07

Annual Report

ellipsiz

Building Greater Capacity
Gathering Higher Returns

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

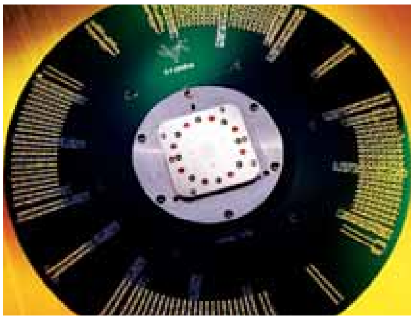
Ellipsiz is a leading probe card company and semiconductor service provider serving the semiconductor and electronics industries. Our probe card division, SV Probe, is the 4th largest probe card company in the world (VLSI, 2007). We provide comprehensive range of semiconductor equipment, outsourced services and consumables products. Ellipsiz is also one of the leading silicon reclaim players in Asia.

Ellipsiz currently has 9 production facilities worldwide and a global network of 24 sales and customer support centres. We are headquartered in Singapore and have operations in Malaysia, Taiwan, Vietnam, China, France and the USA.

Ellipsiz is listed on the main board of the Singapore Exchange. We employ more than 1,300 people worldwide and achieved revenue of $201 million for the financial year ended 30 June 2007.

Harnessing the Power of Forward Solutions

Probe Card solutions



We design and manufacture probe cards that are used in the electrical testing of semiconductor wafers.

Our products include cantilever, blades, vertical and advanced vertical (AVT) for a wide range of logic, mixed signal IC and Flash products.

Silicon Reclaim solutions

This is a service business that involves polishing and cleaning of used test wafers so that they can be reused.

We process mainly 8” wafers currently and plan to expand our capability to 12” wafers in the near future.

Distribution & Services solutions

We distribute a wide range of equipment, tools and consumables to the semiconductors chip making companies and electronics contract manufacturers.

Our service portfolio includes technical and maintenance support, supply chain management and cleanroom facilities services.

Scaling to Greater Heights

This challenging but exciting year for Ellipsiz has seen us chalking up a record revenue of $201 million. We are pleased to have generated strong growth in our probe card business, which makes up more than half of our total revenue. We also see healthy growth in our silicon reclaim business, backed by expanding demand and overseas market contribution. Forging ahead, we will continue to bank on our strong execution and focus to gain greater opportunities for success.

Letter to Shareholders

"Strong execution and focus will continue to be the key elements of our success. With the exciting growth opportunities ahead, particularly for the probe card and silicon reclaim businesses, we are in an excellent position to strive for greater success."

DEAR SHAREHOLDERS,

Financial year (FY) 2007 was a challenging but exciting year for Ellipsiz. Revenue was up 8% year-on-year (yoy) to $201 million. This is also the record revenue in the Company's history. The growth was mainly driven by the Probe Card and Silicon Reclaim businesses on the back of larger capacities and business volumes. Net profit, however, declined 42% yoy to $15 million largely due to absence of non-recurring exceptional items (E.I.) in FY2006. Excluding the E.I., net profit improved 12% yoy to $14 million. We also ended the year with a healthy balance sheet; Net Asset Value (NAV) per share was up 7% to 48 cents, shareholders' equity was up 10% to $123 million and gross debt to equity ratio was low at 7%.

KEY CHALLENGES ENCOUNTERED

We entered into FY2007 with anticipation, despite the darkening global macroeconomic picture and lowered forecasts for the technology industry. The industry, particularly in the first six months period from January to June, encountered significant market demand slow down, increased pricing pressure and continued momentum of the inventory issues. Unfortunately, we were not immune to these market factors and we also faced higher operating expenses due to larger scale of operations. We made several initiatives to counter these challenges and they include: right-sizing our facilities and streamlining of our operations, closure of certain operating units upon completion of projects as well as to accelerate the shift of probe card production capacity to lower cost base, Vietnam. We are positive that these initiatives are the right steps in improving our operational efficiency and profitability.

SCALING OUR CORE BUSINESSES: PROBE CARD, SILICON RECLAIM AND DISTRIBUTION & SERVICES.

Probe Card

Our Probe Card business, operated through our wholly owned subsidiary, SV Probe, generated strong growth over the past 3 years. Today, it is our largest revenue contributor, making up 52% of our total revenue. The growth over the past 3 years was driven by strong organic expansion and a strategic acquisition that saw its transformation from a relatively small player to the world's fourth largest probe card company today. The acquisition also provided SV Probe with immediate access to the Vertical Probe technology which would, otherwise, take several years to develop and productised internally. Our new Vietnam factory, which is completed in September 2007, is equipped with larger production capacity and capability for vertical probe card production. This will enable us to continue our growth momentum moving forward.

The probe card industry is dynamic and fast growing. Having sufficient scale and the right technologies, we believe, are some of the critical success factors to maintaining the growth momentum and relevance in this market. According to VLSI research, the probe card market will double to almost US$2 billion over the next few years. We have a great opportunity to address this tremendous market opportunity, and be a major player if we continue to execute our growth strategies and scale the business. We will be exploring multi-prong strategies that include stronger R&D focus, strategic partnerships as well as opportunities for merger and acquisitions.

Silicon Reclaim

Our Silicon Reclaim business has enjoyed healthy growth on the back of expanding demand and overseas market contribution. It is a key player in South East Asia region and counts leading wafer foundries TSMC, UMC and Chartered Semiconductor as its customers. With the continuous expansion of wafer fabs in the region, we believe we are in a great position to ride on this growth. Besides the plan to invest in an overseas facility, we plan to invest in a 300mm reclaim facility to address the growing demand for 300mm silicon wafer reclaim in the region. We expect this facility to be eventually capable of reclaiming up to 50,000 wafers per month by 2012.

Distribution and Services

Equipment distribution has been our business since the founding of the Company some 15 years ago. We have established strong partnerships with leading players including Nikon, Agilent Technologies and so on, and we have a strong installed base in South East Asia. With our established regional infrastructure and customer relations, the Distribution & Services business will continue to be a significant contributor to the Company.

MOVING FORWARD

Strong execution and focus will continue to be the key elements of our success. With the exciting growth opportunities ahead, particularly for the probe card and silicon reclaim businesses, we are in an excellent position to strive for greater success. Although there are near term challenges due to the uncertainties and volatility in the industry, macroeconomic and geopolitical situations, we remain committed to creating long-term shareholder value through our focus on our competitiveness and staying the course on our expansion strategy.

ACKNOWLEDGEMENTS

I would like to pay tribute to our Board members. In particular, I would like to acknowledge the distinguished service of Mr Matthew Chan, who stepped down as Non-executive Chairman in February 2007, and Dr. Foo See Liang, who retired from the Board as Co-Chairman at the Annual General Meeting of the Company in October 2006. Both Matthew and Dr. Foo were instrumental in guiding the company through its difficult times in the earlier years. The Board had benefited immeasurably from their wise counsel, invaluable contributions to the company and friendship.

I would like to thank our customers, principals and business partners for their continuous support. We look forward to forging closer partnerships with them moving forward. I would also like to express my appreciation to the management and employees of the Ellipsiz family for their contributions, dedication and commitment.

Finally, I would like to thank our shareholders for their continuing support and confidence in us.

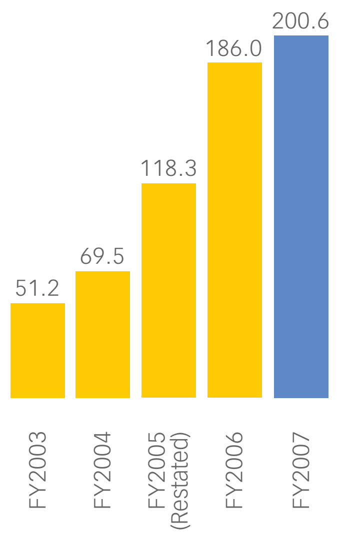
Thank you.

Xavier Chong
Chairman and CEO

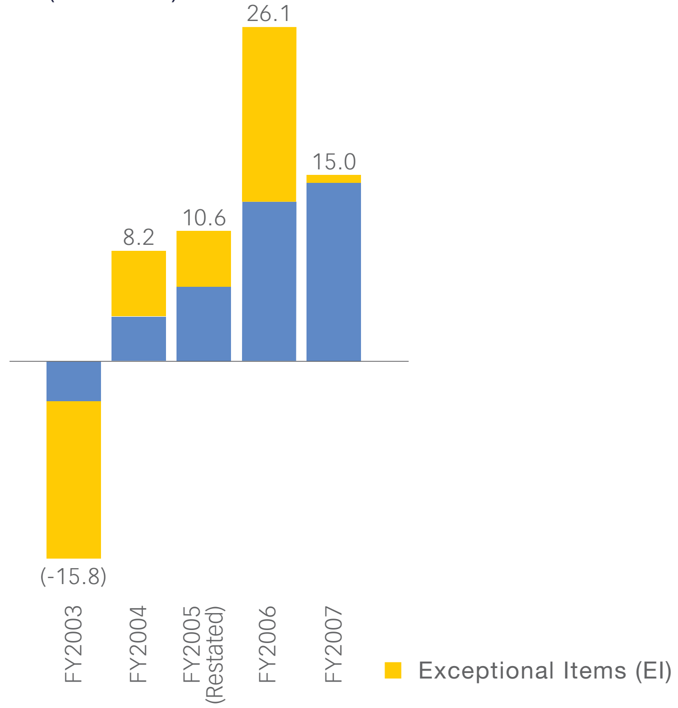
Financial Highlights

Financial year ended 30 June 2007

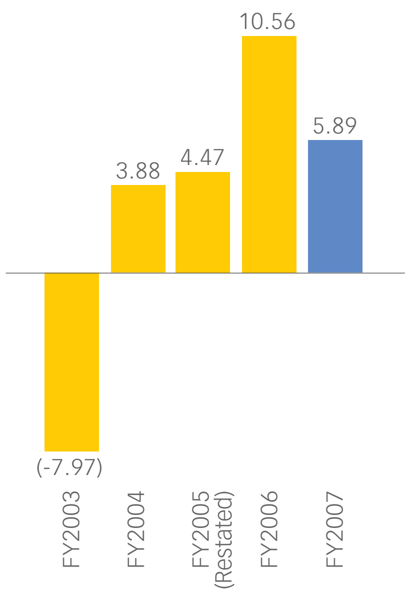
Revenue
(S$ Million)



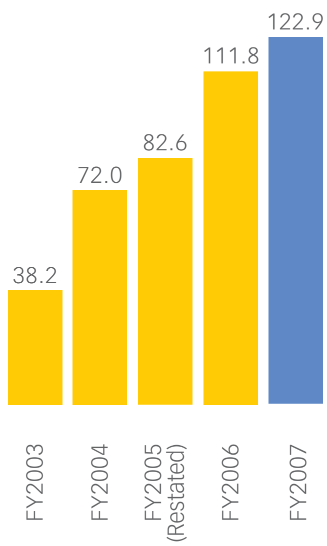
Profit after Tax & Minority Interest
(S$ Million)



Basic Earnings Per Share
(Singapore Cents)



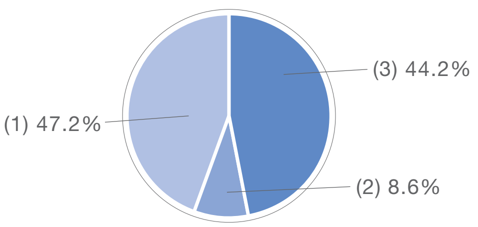
Shareholders' Equity
(S$ Million)



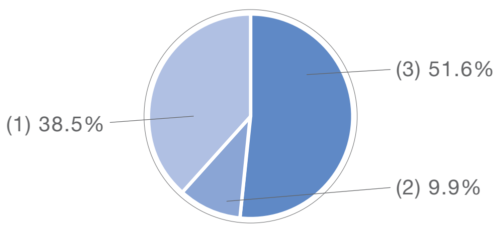
Key Financial Ratios

Financial Year ended 30 June	2003	2004	2005 (Restated)	2006	2007
Profitability (%)					
Gross Profit Margin	8.1	19.7	32.7	30.4	28.3
Profit Before Tax Margin	(35.5)	12.6	13.7	22.0	7.0
Net Earnings Margin	(30.8)	11.8	9.0	14.0	7.5
Return on Equity	(41.3)	11.4	12.9	23.3	12.2
Return on Total Assets	(28.7)	8.1	8.0	12.9	8.7
Liquidity (times)					
Current ratio	3.3	3.8	2.6	1.5	2.2
Quick ratio	3.1	3.7	2.3	1.2	1.7
Leverage (%)					
Gross Debt / Equity	2.9	10.3	11.6	13.6	6.9
Efficiency (days)					
Debtors turnover	73.0	84.0	83.0	72.0	69.0
Others (Singapore cents)					
Gross Dividend per share	–	0.6875	1.0	1.0	0.6
NAV per share	19.3	30.3	34.6	44.9	48.1

Revenue by Business Division (%)



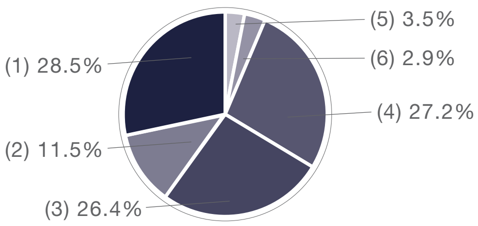
FY2006



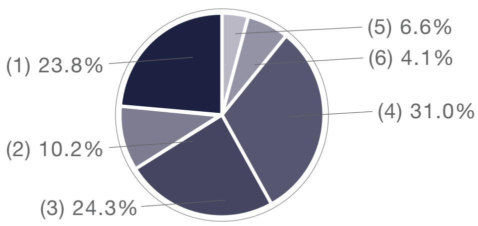
FY2007

1. Distribution & Services solutions
2. Silicon Reclaim solutions
3. Probe Card solutions

Revenue by Region



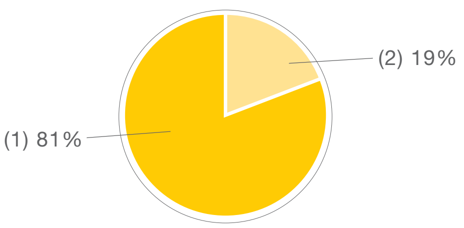
FY2006



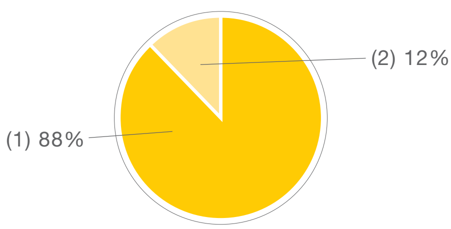
FY2007

1. Singapore
2. Other Asean Countries
3. China & Taiwan
4. USA
5. Europe
6. Other Regions

Sustainability



FY2006



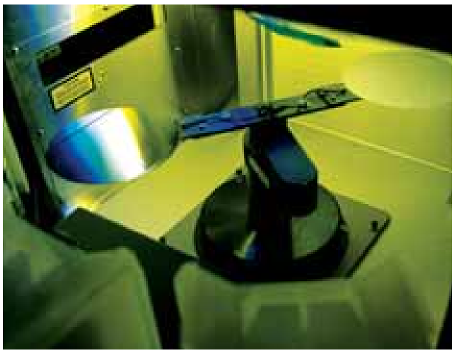
FY2007

1. Recurring
2. Non-Recurring

Revenue
$186.0 Million

Revenue
$200.6 Million

Key Events



Jul 06, 2007

- Mr Matthew Chan Chung Shin steps down as Director/Chairman.
- Mr Chong Fook Choy was appointed as Executive Chairman.
- Mr Rick Kenneth Hodgeman was appointed as Lead Independent Director.

