearly evident, the cost of investment would be the fair value of investment acquired.

Investments in equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit and loss account.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are stated at amortised cost less impairment losses.

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the profit and loss account. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit and loss account.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the balance sheet date.

Financial instruments classified as held-for-trading or available-for-sale investments are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Notes to the Financial Statements

Year ended 30 June 2006

2.9 Convertible loan receivable

Convertible loan receivable is recognised initially at fair value. The difference between the fair value of the receivables and loan amount at the inception is recognised in the profit and loss account. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the profit and loss account over the expected repayment period.

2.10 Derivatives

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is calculated principally on the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate proportion of attributable overheads based on normal operating capacity.

2.12 Project-in-progress

Project-in-progress is stated at cost and attributable profits less progress payments and allowances for foreseeable losses. Cost includes direct materials, labour and an appropriate proportion of attributable overheads.

2.13 Government grants

Grants received in respect of the acquisition of property, plant and equipment are presented in the balance sheet as deferred income and are accreted to development expenditure or profit and loss account on a straight-line basis over the estimated useful lives of the relevant assets. Income related grants are charged against the relevant research and development expenses in the period to which they relate.

2.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the statement of cash flows, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand.

2.16 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, except those relating to goodwill which are tested for impairment on an annual basis. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Notes to the Financial Statements

Year ended 30 June 2006

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit and loss account even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account.

Calculation of recoverable amount

The recoverable amount of the Group's financial assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets), excluding future credit losses that have not been incurred. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss, except those relating to goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of financial assets carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occuring after the impairment loss was recognised.

If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on an equity instrument classified as available-for-sale are not reversed through the profit and loss account.

2.17 Liabilities and interest-bearing liabilities

Trade and other payables are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

2.18 Finance leases

A lease is accounted for as finance lease when substantially all the risks and rewards incident to legal ownership are transferred by the lessor to the lessee. Property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Notes to the Financial Statements

Year ended 30 June 2006

2.19 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss account as incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

Share-based payments

The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" have been put in place to grant share options and award shares to eligible employees and participants, respectively. Details of the "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are disclosed in the Directors' Report.

The fair value of share options and share awards granted is recognised as an employee expense. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options and shares. At each balance sheet date, the Company revises its estimates of the number of options and shares that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

2.20 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for reinstatement cost is made for the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment. A provision for consignment loss is made for the possible liability for stock losses when consignment inventories are returned to the consignor.

The provisions are made having regard to past experience and weighing all possible outcomes against their associated possibilities.

2.21 Income tax

Income tax on the results for the financial year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements

Year ended 30 June 2006

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly-controlled entity except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.22 Revenue recognition

Revenue from the sales of equipment is recognised upon completion of installation. Recognition of revenue pertaining to the provision of warranty and maintenance services is deferred and recognised over the period of warranty or services provision. Revenue from sales of other goods is recognised upon completion of delivery.

Service income is recognised over the period in which the services are rendered. Revenue from service contracts are recognised based on the percentage-of-completion method. The stage of completion is determined by reference to the percentage of actual costs incurred to date to estimated total costs to completion for each contract. Cost incurred which have not been invoiced to customers are recorded in the project-in-progress account. All known or anticipated losses are provided for as soon as they are known.

Commission income is recognised on an accrual basis.

Management fees are recognised on an accrual basis.

Interest income from bank deposits is accrued on a time-apportioned basis.

Dividend income is recognised in the profit and loss account when the right to receive payment is established.

Licence fees are recognised upon fulfilment of obligations under terms of the licence agreements.

2.23 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

2.24 Key management personnel

Key management personnel of the company are those persons having the authority and responsibility for the planning, directing and controlling the activities of the company. The directors of the Company and also general manager, directors, president and vice president of the subsidiaries, are considered as key management personnel of the Group.

2.25 Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the profit and loss account using the effective interest method.

2.26 Dividends

Dividends on ordinary shares are recognised as a liability in the period when there is an obligation to pay the shareholders.

Notes to the Financial Statements

Year ended 30 June 2006

2.27 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses, as well as tax assets and liabilities.

Business segments

The Group comprises the following main business segments:

Wafer Fab Solutions	Provision of reclaims solutions including wafer reclaim, parts cleaning and pump refurbishment; facilities management services including turnkey facilities hookup, total chemicals, gas and abatement management, and turnkey fab relocation; test characterisation including qualification and reliability testing; distribution of equipment, chemicals and consumable products; and provision of technical services and support.
Manufacturing Test Solutions [1]	Provision of solutions for in-circuit and functional testing; bump interconnects for advanced packaging of integrated circuits solutions and related services; provision of chips testing service; and manufacturing fixtures for electronics manufacturing testing products.
Fabless Solutions	Provision of supply chain solutions, design test solutions and probe card solutions.

[1] Test & Advanced Packaging Solutions was re-named as Manufacturing Test Solutions due to the expanded scope of activities in this business segment.

Geographical segments

The business segments are managed on a worldwide basis, but the Group operates in five principal geographical areas, namely Singapore, other Asean countries, Taiwan and China, United States of America and Other Regions.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Notes to the Financial Statements

Year ended 30 June 2006

3 Property, Plant and Equipment

Group	Leasehold building $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Mechanical and electrical facilities $'000	Assets under construc-tion $'000	Total $'000
Cost										
At 1 July 2004	2,505	1,683	559	2,833	2,386	293	28,697	5,064	-	44,020
Additions	-	1,927	115	47	892	78	24,585	318	-	27,962
Arising from acquisitions of subsidiaries	-	258	288	212	825	100	10,948	-	-	12,631
Disposals	-	(53)	(314)	(32)	(155)	(223)	(12,162)	(5,014)	-	(17,953)
Arising from disposal of subsidiaries	-	(1,806)	(66)	(15)	(339)	-	(21,290)	-	-	(23,516)
Reclassification	-	-	-	(2,380)	-	-	2,380	-	-	-
Translation difference on consolidation	-	(2)	(5)	(3)	(11)	-	(130)	-	-	(151)
At 30 June 2005	2,505	2,007	577	662	3,598	248	33,028	368	-	42,993
At 1 July 2005	2,505	2,007	577	662	3,598	248	33,028	368	-	42,993
Additions	-	1,256	39	137	1,035	8	6,179	6	4	8,664
Arising from acquisitions of subsidiaries and business	-	1,048	109	311	219	123	13,383	-	-	15,193
Disposals	-	(298)	(40)	(42)	(19)	(21)	(796)	-	-	(1,216)
Arising from disposal of subsidiary	-	-	-	-	-	-	(9)	-	-	(9)
Reclassification	-	30	-	-	-	-	(30)	-	-	-
Translation difference on consolidation	-	(40)	(23)	(22)	(82)	(12)	(1,071)	-	-	(1,250)
At 30 June 2006	2,505	4,003	662	1,046	4,751	346	50,684	374	4	64,375
Accumulated depreciation and impairment losses										
At 1 July 2004	842	588	490	2,335	2,097	196	17,225	5,050	-	28,823
Depreciation charge for the year	62	354	80	135	583	72	3,983	34	-	5,303
Arising from acquisitions of subsidiaries	-	114	165	39	418	14	4,112	-	-	4,862
Disposals	-	(15)	(310)	(21)	(155)	(189)	(8,873)	(5,014)	-	(14,577)
Arising from disposal of subsidiaries	-	(59)	(10)	(6)	(63)	-	(949)	-	-	(1,087)
Reclassification	-	-	-	(2,034)	-	-	2,034	-	-	-
Translation difference on consolidation	-	2	(2)	1	-	-	(26)	-	-	(25)
At 30 June 2005	904	984	413	449	2,880	93	17,506	70	-	23,299
At 1 July 2005	904	984	413	449	2,880	93	17,506	70	-	23,299
Depreciation charge for the year	74	542	83	152	583	50	5,338	43	-	6,865
Arising from acquisitions of subsidiaries and business	-	34	18	31	122	54	707	-	-	966
Disposals	-	(138)	(30)	(35)	(9)	(21)	(511)	-	-	(744)
Arising from disposal of subsidiary	-	-	-	-	-	-	(2)	-	-	(2)
Reclassification	-	8	-	-	-	-	(8)	-	-	-
Translation difference on consolidation	-	(23)	(16)	(13)	(60)	(5)	(535)	-	-	(652)
At 30 June 2006	978	1,407	468	584	3,516	171	22,495	113	-	29,732
Carrying amount										
At 1 July 2004	1,663	1,095	69	498	289	97	11,472	14	-	15,197
At 30 June 2005	1,601	1,023	164	213	718	155	15,522	298	-	19,694
At 1 July 2005	1,601	1,023	164	213	718	155	15,522	298	-	19,694
At 30 June 2006	1,527	2,596	194	462	1,235	175	28,189	261	4	34,643

Notes to the Financial Statements

Year ended 30 June 2006

Leasehold building and plant and machinery of the Group with carrying amounts of $1,527,000 (2005: $1,601,000) and $9,043,000 (2005: $7,580,000) respectively have been pledged to banks as security for certain bank loans (Note 19).

The carrying amount of property, plant and equipment includes amounts totalling $1,281,000 (2005: $1,851,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 19).