May 25, 2007

- 51% owned E+HPS acquired a 100% stake in HPS Engineering (Suzhou) Co. Ltd.

Jan 31, 2007

- Director and Executive Chairman Mr Matthew Chan Chung Shin relinquished his executive role in the company.

Oct 27, 2006

- Dr Foo See Liang retires from Ellipsiz's Board of Directors.

Oct 19, 2006

- iNETest Resources Pte. Ltd. established 60%-joint venture company, iNETest Technologies India Pvt Ltd, with Sojitz Corporation (Japan) in India.
- iNETest was awarded New Agilent Distributorship for Singapore, Malaysia and Thailand markets.

Sep 15, 2006

- Ellipsiz entered into agreement to acquire 40% stake in Kita Manufacturing Co. Ltd., a leading Japanese designer and manufacturer of precision contact probe pins used in the testing of semiconductor and PCB assemblies (PCBAs).

Sep 12, 2006

- iNETest Resources Pte. Ltd. incorporated a new wholly owned subsidiary, iNETest Resources HK Ltd ("iNETest HK") in the Hong Kong Special Administrative Region, PRC.

Sep 07, 2006

- SV Probe Pte Ltd established a wholly owned subsidiary, SV Probe (SIP) Co. Ltd in Suzhou, PRC.

Operations Review

During the financial year, the Company reviewed the various activities of the Group and has regrouped the business activities as follow to have a better analysis of performance.

PROBE CARD SOLUTIONS

Our Probe Card solutions (renamed from "Fabless solutions") division is operated through our wholly owned subsidiary, SV Probe Pte Ltd. Based on a recent report by VLSI research (June 2007), SV Probe is ranked world's fourth largest probe card company by calendar year 2006 revenue. It currently counts global 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.

Probe card manufacturing in process

Sales Review

The Probe Card division recorded revenue of $104 million in financial year (FY) 2007, an increase of 26% over the previous year. The growth was mainly driven by increased output from added capacity, mainly from the Kulicke & Soffa (K&S) wafer test assets acquisition completed in March 2006. Revenue from USA, Europe and other regions grew by 23%, 102% and 58% respectively due to stronger demand from these regions. Revenue from the Advanced Probe Products, mainly Vertical Probe Cards, comprised 36% of total probe card revenue, compared to 25% one year ago.

Operator inspecting a probe card

We encountered challenges in FY2007, particularly in the second half (2HFY2007), mainly due to severe slow down in market demand, increased competition and pricing pressure. As a result, sequential probe card revenue declined from $59 million in 1HFY2007 to $44 million in 2HFY2007. We also faced higher operating expenses due to larger scale of operations and higher integration cost related to the K&S acquisition. We made several initiatives to counter these challenges and they include: right-sizing and streamlining of our operations, closure of certain operating units upon completion of projects as well as to accelerate the shift of probe card production capacity to Vietnam, which has a lower cost base.

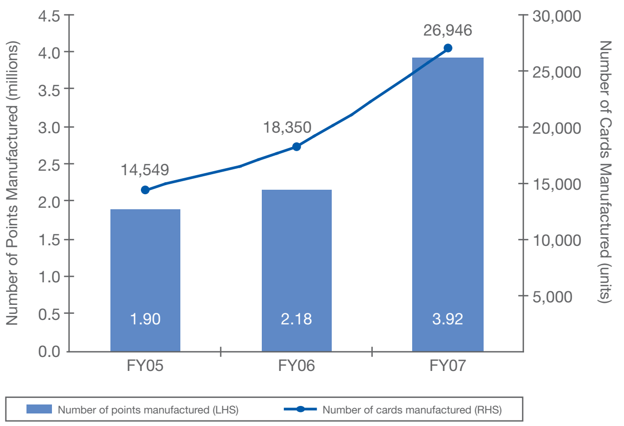
We also stepped up our efforts in marketing and new product development to drive future sales growth. One of the highlights is the successful engineering qualification of our new advanced Vertical Probe product (named

"NGM") at a leading Flash customer, with final production qualification expected in middle of FY2008. The "NGM" is a part of our developing Advanced Vertical Technology ("AVT") product portfolio aimed at addressing the growing demand for high performance, high parallelism and fine pitch probing in the memory and logic semiconductor segments.

Production Review

Total points manufactured for FY2007 (excluding repair), which is a measure of output based on quantity of probe pins produced and shipped, grew 77% to 3.9 million points from 2.2 million points in FY2006. The quantity of probe cards shipped increased 47% yoy from 18,350 units to 26,946 units. We currently have 6 production facilities located in China, France, Taiwan, Vietnam and USA (Gilbert and Santa Clara). Our USA facilities in Santa Clara and Gilbert combined for 46% of the total points output and our Vietnam facility accounted for about 27% in FY2007. With the completion of our new Vietnam factory in September 2007 and the on going production transfer of Vertical products into Vietnam, we expect the production output from Vietnam to increase by more than 30% moving forward.

Table 1 : Output for Probe card division



** Pin and card output for FY2006 included 4 months of contributions from the acquired K&S wafer test assets.

SILICON RECLAIM SOLUTIONS

The Silicon Reclaim solutions provide outsourcing service for reclamation and sale of silicon test wafers used in wafer fabs. It was previously part of the activities of Wafer Fab solutions.

Sales Review

The silicon reclaim business grew 20% from $17 million in FY2006 to $20 million in FY2007. The healthy growth was driven by high demand for silicon reclaim and increased capacity.

Demand for silicon reclaim sustained into the year amid the continued global shortage of raw silicon wafers and the rising cost of raw silicon, hence, leading to the increased use of reclaimed test wafers by chipmakers and wafer foundries instead of purchasing new ones to save costs. Meanwhile, various wafer reclaim competitors had added significant capacity to ride on the increased demand that resulted in increased competition as well as price erosion in the industry.

Geographically, our revenue from all markets rose except those of Malaysia and the USA. Revenue in Malaysia fell on increased competition from Malaysia-based competitor, while no revenues were derived from the USA as we focused our capacity and resources to support our Asia-based customers.

Singapore continued to contribute the bulk of the revenue pie amid modest growth, while the modest revenue growth in Taiwan was affected by increased competition from Taiwanese competitors. In China, revenue almost doubled to offset the slower growth elsewhere as a result of its expanded customer base and increased orders.

Wafer sorting line at our Tuas Silicon Reclaim Plant.

Production Review

To meet the rising demand for our silicon reclaim services from our customers and margin pressure from our competitors, we continued to improve on our operational efficiency, resources allocation and productivity as we expanded our production capacity. In January 2007, capacity was expanded from about 100,000 wafers per month since the beginning of the financial year to about 150,000 wafers per month. Though we had expanded our capacity by 50% as of the beginning of the second half of FY2007, our average monthly utilisation rate was only slightly below 90%.

In spite of the competitive pressure, we continued to ship more wafers. Shipment grew more than 20% to yet another new record high of 1.24 million wafers!

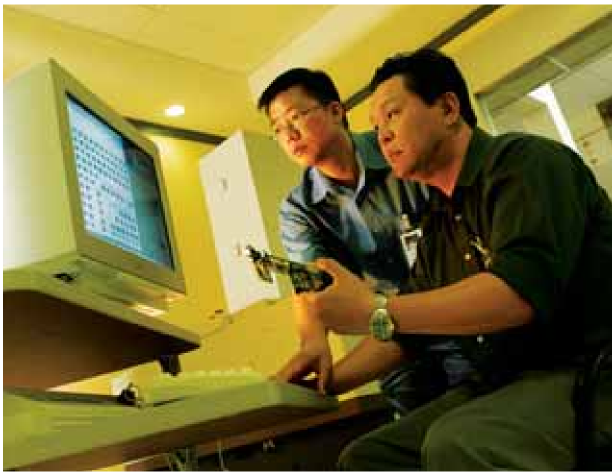
Besides the increase in wafer shipments, we continued to expand our client base in Malaysia, China and Singapore. New customers include leading innovator and the world's six largest semiconductor company; China's pioneer pure open foundry; emerging leading foundry as well as locally base well-sought after CMOS foundry services provider.

DISTRIBUTION & SERVICES SOLUTIONS

Distribution & Services solutions comprise mainly the distribution and services activities of the previous Wafer Fab Solutions and Manufacturing Test Solutions business segments.

The combined segment is involved in the distribution of equipment and tools for semiconductor manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly (PCBA) testing and inspection; provision of equipment maintenance support services, including systems integration to the semiconductor and electronics manufacturing services (EMS) industry. It also provides facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterization services including qualification and reliability testing; as well as refurbishment services for pumps used in wafer fabs.

Lithography equipment used in semiconductor manufacturing



Our engineers performing diagnostic work for a customer

Sales Review

The business segment reported a 12% decline in turnover to $78 million for FY2007 from $88 million in FY2006. The decline was largely attributable to non-recurrence of revenue from major facilities and services completed in FY2006, while the challenges arising from lower demand, pricing pressure and inventory correction issues impacted second half of FY2007. The completion of a total chemical management project in the third quarter of FY2006, the de-focusing on the low-margined second source trading business activity in Singapore, and the non-recurrence of a major facility project were the main causes for the decrease in the segment's performance. Similarly, these factors had also contributed to the decrease in performance in Singapore, other Asean countries and China/Taiwan by 10%, 5% and 1% respectively.

The fall, however, was partly offset by the first full year contribution of fixtures sales following the acquisition of ATE Technology in Shanghai, China in January 2006 as well as the addition of test and measurement equipment sales following the award of new distributorship by Agilent in October 2006. The distributorship covers territorial rights in Singapore, Malaysia and Thailand.

Our 100%-owned iNETest Resources had also established a 60%-owned joint venture company in India with Sojitz Corporation of Japan in October 2006.

51%-owned E+HPS had on, 25 May 2007, acquired 100% stake in HPS Engineering (Suzhou) Co., Ltd. to further enhance their competitiveness in facilities and infrastructure businesses to tap on opportunities for cleanroom facilities projects in China amid growing demand with its full suite of turnkey facilities management services.

Meanwhile, we are always looking to expand our portfolio offerings, and in continuous discussions with both existing and new principals to expand our territorial rights to diversify and sustain our revenue streams.

Global Presence to Serve Customers Worldwide


NORTH AMERICA
PENNSYLVANIA
CONNECTICUT
USA
CALIFORNIA
ARIZONA
TEXAS
SOUTH AMERICA
★ HEADQUARTER
Singapore
● MANUFACTURING FACILITIES
China
France
Singapore
Taiwan
USA
Vietnam
■ SALES OFFICES/ SERVICE CENTRES
China
Malaysia
Singapore
Taiwan
USA
India

Board of Directors

1. Xavier Chong Fook Choy

Executive Director, Chairman &
Chief Executive Officer

Xavier Chong is the Executive Chairman and CEO of Ellipsiz Ltd. He founded the company, then called Excellent Scientific Instruments, 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 into the Enterprise 50 in 1999, a prestigious list of the fifty most enterprising privately-held companies in Singapore. In July 2000, Xavier led the Group (under listing vehicle 'SingaTrust') to its successful initial public listing on the mainboard of Singapore Exchange.

Xavier's business acumen and entrepreneurial resolve steered Ellipsiz through the industry recession in 2001 and then grew revenue by compound annual rate of more than 40% over the next 5 years. He led Ellipsiz through multiple strategic moves, including the acquisition of Kulicke & Soffa's wafer test assets in 2006 that propelled the company to be one of the largest probe card makers in the world.

2. Lim May Lan

Executive Director & Chief Financial Officer

Lim May Lan joined the Ellipsiz Group in 2000 as CFO and was appointed an Executive Director on 16 November 2001. May Lan was formerly the CFO of Zagro Asia Limited, a company listed in the SGX 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.

May Lan 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).

3. Rick Kenneth Hodgman

Lead Independent Director

Rick Kenneth Hodgman is the Lead Independent Director (appointed on 6 July 2007) and he is the Chairman of the Company's Nominating and Remuneration Committees, and a member of the Company's Audit Committee.

Rick is presently the Vice President and Managing Director for Asia Operations, Broadcom Singapore Pte. Ltd. From 1996 to 1999, Rick 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. Rick graduated from the University of Utah with B.Sc. and M.Sc. degrees in Electrical Engineering.

4. Phoon Wai Meng

Independent Director

Phoon Wai Meng is an Independent Director (appointed on 1 July 2004) and the Chairman of the Audit Committee (appointed on 13 November 2006). He was with Hewlett-Packard Singapore for over 20 years, and 5 years with Agilent Technologies, a spin-off from HP. He is currently the Vice President and General Manager (Manufacturing) of Avago Technologies Singapore. In his more than 25 years of senior management experience, Phoon has managed the design and manufacturing of IC test & assembly and high-performance Fiber Optics 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.

Phoon graduated from Monash University, Australia, with a Bachelor of Electrical and Electronics Engineering degree.

5. Jeffrey Staszak

Independent Director

Jeffrey Staszak rejoined Ellipsiz' board of directors as Independent Director on 17 April 2006. He was formerly a director of the Company between 23 March 2001 and 26 November 2003. Jeffrey is presently the President, CEO and a member of the board of directors of Volterra Semiconductor Corporation (NASDAQ: VLTR). Prior to joining Volterra, Jeffrey 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, Jeffrey 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.

Jeffrey holds a B.S. in Industrial Technology from the University of Wisconsin - Stout and an M.B.A. from Pepperdine University.

Key Executives

Ong Puay Han

President, Wafer Fab Solutions Division

Ong Puay Han oversees the wafer fab solutions operations 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 February 2001 with Cerprobe Corporation, where he rose from a Regional Sales Manager to Vice President. Between December 2000 and February 2001, Kevin served as Vice President of Operations for the Test Division 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 was appointed as President of iNETest on 1 April 2003. 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

Our Investor Relations (IR) Team serves as a communication channel to our shareholders and the investing community. We aim to provide shareholders and investors with an accurate portrayal of the company's performance and strategy moving forward.

ACTIVE IR COMMUNICATIONS

We maintain active participations with the investing community via frequent investor meetings, conference calls, financial results briefings and Q&A via our website or emails as well as at the Annual General Meetings (AGM). During the year, we met with financial analysts, institutional fund managers and investors from more than 60 different organizations. The company also participated in conferences and road shows, including our first road show in the USA, to increase our reach to the global investors.

CEO Xavier Chong at Results Briefing

During the bi-annual results briefing sessions, our key management interacts actively with the attendees, which comprise retail shareholders, analysts, media and institutional fund managers. The AGM is also another avenue where shareholders can share their views and raise issues to the Management and Board members.

ACCESS TO RESEARCH REPORTS AND FINANCIALS

We also maintain relations with multiple research houses (under the SGX-MAS Research Incentive Scheme) to provide research coverage on the company. The research reports, including past reports, can be accessed via the company's IR website. Investors can also download comprehensive financial information about the company, including the fact sheet, financial highlights, historical financial data, results releases and presentations as well as annual reports from the IR website at http://www.ellipsiz.com/ir.php. Our website also includes a mailing list subscription service that alert the subscribers via email of any press releases posted on our website.

The company is committed to maintaining a high quality of IR activity and active communications with the shareholders and investors with the guiding principles of corporate governance and transparency.

Ellipsiz Share Price and Volume Chart (1 Jul 2006 - 30 Jun 2007)

Stock Price Movement (1 Jul 2006 - 30 Jun 2007)

Ellipsiz shares performed relatively well during the 12-month period from July 2006 to June 2007 amid an increase in share price volatility. Its share price increased from S$0.51 in the beginning of July to S$0.82, which was the closing price on 30 June 2007. The highest closing price during this period was $0.99, which was achieved during March and May timeframe. The average daily traded volume between Jan 07 and Jun 07 was about 4 million shares, which is 25% higher than the same period a year ago.

Share Price Summary
(1 Jul 2006 – 30 Jun 2007)

Closing Price (S$)

High	:	0.99
Low	:	0.50
Mean	:	0.7682

Daily Traded Volume

High	:	23,944,000
Low	:	45,000
Mean	:	2,993,456

Corporate Information

Headquarter

Ellipsiz Ltd

(Reg. No. 199408329R)
29 Woodlands Industrial Park E1 #04-01/06
NorthTech Lobby 1
Singapore 757716
Tel: (65) 6311 8500
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
Tel: (65) 6213 3388
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

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue Suite 700
Minneapolis MN55402
USA

Board of Directors

Mr. Chong Fook Choy
Executive Director, Chairman & CEO

Ms. Lim May Lan
Executive Director & CFO

Mr. Rick Kenneth Hodgman
Non-Executive & Lead Independent Director

Mr. Phoon Wai Meng
Non-Executive & Independent Director

Mr. Jeffrey Staszak
Non-Executive & Independent Director

Nominating Committee

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

Remuneration Committee

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

Audit Committee

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

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 principles of the Code of Corporate Governance 2005 (the "2005 Code") issued by the Council on Corporate Disclosure and Governance (the "CCDG").

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

Principle 1: The Board's Conduct of Affairs

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. The Board's role is to:

- approve the overall strategies and initiatives of the Group;
- provide entrepreneurial leadership and set objectives for the Group;
- regularly review its financial performance;
- ensure implementation of appropriate systems to manage the principal risks of the Group's business; and
- set standards and values and ensure that obligations to the shareholders and others are understood and met.

The Company's internal guidelines stipulate that all strategic investments, divestments and acquisition projects shall first be approved by the Board.

The Board currently holds four scheduled meetings each year. Pursuant to the Company's Articles of Association, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges, to address specific significant matters or developments that may arise between scheduled Board meetings.

The number of meetings held by the Board and the sub-committees and the attendance of the members for the year ended 30 June 2007 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	4	4	2	3
Directors				
Matthew Chan Chung Shin	3	3 [1]	2 [1]	2 [1]
Chong Fook Choy	4	4 [1]	2	Not applicable
Lim May Lan	4	4 [1]	2 [1]	3 [1]
Dr. Foo See Liang	1 of 1	1 of 1	1 [1]	Not applicable
Jeffrey Staszak	3	3 of 3	Not applicable	3
Phoon Wai Meng	4	4	2	3
Rick Kenneth Hodgman	3	3	1	3

[1] *In attendance.*

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.

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.

The current non-Executive members of the Board do not have any formal letters of appointment. Moving forward, all future new appointees to the Board will receive formal letters of appointment.

Principle 2: Board Composition and Guidance

During the financial year ended 30 June 2007, the Board comprised the following members:

Mr. Matthew Chan Chung Shin[(1)]	-	Executive Chairman from 1 July 2006 to 31 January 2007
	-	Non-Executive Chairman and independent Director from 1 February 2007 to end of financial year
Mr. Chong Fook Choy[(2)]	-	Executive Director and Chief Executive Officer
Ms. Lim May Lan	-	Executive Director and Chief Financial Officer
Dr. Foo See Liang	-	Co-Chairman, non-Executive and independent Director from 1 July 2006 to 27 October 2006
Mr. Jeffrey Staszak	-	Non-Executive and independent Director
Mr. Phoon Wai Meng	-	Non-Executive and independent Director
Mr. Rick Kenneth Hodgman[(3)]	-	Non-Executive and independent Director

(1) Mr. Matthew Chan Chung Shin resigned as non-Executive Chairman and independent Director on 6 July 2007.
(2) Mr. Chong Fook Choy was appointed as Executive Chairman on 6 July 2007.
(3) Mr. Rick Kenneth Hodgman was appointed as Lead Independent Director on 6 July 2007.

As at date of this report, the Board composition is as follows:

Executive Directors

Mr. Chong Fook Choy	-	Executive Chairman and Chief Executive Officer
Ms. Lim May Lan	-	Chief Financial Officer

Non-Executive and independent Directors

Mr. Rick Kenneth Hodgman	-	Lead Independent Director
Mr. Jeffrey Staszak		
Mr. Phoon Wai Meng		

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.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that the Chairman and the Chief Executive Officer should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

During the financial year, Mr. Matthew Chan Chung Shin was the Chairman of the Board and Mr. Chong Fook Choy is the Chief Executive Officer. There was a clear division of responsibilities between the Chairman and the Chief Executive Officer. Mr. Matthew Chan Chung Shin, being the Chairman, 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.

Mr. Chong has assumed the role of Executive Chairman since the resignation of Mr. Chan as Director. The Company acknowledges the guidance provided under the Code and shall continue to evaluate and source for a suitable and independent candidate to assume the Chairmanship position.

Meanwhile, to ensure that the independence of the Board is not affected with Mr. Chong assuming the dual roles of Chairman and Chief Executive Officer, Mr. Rick Kenneth Hodgman was appointed as the Lead Independent Director effective from 6 July 2007. In addition, the majority of the Board comprises independent non-Executive Directors who have access to the Company's senior management, auditors and Company Secretary.

Principles 4 and 5: Board Membership and Performance

Nominating Committee

The Nominating Committee comprises Mr. Rick Kenneth Hodgman (Chairman), Mr. Phoon Wai Meng and Mr. Chong Fook Choy. The majority of the Committee, including its Chairman, are independent Directors.

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.

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.

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, Mr. Jeffrey Staszak, Mr. Phoon Wai Meng and Mr. Rick Kenneth Hodgman are independent Directors.

Currently, there are no formal guidelines that address the competing time commitments that are faced when directors serve on multiple boards. The Company will be reviewing and if appropriate, implement such guidelines. Meanwhile, the Nominating Committee monitors and assesses the level of participation by Directors to ensure an appropriate level of commitment from all Directors and that the performance of the Board as a whole is not impacted.

When the need for a new Director arises, either to replace a Director who has resigned or to enhance the Board's composition, the Nominating Committee will shortlist potential candidates. The Committee will evaluate, amongst others, the skills and expertise of the candidate and the value that he can contribute to the Board before making any recommendation to the Board.

The key information regarding Directors such as academic and professional qualifications and directorships are set out on pages 16 to 17.

The Nominating Committee has not formalised any performance criteria for evaluation of the Board's and each Director's performance annually. The Board is aware of the recommendation of the Code and is in the process of reviewing all relevant issues with a view to complying with the recommendation in the near future.

Principle 6: Access to Information

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 plan, 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. The Company Secretary advises the Company on procedures and relevant company legislation, rules and regulations, which are applicable to the Company.

All Directors have separate and independent access to the senior management team and independent professional advisers such as lawyers, external auditors, and the Company Secretary at all times.

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

Remuneration Committee

The Remuneration Committee comprises

Mr. Phoon Wai Meng	(Chairman from 1 July 2006 to 13 November 2006, member since 13 November 2006)
Mr. Rick Kenneth Hodgman	(Appointed as Chairman on 13 November 2006)
Mr. Jeffrey Staszak	

All members of the Remuneration Committee, including the Chairman, are independent Directors.

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 requisite prior notices. 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.

As may be noted from the table below, the performance related elements of remuneration (that is bonuses, options exercised and awards) 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, options exercised and awards	Total
Matthew Chan Chung Shin	$250,000 to $499,999	17%	66%	17%	100%
Chong Fook Choy	Above $750,000	3%	41%	56%	100%
Lim May Lan	$500,000 to $749,999	5%	40%	55%	100%
Dr. Foo See Liang	Below $250,000	100%	–	–	100%
Jeffrey Staszak	Below $250,000	100%	–	–	100%
Phoon Wai Meng	Below $250,000	100%	–	–	100%
Rick Kenneth Hodgman	Below $250,000	100%	–	–	100%

The Company believes that disclosure requirement on 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 band	Number of staff
Below $250,000	3
$250,000 to $499,999	2

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.

Ellipsiz Share Option Plan & 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.

Principle 10: Accountability

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 for the quarter commencing 1 January 2008.

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.

The Singapore Exchange Securities Trading Limited recently introduced a requirement for Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, confirming that nothing has come to the attention of the Board that may render the financial results to be false or misleading. In response to this requirement, the Group has implemented additional internal processes such as declaration checklists where heads of the various business units are required to confirm that financial processes and controls are in place.

Principle 11: Audit Committee

The Audit Committee comprises three Directors namely

Dr. Foo See Liang	(Chairman. Resigned on 27 October 2006)
Mr. Phoon Wai Meng	(Appointed as Chairman on 13 November 2006)
Mr. Rick Kenneth Hodgman	
Mr. Jeffrey Staszak	(Appointed on 24 January 2007)

All members of the Audit Committee are independent Directors.

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:

- review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
- review the interim and full year announcements of the Company and the Group before they are submitted to the Board for approval;
- 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;
- review the nature and extent of non-audit services provided by the external auditors of the Company;
- review the independence and objectivity of external auditors annually; and
- 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, and approving their remuneration and terms of engagement. 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 external 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.

Principle 12: Internal Controls

The Group has put in place a system of internal controls to ensure that proper accounting records are kept, information is reliable, the Group's assets are safeguarded and business risks identified and contained. The Board considers that the present framework of controls and procedures is adequate to provide reasonable assurance of the integrity and availability of information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with applicable rules and regulations.

The Board, however, recognises that no cost effective system of internal controls could provide absolute assurance against the occurrence of errors and irregularities.

The Group is currently working to put in place certain processes and Whistle-blowing Program by which staff of the Group may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters.

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.

Principle 13: Internal Audit

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.

Principles 14 and 15: 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.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend an Annual General Meeting, to speak and vote in place of the shareholder. Voting in absentia by mail, facsimile or email has yet to be introduced because such voting methods will need to be carefully reviewed in terms of costs and for feasibility to ensure that there is no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

Separate resolutions are tabled at General Meetings on each substantially separate issue. The Company treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the Annual General Meeting as separate resolutions.

All information presented by the Chief Executive Officer on the Group's performance, prospects and plans during the Annual General Meeting are posted on SGXNET. The minutes of the Annual General Meeting will also be given to shareholders upon request.

SECURITIES TRADING

In line with the SGX-ST Listing Rule 12(18), the Group has issued guidelines on share dealings to all employees of the Group, setting out the implications of insider trading, prohibiting securities dealings by Directors and employees whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcements of half-yearly or full year results and two weeks before the announcement of quarterly results, and ending on the day after the said announcements of the relevant results.

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 Income Statement for the year ended 30 June	2007 $'000	2006 $'000	Variance %
Revenue	**200,607**	**186,044**	**8**
Gross profit	56,850	56,469	1
Gross profit margin	28.3	30.4	-2.1ppt
Other income	1,184	23,952	(95)
Operating expenses	(43,850)	(39,395)	11
Results from operating activities	**14,184**	**41,026**	**(65)**
Net finance income	126	51	147
Share of results from associates and a joint venture (net of tax)	(207)	(149)	39
Profit before income tax	**14,103**	**40,928**	**(66)**
Tax credit / (expense)	1,463	(4,239)	(135)
Profit for the year	15,566	36,689	(58)
Minority interest	(543)	(10,598)	(95)
Profit attributable to equity holders of the Company	**15,023**	**26,091**	**(42)**

Revenue

Revenue for financial year (FY) 2007 was $201 million, an increase of 8% over FY2006 performance of $186 million. The improvement was mainly contributed by the better performance from our Probe Cards solutions (PCS) and Silicon Reclaim solutions (SRS).

PCS attained revenue of $104 million in FY2007, an increase of $22 million or 26% when compared to the $82 million in FY2006. The inclusion of wafer test business acquired since March 2006 was the main reason for this improved performance in FY2007. The improved performance in PCS had also led to the positive variances of 23%, 102% and 58% for the revenue generated from USA, Europe and other regions respectively.

SRS increased its revenue from $17 million in FY2006 to $20 million in FY2007. The increase in worldwide demand and the increase in production capacity of the plant led to the generation of higher revenue.

The better performance in PCS and SRS was however partially offset by the decrease in Distribution and Services solution's (DSS) performance. DSS reported revenue of $78 million in FY2007. This was a decrease of 12% when compared to the $88 million revenue attained in FY2006. The completion of a Total Chemical Management project in third quarter of FY2006, the de-focusing on the low-margined second source trading business activities in Singapore and the non-recurrence of a major facility project were the main causes for the decrease in DSS's performance. These factors had also contributed to the decreases in performance in Singapore, other Asean countries and China/Taiwan by 10%, 5% and 1% respectively.

Financial Review

Gross Profit and Gross Profit Margin

Despite the 8% improvement in revenue, consolidated gross profit achieved in FY2007 was $57 million, marginally different from the gross profit attained in FY2006. Gross profit margin therefore decreased from 30.4% in FY2006 to 28.3% in FY2007.

The main cause for the lower gross profit margin in FY2007 was the drop in average margin attained by PCS due to the inclusion of the newly acquired wafer test activities that has lower margin than PCS's FY2006 activities. The incurrence of additional cost of integration during the transitional period to integrate the newly acquired wafer test business was another reason for the lower margin attained by PCS.

Other Income

Other income decreased by 95% from $24 million in FY2006 to $1 million in FY2007. The $23 million decrease was due to the non-recurrence of FY2006's one-time $10 million gain on disposal of other investment and negative goodwill arising from acquisition of business of $13 million.

Operating Expenses

Operating expenses increased by 11% from $39 million to $44 million.

Operating expenses for the financial years comprise:

	2007 $'000	2006 $'000	Variance %
Distribution expenses	16,211	11,442	42
Administrative expenses	21,171	23,510	(10)
Research and development expenses	5,819	433	1244
Other expenses	649	4,010	(84)
	43,850	39,395	11

Distribution and Administrative Expenses

Distribution expenses increased by 42% mainly due to the increased costs resulting from acquisition of new operations in the second half of FY2006. Administrative expenses decreased by 10% mainly due to the closure of certain operating units upon completion of project, re-designation of the functions of certain staff and the rightsizing of the administrative team.

Research and Development Expenses

The Group's research and development cost in FY2007 was $6 million (FY2006: $0.4 million) mainly incurred by PCS for its newly acquired wafer test activities.

Other Expenses

Other expenses decreased from $4 million in FY2006 to $1 million in FY2007. The non-recurrence of FY2006's provision for impairment loss of $3 million on investment in financial asset was the main reason for the lower expenses.

Net Finance Income

The Group had net finance income of $126,000 and $51,000 in FY2007 and FY2006 respectively. The incurrence of lower interest expenses due to the reduction in interest-bearing borrowings was the main cause for the increased net finance income.

Share of Results of Associates and Joint Venture

The Group recorded losses of $110,000 from the share of results of its associates and losses of $97,000 on its share of results from its joint venture in the financial year.

Income Taxes

The Group had a tax credit of $1 million in FY2007. The recording of income not subject to tax by certain subsidiaries, the reversal of over-provision of tax expenses in prior years and reversal of deferred tax liabilities resulting from the movement in temporary difference led to this tax credit. The income not subject to tax was mainly from certain subsidiaries that are granted tax exempt status or subsidiaries having incomes that do not invite tax liabilities in the tax jurisdictions that they operate.

Net Profit after Taxes and Minority Interests (Attributable to equity holders of the Company)

The Group achieved a net profit after taxes and minority interests of $15 million in FY2007, a decrease of 42% from FY2006's profit of $26 million.

In FY2006, the Group recorded certain non-recurring income and expenses, primarily negative goodwill of $6 million (net of minority interest's share), gain on disposal of other investment of $10 million and impairment loss on financial assets of $3 million. Excluding these non-recurring income and expenses, the Group had net profits after tax of $13 million.