Company	**Furniture and fittings $'000**	**Office equipment $'000**	**Computers $'000**	**Total $'000**
Cost				
At 1 July 2004	69	55	1,494	1,618
Additions	3	3	16	22
At 30 June 2005	72	58	1,510	1,640
At 1 July 2005	72	58	1,510	1,640
Additions	-	3	30	33
At 30 June 2006	72	61	1,540	1,673
Accumulated depreciation				
At 1 July 2004	57	45	1,333	1,435
Depreciation charge for the year	12	10	90	112
At 30 June 2005	69	55	1,423	1,547
At 1 July 2005	69	55	1,423	1,547
Depreciation charge for the year	1	2	82	85
At 30 June 2006	70	57	1,505	1,632
Carrying amount				
At 1 July 2004	12	10	161	183
At 30 June 2005	3	3	87	93
At 1 July 2005	3	3	87	93
At 30 June 2006	2	4	35	41

Depreciation for the financial year is included in the following line items of the profit and loss accounts:

	Group		**Company**	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Cost of revenue	5,288	3,890	-	-
Distribution expenses	129	103	-	-
Administrative expenses	1,448	1,310	85	112
	6,865	5,303	85	112

Notes to the Financial Statements

Year ended 30 June 2006

4 Intangible Assets

Group	Computer software $'000	Development expenditure $'000	Technology licence $'000	Intellectual property $'000	Goodwill $'000	Assets under construction $'000	Total $'000
Cost							
At 1 July 2004	1,823	3,920	-	-	-	-	5,743
Additions	40	-	-	-	-	3	43
Arising from acquisition of subsidiaries	-	-	2,052	-	11,613	-	13,665
Arising from disposal of subsidiaries	(39)	-	-	-	(1,626)	-	(1,665)
Translation difference on consolidation	-	-	(30)	-	(127)	-	(157)
At 30 June 2005	1,824	3,920	2,022	-	9,860	3	17,629
At 1 July 2005	1,824	3,920	2,022	-	9,860	3	17,629
Additions	4	-	-	-	-	3	7
Arising from acquisitions of subsidiaries and business	33	-	-	7,582	20,873	-	28,488
Arising from disposal of subsidiary	-	-	-	-	(9)	-	(9)
Translation difference on consolidation	-	-	(107)	(112)	(456)	-	(675)
At 30 June 2006	1,861	3,920	1,915	7,470	30,268	6	45,440
Accumulated amortisation and impairment losses							
At 1 July 2004	1,822	3,920	-	-	-	-	5,742
Amortisation for the year	3	-	100	-	-	-	103
Arising from acquisition of subsidiaries	-	-	13	-	-	-	13
Arising from disposal of subsidiaries	(2)	-	-	-	-	-	(2)
Translation difference on consolidation	-	-	1	-	-	-	1
At 30 June 2005	1,823	3,920	114	-	-	-	5,857
At 1 July 2005	1,823	3,920	114	-	-	-	5,857
Amortisation for the year	1	-	99	96	-	-	196
Arising from acquisitions of subsidiaries and business	33	-	-	-	-	-	33
Translation difference on consolidation	-	-	(9)	(3)	-	-	(12)
At 30 June 2006	1,857	3,920	204	93	-	-	6,074
Carrying amount							
At 1 July 2004	1	-	-	-	-	-	1
At 30 June 2005	1	-	1,908	-	9,860	3	11,772
At 1 July 2005	1	-	1,908	-	9,860	3	11,772
At 30 June 2006	4	-	1,711	7,377	30,268	6	39,366

The technology licence arising from acquisition of subsidiary in 2005 has a remaining amortisation period of approximately 18 years as at 30 June 2006.

Notes to the Financial Statements

Year ended 30 June 2006

Company	Computer software $'000	Assets under construction $'000	Total $'000
Cost			
At 1 July 2004	1,823	-	1,823
Additions	1	3	4
At 30 June 2005	1,824	3	1,827
At 1 July 2005	1,824	3	1,827
Additions	-	3	3
At 30 June 2006	1,824	6	1,830
Accumulated amortisation and impairment losses			
At 1 July 2004	1,822	-	1,822
Amortisation for the year	1	-	1
At 30 June 2005	1,823	-	1,823
At 1 July 2005	1,823	-	1,823
Amortisation for the year	*	-	*
At 30 June 2006	1,823	-	1,823
Carrying amount			
At 1 July 2004	1	-	1
At 30 June 2005	1	3	4
At 1 July 2005	1	3	4
At 30 June 2006	1	6	7

Amortisation of intangible assets of the Company and the Group are included in the administrative expenses in the profit and loss accounts.

* Amount is less than $1,000.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to business segment and product or services as follows:

	Wafer Fab solutions $'000	Manufacturing Test solutions $'000	Fabless solutions $'000	Total $'000
2006				
Probe cards	-	-	14,268	14,268
Wafer reclaim	384	-	-	384
Consumables	500	-	-	500
Manufacturing testing products and services	-	15,116	-	15,116
	884	15,116	14,268	30,268

Notes to the Financial Statements

Year ended 30 June 2006

	Wafer Fab solutions $'000	Fabless solutions $'000	Total $'000
2005			
Probe cards	-	8,976	8,976
Wafer reclaim	384	-	384
Consumables	500	-	500
	884	8,976	9,860

The recoverable amount of a CGU is determined 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:

	Gross margin %	Growth rate %	Discount rate %
2006			
Probe cards	39.7	13.0	14.5
Wafer reclaim	40.0	15.0	7.9
Consumables	25.4	10.0	7.8
Manufacturing testing products and services	29.0	6.0	7.0
2005			
Probe cards	39.0 to 45.0	16.0	9.7
Wafer reclaim	38.0	5.0	7.5
Consumables	22.0	6.5	7.5

The budgeted gross margins are based on past performance trends and expectations for market developments. The weighted average growth rates used are consistent with 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 and gross margin.

5 Subsidiaries

	Company 2006 $'000	Company 2005 $'000
Investments in subsidiaries	120,452	73,109
Impairment losses	(46,413)	(44,890)
	74,039	28,219
Convertible loan	-	4,213
	74,039	32,432

Notes to the Financial Statements

Year ended 30 June 2006

In 2005, the Company had a convertible loan of US$2,500,000 due from a subsidiary. The loan was unsecured, bore interest at 1.5% per annum, and was repayable on 4 May 2008. The Company had the option to convert the loan into new fully paid ordinary shares at $1.00 each in the subsidiary at a fixed exchange rate of $1.72 for every US$1.00 of the loan before the maturity or full repayment of the convertible loan.

In 2006, the additional acquisition of interests in this subsidiary resulted in the subsidiary becoming wholly-owned. The repayment term was changed from repayable on 4 May 2008 to repayable on demand. All other terms remained unchanged. This resulted in the loan being re-classified as a current asset as at 30 June 2006.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	2005 %
(1) Antech Instruments Pte Ltd	Inactive	Singapore	100	100
(2) Ellipsiz Malaysia Sdn. Bhd.	Sales representation services and distribution of equipment used in the semiconductor industry	Malaysia	70	70
(1) Tezt Pulse Pte Ltd	Inactive	Singapore	100	100
(3) Ellipsiz Taiwan Inc., (Ellipsiz Taiwan) and its subsidiary:	Dealers of scientific instruments, electronics equipment, commission agents and provision of technical services and support	Taiwan	78	78
(4) CrystalTech Scientific Corp	Trading of scientific and electronic equipment	British Virgin Islands	78	78
(1) Ellipsiz Singapore Pte Ltd	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(1) Solidvision Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
(3) Factech Semiconductors Sdn. Bhd.	Provision of total chemical management services	Malaysia	100	100
(1) Ellipsiz MicroFab Pte. Ltd.	Provision of bump interconnects for advanced packaging of integrated circuits solutions and related services. Inactive in 2006	Singapore	100	100
(1) Factech Pte Ltd	Inactive	Singapore	100	100
(1) ESI Instruments Pte Ltd	Inactive	Singapore	100	100

Notes to the Financial Statements

Year ended 30 June 2006

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	2005 %
(4)(12) outsoz.com Inc.	Inactive	United States of America	100	100
(4)(12) Ellipsiz USA Inc.	Inactive	United States of America	100	100
(1) Ellipsiz Ventures Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
(4) Ellipsiz Semiconductor Technology (Shenzhen) Ltd	Investment holding and provision of back end services of integrated circuit designing	China	100	100
(4) Ellipsiz (Shanghai) Electronics Equipment Ltd	Inactive	China	100	-
(1) Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	74	74
(4) Ellipsiz Semilab (Shanghai) Co. Ltd.	Provision of integrated circuits testing services	China	74	74
(1) outsoz.com Pte Ltd	Inactive	Singapore	100	100
(4) Ellipsiz (Shanghai) International Ltd	Sales representation services and distribution of failure analysis equipment and optical equipment	China	100	100
(3) Ellipsiz Second Source Inc., Taiwan	Provision of pump refurbishment services and trading of original equipment and manufacturer parts	Taiwan	100	100
(1) Ellipsiz ISP Pte. Ltd. (Ellipsiz ISP)	Polishing and reclamation of semiconductor wafers	Singapore	100	100
(4)(13) MicroRoutes Pte Ltd	De-registered	Singapore	-	100

Notes to the Financial Statements

Year ended 30 June 2006

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	2005 %
(1)(14) SV Probe Pte. Ltd. (SV Probe) and its subsidiaries:	Provision of probe card designing, manufacturing and distribution solutions for the semiconductor industry and provision of customer support facilities	Singapore	100	50
(4) SV Technology Inc.	Provision of technology services, including technology transfer, training, technical and consultancy services, expert advice and technical assistance	Republic of Mauritius	100	50
(5) SV Probe Technology Taiwan Co. Ltd	Manufacturing and trading and after sales support of probe cards	Taiwan	100	-
(6) SV Probe Vietnam Co., Ltd	Production, installation and designing accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	50
(7) SV Probe Inc.	Design, development and manufacturing of probe cards for the electronics industry	United States of America	100	50
(4) SV Probe China Co., Ltd	Production, trading, research and development, provision of technical consultation and assistance services for electronics products	China	100	50
(8) SV Probe Technology S.A.S.	Design, development and manufacturing of probe cards for the electronics industry	France	100	-
(1) FMB Industries Pte. Ltd. (FMB)	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	92	91
(1) iNETest Resources Pte. Ltd. (iNETest) and its subsidiaries:	Provision of solutions for in-circuit and functional testing	Singapore	100	-
(9) Oriental International Technology Limited	Electronic test solutions and engineering services	Hong Kong	100	-

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Year ended 30 June 2006

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	2005 %
(10) iNETest Resources (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	-
(10) iNETest Resources (China) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	-
(11) iNETest China Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	-
(10) ATE Technology (Shanghai) Inc. (ATE)	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	100	-
(10) iNETest International Trading (Shanghai) Co., Ltd.	General trading	China	100	-

(1) Audited by KPMG Singapore.