In FY2007, the Group had non-recurring income of $553,000 from the gains on disposal of its other investment and one of its intellectual property cum related equipment. Excluding the non-recurring income, the Group's net profits after tax in FY2007 was $14 million, a growth of 12% over FY2006's net profit after tax and non-recurring items of $13 million.

Financial Conditions

Consolidated Balance Sheets as at 30 June	2007 $'000	2006 $'000	Variance %
Property, plant and equipment	36,175	34,643	4
Intangible assets	37,162	39,366	(6)
Associates	4,336	1,302	233
Joint venture	29	127	(77)
Other assets	-	77	(100)
Convertible loan receivable	-	1,481	(100)
Deferred tax assets	321	249	29
Non-current assets	**78,023**	**77,245**	**1**
Current assets	**93,745**	**125,016**	**(25)**
Total assets	**171,768**	**202,261**	**(15)**
Current liabilities	**41,692**	**83,029**	**(50)**
Non-current liabilities	**5,406**	**6,635**	**(19)**
Equity attributable to equity holders of the Company	122,911	111,844	10
Minority interests	1,759	753	134
Total equity	**124,670**	**112,597**	**11**
Total equity and liabilities	**171,768**	**202,261**	**(15)**

Financial Review

Non-current Assets

The non-current assets of the Group increased marginally by 1%, from $77 million as at 30 June 2006 to $78 million as at 30 June 2007. There was no significant movement in various non-current assets except for investment in associates, other assets, convertible loan receivable and deferred tax assets.

During the year, the Group invested in an associate, Kita Manufacturing Co. Ltd, acquiring 24% equity interest of the company. The acquisition led to the increase in investment in associates.

The disposal of the club membership by the Company and the write-off of the club membership by one of its subsidiaries resulted in the 100% decrease in other assets.

As the convertible loan receivable is due for repayment within the next twelve months, it was re-classified as current assets as at the balance sheet date.

Current Assets

Current assets decreased by 25% that comprised mainly decreases in:

(a) trade and other receivables of 18%;

(b) other assets of 100%; and

(c) cash and cash equivalents of 40%.

The above decreases were partially offset by the increase in amounts due from related parties by 34%.

The improved collections during the financial year led to the decrease in trade and other receivables by 18%.

The Group disposed its quoted equity securities available-for-sale and hence resulted in the 100% decrease in other assets.

The 40% decrease in cash and cash equivalents was mainly attributed to the cash outflow for repayment of bank loans and settlement of deferred consideration for the additional interest in subsidiary in the previous financial year. The impact of the cash outflow was however partially offset by the positive cash flow from operating activities.

Current Liabilities and Non-current Liabilities

Total liabilities as at 30 June 2007 stood at $47 million, which is 47% lower than the liabilities of $90 million as at 30 June 2006. The decrease in trade and other payables, coupled with the lower interest-bearing borrowings and tax payable led to the decrease in liabilities.

The lower trade and other payables arose mainly from the payment of $9 million payables and settlement of the deferred consideration in respect of acquisition of additional 50% interest in SV Probe in FY2006. The Group had also made a net $7 million repayment of its interest-bearing borrowings during the year, thus reducing the total bank borrowings of the Group.

Liquidity and Capital Reserves

The net cash outflow of the Group during the year was $18 million. This can be accounted by:

(a) cash inflow of $21 million from operating activities;

(b) cash outflow of $27 million from investing activities; and

(c) cash outflow of $12 million from financing activities.

The Group had positive cash inflow from its operating activities during the year mainly due to the pre-tax profit achieved by the Group, partially offset by the net decreases in working capital.

The purchase of property, plant and equipment of $11 million, cash outflow of $20 million for settlement of deferred and contingent considerations in respect of prior year acquisitions, investment in an associate of $3 million, partially offset by the proceeds from disposals of other investment and intangible asset led to the negative cash outflow for investing activities.

The decrease in borrowings, the payment of dividend during the period and partial settlement of amounts due to an affiliate led to the net cash outflow of $12 million in financing activities.

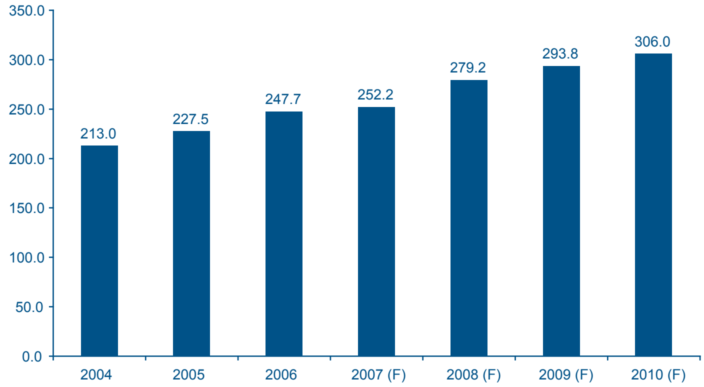
The Group's cash and cash equivalents position as at 30 June 2007 (including fixed deposit held as security) was $28 million.

Industry Outlook

Global Semiconductor Market Outlook

We operate in the semiconductor and electronics manufacturing services (EMS) industries, where our businesses are subjected to general trends in the global semiconductor market. The first six months of 2007 saw sharp decline in average selling prices (ASPs) for semiconductor chips due to intense competition, pricing pressure and inventory issues. The outlook for the remaining half of 2007 remains cautious and mixed. The Semiconductor Industry Association (SIA) has cut its growth forecast for 2007 from the 10% to 1.8%. Gartner Inc., a leading market research firm has also cut its forecast for the semiconductor market from 6.4% to 2.5% in its latest press release. We are cautiously optimistic about our business outlook for FY2008. However, we believe the long term growth of the markets in which we participate remains strong and healthy.

Global Semiconductor Revenue Forecast (US$B)



Source: Semiconductor Industry Association, June 2007

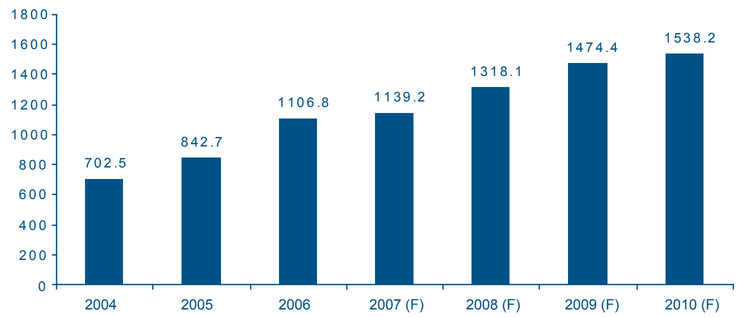
Business Segment Outlook

Ellipsiz has three core businesses: Probe Card, Distribution & Services and Silicon Reclaim. While all three businesses tend to follow the general semiconductor market trend to a certain extent, we would also like to provide market data which we believe are more specific to the respective businesses.

Probe Card

According to recent data from VLSI Research (May 2007), the total probe card market (including spares and services) grew a healthy 31% from US$840 million in 2005 to US$1.1 billion in 2006. Although the probe card market is expected to be soft in 2007, growing just 3% due to the weakness in overall semiconductor and memory market, the long term growth prospects of the industry remain positive. The worldwide probe card market is expected to reach more than US$1.5 billion by the end of year 2010. This represents a compounded annual growth rate of 8.5% (2006-2010), which is higher than the 5.4% for the overall semiconductor CAGR (based on SIA's projection) over the same period

Worldwide Probe Card Revenue Forecast (US$M)



Source: VLSI Research, May 2007

Industry Outlook

We see the growth of our Probe Card business to be underpinned by several key drivers:

1) **Increase in wafer capacity:** According to Gartner Inc. (July 2007), global wafer capacity is expected to grow 12.5% in 2007 and a further 9.8% in 2008. This is expected to increase the overall quantity of the wafers to be tested, and hence, drive the demand for probe cards.

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 to 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 testing at the wafer level (before they are diced), 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.

Distribution & Services

For the Distribution & Services business segment, it comprises equipment distribution and services for both the wafer fab front end market and the EMS (Electronic manufacturing services) market. In the wafer fab front end segment, we distribute mainly lithography equipment ("steppers") for NIKON Corp. in South East Asia and wafer manufacturing related equipment and tools for several other principals. In addition, we also provide facilities and cleanroom infrastructure services to companies in the semiconductor industry. For the EMS market, we distribute PCBA (Printed Circuit Board Assembly) test and inspection equipment for Agilent Technologies and provide technical and sales support to the customers. While the volatility in the equipment market is generally higher than the general IC market, our revenue from the distribution and services business has significant portion of recurring revenue derived from post equipment sales services as well as sales from spares and consumables. These help us to mitigate the volatility in our business due to the capital expenditure cycles.

Wafer Fab Equipment Market Outlook

According to Gartner Inc. (August 2007), the worldwide wafer fab equipment market is projected to grow 5% in 2007 to reach US$34.3 billion after a strong 26% growth in 2006 as the capital spending cycle slows down over the next two years. The CAGR for 2007 through 2010 (to reach US$34.7 billion in 2010) is projected to be almost flat at 0.4%, which is much lower than the overall semiconductor market CAGR of 5.4% over the same period. The recovery of the wafer fab equipment market is expected to be driven by technology transition into the advanced 45nm and sub-45nm production over the next few years.

Wafer Foundry Outlook

According to Gartner Inc. (May 2007), the wafer foundry market is expected to grow by 5.1% in 2007 and further 8.2% in 2008. The foundry market growth for the first half of 2007, especially 1Q, was affected by intense pricing pressure, less favourable product mix, weakening demand and an inventory correction. The market is expected to recover in the second half of 2007 as demand and capacity utilization improve.

The key risks that could inhibit our Distribution and Services business growth related to the foundry market include slower-than-anticipated adoption of leading-edge designs, excess capacity expansion, continued pricing pressure, drastic inventory correction and the usual seasonal slowing.

Industry Outlook

EMS Market Outlook

According to market research firm IDC (July 2007), the combined market for EMS and Original Device Manufacturing (ODM) market grew a strong 21.4% in 2006 to reach US$238 billion. It is forecasting growth of about 12% in 2007. Long term growth is generally positive, with projected CAGR (2006-2011) of 9.6%, with the market reaching US$376.2 billion in 2011.

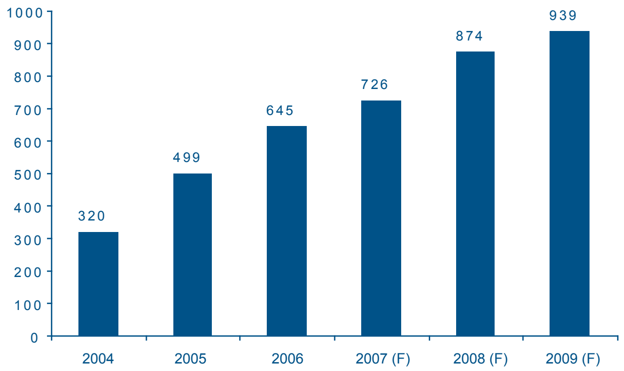
Silicon Reclaim

According to Semiconductor Equipment and Materials International (SEMI), the worldwide silicon reclaim market grew almost 30% in 2006 to reach US$645 million. It is expected to grow a further 12.5% in 2007 to reach US$726 million in revenue. Long term market growth is strong with projected CAGR of over 13% from $645 million market revenue in 2006 to $939 million in 2009.

The growth is expected to be driven by the increasing 300mm wafer market as well as the increasing use of reclaim wafers by the wafer fabs. In addition, new wafer capacity in Asia including China as well as the tight supply of silicon are also expected to provide the underlying demand drivers for silicon reclaim services.

Moving forward, we believe our silicon reclaim business is well positioned to tap the market growth and further growth catalyst would come from our plan to set up reclaim facility for 300mm wafers over the next few years.

Worldwide Silicon Reclaim Revenue Forecast (US$M)



Source: SEMI, March 2007

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 currency giving rise to this risk is primarily US dollars. 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 sub-prime mortgage risks and property prices falling substantially in the US also present significant risks to global economic prospects.

Financial Statements

Directors' Report

Year ended 30 June 2007

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 2007.

Directors

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

Chong Fook Choy	Chairman
Lim May Lan	
Rick Kenneth Hodgman	
Phoon Wai Meng	
Jeffrey Staszak	

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:

Name of director and corporation in which interests are held	Holdings at 1/7/2006	Holdings at 30/6/2007	Holdings at 21/7/2007
Matthew Chan Chung Shin			
Ellipsiz Ltd			
- ordinary shares			
- interest held	240,000	300,000	-[1]
- options to subscribe for ordinary shares at[2]:			
- S$0.64 exercisable from 11/3/2005 onwards	20,000	20,000	-[1]
- awards for ordinary shares[3]			
- to vest on 1/7/2006	60,000	-	-
Chong Fook Choy			
Ellipsiz Ltd			
- ordinary shares			
- interest held	28,705,100	28,898,520	28,898,520
- options to subscribe for ordinary shares at[2]:			
- S$0.64 exercisable in three tranches from 11/3/2005, 11/3/2006 and 11/3/2007 onwards	220,000	74,800	74,800
- S$0.64 exercisable from 11/3/2005 onwards	20,000	-	-
- awards for ordinary shares[3]			
- to vest on 11/3/2007	28,220	-	-

Name of director and corporation in which interests are held	Holdings at 1/7/2006	Holdings at 30/6/2007	Holdings at 21/7/2007
Lim May Lan			
Ellipsiz Ltd			
- ordinary shares			
- interest held	651,320	820,000	820,000
- options to subscribe for ordinary shares at[2]:			
- S$0.25 exercisable in three tranches from 6/1/2004, 6/1/2005 and 6/1/2006 onwards	151,000	-	-
- S$0.64 exercisable in three tranches from 11/3/2005, 11/3/2006 and 11/3/2007 onwards	139,000	139,000	139,000
- S$0.64 exercisable from 11/3/2005 onwards	20,000	20,000	20,000
- awards for ordinary shares[3]			
- to vest on 11/3/2007	17,680	-	-
Phoon Wai Meng			
Ellipsiz Ltd			
- ordinary shares			
- interest held	95,000	95,000	95,000
- deemed interest	25,000	25,000	25,000
Rick Kenneth Hodgman			
Ellipsiz Ltd			
- ordinary shares			
- interest held	450,000	450,000	450,000

(1) Mr. Matthew Chan Chung Shin resigned from the Board of Directors on 6 July 2007. The outstanding options therefore lapsed and the disclosure on his interest as at 21 July 2007 is no longer applicable.

(2) Options refer to the options to subscribe for shares of the Company granted to employees and directors of the Group pursuant to the 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 or at the end of the financial year or at 21 July 2007.

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 those benefits that are disclosed in the Notes 22 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 of 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.

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 Singapore Exchange Securities Trading Limited (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 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 2007		Aggregate options granted since commencement to 30 June 2007		Aggregate options exercised since commencement to 30 June 2007		Aggregate options outstanding as at 30 June 2007	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Matthew Chan Chung Shin[1]	-	-	20,000	0.01	-	-	20,000	0.01
Chong Fook Choy	-	-	240,000	0.09	165,200	0.06	74,800	0.03
Lim May Lan	-	-	310,000	0.12	151,000	0.06	159,000	0.06

[1] Mr. Matthew Chan Chung Shin resigned as a director on 6 July 2007 and hence all outstanding options have lapsed.

Director	Awards granted for financial year ended 30 June 2007		Aggregate awards granted since commencement to 30 June 2007		Aggregate awards vested since commencement to 30 June 2007		Aggregate awards outstanding as at 30 June 2007	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Matthew Chan Chung Shin	-	-	140,000	0.05	140,000	0.05	-	-
Chong Fook Choy	-	-	103,000	0.04	103,000	0.04	-	-
Lim May Lan	-	-	194,000	0.08	194,000	0.08	-	-
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 2007		Aggregate options granted since commencement to 30 June 2007		Aggregate options exercised since commencement to 30 June 2007		Aggregate options outstanding as at 30 June 2007	
	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 2007		Aggregate awards granted since commencement to 30 June 2007		Aggregate awards vested since commencement to 30 June 2007		Aggregate awards outstanding as at 30 June 2007	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Ong Puay Han	-	-	162,000	0.06	162,000	0.06	-	-

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 2007.