(2) Audited by Chew & Co., Malaysia.

(3) These subsidiaries are audited by other member firms of KPMG International.

(4) These subsidiaries are not required to be audited for the current year by the laws of the respective countries of incorporation.

(5) Audited by Deloitte & Touche, Taipei, Taiwan, Republic of China.

(6) Audited by Auditing and Consulting Joint Stock Company, Ho Chi Minh City, Vietnam.

(7) Audited by C.G. Uhlenberg LLP, California, United States of America.

(8) Audited by Orial, Lyon, France.

(9) Audited by Henny Wee & Co., Hong Kong.

(10) Audited by Tin Wha CPAs, Shanghai office, China.

(11) Audited by B L Ong & Co., Singapore.

(12) These subsidiaries are in the process of liquidation.

(13) This subsidiary was de-registered during the financial year.

(14) In 2005, SV Probe was considered a subsidiary and consolidated in the Group financial statements due to the Group's control over more than one half of the voting rights by virtue of the shareholders' agreement. During the financial year, the Company increased its effective interest to 100%.

Notes to the Financial Statements

Year ended 30 June 2006

Acquisitions of and additional interests in subsidiaries

During the financial year, the Group acquired new subsidiaries or additional interests in existing subsidiaries as follows:

Name of subsidiary	Date of acquisition	Effective equity acquired by the Group %	Capital injection/ purchase consideration $'000	Cost directly attributable to acquisition $'000	Total cost of acquisition $'000	Positive/ (negative) goodwill $'000
2006						
Newly acquired subsidiaries						
iNETest	July 2005	51	8,013 (2)	-	8,013	6,429 (6)
ATE	January 2006	100	2,507 (1)	-	2,507	-
Additional interests						
FMB	July 2005	1	274 (1)	-	274	(3) (9)
iNETest	March 2006	49	10,500 (3)	-	10,500	8,696 (6)
SV Probe	April 2006	50	27,625 (4)	-	27,625	5,748 (7)
2005						
Newly acquired subsidiaries						
SV Probe	August 2004	10	8,600 (5)	300	8,900	358 (6)
FMB	January 2005	91	1,200 (8)	-	1,200	-
Additional interests						
Ellipsiz ISP	January 2005	10	368 (1)	-	368	(80) (9)
Ellipsiz ISP	May 2005	4	247 (1)	-	247	46 (10)
Ellipsiz ISP	June 2005	19	1,337 (1)	-	1,337	338 (10)

(1) Purchase considerations were satisfied in cash at dates of acquisitions.

(2) The Company acquired 51% equity interest in iNETest on 8 July 2005. The purchase consideration of $6,500,000 was satisfied by $3,250,000 in cash and remaining $3,250,000 by issuing of 9,285,714 new ordinary shares of the Company. The price of the shares of $0.35 per share was determined by reference to the average closing prices of the Company's shares for the 5 trading days preceding the date of the Sale and Purchase Agreement (S&P Agreement).

Pursuant to the terms of the S&P Agreement, additional consideration of up to a maximum of $1,513,000 may become payable for the acquisition of the 51% equity interest in iNETest Group. This consideration is to be satisfied in cash with an option for the Company to settle up to 50% of the consideration through issuance of new shares of the Company. The payment of the additional consideration is dependent on the financial performance of iNETest and its subsidiaries from the period 1 April 2005 to 30 June 2008.

(3) The Company acquired the remaining 49% interest in iNETest on 31 March 2006 at a consideration of $10,500,000. Out of the total consideration, $3,000,000 was paid at date of acquisition, $4,350,000 was paid on 30 June 2006 and the remaining $3,150,000 will be settled by issuing 5,459,272 new ordinary shares of the Company. The price of the shares of $0.577 per share was determined by reference to the average closing prices of the Company's shares for the 5 trading days preceding the date of the Sale and Purchase Agreement (S&P Agreement).

Notes to the Financial Statements

Year ended 30 June 2006

(4) Purchase consideration of $27,625,000 (US$17,000,000) is to be satisfied in cash and is paid or payable in the three tranches of US$5,100,000, US$5,100,000 and US$6,800,000 on 15 April 2006, 15 October 2006 and 15 April 2007 respectively.

(5) Capital on call amounting to $2,580,000 in relation with the acquisition of SV Probe was called upon and paid on 24 January 2005.

(6) Goodwill on consolidation arose from the regional business infrastructure and experience of the management and technical team acquired, coupled with strong business relationships with certain key customers to secure a stream of recurring revenue and profits.

The Company has not separately recognised any intangible assets from goodwill as it is of the view that it cannot measure reliably the fair value of these intangible assets given that the profits that could be generated by these assets are driven by future events not determinable at balance sheet date.

(7) Goodwill on consolidation arose from the acquisition of additional interest in SV Probe. It excludes goodwill recorded in the financial statements of SV Probe arising from its acquisition of SV Probe Inc. amounting to $8,618,000.

The Company has not separately recognised any intangible assets from goodwill as it is of the view that it cannot measure reliably the fair value of these intangible assets given that the profits that could be generated by these assets are driven by future events not determinable at balance sheet date.

(8) The Company acquired 91% equity interest in FMB by paying cash of $1,200,000 to subscribe for 1,200,000 new ordinary shares.

(9) The negative goodwill on acquisition arose from bargain purchases.

(10) The goodwill relating to acquisition of Ellipsiz ISP arose from the projected future business potentials of the subsidiary.

The effects of the acquisitions are as follows:

	2006			2005		
	iNETest $'000	Others $'000	Total $'000	SV Probe $'000	Others $'000	Total $'000
Property, plant and equipment	657	606	1,263	7,741	28	7,769
Intangible assets	-	-	-	10,784	500	11,284
Investment in associate	48	-	48	-	-	-
Inventories	161	322	483	2,661	609	3,270
Trade and other receivables	2,241	1,060	3,301	13,557	326	13,883
Cash and cash equivalents	4,551	928	5,479	8,522	377	8,899
Trade and other payables	(3,881)	(409)	(4,290)	(18,885)	(1,840)	(20,725)
Current tax payable	(607)	-	(607)	-	-	-
Interest-bearing borrowings	-	-	-	(1,826)	-	(1,826)
Deferred tax liabilities	(25)	-	(25)	(359)	-	(359)
Minority interests	(30)	-	(30)	-	-	-
Net identifiable assets acquired	3,115	2,507	5,622	22,195	*	22,195
Minority interests	(1,531)	-	(1,531)	(11,097)	-	(11,097)

Notes to the Financial Statements

Year ended 30 June 2006

	2006 iNETest $'000	2006 Others $'000	2006 Total $'000	2005 SV Probe $'000	2005 Others $'000	2005 Total $'000
Share of net assets previously equity accounted for	-	-	-	(2,556)	-	(2,556)
	1,584	2,507	4,091	8,542	*	8,542
Goodwill on acquisition	6,429	-	6,429	358	-	358
Additional consideration [1]	(1,513)	-	(1,513)	-	-	-
Consideration settled in equity shares	(3,250)	-	(3,250)	-	-	-
Uncalled capital at date of acquisition	-	-	-	(2,580)	-	(2,580)
Consideration paid, satisfied in cash	3,250	2,507	5,757	6,320	*	6,320
Cash and cash equivalents acquired	(4,551)	(928)	(5,479)	(8,522)	(377)	(8,899)
Net cash (inflow)/outflow	(1,301)	1,579	278	(2,202)	(377)	(2,579)

* Amount is less than $1,000.

(1) The additional consideration of $1,513,000 is payable upon satisfaction of performance criteria prescribed in the Sale and Purchase Agreement. The additional consideration is payable in cash with an option for the Company to settle up to 50% of the consideration in the form of equity shares.

The carrying amounts of the net identifiable assets and liabilities at the dates of acquisitions approximate the fair values of the assets and liabilities.

On the initial accounting of acquisition, the Group has recorded the preliminary fair value of the net identifiable assets acquired. Under FRS 103, the Group is able to make adjustments to the preliminary fair value within 12 months from the date of acquisition if there are any significant changes to the underlying assumptions adopted on the initial accounting.

Had the acquisitions or increase in equity interest in the subsidiaries occurred at the beginning of the year, the consolidated revenue and profit after tax of the Group would have been:

	2006 $'000	2005 $'000
Revenue	187,613	121,581
Profit for the year	36,670	11,155

The acquisitions of new subsidiaries and further increase in equity interest in subsidiaries have contributed to the consolidated profit for the financial year as follows:

	2006 $'000	2005 $'000
SV Probe	2,034	2,180
iNETest	2,707	-
Others	(112)	154

Disposals of subsidiaries

In 2006, the Group disposed its 51% shareholding interest in QRA International Pte Ltd, a subsidiary of iNETest for cash consideration of $33,000, and recorded net loss of $9,000.

Notes to the Financial Statements

Year ended 30 June 2006

In 2005, the Group disposed its 75% shareholding interest in Ellipsiz Test Pte. Ltd. for a cash consideration of $6,504,000 and unquoted equity shares with fair value of $13,008,000, and its 100% shareholding interest in SV Probe Taiwan Co. Ltd for a cash consideration of $53,000. The disposals resulted in net gain of $1,863,000.

6 Associates

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Investments in associates	1,217	1,094	500	500
Share of post-acquisition reserves	107	149	-	-
Exchange translation reserve	(22)	(9)	-	-
	85	140	-	-
	1,302	1,234	500	500
Loan to associate	-	250	-	250
	1,302	1,484	500	750

In 2005, the loan to associate was unsecured, interest-free, and not expected to be settled within the next 12 months. As at 30 June 2006, the loan is classified as current since it is expected to be repaid within the next 12 months from the balance sheet date.

Investments in associates of the Group at 30 June 2006 include goodwill of $341,000 (2005: $341,000).

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
(1) Chiron Semilab Pte Ltd	Technical testing and analysis services	Singapore	33	33
(2)(4) Shenzhen IC Design Incubation Co., Ltd	Enterprise incubator management, IC design and test, and provision of technical consulting services	China	33	33
(3)(5) Advantech Corporation (Thailand) Co., Limited	Trading and engineering services	Thailand	35	-

(1) Audited by Kong Lim & Partners, Singapore.

(2) This associate is not required to be audited in the current year by the laws of its country of incorporation.

(3) Audited by Tsedeq Accounting and Tax Co., Ltd., Thailand.

(4) The associate is held through Ellipsiz Semiconductor Technology (Shenzhen) Ltd.

(5) The associate is held through iNETest Resources Pte. Ltd.

Notes to the Financial Statements

Year ended 30 June 2006

The financial information of the associates of the Group is as follows:

	Group 2006 $'000	Group 2005 $'000
Results		
Revenue	2,217	3,853
Expenses	(2,347)	(3,547)
(Loss)/profit before and after taxation	(130)	306
Assets and liabilities		
Non-current assets	806	1,126
Current assets	2,833	2,299
Current liabilities	(640)	(583)
Non-current liabilities	(139)	(163)
Net assets	2,860	2,679

At the balance sheet dates, the associates have no commitments and contingent liabilities.

7 Jointly-Controlled Entity

	Group 2006 $'000	Group 2005 $'000
Investment in jointly-controlled entity	408	408
Share of post-acquisition reserves	(277)	(170)
Exchange translation reserves	(4)	(2)
	127	236

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Principal activities	Country of incorporation and business	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
Suzhou Silicon Information Technologies Co., Ltd	Development, production, sale and distribution of digital internet set-top boxes and other similar electrical communication devices, including provision of relevant technical and after sale services	China	50	50

This jointly-controlled entity is held through Ellipsiz Ventures Pte Ltd and it is not required to be audited for the current year by the laws of its country of incorporation.

Notes to the Financial Statements

Year ended 30 June 2006

The Group's share of jointly-controlled entity's results, assets and liabilities is as follows:

	Group	
	2006	2005
	$'000	$'000
Results		
Revenue	4	1
Expenses	(111)	(135)
Loss before and after taxation	(107)	(134)
Assets and liabilities		
Non-current assets	99	115
Current assets	130	124
Current liabilities	(102)	(3)
Net assets	127	236

At the balance sheet dates, the jointly-controlled entity has no commitments and contingent liabilities.

8 Other Assets

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Financial assets				
- Unquoted equity securities available-for-sale	2,313	15,321	2,313	15,321
- Quoted equity securities available-for-sale	8,193	8,193	8,193	8,193
Club memberships	160	189	131	131
	10,666	23,703	10,637	23,645
Impairment losses	(5,160)	(2,423)	(5,133)	(2,369)
	5,506	21,280	5,504	21,276
Represented by:				
Current portion	5,429	-	5,429	-
Non-current portion	77	21,280	75	21,276
	5,506	21,280	5,504	21,276

With the adoption of FRS 39, the Group states its available-for-sale equity securities at fair value. The difference between the fair value and the carrying amount of the securities at 1 July 2005 was recognised in the fair value reserve at that date.

Equity securities are denominated in Hong Kong dollar, United States dollar and Singapore dollar.

The impairment losses of the Group and the Company comprise losses on unquoted equity shares amounting to $2,313,000 (2005: $2,313,000) and quoted equity shares amounting to $2,764,000 (2005: $Nil).

The impairment losses of the Group and the Company relating to club memberships amount to $83,000 (2005: $110,000) and $56,000 (2005: $56,000) respectively.

The quoted securities with carrying amount of $5,429,000 (2005: $Nil) have been pledged as security for a bank loan (Note 19).

Notes to the Financial Statements

Year ended 30 June 2006

9 Convertible Loan Receivable

The convertible loan is extended to a third party, unsecured, bears interest charged at 1% per annum and repayable in equal instalments in October 2007 and November 2007. Pursuant to the terms of the agreement, the Company has the option to convert the loan into equity shares of the third party at the conversion rate prescribed in the agreement.

10 Trade Receivables

	Note	Group 2006 $'000	Group 2005 $'000
Trade receivables		43,562	31,805
Allowance for doubtful receivables		(1,140)	(708)
		42,422	31,097
Represented by:			
Current portion	14	42,422	30,959
Non-current portion		-	138
		42,422	31,097

11 Deferred Tax Assets/(Liabilities)

Recognised deferred tax assets and liabilities

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the financial year are as follows:

Group	At 1 July 2005 $'000	(Charged)/ credited to profit and loss account (Note 24) $'000	Acquisitions of subsidiaries and business $'000	Translation difference $'000	At 30 June 2006 $'000
Deferred tax assets					
Inventories	38	989	-	(25)	1,002
Trade and other receivables	28	(4)	-	10	34
Trade and other payables	366	183	-	(38)	511
Tax value of loss carry-forward	-	117	-	-	117
Other items	9	267	-	(15)	261
	441	1,552	-	(68)	1,925
Deferred tax liabilities					
Property, plant and equipment	(1,682)	16	(3,342)	63	(4,945)
Intangible assets	-	-	(1,497)	22	(1,475)
	(1,682)	16	(4,839)	85	(6,420)
Net deferred tax liabilities	(1,241)	1,568	(4,839)	17	(4,495)

Notes to the Financial Statements

Year ended 30 June 2006

Company	At 1 July 2005 $'000	Credited to profit and loss account (Note 24) $'000	At 30 June 2006 $'000
Deferred tax assets			
Other items	12	7	19
Deferred tax liabilities			
Property, plant and equipment	(18)	11	(7)
Net deferred tax (liabilities)/assets	(6)	18	12

Deferred tax assets and liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax assets	249	186	12	-
Deferred tax liabilities	(4,744)	(1,427)	-	(6)
	(4,495)	(1,241)	12	(6)

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2006 $'000	2005 $'000
Deductible temporary differences	9,807	9,813
Unutilised tax losses	10,600	8,896
	20,407	18,709

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit.

Notes to the Financial Statements

Year ended 30 June 2006

12 Inventories

	Group	
	2006	2005
	$'000	$'000
Raw materials	13,718	4,237
Work-in-progress	3,482	609
Finished goods	6,640	5,704
Inventories-in-transit	273	101
	24,113	10,651
Allowance for inventory obsolescence	(1,891)	(1,736)
	22,222	8,915
Comprises:		
At net realisable value:		
Raw materials	1,260	3,709
Finished goods	-	1,484
	1,260	5,193
At cost:		
Raw materials	12,013	764
Work-in-progress	3,482	285
Finished goods	5,194	2,572
Inventories-in-transit	273	101
	20,962	3,722
	22,222	8,915

13 Project-In-Progress

	Group	
	2006	2005
	$'000	$'000
Cost	47	197
Attributable profits	19	101
Progress billings	(2)	-
	64	298

14 Trade and Other Receivables

		Group		Company	
	Note	2006	2005	2006	2005
		$'000	$'000	$'000	$'000
Current portion of trade receivables	9	42,422	30,959	-	-
Tax receivables		1,147	1,049	943	915
Refundable deposits		814	389	154	154
Prepayments		1,939	1,518	149	190
Advance payments		-	2,807	-	-
Other receivables		3,268	1,635	632	390
		49,590	38,357	1,878	1,649

Notes to the Financial Statements

Year ended 30 June 2006

Included in other receivables of the Group as at 30 June 2006 is an amount of $1,417,000 (US$887,968) arising from the acquisition of business as disclosed in Note 25. This amount represents the remaining portion of the $9,720,000 (US$6,000,000) receivables acquired which has not been received as at balance sheet date. The seller of the business has undertaken to settle these receivables.

15 Amounts Due from/(to) Related Parties

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts due from				
Subsidiaries (non-trade)	-	-	30,403	12,618
Allowance for doubtful receivables	-	-	(1,537)	(1,511)
	-	-	28,866	11,107
Associates				
- Trade	-	5	-	-
- Non-trade	250	-	250	-
Shareholders of a jointly-controlled entity (non-trade)	154	163	-	-
Affiliates				
- Trade	639	58	-	-
- Non-trade	436	-	-	-
Allowance for doubtful receivables	(154)	-	-	-
	1,325	226	250	-
	1,325	226	29,116	11,107
Amounts due to				
Subsidiaries (non-trade)	-	-	(8,352)	(1,326)
Associates (trade)	(83)	(92)	-	-
Affiliates				
- Trade	(121)	-	-	-
- Non-trade	(2,521)	(5)	(2,521)	-
	(2,725)	(97)	(10,873)	(1,326)

The non-trade amount due from affiliates is unsecured, bears fixed interest of 6% (2005: Nil%) per annum and is repayable on demand.

The non-trade amount due to affiliate is unsecured and repayable on demand. The amount outstanding as at 30 June 2006 bears an interest of 3.5% (2005: Nil%) per annum.

The non-trade amounts due from/(to) subsidiaries, associates and shareholders of a jointly-controlled entity are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

Year ended 30 June 2006

16 Cash and Cash Equivalents

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at banks and in hand	32,593	16,889	7,272	1,988
Deposits with financial institutions	13,793	12,899	4,880	5,897
	46,386	29,788	12,152	7,885
Deposits held as security by financial institutions	(3,332)	(3,567)		
Cash and cash equivalents in the consolidated statement of cash flows	43,054	26,221		

The deposits placed with financial institutions as security relate to banking facilities granted to certain subsidiaries of the Group.

17 Share Capital

	2006		2005	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
Ordinary shares				
At 1 July	238,906	59,727	237,723	59,431
Issue of ordinary shares	9,286	2,321	-	-
Issue of ordinary shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"	249	67	205	51
Issue of ordinary shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"	717	388	978	245
Transfer from share premium account upon implementation of the Companies (Amendment) Act 2005	-	54,666	-	-
At 30 June	249,158	117,169	238,906	59,727

With effect from 30 January 2006, the date of commencement of the Companies (Amendment) Act 2005:

(a) the concept of authorised share capital was abolished;

(b) shares of the Company have no par value; and

(c) amount standing to the credit of the Company's share premium account becomes part of the Company's share capital.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company, unless voting by show of hands is applied according to the Company's Articles of Association. All shares rank equally with regards to the Company's residual assets.