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.

Audit Committee

The members of the Audit Committee at the date of this report are:

Phoon Wai Meng	Chairman
Rick Kenneth Hodgman	Lead Independent Director
Jeffrey Staszak	Appointed on 24 January 2007

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 held four meetings during the financial year. The Audit Committee has met with the external auditors separately without the presence of management during the financial year.

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 external auditors and these services would not, in the Audit Committee's opinion, affect the independence of the external 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 is satisfied with the independence and objectivity of the external auditors and 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.

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
18 September 2007

Statement by Directors
Year ended 30 June 2007

In our opinion:

(a) the financial statements set out on pages 48 to 103 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 2007 and of the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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
18 September 2007

Independent Auditors' Report

Members of the Company
Ellipsiz Ltd

We have audited the accompanying financial statements of Ellipsiz Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2007, the income statements and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 103.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2007 and the results, changes in equity and cash flows of the Group and 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
18 September 2007

Balance Sheets

As at 30 June 2007

		Group		Company	
					Restated
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Non-current assets					
Property, plant and equipment	3	36,175	34,643	27	41
Intangible assets	4	37,162	39,366	8	7
Subsidiaries	5	-	-	75,223	75,144
Associates	6	4,336	1,302	3,627	500
Joint venture	7	29	127	-	-
Other assets	8	-	77	-	75
Convertible loan receivable	9	-	1,481	-	1,481
Deferred tax assets	10	321	249	-	12
		78,023	77,245	78,885	77,260
Current assets					
Inventories	11	21,463	22,222	-	-
Project-in-progress	12	500	64	-	-
Convertible loan receivable	9	1,511	-	1,511	-
Trade and other receivables	13	40,670	49,590	248	1,250
Amounts due from related parties	14	1,774	1,325	11,593	29,116
Other assets	8	-	5,429	-	5,429
Cash and cash equivalents	15	27,827	46,386	2,144	12,152
		93,745	125,016	15,496	47,947
Total assets		171,768	202,261	94,381	125,207
Equity attributable to equity holders of the Company					
Share capital	16	121,112	117,169	121,112	117,169
Reserves	17	1,799	(5,325)	(36,258)	(35,898)
		122,911	111,844	84,854	81,271
Minority interests		1,759	753	-	-
Total equity		124,670	112,597	84,854	81,271
Non-current liabilities					
Interest-bearing borrowings	18	2,709	1,049	-	-
Redeemable convertible preference shares	19	78	78	-	-
Other payables	20	231	764	220	757
Deferred tax liabilities	10	2,388	4,744	18	-
		5,406	6,635	238	757
Current liabilities					
Trade and other payables	20	31,709	61,105	3,137	22,712
Amounts due to related parties	14	1,740	2,725	6,095	10,873
Interest-bearing borrowings	18	5,749	14,141	-	9,594
Current tax payable		2,494	5,058	57	-
		41,692	83,029	9,289	43,179
Total liabilities		47,098	89,664	9,527	43,936
Total equity and liabilities		171,768	202,261	94,381	125,207

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

Income Statements

Year ended 30 June 2007

	Note	Group		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Revenue	21	200,607	186,044	8,852	6,284
Cost of revenue		(143,757)	(129,575)	-	-
Gross profit		56,850	56,469	8,852	6,284
Other income	22	1,184	23,952	743	10,470
Distribution expenses		(16,211)	(11,442)	-	-
Administrative expenses		(21,171)	(23,510)	(4,515)	(5,076)
Research & development expenses		(5,819)	(433)	-	-
Other expenses		(649)	(4,010)	263	(6,315)
Results from operating activities	22	14,184	41,026	5,343	5,363
Finance income		796	887	324	260
Finance expense		(670)	(836)	(292)	(300)
Net finance income/(costs)	23	126	51	32	(40)
Share of results of associates (net of tax)		(110)	(42)	-	-
Share of result of a joint venture (net of tax)		(97)	(107)	-	-
Profit before income tax		14,103	40,928	5,375	5,323
Income tax credit/(expense)	24	1,463	(4,239)	(53)	(220)
Profit for the year		15,566	36,689	5,322	5,103
Attributable to:					
Equity holders of the Company		15,023	26,091	5,322	5,103
Minority interests		543	10,598	-	-
Profit for the year		15,566	36,689	5,322	5,103
Earnings per share	27				
- Basic earnings per share (cents)		5.89	10.56		
- Diluted earnings per share (cents)		5.88	10.52		

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

Consolidated Statement of Changes in Equity

Year ended 30 June 2007

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)/ profits $'000	Total attributable to holders of the Company $'000	Minority interests $'000	Total equity $'000
At 1 July 2005	59,727	53,715	(11,720)	-	445	820	(344)	(19,338)	83,305	14,014	97,319
Translation differences relating to financial statements of foreign operations	-	-	-	-	-	-	(1,899)	-	(1,899)	(724)	(2,623)
Change in fair value of available-for-sale financial assets	-	-	-	-	(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 16)	2,321	929	-	-	-	-	-	-	3,250	-	3,250
Ordinary shares outstanding for issuance (Note 17)	-	-	-	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.

Consolidated Statement of Changes in Equity

Year ended 30 June 2007

Group	Share capital $'000	Capital reserve $'000	Unissued capital $'000	Compen-sation reserve $'000	Exchange translation reserve $'000	Accum-ulated profits $'000	Total attributable to holders of the Company $'000	Minority interests $'000	Total equity $'000
At 1 July 2006	117,169	(11,720)	3,150	722	(2,243)	4,766	111,844	753	112,597
Translation differences relating to financial statements of foreign operations	-	-	-	-	(2,029)	-	(2,029)	(36)	(2,065)
Exchange differences on hedge of net investment in foreign operations	-	-	-	-	(188)	-	(188)	-	(188)
Net losses recognised directly in equity	-	-	-	-	(2,217)	-	(2,217)	(36)	(2,253)
Profit for the year	-	-	-	-	-	15,023	15,023	543	15,566
Total recognised income and expense for the year	-	-	-	-	(2,217)	15,023	12,806	507	13,313
Issue of ordinary shares (Notes 16 & 17)	3,150	-	(3,150)	-	-	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"									
- exercise price	496	-	-	-	-	-	496	-	496
- value of employee services received	207	-	-	(207)	-	-	-	-	-
Value of employee services received for issue of share options	-	-	-	12	-	-	12	-	12
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"									
- value of employee services received	90	-	-	(90)	-	-	-	-	-
Value of employee services received for issue of share awards	-	-	-	27	-	-	27	-	27
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	499	499
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	-	(1,020)	(1,020)	-	(1,020)
Interim dividend of 0.6 cents per share less tax at 18%	-	-	-	-	-	(1,254)	(1,254)	-	(1,254)
At 30 June 2007	121,112	(11,720)	-	464	(4,460)	17,515	122,911	1,759	124,670

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

Statement of Changes in Equity

Year ended 30 June 2007

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 2005, as previously reported	59,727	53,715	-	445	255	(42,886)	71,256
Effects of adopting INT FRS108 and 111 (Note 25)	-	-	-	-	565	-	565
At 1 July 2005, restated	59,727	53,715	-	445	820	(42,886)	71,821
Change in fair value of available-for-sale financial assets	-	-	-	(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 16)	2,321	929	-	-	-	-	3,250
Ordinary shares outstanding for issuance (Note 17)	-	-	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	-	-	-	-	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
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	-	722	(39,770)	81,271
At 30 June 2006, as previously reported	117,169	-	3,150	-	245	(39,770)	80,794
Effects of adopting INT FRS108 and 111 (Note 25)	-	-	-	-	477	-	477
At 1 July 2006, restated	117,169	-	3,150	-	722	(39,770)	81,271
Profit for the year	-	-	-	-	-	5,322	5,322
Total recognised income and expense for the year	-	-	-	-	-	5,322	5,322
Issue of ordinary shares (Notes 16 & 17)	3,150	-	(3,150)	-	-	-	-
Issue of shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"							
- exercise price	496	-	-	-	-	-	496
- value of employee services received	207	-	-	-	(207)	-	-
Value of employee services received for issue of share options	-	-	-	-	12	-	12
Issue of shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"							
- value of employee services received	90	-	-	-	(90)	-	-
Value of employee services received for issue of share awards	-	-	-	-	27	-	27
Final dividend of 0.5 cents per share less tax at 20% in respect of 2006	-	-	-	-	-	(1,020)	(1,020)
Interim dividend of 0.6 cents per share less tax at 18%	-	-	-	-	-	(1,254)	(1,254)
At 30 June 2007	121,112	-	-	-	464	(36,722)	84,854

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

Consolidated Cash Flows Statement

Year ended 30 June 2007

	2007 $'000	2006 $'000
Operating activities		
Profit for the year	15,566	36,689
Adjustments for:		
Allowance/(reversal of allowance) for:		
- inventory obsolescence	774	757
- doubtful debts from trade receivables	(346)	574
- doubtful debt from an affiliate	-	154
Amortisation of intangible assets	415	196
Bad debts written off	115	95
Depreciation of property, plant and equipment	10,744	6,865
Fair value adjustment for embedded derivatives	-	265
Grant income	(5)	-
(Gain)/loss on disposals of:		
- financial assets	(130)	(9,742)
- intangible assets	(342)	-
- property, plant and equipment	35	83
- other asset	(65)	-
- subsidiary	-	9
Impairment loss on other assets	-	2,766
Interest income	(796)	(887)
Interest expense	670	836
Inventories written off	689	170
Negative goodwill	-	(12,954)
Other asset written off	2	-
Share of results of associates and a joint venture	207	149
Staff benefits[(1)]	179	317
Income tax (credit)/expense	(1,463)	4,239
	26,249	30,581
Changes in working capital:		
Inventories	(1,255)	(4,631)
Project-in-progress	(436)	234
Trade and other receivables	9,638	(422)
Amounts due from related parties (trade)	(784)	(493)
Trade and other payables	(9,031)	10,704
Amounts due to related parties (trade)	482	353
Placement of deposits with financial institutions	139	235
Cash generated from operations	25,002	36,561
Interest received	697	870
Interest paid	(422)	(562)
Tax credit received	1,177	-
Income taxes paid	(5,878)	(2,865)
Cash flows from operating activities	20,576	34,004

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

Consolidated Cash Flows Statement

Year ended 30 June 2007

	Note	2007 $'000	2006 $'000
Investing activities			
Acquisition of additional interests in subsidiaries		-	(15,638)
Amounts due from related parties (non-trade)		335	(370)
Convertible loan to a third party		-	(1,596)
Investment in associate		(3,127)	(75)
Net cash inflow/(outflow) on acquisitions of subsidiaries and business		31	(18,341)
Net cash outflow on disposal of subsidiary		-	(165)
Partial settlement of deferred consideration and contingent consideration for acquisition of interest in subsidiaries in prior financial year		(19,792)	-
Proceeds from disposals of:			
- financial assets		5,559	22,750
- intangible assets		1,847	-
- property, plant and equipment		321	389
Purchase of:			
- intangible assets		(726)	(7)
- property, plant and equipment[2]		(11,346)	(8,368)
Cash flows from investing activities		(26,898)	(21,421)
Financing activities			
Amounts due to related parties (non-trade)		(1,460)	2,511
Capital injection from minority shareholders of subsidiaries		499	-
Dividend paid		(2,274)	(1,987)
Dividend paid to minority interests		-	(980)
Grant received		5	-
Interest paid		(248)	(267)
Issue of ordinary shares under share option scheme		496	62
Repayment of bank loans		(15,820)	(15,805)
Repayment of hire purchase and finance lease creditors		(852)	(560)
Proceeds from bank loans		7,189	21,766
Proceeds from finance lease[3]		395	-
Cash flows from financing activities		(12,070)	4,740
Net (decrease)/increase in cash and cash equivalents		(18,392)	17,323
Cash and cash equivalents at beginning of year		43,054	26,221
Effect of exchange rate fluctuations on cash held		(455)	(490)
Cash and cash equivalents at end of year	15	24,207	43,054

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

Significant non-cash transactions

(1) Share options and awards values amounting to $12,000 (2006: $69,000) and $27,000 (2006: $248,000) issued or issuable under "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan", respectively, were charged as staff cost to employees. In addition, the Group also granted other benefits-in-kind to a director for a fair value of $140,000 (2006: $Nil).

(2) Plant and equipment amounting to $1,976,000 (2006: $296,000) were acquired through hire purchase arrangements and finance leases.

(3) During the year, a subsidiary entered into finance lease arrangement for certain plant and equipment acquired in 2006.

(4) During the year, the Company issued 5,459,272 (2006: Nil) new ordinary shares amounting to $3,150,000 (2006: $Nil) for partial settlement of the deferred purchase consideration in respect of its acquisition of subsidiary in prior year (Notes 16 and 17).

(5) In 2006, the Company issued 9,285,714 new ordinary shares amounting to $3,250,000 for partial settlement of the purchase consideration in respect of its acquisition of subsidiary (Notes 5 and 16).

The effect of acquisitions of subsidiaries (Note 5) and business (Note 26) is set out below:

	Note	2007 $'000	2006 $'000
Property, plant and equipment		-	14,227
Intangible assets		-	7,582
Investment in associate		-	48
Inventories		-	10,337
Trade and other receivables		-	13,021
Cash and cash equivalents		31	5,479
Trade and other payables		-	(8,582)
Current tax payable		-	(607)
Deferred tax liabilities		-	(4,839)
Minority interests		-	(30)
Net identifiable assets acquired		31	36,636
Minority interests		-	(1,531)
Additional consideration	5	-	(1,513)
		31	33,592
Negative goodwill on acquisition		-	(12,951)
Goodwill on acquisition		-	6,429
Outstanding consideration not paid		(31)	-
Consideration satisfied in equity shares[5]		-	(3,250)
Consideration satisfied in cash		-	23,820
Cash and cash equivalents acquired		(31)	(5,479)
Net cash (inflow)/outflow on acquisitions of subsidiaries and business		(31)	18,341

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

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

	2006 $'000
Acquisition of interest from minority shareholders of subsidiaries	23,684
Goodwill on acquisition	14,444
Negative goodwill arising from increase of subsidiary's share capital	(3)
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

The effect of disposal of subsidiary is set out below:

	2006 $'000
Property, plant and equipment	(7)
Inventories	(13)
Trade and other receivables	(409)
Cash and cash equivalents	(198)
Trade and other payables	143
Interest-bearing borrowings	419
Net identifiable assets disposed	(65)
Goodwill on consolidation disposed	(9)
Minority interests	32
	(42)
Loss on disposal	9
Consideration received	(33)
Cash and cash equivalents disposed	198
Net cash outflow on disposal of subsidiary	165

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 September 2007.

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 (together referred to as the Group) and the Group's interests in associates and joint venture.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for the certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2.8 – classification of leases
- Note 4 – assumptions of recoverable amounts relating to goodwill impairment
- Note 5 – valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 20 – measurement of provisions
- Note 28 – measurement of share-based payments
- Note 31 – valuation of financial instruments

Accounting policies relating to the following types of transactions were changed during the year:

- intra-group financial guarantees, as described in Note 2.7;
- share-based payments, as described in Note 2.15; and
- segment reporting, as described in Note 2.22.

The effect of changes in accounting policies is set out in Note 25.