In 2006, the Company issued 9,285,714 new ordinary shares at a price of $0.35 per share as partial settlement of the purchase consideration in respect of its acquisition of interest in a subsidiary (Note 5).

Notes to the Financial Statements

Year ended 30 June 2006

18 Reserves

	Group		Company	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Share premium	-	53,715	-	53,715
Unissued capital	3,150	-	3,150	-
Capital reserve	(11,720)	(11,720)	-	-
Compensation reserve	722	820	245	255
Exchange translation reserve	(2,243)	(344)	-	-
Accumulated profit/(losses)	4,766	(19,603)	(39,770)	(43,151)
	(5,325)	22,868	(36,375)	10,819

During the financial year, the share premium account was transferred to share capital upon implementation of the Companies (Amendment) Act 2005.

During the year, the Company submitted an Additional Listing Application to The Singapore Exchange Securities Trading Limited (SGX-ST) for the listing of 5,459,272 new ordinary shares at the price of $0.577 per share. The new shares to be issued are for partial settlement of the purchase consideration for an acquisition of additional interest in certain subsidiary of the Company. As at 30 June 2006, approval has yet to be received from SGX-ST, and the Company recorded the amount of $3,150,000 as unissued capital.

The capital reserve comprises goodwill arising on acquisition of subsidiaries written off against shareholders' equity.

The compensation reserve comprises the cumulative value of employee services received for the issue of share options and share awards. When the option is exercised or the award is vested, the amount from the compensation reserve is transferred to share capital. When the options expire, the amount from the compensation reserve is transferred to accumulated profits.

The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose measurement currency is different from that of the Company.

19 Interest-Bearing Borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing borrowings. For more information about the Group's exposure to interest rate and currency risk, refer to Note 31.

Interest-bearing borrowings consist of the following:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	510	3,474	-	-
Unsecured bank loans	-	300	-	-
Obligations under hire purchase agreements and finance leases	539	919	-	-
	1,049	4,693	-	-

Notes to the Financial Statements

Year ended 30 June 2006

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current liabilities				
Secured bank loans	13,268	1,838	9,594	-
Unsecured bank loans	301	2,593	-	-
Obligations under hire purchase agreements and finance leases	572	456	-	-
	14,141	4,887	9,594	-

Maturity of liabilities (excluding finance lease liabilities)

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Within 1 year	13,569	4,431	9,594	-
After 1 year but within 5 years	510	3,774	-	-
	14,079	8,205	9,594	-

The secured bank loans are secured on the following assets:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Leasehold building	1,527	1,601	-	-
Plant and machinery	9,043	7,580	-	-
Other financial assets	5,429	-	5,429	-
Deposits with financial institutions	3,332	3,567	-	2,800
Total carrying amount	19,331	12,748	5,429	2,800

Obligations under hire purchase agreements and finance leases

		2006			2005	
Group	Payment	Interest	Principal	Payment	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	617	45	572	521	65	456
After 1 year but within 5 years	561	22	539	972	53	919
	1,178	67	1,111	1,493	118	1,375

20 Redeemable Convertible Preference Shares

The redeemable convertible preference shares relate to preference shares of $1 each issued by a subsidiary to a minority shareholder fully paid at a premium of $999 per share for cash to provide additional working capital for the subsidiary. Holders of preference shares are entitled to redeem the preference shares based on a formula in the Memorandum of Articles of the subsidiary.

Notes to the Financial Statements

Year ended 30 June 2006

21 Trade and Other Payables

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Trade payables	17,652	12,486	-	-
Liability for short-term accumulating compensated absences	1,481	1,002	96	61
Accrued expenses	13,539	6,327	2,641	2,910
Other payables	25,266	2,994	20,732	347
Deferred income	3,931	360	-	-
	61,869	23,169	23,469	3,318
Represented by:				
Current portion	61,105	23,169	22,712	3,318
Non-current portion	764	-	757	-
	61,869	23,169	23,469	3,318

Included in other payables of the Group and the Company are the contingent consideration payable amounting to $1,513,000 (2005: $Nil) and deferred consideration payable amounting to $18,992,000 (2005: $Nil) in relation to the acquisitions of subsidiaries.

22 Revenue

Revenue represents the net invoiced value of goods sold and services rendered in the normal course of trade. The Group's revenue excludes intercompany transactions.

The amount of each significant category of revenue recognised during the financial year is as follows:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Sale of goods	127,840	79,785	-	-
Service income	42,584	33,995	-	817
Licence fee	-	1,698	-	1,698
Commission income	15,620	2,798	-	-
Dividend income	-	-	2,120	-
Management fees	-	-	4,164	4,112
	186,044	118,276	6,284	6,627

Notes to the Financial Statements

Year ended 30 June 2006

23 Profit Before Taxation

The following items have been included in arriving at profit before taxation:

		Group		Company	
			Restated		Restated
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Other income					
Rental income		355	474	516	709
Interest income					
- banks		728	386	176	154
- subsidiaries		-	-	63	10
- affiliate		6	12	-	-
- third parties		153	39	21	-
Sundry income		910	650	212	445
Grant income		-	8	-	-
Gain on disposal of property, plant and equipment		-	2,761	-	-
Gain on disposal of financial assets		9,742	-	9,742	-
Gain on liquidation of associate		-	1	-	1
(Loss)/gain on disposal of subsidiaries		(9)	1,863	-	2,383
(Loss)/gain on disposal of associate		-	(30)	-	250
Negative goodwill arising from acquisition of subsidiary and business		12,954	80	-	-
Gain on dilution of interest in a subsidiary		-	1	-	-
		24,839	6,245	10,730	3,952
Staff costs					
Wages and salaries		50,779	28,694	2,671	2,363
Contributions to defined contribution plans		1,873	998	155	143
Increase in liability for short-term accumulating compensated absences		368	894	35	44
Share options and share awards to employees		317	755	135	220
Others		-	190	-	190
		53,337	31,531	2,996	2,960
Other expenses					
Non-audit fees paid to auditors of the Company		86	66	27	18
Depreciation of property, plant and equipment	3	6,865	5,303	85	112
Allowance/(reversal of allowance) for:					
- inventory obsolescence		757	628	-	-
- doubtful trade receivables		574	180	-	-
- doubtful amounts due from subsidiaries		-	-	26	(3,388)
- doubtful amounts due from an affiliate		154	(46)	-	-
Loss on disposal of property, plant and equipment		83	-	-	-
Impairment loss on investments in subsidiaries		-	-	3,089	-
Impairment loss on other assets		2,766	-	2,764	-
Fair value adjustment for embedded derivatives		265	-	265	-
Inventories written off		170	4	-	-
Bad debts written off		95	29	-	-
Amortisation of intangible assets	4	196	103	*	1
(Reversal)/provision of obligations for subsidiaries' liabilities		-	-	(88)	993

Notes to the Financial Statements

Year ended 30 June 2006

	Group		Company	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Research and development expenses	433	369	-	-
Exchange loss/(gain), net	915	163	178	(116)
Preliminary expenses	83	-	-	-
Operating lease expenses	3,759	2,653	568	763

* Amount less than $1,000

	Group		Company	
Directors' remuneration				
Directors' fees:				
- directors of the Company	355	281	355	281
Staff costs:				
- directors of the Company	1,648	1,248	1,648	1,248
- other directors	2,209	2,361	-	-
	4,212	3,890	2,003	1,529

Remuneration, including salaries, fees, bonuses and the value of benefits in kind, earned during the financial year from the Group by the directors of the Company are summarised below:

	2006 Number	2005 Number
$500,000 and above	2	1
$250,000 to $499,999	1	1
Below $250,000	4	4
	7	6

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Finance costs				
Interest expense paid and payable for:				
- hire purchase arrangements and finance leases	82	177	-	-
- loans from financial institutions	729	410	279	-
- loan from an affiliate	25	4	21	-
	836	591	300	-

Notes to the Financial Statements

Year ended 30 June 2006

24 Income Taxes

	Group		Company	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current tax expense				
Current year	5,788	2,080	191	508
Group relief	-	-	-	(508)
Withholding tax	3	52	-	45
Underprovision in prior years	16	11	47	-
	5,807	2,143	238	45
Deferred tax expense				
Movements in temporary differences	(1,592)	717	(18)	(31)
Change in tax rate	24	-	-	-
	(1,568)	717	(18)	(31)
Income tax expense	4,239	2,860	220	14
Reconciliation of effective tax rate				
Profit before taxation	40,928	16,234	5,323	7,564
Income tax at 20% (2005: 20%)	8,186	3,247	1,065	1,513
Tax rebate	-	(33)	-	(11)
Effect of changes in tax rates	24	-	-	-
Effect of different tax rates in other countries	1,466	978	-	-
Income not subject to tax	(6,814)	(777)	(2,278)	(1,025)
Expenses not deductible for tax purposes	1,111	241	1,386	-
Utilisation of previously unrecognised deferred tax assets	(39)	(1,110)	-	-
Withholding tax	3	52	-	45
Deferred tax assets not recognised	286	251	-	-
Under provided in prior years	16	11	47	-
Tax benefit received on losses transferred	-	-	-	(508)
	4,239	2,860	220	14

Tax benefit is received under the Loss-Transfer System of Group Relief ("Group Relief System") which enables current year unutilised tax losses and capital allowances of one company to be set-off against taxable profit of another company in the same group. The Group Relief System is effective from financial year ended 30 June 2002.

One of the subsidiaries was granted pioneer status, for a period of eight years under the Economic Expansion Incentives (Relief from Income Tax) Act, Chapter 86 (the "Income Tax Act"), for silicon wafer polishing and reclamation operations commencing 1 October 1997, subject to compliance with certain conditions.

During the pioneer status period, Singapore-resident income from pioneer trade is exempt from income tax, subject to compliance with the conditions stated in the pioneer certificate and the Income Tax Act. Income derived from non-pioneer activities during the pioneer period, however, is subject to income tax at the prevailing enacted rate of tax.

Notes to the Financial Statements

Year ended 30 June 2006

Unutilised tax losses and unabsorbed capital allowances arising in the pioneer status period are available for carry forward to be offset against profits arising in subsequent periods, including profits arising after the pioneer status period subject to compliance with the provisions of sections 23 and 37 of the Income Tax Act. These unutilised tax losses and unabsorbed capital allowances do not expire under current legislation.

One of the subsidiaries was granted tax exemption status, for a period of four years from its first profitable year and a tax exemption status on 50% of its taxable profits in the following four years by the Vietnamese tax authorities.

25 Acquisition of Business

In addition to the acquisition of subsidiaries (Note 5), on 3 March 2006, the Group acquired the Wafer Test Business from a third party for $18,063,000 (US$11,150,000), of which $998,000 (US$616,000) related to the business acquisition costs incurred in connection to this acquisition. The purchase consideration was settled by way of cash and the acquisition was accounted for using the purchase method.

The assets and liabilities acquired by the Group are as follows:

	Carrying amounts $'000	Fair value adjustments $'000	Recognised values $'000
Property, plant and equipment	15,996	(3,032)	12,964
Intangible assets	-	7,582	7,582
Inventories	10,468	(614)	9,854
Trade and other receivables	9,720	-	9,720
Trade and other payables	(3,829)	(463)	(4,292)
Deferred tax liabilities [1]	-	(4,814)	(4,814)
Net identifiable assets and liabilities	32,355	(1,341)	31,014
Negative goodwill on acquisition			(12,951)
Cash consideration paid, satisfied in cash			18,063
Cash acquired			-
Net cash outflow			18,063

[1] Deferred tax liabilities arose from the difference between the purchase consideration and the fair value of the net identifiable assets acquired.

On the initial accounting of acquisition, the Group has recorded the preliminary fair value of the net identifiable assets acquired. Under FRS 103, the Group is able to make adjustments to the preliminary fair value within 12 months from the date of acquisition if there are any significant changes to the underlying assumptions adopted on the initial accounting.

The information on the contribution of revenue and profit after tax to the consolidated revenue and profit after tax of the Group, had the acquisitions of the Wafer Test Business occurred at the beginning of the financial year, cannot be practically ascertained without incurring excessive costs to estimate the actual result of the business from the seller.

Notes to the Financial Statements

Year ended 30 June 2006

26 Earnings Per Share

Group	2006 $'000	Restated 2005 $'000	As previously reported 2005 $'000
Basic earnings per share is based on:			
Profit for the year attributable to equity holders of the parent	26,091	10,636	11,070
	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of:			
- shares outstanding during the year	238,906	237,723	237,723
- shares issued under share option and share award schemes	6,861	427	427
- deferred issuable shares	1,391	-	-
	247,158	238,150	238,150

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and share awards with the potential ordinary shares weighted for the period outstanding.

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

Group	2006 No. of shares '000	Restated 2005 No. of shares '000	As previously reported 2005 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	247,158	238,150	238,150
Dilutive effect of share awards	670	1,739	1,739
Dilutive effect of share options	147	2,996	2,996
Weighted average number of ordinary shares (diluted)	247,975	242,885	242,885

Options to purchase 1,678,600 ordinary shares at $0.64 per share were outstanding during the year but were not included in the computation of diluted earnings per share because these options were antidilutive. The options, which expire on 11 March 2009, were still outstanding as at 30 June 2006.

Notes to the Financial Statements

Year ended 30 June 2006

27 Changes in Accounting Policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 June 2006.

The changes in accounting policies arising from the adoption of FRS 39 *Financial Instruments: Recognition and Measurement* and FRS 102 *Share-based Payment* are summarised below:

FRS 39 *Financial Instruments: Recognition and Measurement*

The adoption of FRS 39 resulted in the Group measuring its derivative financial instruments, and available-for-sale investments as assets or liabilities at fair values. Financial assets and financial liabilities are stated at amortised cost instead of cost. Previously, derivative financial instruments were not recorded on the balance sheets. This change has been accounted for by decreasing the accumulated losses at 1 July 2005 by $265,000 for the Group and the Company. Comparatives have not been restated.

The adoption of FRS 39 has also resulted in the Group recognising available-for-sale investments at fair value. This change has been accounted for by increasing the fair value reserve at 1 July 2005 by $445,000 for the Group and the Company. Comparatives have not been restated.

FRS 102 *Share-based Payment*

In accordance with the transitional provisions, FRS 102 has been applied to all grants after 22 November 2002 that were not yet vested as at 1 July 2005. The adoption of FRS 102 has resulted in the Group and the Company charging the cost of share options and share awards to the profit and loss accounts.

The adoption of FRS 102 resulted in:

	Group		Company	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
(Increase)/decrease in opening accumulated losses	(623)	(189)	298	198
Increase in opening compensation reserve	820	449	255	164
Effect of compensation expenses recognised in administrative expenses				
As previously reported	-	321	-	321
Effect of adoption of FRS 102	317	434	135	(100)
Restated	317	755	135	221
Decrease in basic earnings per share (cents)	0.13	0.32		
Decrease in diluted earnings per share (cents)	0.13	0.31		

28 Equity Compensation Benefits

The "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan" were approved and adopted at an Extraordinary General Meeting held on 28 November 2001. The "Ellipsiz Share Option Plan" enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge.

The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are administered by the Remuneration Committee.

Notes to the Financial Statements

Year ended 30 June 2006

Information with respect to the options granted under the "Ellipsiz Share Option Plan" on unissued ordinary shares of the Company as at the end of the financial year are as follows:

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2005	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 30 June 2006	Options exercisable at 1 July 2005	Options exercisable at 30 June 2006	Proceeds on exercise of options during the year credited to share capital $'000	Proceeds on exercise of options during the year credited to share premium $'000	Market price of shares at exercise date of option $	Number of option holders at 30 June 2006	Exercise periods
6/1/2003	0.25	127,334	-	61,500	14,000	51,834	127,334	51,834	17	*	0.35 – 0.68	2	6/1/2004 to 6/1/2008
6/1/2003	0.25	233,833	-	105,500	27,000	101,333	233,833	101,333	29	1	0.35 – 0.68	5	6/1/2005 to 6/1/2008
6/1/2003	0.25	131,999	-	81,666	-	50,333	-	50,333	21	3	0.45	1	6/1/2006 to 6/1/2008
11/3/2004	0.64	1,150,060	-	-	352,120	797,940	1,150,060	797,940	-	-	-	71	11/3/2005 to 11/3/2009
11/3/2004	0.64	1,060,060	-	-	352,120	707,940	-	707,940	-	-	-	69	11/3/2006 to 11/3/2009
11/3/2004	0.64	245,480	-	-	72,760	172,720	-	-	-	-	-	4	11/3/2007 to 11/3/2009
		2,948,766	-	248,666	818,000	1,882,100	1,511,227	1,709,380	67	4			

* Amount less than $1,000.

Information with respect to the awards granted under the "Ellipsiz Restricted Stock Plan" on unissued ordinary shares of the Company as at the end of the financial year are as follows:

Date of grant of awards	Number of awards outstanding at 1 July 2005	Awards granted	Awards vested	Awards cancelled/ lapsed	Number of awards outstanding at 30 June 2006	Awards vested during the year credited to share capital $'000	Awards vested during the year credited to share premium $'000	Market price of shares at vesting date of awards $	Number of award holders at 30 June 2006	Vesting date
6/1/2003	77,334	-	77,334	-	-	19	11	0.39	-	6/1/2006
11/3/2004	669,540	-	579,860	89,680	-	354	-	0.61	-	11/3/2006
11/3/2004	145,520	-	-	60,860	84,660	-	-	-	5	11/3/2007
23/6/2005	60,000	-	60,000	-	-	15	7	0.36	-	1/7/2005
23/6/2005	60,000	-	-	-	60,000	-	-	-	1	1/7/2006
	1,012,394	-	717,194	150,540	144,660	388	18			

The vesting of awards was based on fulfilment of employment or directorship services with the Group from the date of grant to the vesting date.

Notes to the Financial Statements

Year ended 30 June 2006

29 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making the financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than as disclosed elsewhere in the financial statements, there were the following significant transactions with related parties:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Sales to				
- associates	3	156	-	-
- other affiliates	11,837	1,872	-	-
Purchases from				
- subsidiaries	-	-	-	402
- associates	571	1,730	-	-
- an affiliate (1)	-	410	-	-
- minority shareholder of subsidiary	-	1,046	-	-
Management income from				
- subsidiaries	-	-	4,164	4,112
Accounting service income from				
- subsidiaries	-	-	24	24
Dividend income from				
- subsidiaries	-	-	2,120	-
Service fee income from				
- subsidiaries	-	-	153	165
- other affiliates	12	-	-	-
Interest income from				
- subsidiaries	-	-	63	10
- an affiliate (1)	-	12	-	-
- other affiliates	6	-	-	-
Rental income from				
- subsidiaries	-	-	300	491
- associates	-	8	-	-
- an affiliate (1)	-	9	-	-
Remuneration of key management personnel	5,120	4,446	2,003	1,529

The Group, in normal course of business, transacts with associates and affiliates on terms agreed between the parties.

Remuneration of key management personnel includes salaries, fees, bonuses and other benefits-in-kind.

Notes to the Financial Statements

Year ended 30 June 2006

Key management personnel participate in "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan". There were Nil (2005: 801,000) share options and Nil (2005: 287,000) share awards granted to key management personnel of the Group during the financial year. The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are administered by the Remuneration Committee.

(1) This relates to a corporation in which a director had an interest. In 2005, the director disposed his interest and as at 30 June 2006 and 30 June 2005, the director ceased to have any interest in the corporation.