Except for the above changes, the accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS40 *Investment Property*
- FRS107 *Financial Instruments: Disclosures* and Amendment to FRS1 *Presentation of Financial Statements: Capital Disclosures*
- FRS108 *Operating Segments*
- INT FRS110 *Interim Financial Reporting and Impairment*
- INT FRS112 *Service Concession Arrangements*

FRS107 and the amendment to FRS1, which will become effective for the Group's financial statements for the year ending 30 June 2008, will require extensive additional disclosures with respect to the Group's financial instruments and share capital. Management is currently assessing the impact of FRS107 and amendment to FRS1 on the format and extent of disclosures presented in the financial statements. This standard does not have any impact on the Group's financial result or position.

Other than FRS107 and amendment to FRS1, the initial application of these standards (and its consequential amendments) 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 Consolidation

Business combinations

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 over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. 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 and joint venture

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Joint venture is the entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint venture (collectively referred to as "equity accounted investees") are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates and joint venture, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates by the Company

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation (see Note 2.7).

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisition prior to 1 January 2005, the exchange rates at the date of acquisitions were used.

Foreign currency differences are recognised in the exchange translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange translation reserve is transferred to the income statement.

2.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold land and building	30 years
Leasehold improvements	shorter of 10 to 30 years and remaining lease period
Furniture and fittings	3 to 10 years
Office equipment	3 to 10 years
Computers	1 to 5 years
Motor vehicles	2 to 10 years
Plant and machinery	3 to 10 years
Mechanical and electrical facilities	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Computer software

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

Computer software is amortised in the income statement on the straight-line basis over its estimated useful life of 1 to 5 years, from the date on which they are available for use.

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the products or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement as an expense when it is incurred. Capital development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line method over the estimated useful life of 5 years.

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.

Technology licence and intellectual properties are measured 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 amortised in the income statement on a straight-line basis over their estimated economic useful lives of 20 years from the date on which they are available for use.

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 and is recognised immediately in the income statement.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint venture is presented together with investments in associates and joint venture.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.9.

Acquisition of minority interest

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

2.6 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.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, related party balances, convertible loan receivable, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. Purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset.

Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the cash flows statement, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see Note 2.3), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated a hedge of a net investment in a foreign operation are recognised in the Group entities' income statement. On consolidation, such differences are recognised directly in equity, in the exchange translation reserve, to the extent that the hedge is effective. To extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Intra-group financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, 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.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2.8 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessees of an operating lease

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

2.9 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss 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.

2.10 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.

2.11 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 income statement. 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 income statement over the expected repayment period.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using 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 manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.13 Project-in-progress

Project-in-progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

2.14 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 the income statement 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.

2.15 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement 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.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 with a corresponding increase in equity in the Group's consolidated financial statements. 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 Group 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.

In the Company's financial statements, the fair value of share options and share awards granted to employees of the subsidiaries is recognised as investments in subsidiaries, with a corresponding increase in the compensation reserve in the Company's financial statements.

When the option is exercised or the award is vested, the amount from the compensation reserve is transferred to share capital. The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 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 probabilities.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty date and a weighting of all possible outcomes against their associated probabilities.

2.17 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, goods and services taxes or other sales taxes, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the sale 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.

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 and management fees are recognised on an accrual basis.

Dividend income is recognised in the income statement when the right to receive payment is established.

2.18 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, presidents and vice presidents of the subsidiaries, are considered as key management personnel of the Group.

2.19 Dividends

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

2.20 Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, 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.

2.21 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint venture to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.22 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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

Distribution & Services solutions (comprises mainly the distribution and services activities of the previous Wafer Fab solutions and Manufacturing Test solutions business segments)	:	Distribution of equipment and tools for semiconductor manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support services, including systems integration to the semiconductor and electronics manufacturing services industry; and provision of facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterization services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs.
Silicon Reclaim solutions (previously form part of the activities of Wafer Fab solutions)	:	Provision of outsourcing service for reclamation of silicon wafers. Trading of test wafers used in wafer fabs.
Probe Cards solutions (renamed from Fabless solutions)	:	Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

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, China and Taiwan, United States of America (USA), Europe 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.

3 Property, plant and equipment

Group	Leasehold land and 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 construction $'000	Total $'000
Cost										
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
Additions	465	3,688	101	120	1,055	86	7,113	20	674	13,322
Disposals	-	(149)	(15)	(36)	(205)	-	(577)	-	-	(982)
Translation difference on consolidation	-	(53)	(12)	(13)	(73)	(1)	(902)	-	1	(1,053)
At 30 June 2007	2,970	7,489	736	1,117	5,528	431	56,318	394	679	75,662
Accumulated depreciation and impairment losses										
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
Depreciation charge for the year	74	1,010	84	232	743	69	8,453	79	-	10,744
Disposals	-	(147)	(13)	(30)	(199)	-	(237)	-	-	(626)
Translation difference on consolidation	-	(14)	(8)	(6)	(43)	(1)	(291)	-	-	(363)
At 30 June 2007	1,052	2,256	531	780	4,017	239	30,420	192	-	39,487
Carrying amount										
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
At 30 June 2007	1,918	5,233	205	337	1,511	192	25,898	202	679	36,175

Leasehold land and building, leasehold improvement and plant and machinery of the Group with carrying amounts of $1,917,000 (2006: $1,527,000), $1,615,000 (2006: $566,000) and $3,889,000 (2006: $8,477,000) respectively have been pledged to banks as security for certain bank loans (Note 18).

The carrying amount of property, plant and equipment includes amounts totalling $2,893,000 (2006: $1,281,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 18).

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2005	72	58	1,510	1,640
Additions	-	3	30	33
At 30 June 2006	72	61	1,540	1,673
Additions	-	-	6	6
Disposals	-	-	(38)	(38)
At 30 June 2007	72	61	1,508	1,641
Accumulated depreciation				
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
Depreciation charge for the year	1	1	15	17
Disposals	-	-	(35)	(35)
At 30 June 2007	71	58	1,485	1,614
Carrying amount				
At 1 July 2005	3	3	87	93
At 30 June 2006	2	4	35	41
At 30 June 2007	1	3	23	27

Depreciation for the financial year is included in the following line items of the income statements:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost of revenue	9,210	5,288	-	-
Distribution expenses	261	129	-	-
Administrative expenses	1,035	1,448	17	85
Research and development expenses	238	-	-	-
	10,744	6,865	17	85

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 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
Additions	110	-	-	616	-	-	726
Disposals	(10)	-	-	(1,537)	-	-	(1,547)
Reclassification	6	-	-	-	-	(6)	-
Translation difference on consolidation	-	-	(71)	(276)	(677)	-	(1,024)
At 30 June 2007	1,967	3,920	1,844	6,273	29,591	-	43,595
Accumulated amortisation and impairment losses							
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
Amortisation for the year	13	-	93	309	-	-	415
Disposals	(10)	-	-	(32)	-	-	(42)
Translation difference on consolidation	-	-	(8)	(6)	-	-	(14)
At 30 June 2007	1,860	3,920	289	364	-	-	6,433
Carrying amount							
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
At 30 June 2007	107	-	1,555	5,909	29,591	-	37,162

Company	Computer software $'000	Assets under construction $'000	Total $'000
Cost			
At 1 July 2005	1,824	3	1,827
Additions	-	3	3
At 30 June 2006	1,824	6	1,830
Additions	3	-	3
Disposals	(10)	-	(10)
Reclassification	6	(6)	-
At 30 June 2007	1,823	-	1,823
Accumulated amortisation and impairment losses			
At 1 July 2005	1,823	-	1,823
Amortisation for the year	*	-	*
At 30 June 2006	1,823	-	1,823
Amortisation for the year	2	-	2
Disposals	(10)	-	(10)
At 30 June 2007	1,815	-	1,815

Company	Computer software $'000	Assets under construction $'000	Total $'000
Carrying amount			
At 1 July 2005	1	3	4
At 30 June 2006	1	6	7
At 30 June 2007	8	-	8

Amortisation of intangible assets for the financial year is included in the following line items of the income statements:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost of revenue	407	196	-	-
Distribution expenses	1	-	-	-
Administrative expenses	7	*	2	*
	415	196	2	*

* Amount is less than $1,000.

Impairment tests for cash-generating units containing goodwill

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

	Group	
	2007 $'000	2006 $'000
Probe cards	13,591	14,268
Silicon reclaim	384	384
Distribution and services - consumables	500	500
Distribution and services - backend	15,116	15,116
	29,591	30,268

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 three years.

Key assumptions used for value-in-use calculations

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

Group	Growth rate %	Discount rate %
2007		
Probe cards	11.0	11.4
Silicon reclaim	4.2	11.0
Distribution and services - consumables	4.2	7.8
Distribution and services - backend	4.2	11.0

	Growth rate %	Discount rate %
2006		
Probe cards	13.0	14.5
Silicon reclaim	15.0	7.9
Distribution and services - consumables	10.0	7.8
Distribution and services - backend	6.0	7.0

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 2007 $'000	Company Restated 2006 $'000
Equity investments at cost	121,565	121,557
Impairment losses	(46,342)	(46,413)
	75,223	75,144

Following a review of the recoverable amounts of the Company's investments in subsidiaries, a reversal of impairment losses amounting to $71,000 was made to write-up the carrying value of investment in a subsidiary to the recoverable amounts, which are estimated to approximate the Company's share of the net worth of the subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
(1) Antech Instruments Pte Ltd	Inactive	Singapore	100	100
(2) iNETest Malaysia Sdn. Bhd. (formerly known as 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. 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

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	2006 %
(1) Ellipsiz Singapore Pte Ltd and its subsidiaries:	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(1) E+HPS Pte Ltd and its subsidiary:	Provision of general constructional, hook up and building works	Singapore	51	-
(4) HPS Engineering (Suzhou) Co., Ltd. (HPS, Suzhou)	Provision of general constructional, hook up and building works	China	51	-
(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.	Inactive	Singapore	100	100
(1) Factech Pte Ltd	Inactive	Singapore	100	100
(1) ESI Instruments Pte Ltd	Inactive	Singapore	100	100
(13) outsoz.com Inc.	Inactive	USA	100	100
(13) Ellipsiz USA Inc.	Inactive	USA	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	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

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
(13) 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.	Polishing and reclamation of semiconductor wafers	Singapore	100	100
(1) 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	100
(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	100
(5) SV Probe Technology Taiwan Co. Ltd.	Manufacturing and trading and after sales support of probe cards	Taiwan	100	100
(6) SV Probe Vietnam Co., Ltd	Production, installation and designing accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100
(3) SV Probe Inc.	Design, development and manufacturing of probe cards for the electronics industry	USA	100	100
(4) SV Probe China Co., Ltd.	Production, trading, research and development, provision of technical consultation and assistance services for electronics products	China	100	100

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	2006 %
(7) SV Probe Technology S.A.S.	Design, development and manufacturing of probe cards for the electronics industry	France	100	100
(8) SV Probe (SIP) Co., Ltd	Manufacturing and trading of probe cards, research and development, sales and after sales support of probe cards	China	100	-
(1) FMB Industries Pte. Ltd. (FMB)	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	92	92
(1) iNETest Resources Pte. Ltd. (iNETest) and its subsidiaries:	Provision of solutions for in-circuit and functional testing	Singapore	100	100
(9) Oriental International Technology Limited.	Provision of solutions for in-circuit and functional testing	Hong Kong	100	100
(10) iNETest Resources (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(10) iNETest Resources (China) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(11) iNETest China Holdings Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
(10) ATE Technology (Shanghai) Inc. (ATE)	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	100	100
(10) iNETest International Trading (Shanghai) Co., Ltd.	General trading	China	100	100
(10) iNETest Resources HK Limited	General trading	Hong Kong	100	-
(12) iNETest Technologies India Pvt Ltd	General trading and engineering services	India	60	-

(1) Audited by KPMG Singapore.

(2) Audited by Parker Randall Chew, 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 Co. Ltd, Ho Chi Minh City, Vietnam.

(7) Audited by Orial, Lyon, France.

(8) Audited by Suzhou Wan Long CPA, Suzhou, China.

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

(10) Audited by Baker Tilly, Shanghai, China.

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

(12) Audited by S.R. Batliboi & Co., India.

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

Acquisitions of and additional interests in subsidiaries

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
2007						
Newly acquired subsidiary						
HPS, Suzhou	May 2007	51	31[1]	-	31	-
2006						
Newly acquired subsidiaries						
iNETest	July 2005	51	8,013[2]	-	8,013	6,429[5]
ATE	January 2006	100	2,507[1]	-	2,507	-
Additional interests						
FMB	July 2005	1	274[1]	-	274	(3)[7]
iNETest	March 2006	49	10,500[3]	-	10,500	8,696[5]
SV Probe	April 2006	50	27,625[4]	-	27,625	5,748[6]

(1) Purchase considerations will be or were satisfied in cash.

(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 was 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).

(4) Purchase consideration of $27,625,000 (US$17,000,000) was satisfied in cash and was paid 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) 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.

(6) 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.

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

The effects of the acquisitions are as follows:

	2007		2006		
	HPS, Suzhou $'000	Total $'000	iNETest $'000	Others $'000	Total $'000
Property, plant and equipment	-	-	657	606	1,263
Investment in associate	-	-	48	-	48
Inventories	-	-	161	322	483
Trade and other receivables	-	-	2,241	1,060	3,301
Cash and cash equivalents	31	31	4,551	928	5,479
Trade and other payables	-	-	(3,881)	(409)	(4,290)
Current tax payable	-	-	(607)	-	(607)
Deferred tax liabilities	-	-	(25)	-	(25)
Minority interests	-	-	(30)	-	(30)
Net identifiable assets acquired	31	31	3,115	2,507	5,622
Minority interests	-	-	(1,531)	-	(1,531)
	31	31	1,584	2,507	4,091
Goodwill on acquisition	-	-	6,429	-	6,429
Additional consideration[1]	-	-	(1,513)	-	(1,513)
Outstanding consideration not paid	(31)	(31)	-	-	-
Consideration settled in equity shares	-	-	(3,250)	-	(3,250)
Consideration paid, satisfied in cash	-	-	3,250	2,507	5,757
Cash and cash equivalents acquired	(31)	(31)	(4,551)	(928)	(5,479)
Net cash (inflow)/outflow	(31)	(31)	(1,301)	1,579	278

(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.

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:

	2007 $'000	2006 $'000
Revenue	200,607	187,613
Profit for the year	15,566	36,670

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:

	2007 $'000	2006 $'000
SV Probe	-	2,034
iNETest	-	2,707
Others	80	(112)

Disposal of subsidiary

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.

6 Associates

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Investments in associates	4,344	1,217	3,627	500
Share of post-acquisition reserves	(3)	107	-	-
Exchange translation reserve	(5)	(22)	-	-
	(8)	85	-	-
	4,336	1,302	3,627	500

Investments in associates of the Group at 30 June 2007 include goodwill of $1,559,000 (2006: $341,000).

During the financial year, the Group has recorded the preliminary fair value of the associate's net identifiable assets acquired on the initial accounting of acquisition. The Group will 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.

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
[1] Chiron Semilab Pte Ltd	Technical testing and analysis services	Singapore	33	33
[2][5] Shenzhen IC Design Incubation Co., Ltd	Enterprise incubator management, IC design and test, and provision of technical consulting services	China	33	33
[3][6] Advantech Corporation (Thailand) Co., Limited	Trading and engineering services	Thailand	35	35
[4] Kita Manufacturing Co. Ltd	Design and manufacturing of spring pin, contact probe and other precision metal parts for semiconductor and PCB assemblies industry	Japan	24	-

[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] Audited by Azusa Audit Corporation, Japan.

[5] The associate is held through Ellipsiz Semiconductor Technology (Shenzhen) Ltd.

[6] The associate is held through iNETest Resources Pte. Ltd.