30 Commitments

Lease commitments

As at 30 June 2006, commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Payable:				
Within 1 year	3,016	1,452	536	516
After 1 year but within 5 years	3,048	1,561	461	998
After 5 years	1,314	987	-	-
	7,378	4,000	997	1,514

Operating lease commitments of the Group include a commitment in relation to a piece of land on which a subsidiary's fabrication facilities are constructed. The lease will expire on 16 January 2027 with an option to renew for another 29 years. The land rent for the piece of land is subject to review every year with a maximum increase in rent not exceeding 5.5% of the annual rent of the preceding year.

Capital commitments

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments contracted but not provided for	2,801	297	-	-

Included in the capital commitments is a commitment by a subsidiary to enter into a finance lease arrangement with a capital value of $746,000 (2005: $297,000).

Notes to the Financial Statements

Year ended 30 June 2006

Corporate guarantees

As at 30 June 2006, the Company provided corporate guarantees amounting to $7,200,000 (2005: $11,581,000) to banks for facilities made available to its subsidiaries.

The Company has not adopted the amendments to FRS 39 and FRS 104 – *Insurance Contracts* in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2006.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be arrangements covered under FRS 104, and accounts for them as such. In this respect, the Company will treat the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Other commitments

In 2005, pursuant to the Supplemental Agreement relating to investment in SV Probe, the Company may be required to transfer part of its equity shares in SV Probe to the minority shareholder based on an adjustment formula depending on certain performance measurements. During the financial year, the Company increased its equity interest in SV Probe to 100% and the Supplementary Agreement was terminated.

31 Financial Instruments

Financial risk management objectives and policies

The principal objective of the Group's treasury policy is the management and control of risks relating to earnings and net assets.

The existing primary financial instruments of the Group such as receivables, payables and related parties balances meet the definition of financial assets or liabilities.

The main risk arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk.

Credit risk

The carrying amounts of trade and other receivables represent the Group's exposure to credit risk.

The management has evaluated the credit standing of customers with significant outstanding balances with the Group at the balance sheet date. As the majority of them are multinational corporations, the management has reasonable grounds to believe that the Group does not have significant credit risk at the balance sheet date. Credit risks arising from sales are evaluated on an on-going basis. The receivables are also monitored continually and hence the Group does not expect to incur material credit losses.

The bank balances and deposits of the Group are placed with reputable financial institutions.

Effective interest rate and repricing analysis

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available.

The Group's exposure to interest rate risk relates primarily to its deposits in financial institutions and interest-bearing borrowings.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

Notes to the Financial Statements

Year ended 30 June 2006

Group	Weighted effective interest rate %	Floating interest $'000	Fixed interest maturing within 1 year $'000	Fixed interest maturing 1 to 5 years $'000	Total $'000
2006					
Financial assets					
Deposits with financial institutions	4.19	-	13,793	-	13,793
Trade receivables	6.00	-	197	-	197
Convertible loan receivable	1.00	-	-	1,481	1,481
Amount due from an affiliate (non-trade)	6.00	-	436	-	436
		-	14,426	1,481	15,907
Financial liabilities					
Secured bank loans	6.47	4,184	9,594	-	13,778
Unsecured bank loans	5.48	301	-	-	301
Amount due to an affiliate (non-trade)	3.50	-	2,521	-	2,521
Redeemable convertible preference shares	5.00	-	-	78	78
Obligations under hire purchase agreements and finance leases	4.53	-	37	1,074	1,111
		4,485	12,152	1,152	17,789
2005					
Financial assets					
Deposits with financial institutions	2.14	-	12,899	-	12,899
Trade receivables	6.00	-	209	91	300
		-	13,108	91	13,199
Financial liabilities					
Secured bank loans	4.67	5,312	-	-	5,312
Unsecured bank loans	4.91	702	2,191	-	2,893
Redeemable convertible preference shares	5.00	-	-	78	78
Obligations under hire purchase agreements and finance leases	5.15	-	36	1,339	1,375
		6,014	2,227	1,417	9,658
Company					
2006					
Financial assets					
Deposits with financial institutions	5.00	-	4,880	-	4,880
Convertible loan receivables	1.00	-	-	1,481	1,481
		-	4,880	1,481	6,361
Financial liabilities					
Secured bank loans	6.79	-	9,594	-	9,594
Amount due to an affiliate (non-trade)	3.50	-	2,521	-	2,521
		-	12,115	-	12,115
2005					
Financial assets					
Deposits with financial institutions	2.19	-	5,897	-	5,897

Notes to the Financial Statements

Year ended 30 June 2006

Foreign currency risk

The Group has exposure to foreign currency movements on trade receivables, trade payables and cash and cash equivalents denominated in foreign currencies. It also incurs foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are primarily US dollars and Japanese yen. Currently, the Group does not hedge its foreign currency exposure. However, the management monitors the exposure closely and will consider hedging of significant foreign currency exposure should the need arises.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

As at the balance sheet date, the carrying amounts of financial assets and liabilities approximate their fair values.

32 Segment Reporting

Business segments

Group	Wafer Fab solutions		Manufacturing Test solutions		Fabless solutions		Eliminations		Consolidated	
	2006 $'000	Restated 2005 $'000	2006 $'000	Restated 2005 $'000	2006 $'000	Restated 2005 $'000	2006 $'000	Restated 2005 $'000	2006 $'000	Restated 2005 $'000
Revenue and Expense										
Total revenue from external customers	80,451	73,924	23,339	7,063	82,254	37,289	-	-	186,044	118,276
Inter-segment revenue	-	-	-	106	-	-	-	(106)	-	-
	80,451	73,924	23,339	7,169	82,254	37,289	-	(106)	186,044	118,276
Segment results	4,419	3,603	4,532	7,443	25,769	6,001	-	-	34,720	17,047
Unallocated corporate results									6,306	(633)
Share of results of associates and a jointly-controlled entity	(110)	168	68	-	(107)	(194)	-	-	(149)	(26)
Profit before interest income/(expense) and taxation									40,877	16,388
Interest income									887	437
Interest expense									(836)	(591)
Income taxes									(4,239)	(2,860)
Minority interests									(10,598)	(2,738)
Profit for the year									26,091	10,636
Assets and Liabilities										
Segment assets	59,663	58,171	27,793	13,203	99,745	39,466	(694)	(597)	186,507	110,243
Unallocated corporate assets									12,929	19,176
Investment in associates	512	867	190	-	600	617	-	-	1,302	1,484
Investment in a jointly-controlled entity	-	-	-	-	127	236	-	-	127	236

Notes to the Financial Statements

Year ended 30 June 2006

Group	Wafer Fab solutions 2006 $'000	Wafer Fab solutions Restated 2005 $'000	Manufacturing Test solutions 2006 $'000	Manufacturing Test solutions Restated 2005 $'000	Fabless solutions 2006 $'000	Fabless solutions Restated 2005 $'000	Eliminations 2006 $'000	Eliminations Restated 2005 $'000	Consolidated 2006 $'000	Consolidated Restated 2005 $'000
Tax receivables									1,147	1,049
Deferred tax assets									249	186
Total assets									202,261	132,374
Segment liabilities	21,607	14,775	7,013	1,323	19,115	6,397	-	(1,290)	47,735	21,205
Unallocated corporate liabilities									16,937	2,139
Interest-bearing borrowings									15,190	9,580
Income tax liabilities									9,802	2,841
Total liabilities									89,664	35,765
Other non-cash items										
Capital expenditure	2,540	2,755	351	22,080	5,744	3,144	-	-	8,635	27,979
Corporate									36	26
									8,671	28,005
Depreciation of property, plant and equipment:										
- allocated to business segments	2,750	2,470	321	706	3,811	2,140	(38)	(50)	6,844	5,266
- unallocated corporate expenses									21	37
									6,865	5,303
Loss/(gain) on disposal of property, plant and equipment	(46)	(44)	30	(2,768)	99	51	-	-	83	(2,761)
Amortisation of intangible assets:										
- allocated to business segments	-	-	1	2	195	100	-	-	196	102
- unallocated corporate expenses									-	1
									196	103
Impairment losses on other financial assets										
- allocated to business segments	2	-	-	-	-	-	-	-	2	-
- unallocated corporate expenses									2,764	-
									2,766	-
Loss/(gain) on disposal of subsidiaries	-	(1,037)	9	(2,383)	-	74	-	1,483	9	(1,863)
Loss on disposal of associate	-	-	-	-	-	-	-	30	-	30
Gain on liquidation of associate	-	(1)	-	-	-	-	-	-	-	(1)
Grant income	-	-	-	(8)	-	-	-	-	-	(8)

Notes to the Financial Statements

Year ended 30 June 2006

Geographical segments

Group	Singapore 2006 $'000	Singapore Restated 2005 $'000	Other Asean Countries 2006 $'000	Other Asean Countries Restated 2005 $'000	China & Taiwan 2006 $'000	China & Taiwan Restated 2005 $'000	USA 2006 $'000	USA Restated 2005 $'000	Other Regions 2006 $'000	Other Regions Restated 2005 $'000	Consolidated 2006 $'000	Consolidated Restated 2005 $'000
Total revenue from external customers	52,942	40,375	21,475	16,171	49,205	35,057	50,638	23,389	11,784	3,284	186,044	118,276
Segment assets	85,689	67,589	12,984	11,675	39,713	17,364	48,109	24,267	12,941	8,524	199,436	129,419
Investment in associates	512	867	190	-	600	617	-	-	-	-	1,302	1,484
Investment in a jointly-controlled entity	-	-	-	-	127	236	-	-	-	-	127	236
Tax receivables											1,147	1,049
Deferred tax assets											249	186
	86,201	68,456	13,174	11,675	40,440	18,217	48,109	24,267	12,941	8,524	202,261	132,374
Capital expenditure	2,435	23,105	2,297	1,502	1,926	2,630	1,953	768	60	-	8,671	28,005

33 Subsequent Events

Subsequent to the balance sheet date, the directors proposed a final dividend of 0.5 cents (2005: 0.5 cents) per share less tax at 20% (2005: 20%) amounting to a net final dividend of approximately $997,000 (2005: $956,000). The proposed dividends have not been provided for at the balance sheet date.

On 11 July 2006, SV Probe Pte. Ltd. incorporated SV Probe (SIP) Co., Ltd in China with a registered capital of US$2,100,000. The principal activities of the new subsidiary is manufacturing and trading of probe cards, research and development, sales and after sales support of probe cards.

Statistics of Shareholders

As at 13 September 2006

Number of Shares	:	249,157,787		
Issued and Paid Up Capital	:	S$117,168,342.49		
Class of Shares	:	Ordinary Shares		
Voting Rights	:	On shows of hands	:	1 vote
		On a poll	:	1 vote for each ordinary share

Distribution of Shareholders as at 13 September 2006

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	20	0.57	7,235	0.00
1,000 to 10,000	2,438	69.94	10,880,287	4.37
10,001 to 1,000,000	1,006	28.86	57,080,489	22.91
1,000,001 and above	22	0.63	181,189,776	72.72
Total	3,486	100.00	249,157,787	100.00

Based on information available to the Company as at 13 September 2006, approximately 61.51% of the issued share capital of the Company is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

Top 20 Shareholders as at 13 September 2006

No.	Name of shareholders	Number of shares	% of issued share capital
1	HSBC (SINGAPORE) NOMINEES PTE LTD	35,821,000	14.38
2	CHONG FOOK CHOY	28,705,100	11.52
3	DBS NOMINEES PTE LTD	15,040,000	6.04
4	3I GROUP PLC	14,521,920	5.83
5	HAY SOOK ANN	14,436,412	5.79
6	CITIBANK NOMINEES SINGAPORE PTE LTD	12,941,732	5.19
7	WATERWORTH PTE LTD	11,000,000	4.41
8	RAFFLES NOMINEES PTE LTD	9,001,268	3.61
9	CHAN WAI LEONG	5,909,572	2.37
10	UNITED OVERSEAS BANK NOMINEES (SINGAPORE) PTE LTD	5,403,000	2.17
11	PAO NING YU	4,090,416	1.64
12	UOB KAY HIAN PTE LTD	3,344,000	1.34
13	SUMMERLIGHT PTE LTD	3,000,000	1.20
14	NG BENG SOON	2,841,216	1.14
15	3I APTECH NOMINEES LIMITED	2,612,140	1.05
16	HAY SIOK HUA	2,600,000	1.04
17	PHILLIP SECURITIES PTE LTD	2,355,000	0.95
18	DBS VICKERS SECURITIES (S) PTE LTD	1,960,000	0.79
19	KIM ENG SECURITIES PTE. LTD.	1,811,000	0.73
20	TEO CHOON HIANG	1,412,000	0.57
Total		**178,805,776**	**71.76**

Substantial Shareholders as at 13 September 2006

Name of shareholders	Shareholdings registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Shareholdings in which the substantial shareholders are deemed to be interested	Total	% of issued Share capital
(1) CHONG FOOK CHOY	28,705,100	-	-	28,705,100	11.52
AEGIS PORTFOLIO MANAGERS PTE LTD	-	19,060,000	-	19,060,000	7.65
3I GROUP PLC	14,521,920	-	2,612,140	17,134,060	6.88
LEGG MASON ASSET MANAGEMENT (ASIA) PTE LTD	-	14,613,000	-	14,613,000	5.86
HAY SOOK ANN	14,436,412	-	-	14,436,412	5.79

(1) *Chong Fook Choy has options to subscribe for 240,000 shares and awards for 28,220 shares granted pursuant to Ellipsiz Share Option Plan and the Ellipsiz Restricted Stock Plan respectively.*

Notice of Annual General Meeting

Ellipsiz Ltd (Incorporated in The Republic of Singapore)
Registration No. 199408329R (the "Company")

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on Friday, 27 October 2006 at 3.00 p.m. to transact the following businesses.

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts of the Company and its subsidiaries for the financial year ended 30 June 2006, together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a second and final dividend of 0.5 cent per ordinary share, less income tax of 20%, in respect of the financial year ended 30 June 2006.

(Resolution 2)

3. (i) To re-elect Mr Matthew Chan Chung Shin (Executive Chairman) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who, being eligible, offers himself for re-election.

(Resolution 3)

(ii) To note the retirement of Dr. Foo See Liang (Independent Non-Executive Director, Chairman of Audit Committee and Co-Chairman) who is retiring in accordance with Article 91 of the Company's Articles of Association.

4. To re-elect Mr Jeffrey Staszak (Independent Director/Non-Executive Director), who was first appointed by the board of directors of the Company on 17 April 2006, in accordance with Article 97 of the Company's Articles of Association.

(Resolution 4)

5. To approve Directors' fees of S$355,416.67 for the financial year ended 30 June 2006 (2005: S$281,250.00).

(Resolution 5)

6. To appoint KPMG as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 6)

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions.

7. "That the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50, and subject to the Company's Articles of Association and the rules and regulations of the Singapore Exchange Securities Trading Limited to:-

(a) (i) allot and issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors whilst this resolution was in force,

PROVIDED ALWAYS THAT the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed fifty per cent (50%) of the Company's issued share capital at the time of the passing of this resolution, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed twenty per cent (20%) of the Company's issued share capital and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier."

[See Explanatory note(i)]

(Resolution 7)

8. "That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be empowered to:-

(a) grant options in accordance with the terms and conditions of the Ellipsiz Share Option Plan ("ESOP") and/or grant awards in accordance with the terms and conditions of the Ellipsiz Restricted Stock Plan ("ERSP"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOP and/or such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the ERSP PROVIDED ALWAYS that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOP and ERSP shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time."

[See Explanatory note(ii)]

(Resolution 8)

Any Other Business

9. To transact any other ordinary business that may be transacted at an Annual General Meeting.

Dated: 4 October 2006

By Order of the Board

____

Anne Choo and Chan Yuen Leng
Joint Company Secretaries
Singapore

NOTICE OF CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed from 5.00 p.m., 8 November 2006 to 10 November 2006 (both days inclusive) for the preparation of dividend warrants. The final dividend, if approved by the 11th Annual General Meeting, will be paid on 23 November 2006 to members on the Register as at 5.00 p.m. 8 November 2006. In respect of shares in securities accounts with the The Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

Duly completed transfers received by the Share Registrar, M&C Services Private Limited, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m., 8 November 2006, will be registered to determine shareholders' entitlements to the final dividend.

Notes:

A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify on each instrument of proxy the number of shares in respect of which the appointment is made, failing which the appointment shall be deemed to be in the alternative. A member of the Company which is a corporation is entitled to appoint its authorized representative or proxy to vote on its behalf. If the member is a corporation, the instrument appointing the proxy or representative must be under seal or the hand of an officer or attorney duly authorized. The instrument appointing a proxy must be deposited at the registered office of the Company at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 not less than 48 hours before the time appointed for the Meeting.

Explanatory Notes on Special Business to be transacted:

(i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above meeting until the next Annual General Meeting to allot and issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares of the Company, and to issue shares in pursuance of such instruments, up to an amount not exceeding fifty per cent (50%) of the total issued share capital of the Company at the time of the passing of this resolution with a sub-limit of twenty per cent (20%) for issues other than on a pro-rata basis to shareholders. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or such time when the next Annual General Meeting is required to be held under the Companies Act, Cap. 50.

The percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or employee share options or vesting of share awards on issue at the time this proposed resolution is passed and (b) any subsequent consolidations or subdivision of shares.

(ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above meeting until the next Annual General Meeting, to grant options and awards, and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the ESOP and the vesting of awards under the ERSP.

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Proxy Form
11th Annual General Meeting

Ellipsiz Ltd (Incorporated in The Republic of Singapore)
Registration No. 199408329R (the "Company")

IMPORTANT
1 For investors who have used their CPF monies to buy shares in the capital of Ellipsiz Ltd, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We,______________________________NRIC/Passport No.__________________________of

____

being *a member/members of **ELLIPSIZ LTD** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of shareholdings (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of shareholdings (%)

or failing him/her or both of the persons mentioned above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 11th Annual General Meeting of the Company to be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on Friday, 27 October 2006 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of 11th Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/they may think fit at his/their discretion, as he/they will on any other matters arising at the 11th Annual General Meeting and any adjournment thereof.)

No.	Resolution	For	Against
	Ordinary Business		
1	Adoption of the Directors' Report and Audited Accounts of the Company and its subsidiaries for the financial year ended 30 June 2006, together with Auditors' Report thereon.		
2	Approval of second and final dividend of 0.5 cent per ordinary share, less income tax of 20%, in respect of the financial year ended 30 June 2006.		
3	Re-election of Mr Matthew Chan Chung Shin as Director under Article 91.		
4	Re-election of Mr Jeffrey Staszak as Director under Article 97.		
5	Approval of Directors' fees of S$355,416.67 for financial year ended 30 June 2006.		
6	Re-appointment of KPMG as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
7	Authority to allot and issue new shares and convertible securities.		
8	Authority to grant options and issue shares under the Ellipsiz Share Option Plan and to grant awards and issue shares under the Ellipsiz Restricted Stock Plan.		

Total Number of Ordinary Shares Held	
(a) CDP Register	
(b) Register of Members	

Dated this____________day of ____________2006.

____
Signature(s) of Member(s) or Common Seal

* delete as appropriate

IMPORTANT
Please read notes overleaf

Notes:

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Ordinary Shares in the capital of the Company held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member.

3. Where a member appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and any second named proxy as an alternative to the first named.

4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 29 Woodlands Industrial Park E1 Lobby 1, #04-01/06, NorthTech, Singapore 757716 not later than 48 hours before the time fixed for holding the Annual General Meeting.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

6. A corporation which is a member may also authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

8. In the case of members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Ordinary Shares entered against their names in the Depository Register as at 48 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

Corporate Directory

SINGAPORE

Ellipsiz Ltd - HeadQuarters
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Fax : (65) 6269 2628

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an EQUITY communications production

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