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

	Group 2007 $'000	Group 2006 $'000
Results		
Revenue	4,140	2,217
Expenses	(4,520)	(2,347)
Loss before and after taxation	(380)	(130)
Assets and liabilities		
Non-current assets	21,642	806
Current assets	14,287	2,833
Current liabilities	(9,962)	(640)
Non-current liabilities	(15,541)	(139)
Net assets	10,426	2,860

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

7 Joint venture

	Group 2007 $'000	Group 2006 $'000
Investment in joint venture	408	408
Share of post-acquisition reserves	(374)	(277)
Exchange translation reserve	(5)	(4)
	(379)	(281)
	29	127

Details of the joint venture are as follows:

Name of joint venture	Principal activities	Country of incorporation and business	Effective equity held by the Group 2007 %	Effective equity held by the Group 2006 %
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 joint venture 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.

The Group's share of joint venture's results, assets and liabilities is as follows:

	Group	
	2007	2006
	$'000	$'000
Results		
Revenue	25	4
Expenses	(122)	(111)
Loss before and after taxation	(97)	(107)
Assets and liabilities		
Non-current assets	16	99
Current assets	29	130
Current liabilities	(16)	(102)
Net assets	29	127

At the balance sheet dates, the joint venture has no commitments and contingent liabilities.

8 Other assets

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Financial assets				
- unquoted equity securities available-for-sale	2,313	2,313	2,313	2,313
- quoted equity securities available-for-sale	-	8,193	-	8,193
Club memberships	-	160	-	131
	2,313	10,666	2,313	10,637
Impairment losses	(2,313)	(5,160)	(2,313)	(5,133)
	-	5,506	-	5,504
Represented by:				
Current portion	-	5,429	-	5,429
Non-current portion	-	77	-	75
	-	5,506	-	5,504

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

The impairment losses of the Group and the Company comprise losses on unquoted equity shares amounting to $2,313,000 (2006: $2,313,000) and quoted equity shares amounting to $Nil (2006: $2,764,000).

The impairment losses of the Group and the Company relating to club memberships amounting to $Nil (2006: $83,000) and $Nil (2006: $56,000) respectively.

In 2006, the quoted securities with carrying amount of $5,429,000 were pledged as security for a bank loan (Note 18).

9 Convertible loan receivable

The unsecured convertible loan extended to a third party bears interest charged at 1% per annum and is 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 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 $'000	Recognised in the income statement (Note 24) $'000	Acquisition of subsidiaries and business $'000	Translation difference $'000	At 30 June $'000
2007					
Deferred tax assets					
Inventories	1,002	(569)	-	(33)	400
Trade and other receivables	34	32	-	(3)	63
Trade and other payables	511	18	-	(13)	516
Tax value of loss carry-forward	117	1,042	-	(8)	1,151
Other items	261	94	-	(12)	343
	1,925	617	-	(69)	2,473
Deferred tax liabilities					
Property, plant and equipment	(4,945)	1,484	-	122	(3,339)
Intangible assets	(1,475)	360	-	51	(1,064)
Trade and other receivables	-	(79)	-	-	(79)
Other items	-	(58)	-	-	(58)
	(6,420)	1,707	-	173	(4,540)
Net deferred tax liabilities	(4,495)	2,324	-	104	(2,067)
2006					
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)

Company	At 1 July 2005 $'000	Recognised in the income statement (Note 24) $'000	At 30 June 2006 $'000	Recognised in the income statement (Note 24) $'000	At 30 June 2007 $'000
Deferred tax assets					
Other items	12	7	19	(13)	6
	12	7	19	(13)	6
Deferred tax liabilities					
Property, plant and equipment	(18)	11	(7)	1	(6)
Other receivables	-	-	-	(18)	(18)
	(18)	11	(7)	(17)	(24)
Net deferred tax (liabilities)/assets	(6)	18	12	(30)	(18)

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	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax assets	321	249	-	12
Deferred tax liabilities	(2,388)	(4,744)	(18)	-
	(2,067)	(4,495)	(18)	12

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2007 $'000	2006 $'000
Deductible temporary differences	9,730	9,807
Unutilised tax losses	9,743	10,600
	19,473	20,407

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.

11 Inventories

	Group	
	2007 $'000	2006 $'000
Raw materials	13,742	13,718
Work-in-progress	3,722	3,482
Finished goods	6,170	6,640
Inventories-in-transit	462	273
	24,096	24,113
Allowance for inventory obsolescence	(2,633)	(1,891)
	21,463	22,222

	Group	
	2007	**2006**
	$'000	**$'000**
Includes:		
At net realisable value:		
Raw materials	1,276	1,260
Finished goods	833	-
	2,109	1,260

During the financial year, raw materials and consumables, and changes in finished goods and work-in-progress recognised in cost of revenue amounting to $123,905,000 (2006: $104,534,000).

12 Project-in-progress

	Group	
	2007	**2006**
	$'000	**$'000**
Cost	1,241	47
Attributable profits	406	19
Progress billings	(1,147)	(2)
	500	64

13 Trade and other receivables

	Group		Company	
				Restated
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	34,250	43,562	-	-
Allowance for doubtful receivables	(769)	(1,140)	-	-
Net trade receivables	33,481	42,422	-	-
Tax receivables	2,506	1,147	-	943
Refundable deposits	1,006	814	157	154
Prepayments	1,046	1,939	71	149
Other receivables	2,631	3,268	20	4
	40,670	49,590	248	1,250

Included in other receivables of the Group as at 30 June 2006 was an amount of $1,417,000 (US$887,968) arising from the acquisition of business as disclosed in Note 26. This amount represented the remaining portion of the $9,720,000 (US$6,000,000) receivables acquired which had not been received as at 30 June 2006. The seller of the business had undertaken to settle these receivables.

Receivables of the Group denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Receivables denominated in:				
- US dollars	23,609	35,047	-	-
- Chinese reminbi	1,393	784	-	-
- New Taiwan dollars	3,385	3,769	-	-
- Malaysia ringgit	1,049	1,053	-	-
- others	3,025	1,147	-	-
	32,461	41,800	-	-

14 Amounts due from/(to) related parties

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Amounts due from:				
Subsidiaries				
- trade	-	-	3,888	7,482
- non-trade	-	-	8,997	22,921
Allowance for doubtful receivables	-	-	(1,543)	(1,537)
	-	-	11,342	28,866
Associates				
- trade	12	-	-	-
- non-trade	250	250	250	250
Joint venture (non-trade)	1	-	1	-
Affiliates				
- trade	1,411	639	-	-
- non-trade	254	590	-	-
Allowance for doubtful receivables	(154)	(154)	-	-
	1,774	1,325	251	250
	1,774	1,325	11,593	29,116
Amounts due to:				
Subsidiaries (non-trade)	-	-	(6,095)	(8,352)
Associates (trade)	(96)	(83)	-	-
Affiliates				
- trade	(583)	(121)	-	-
- non-trade	(1,061)	(2,521)	-	(2,521)
	(1,740)	(2,725)	(6,095)	(10,873)

Included in the non-trade amounts due from affiliates of the Group is an amount of $Nil (2006: $436,000), which is unsecured, bears fixed interest of Nil% (2006: 6.0%) per annum and is repayable on demand.

The non-trade amounts due to affiliates are unsecured and repayable on demand. Except for an amount of $1,000,000 (2006: $2,521,000) that bears an interest of 4.43% (2006: 3.50%) per annum, the non-trade amounts due to affiliates are interest-free.

The non-trade amounts due from/(to) subsidiaries, associates and a joint venture are unsecured, interest-free and repayable on demand.

15 Cash and cash equivalents

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Cash at banks and in hand		20,310	32,593	1,141	7,272
Deposits with financial institutions		7,517	13,793	1,003	4,880
		27,827	46,386	2,144	12,152
Bank overdrafts	18	(427)	-		
Deposits held as security by financial institutions	18	(3,193)	(3,332)		
Cash and cash equivalents in the consolidated statement of cash flows		24,207	43,054		

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

Cash and cash equivalents of the Group in currencies other than the Company's functional currency comprise:

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Cash and cash equivalents denominated in:				
- US dollars	14,814	27,393	494	10,410
- Chinese reminbi	1,003	2,434	-	-
- New Taiwan dollars	1,428	1,347	-	-
- Malaysia ringgit	1,177	2,405	-	-
- others	946	2,491	-	-
	19,368	36,070	494	10,410

16 Share capital

Group and Company	2007 No. of shares '000	2006 No. of shares '000
Issued and fully paid:		
Ordinary shares		
At 1 July	249,158	238,906
Issue of ordinary shares	5,459	9,286
Issue of ordinary shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"	900	249
Issue of ordinary shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"	141	717
At 30 June	255,658	249,158

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are 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.

During the financial year, the Company obtained approval for its Additional Listing Application with SGX-ST for issuance of 5,459,272 new ordinary shares at the price of $0.577 per share as partial settlement of the purchase consideration for acquisition of additional interest in a subsidiary in prior year (Note 17).

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).

17 Reserves

	Group		Company	
				Restated
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Unissued capital	-	3,150	-	3,150
Capital reserve	(11,720)	(11,720)	-	-
Compensation reserve	464	722	464	722
Exchange translation reserve	(4,460)	(2,243)	-	-
Accumulated profits/(losses)	17,515	4,766	(36,722)	(39,770)
	1,799	(5,325)	(36,258)	(35,898)

In 2006, the Company submitted an Additional Listing Application for the listing of 5,459,272 new ordinary shares at the price of $0.577 per share as partial settlement of the purchase consideration for an acquisition of additional interest in a certain subsidiary of the Company. As at 30 June 2006, approval had yet to be received from SGX-ST, and the Company recorded the amount of $3,150,000 as unissued capital. Upon obtaining approval from SGX-ST in the current financial year, the Company has reclassified $3,150,000 from unissued capital to share capital (Note 16).

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.

The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company.

18 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans(1)	636	510	-	-
Unsecured bank loans	348	-	-	-
Obligations under hire purchase agreements and finance leases	1,725	539	-	-
	2,709	1,049	-	-

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Current liabilities					
Bank overdrafts	15	427	-	-	-
Secured bank loans[1]		4,168	13,268	-	9,594
Unsecured bank loans		279	301	-	-
Obligations under hire purchase agreements and finance leases		875	572	-	-
		5,749	14,141	-	9,594

[1] At the balance sheet date, included in the secured bank loans was a loan of $485,000 with final monthly principal repayment due in February 2010. Subsequent to balance sheet date, an agreement has been reached with the bank for full redemption of the loan within the next twelve months.

Maturity of liabilities (excluding finance lease liabilities)

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Within 1 year	4,874	13,569	-	9,594
After 1 year but within 5 years	984	510	-	-
	5,858	14,079	-	9,594

The secured bank loans are secured on the following assets:

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Leasehold land and building	3	1,917	1,527	-	-
Leasehold improvements	3	1,615	566	-	-
Plant and machinery	3	3,889	8,477	-	-
Other financial assets	8	-	5,429	-	5,429
Deposits with financial institutions	15	3,193	3,332	-	-
Total carrying amount		10,614	19,331	-	5,429

Obligations under hire purchase agreements and finance leases

	2007 Payment $'000	2007 Interest $'000	2007 Principal $'000	2006 Payment $'000	2006 Interest $'000	2006 Principal $'000
Group						
Within 1 year	1,030	155	875	617	45	572
After 1 year but within 5 years	1,932	207	1,725	561	22	539
	2,962	362	2,600	1,178	67	1,111

Interest-borrowing loans of the Group denominated in currencies other than the Company's functional currency comprise $4,105,000 (2006: $11,114,000) of bank loans and obligations under hire purchase agreements and finance leases denominated in US dollars.

19 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.

20 Trade and other payables

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade payables	14,065	17,652	-	-
Liability for short-term accumulating compensated absences	1,506	1,481	33	96
Accrued expenses	12,034	13,539	1,739	2,641
Other payables	2,449	4,761	828	227
Contingent consideration payable	757	1,513	757	1,513
Deferred consideration payable	31	18,992	-	18,992
Provision for warranties	332	333	-	-
Deferred income	766	3,598	-	-
	31,940	61,869	3,357	23,469
Represented by:				
Current portion	31,709	61,105	3,137	22,712
Non-current portion	231	764	220	757
	31,940	61,869	3,357	23,469

The contingent and deferred consideration payables are in relation to the acquisitions of subsidiaries.

Warranties

The provision for warranties relates to provision of after-sales warranty in respect of products and services sold. The provision is based on estimates made from historical warranty data associated with similar services. The Group expects to incur the liability over the next one year.

Payables of the Group denominated in currencies other than the Company's functional currency comprise:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Payables denominated in:				
- US dollars	8,049	31,348	2	16,223
- EURO	1,168	1,431	-	-
- Chinese reminbi	650	533	-	-
- others	1,784	2,543	-	-
	11,651	35,855	2	16,223

21 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Sale of goods	145,002	127,840	-	-
Service income	38,733	42,584	-	-
Commission income	16,872	15,620	-	-
Dividend income	-	-	5,037	2,120
Management fees	-	-	3,815	4,164
	200,607	186,044	8,852	6,284

22 Results from operating activities

The following items have been included in arriving at results from operating activities:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Other income				
Rental income	293	355	536	516
Sundry income	349	910	12	212
Grant income	5	-	-	-
Gain/(loss) on disposals of:				
- financial assets	130	9,742	130	9,742
- intangible assets	342	-	-	-
- other asset	65	-	65	-
- subsidiary	-	(9)	-	-
Negative goodwill arising from acquisition of subsidiary and business	-	12,954	-	-
	1,184	23,952	743	10,470
Staff costs				
Wages, salaries and other staff costs	68,772	50,779	1,735	2,671
Contributions to defined contribution plans	2,143	1,873	83	155
Increase/(decrease) in liability for short-term accumulating compensated absences	137	368	(63)	35
Share options and share awards to employees	30	317	30	135
	71,082	53,337	1,785	2,996

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Other expenses					
Non-audit fees paid to auditors of the Company		73	86	27	27
Depreciation of property, plant and equipment	3	10,744	6,865	17	85
Allowance/(reversal of allowance) for:					
- inventory obsolescence		774	757	-	-
- doubtful debts from trade receivables		(346)	574	-	-
- doubtful debts from subsidiaries		-	-	6	26
- doubtful debt from an affiliate		-	154	-	-
Loss on disposals of property, plant and equipment		35	83	3	-
(Reversal of impairment)/impairment loss on investments in subsidiaries		-	-	(71)	3,089
Impairment loss on other assets		-	2,766	-	2,764
Fair value adjustment for embedded derivatives		-	265	-	265
Other asset written off		2	-	-	-
Inventories written off		689	170	-	-
Bad debts written off		115	95	7	-
Amortisation of intangible assets	4	415	196	2	*
Provision/(reversal) of obligations for subsidiaries' liabilities		-	-	8	(88)
Exchange loss/(gain), net		591	915	(191)	178
Preliminary expenses		-	83	-	-
Operating lease expenses		4,816	3,759	588	568

* Amount less than $1,000.

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:

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	213	355	213	355
Staff costs				
- directors of the Company	1,510	1,648	1,510	1,648
- other directors	2,343	2,209	-	-
	4,066	4,212	1,723	2,003

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

	2007 Number	2006 Number
$500,000 and above	2	2
$250,000 to $499,999	1	1
Below $250,000	4	4
	7	7

23 Net finance income/(costs)

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Finance income				
Interest income from:				
- banks	692	728	178	176
- subsidiaries	-	-	47	63
- affiliate	-	6	-	-
- third parties	104	153	99	21
	796	887	324	260
Finance expense				
Interest expense paid and payable for:				
- hire purchase arrangements and finance leases	161	82	-	-
- loans from financial institutions	451	729	248	279
- amount due to an affiliate	58	25	44	21
	670	836	292	300
Net finance income/(costs)	126	51	32	(40)

24 Income tax credit/(expense)

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current tax expense				
Current year	1,853	5,788	149	191
Withholding tax	3	3	124	-
(Over)/underprovision in prior years	(995)	16	(250)	47
	861	5,807	23	238
Deferred tax expense				
Movements in temporary differences	(2,525)	(1,592)	24	(18)
Underprovision in prior years	467	-	5	-
Change in tax rate	(266)	24	1	-
	(2,324)	(1,568)	30	(18)
Total income tax (credit)/expense	(1,463)	4,239	53	220

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Reconciliation of effective tax rate				
Profit for the year	15,566	36,689	5,322	5,103
Total income tax (credit)/expense	(1,463)	4,239	53	220
Profit excluding income tax	14,103	40,928	5,375	5,323
Income tax at 18% (2006: 20%)	2,539	8,186	968	1,065
Effect of changes in tax rates	(266)	24	1	-
Effect of different tax rates in other countries	(1,708)	1,466	-	-
Income not subject to tax	(2,109)	(6,814)	(899)	(2,278)
Expenses not deductible for tax purposes	843	1,111	228	1,386
Utilisation of previously unrecognised deferred tax assets	(422)	(39)	-	-
Withholding tax	3	3	-	-
Deferred tax assets not recognised	185	286	-	-
(Over)/underprovision in prior years	(528)	16	(245)	47
	(1,463)	4,239	53	220

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 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 2007. The changes in accounting policies in 2007 are summarised as follows:

INT FRS108 – Scope of FRS102 and INT FRS111 – FRS102 - Group and Treasury Share Transactions

Previously, the Company accounted the fair value of the options and awards granted to employees of the subsidiaries as recoverable from subsidiaries upon the subsidiaries' employees exercising the options and the vesting of awards. With the adoption of INT FRS108 and early adoption of INT FRS111, it has resulted in a change in the Company's accounting policy for share-based arrangements, whereby the Company when granting its share options and awards to the employees of its subsidiaries, would account the share options and awards as part of the Company's net investment in the respective subsidiaries, with a corresponding increase in the compensation reserve.

The change in accounting policy has been accounted for by restating comparatives of net investment in subsidiaries and adjusting the opening balance of compensation reserve of the Company, retrospectively and is shown as follows:

	Company	
	2007	2006
	$'000	$'000
Increase in opening compensation reserve	477	565
Increase in opening investments in subsidiaries (at cost)	1,105	921
Decrease in opening other receivables	628	356

This change in accounting policy has no impact on the consolidated balance sheet, neither does it has any effect on the net profit for the year nor opening balances of accumulated profits for the Group and the Company.

FRS14 – Segment Reporting

After integration of several businesses acquired into the Group in the past years, the Group evaluated and compared the risks and returns of various activities in the Group at the beginning of the financial year. As a result, the Group redefined the business segments to reflect a better analysis of performance and assessment of the risk and return of its activities. The business segments are defined in Note 2.22. The comparative figures for the financial year ended 30 June 2006 have been restated and shown in Note 32 to reflect the change in the accounting policy.

This change in accounting policy has no impact on the consolidated balance sheet, neither does it has any effect on the net profit for the year nor opening balances of accumulated profits for the Group.

26 Acquisition of business

There was no acquisition of business during the year.

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 were as follows:

	Carrying amounts $'000	Fair value adjustment $'000	Recognised values $'000
2006			
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.

27 Earnings per share

Group	2007 $'000	2006 $'000
Basic earnings per share is based on:		
Profit for the year attributable to equity holders of the Company	15,023	26,091

Group	2007 No. of shares '000	2006 No. of shares '000
Weighted average number of:		
- shares outstanding during the year	249,158	238,906
- shares issued during the year		
- under share option and share award schemes	500	374
- as partial settlement of consideration for acquisition of subsidiary	5,459	6,487
- deferred issuable shares	-	1,391
	255,117	247,158

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	2007 No. of shares '000	2006 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	255,117	247,158
Dilutive effect of share awards	80	670
Dilutive effect of share options	217	147
Weighted average number of ordinary shares (diluted)	255,414	247,975

In 2006, 1,678,000 options to purchase 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.

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.

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 options	Exercise price $	Number of options outstanding at 1 July 2006	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 30 June 2007	Options exercisable at 1 July 2006	Options exercisable at 30 June 2007	Proceeds on exercise of options during the year credited to share capital $'000	Market price of shares at exercise date of option $	Number of option holders at 30 June 2007	Exercise of periods
6/1/2003	0.25	51,834	-	51,834	-	-	51,834	-	13	0.800-0.805	-	6/1/2004 to 6/1/2008
6/1/2003	0.25	101,333	-	101,333	-	-	101,333	-	25	0.775-0.955	-	6/1/2005 to 6/1/2008
6/1/2003	0.25	50,333	-	50,333	-	-	50,333	-	12	0.800	-	6/1/2006 to 6/1/2008
11/3/2004	0.64	797,940	-	380,550	141,150	276,240	797,940	276,240	244	0.740-0.985	27	11/3/2005 to 11/3/2009
11/3/2004	0.64	707,940	-	315,550	141,150	251,240	707,940	251,240	202	0.740-0.985	27	11/3/2006 to 11/3/2009
11/3/2004	0.64	172,720	-	-	3,400	169,320	-	169,320	-	-	3	11/3/2007 to 11/3/2009
		1,882,100	-	899,600	285,700	696,800	1,709,380	696,800	496			

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 2006	Awards granted	Awards vested	Awards cancelled/ lapsed	Number of awards outstanding at 30 June 2007	Awards vested during the year credited to share capital $'000	Market price of shares at vesting date of awards $	Number of award holders at 30 June 2007	Vesting date
11/3/2004	84,660	-	81,260	3,400	-	60	0.735	-	11/3/2007
23/6/2005	60,000	-	60,000	-	-	30	0.510	-	1/7/2006
	144,660	-	141,260	3,400	-	90			

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.

The fair value of the services received in return for share awards vested are measured by reference to the fair market value of the shares on the vesting date.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions

Date of vesting of options	6 January 2004	6 January 2005	6 January 2006	11 March 2005	11 March 2006	11 March 2007
Fair value at measurement date	$0.04	$0.04	$0.04	$0.28	$0.29	$0.31
Share price based on volume-weighted average share price on grant date	$0.16	$0.16	$0.16	$0.63	$0.63	$0.63
Exercise price at grant date	$0.25	$0.25	$0.25	$0.64	$0.64	$0.64
Expected volatility	67.00%	67.00%	67.00%	72.60%	71.30%	71.20%
Expected option life	3.0 years	3.5 years	4.0 years	3.0 years	3.5 years	4.0 years
Expected dividend yield based on expected dividend over 1-year volume-weighted average share price prior to grant date	6.45%	6.45%	6.45%	1.59%	1.59%	1.59%
Risk-free interest rate based on 3/5 years zero-coupon Singapore Government bond yield on grant date for option with 3/5 contractual life	1.56%	1.56%	1.84%	1.72%	1.72%	2.04%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

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	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Sales to:				
- associates	6	3	-	-
- affiliates	3,260	11,837	-	-
Purchases from:				
- associates	125	571	-	-
- affiliates	233	-	-	-
Management income from:				
- subsidiaries	-	-	3,815	4,164

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Accounting service income from:				
- subsidiaries	-	-	-	24
Dividend income from:				
- subsidiaries	-	-	5,037	2,120
Service fee income from:				
- subsidiaries	-	-	-	153
- affiliates	18	12	-	-
Service fee expenses paid to:				
- affiliates	1,640	-	-	-
Interest income from:				
- subsidiaries	-	-	47	63
- affiliates	8	6	-	-
Rental income from:				
- subsidiaries	-	-	518	300
Purchase of plant and equipment from:				
- affiliate	64	-	-	-
Disposal of plant and equipment to:				
- affiliate	1	-	-	-
Remuneration of key management personnel	5,060	5,120	1,723	2,003

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.

30 Commitments

Lease commitments

As at 30 June 2007, commitments of the Group and the Company for minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	2,089	3,016	461	536
After 1 year but within 5 years	2,206	3,048	-	461
After 5 years	655	1,314	-	-
	4,950	7,378	461	997

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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Capital commitments contracted but not provided for	1,282	2,801	-	-

Included in the capital commitments is a commitment by a subsidiary to enter into a finance lease arrangement with a capital value of $Nil (2006: $746,000).

Corporate guarantees

As at 30 June 2007, the Company provided corporate guarantees amounting to $9,200,000 (2006: $7,200,000) to banks for banking facilities of $9,900,000 (2006: $7,400,000) made available to its subsidiaries, of which the subsidiaries have utilised $1,480,000 (2006: $301,000).

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.

Interest rate risk

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 interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Effective interest rate and repricing analysis

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.

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
2007					
Financial assets					
Deposits with financial institutions	2.89	-	7,517	-	7,517
Trade receivables	6.00	-	55	-	55
Convertible loan receivable	1.00	-	1,511	-	1,511
		-	9,083	-	9,083
Financial liabilities					
Overdraft	5.38	427	-	-	427
Secured bank loans	5.24	3,952	852	-	4,804
Unsecured bank loans	4.34	627	-	-	627
Amount due to an affiliate (non-trade)	4.43	-	1,000	-	1,000
Redeemable convertible preference shares	4.56	-	-	78	78
Obligations under hire purchase agreements and finance leases	7.09	-	257	2,343	2,600
		5,006	2,109	2,421	9,536
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
Company					
2007					
Financial assets					
Deposits with financial institutions	1.65	-	1,003	-	1,003
Convertible loan receivable	1.00	-	1,511	-	1,511
		-	2,514	-	2,514
2006					
Financial assets					
Deposits with financial institutions	5.00	-	4,880	-	4,880
Convertible loan receivable	1.00	-	-	1,481	1,481
		-	4,880	1,481	6,361

	Weighted effective interest rate %	Floating interest $'000	Fixed interest maturing within 1 year $'000	Fixed interest maturing 1 to 5 years $'000	Total $'000
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

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.

Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also incurs foreign currency risk on sales and purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily US dollars. 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.

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	Distribution and Services solutions 2007 $'000	Distribution and Services solutions Restated 2006 $'000	Silicon Reclaim solutions 2007 $'000	Silicon Reclaim solutions Restated 2006 $'000	Probe Cards solutions 2007 $'000	Probe Cards solutions Restated 2006 $'000	Eliminations 2007 $'000	Eliminations Restated 2006 $'000	Consolidated 2007 $'000	Consolidated Restated 2006 $'000
Revenue and Expense										
Total revenue from external customers	77,246	87,855	19,777	15,935	103,584	82,254	-	-	200,607	186,044
Inter-segment revenue	311	162	13	621	-	-	(324)	(783)	-	-
	77,557	88,017	19,790	16,556	103,584	82,254			200,607	186,044
Segment results	6,118	4,755	4,600	4,234	3,238	25,773	(144)	-	13,812	34,762
Unallocated corporate results									372	6,264
									14,184	41,026
Share of results of associates and a joint venture										
- allocated to business segment	(66)	(37)	-	-	(36)	-	-	-	(102)	(37)
- unallocated corporate & other									(105)	(112)
Profit before interest income/(expense) and taxation									13,977	40,877
Interest income									796	887
Interest expense									(670)	(836)
Income taxes									1,463	(4,239)
Minority interests									(543)	(10,598)
Profit for the year									15,023	26,091

Group	Distribution and Services solutions 2007 $'000	Distribution and Services solutions Restated 2006 $'000	Silicon Reclaim solutions 2007 $'000	Silicon Reclaim solutions Restated 2006 $'000	Probe Cards solutions 2007 $'000	Probe Cards solutions Restated 2006 $'000	Eliminations 2007 $'000	Eliminations Restated 2006 $'000	Consolidated 2007 $'000	Consolidated Restated 2006 $'000
Assets and Liabilities										
Segment assets	60,307	65,714	23,310	21,050	76,127	99,733	(10)	-	159,734	186,497
Unallocated corporate assets									4,842	12,939
Investment in associates										
- allocated to business segment	647	702	-	-	3,091	-	-	-	3,738	702
- unallocated corporate & other									598	600
Investment in a joint venture										
- unallocated corporate & other									29	127
Tax receivables									2,506	1,147
Deferred tax assets									321	249
Total assets									171,768	202,261
Segment liabilities	19,196	25,846	1,731	2,774	10,573	19,094	-	-	31,500	47,714
Unallocated corporate liabilities									2,258	16,958
Interest-bearing borrowings									8,458	15,190
Income tax liabilities									4,882	9,802
Total liabilities									47,098	89,664
Other non-cash items										
Capital expenditure	1,619	780	4,579	2,111	7,853	5,744	(12)	-	14,039	8,635
Corporate									9	36
									14,048	8,671
Depreciation of property, plant and equipment:										
- allocated to business segments	1,243	1,184	2,255	1,849	7,230	3,811	(1)	-	10,727	6,844
- unallocated corporate expenses									17	21
									10,744	6,865
Loss/(gain) on disposals of property, plant and equipment										
- allocated to business segments	9	(15)	-	(1)	23	99	-	-	32	83
- unallocated corporate expenses									3	-
									35	83
Amortisation of intangible assets:										
- allocated to business segments	11	1	-	-	402	195	-	-	413	196
- unallocated corporate expenses									2	-
									415	196

Group	Distribution and Services solutions 2007 $'000	Distribution and Services solutions Restated 2006 $'000	Silicon Reclaim solutions 2007 $'000	Silicon Reclaim solutions Restated 2006 $'000	Probe Cards solutions 2007 $'000	Probe Cards solutions Restated 2006 $'000	Eliminations 2007 $'000	Eliminations Restated 2006 $'000	Consolidated 2007 $'000	Consolidated Restated 2006 $'000
Impairment losses on other assets										
- allocated to business segments	-	2	-	-	-	-	-	-	-	2
- unallocated corporate expenses									-	2,764
									-	2,766
Gain on disposals of intangible assets	-	-	-	-	(342)	-	-	-	(342)	-
Loss on disposal of subsidiary	-	9	-	-	-	-	-	-	-	9
Grant income	(5)	-	-	-	-	-	-	-	(5)	-

Geographical segments

Group	Singapore 2007 $'000	Singapore 2006 $'000	Other Asean Countries 2007 $'000	Other Asean Countries 2006 $'000	China & Taiwan 2007 $'000	China & Taiwan 2006 $'000	USA 2007 $'000	USA 2006 $'000	Europe 2007 $'000	Europe 2006 $'000	Other Regions 2007 $'000	Other Regions 2006 $'000	Consolidated 2007 $'000	Consolidated 2006 $'000
Total revenue from external customers	47,814	52,942	20,370	21,475	48,669	49,205	62,275	50,638	13,272	6,582	8,207	5,202	200,607	186,044
Segment assets	75,147	85,689	12,477	12,984	31,758	39,713	33,571	48,109	7,077	9,368	4,546	3,573	164,576	199,436
Investment in associates	395	512	253	190	598	600	-	-	-	-	3,090	-	4,336	1,302
Investment in a joint venture	-	-	-	-	29	127	-	-	-	-	-	-	29	127
Tax receivables													2,506	1,147
Deferred tax assets													321	249
	75,542	86,201	12,730	13,174	32,385	40,440	33,571	48,109	7,077	9,368	7,636	3,573	171,768	202,261
Capital expenditures	6,638	2,435	1,938	2,297	676	1,926	3,884	1,953	883	59	29	1	14,048	8,671

33 Subsequent events

Subsequent to the end of the financial year, certain subsidiaries of the Company entered into agreements with a third party and a related party to jointly operate the business of manufacturing of semiconductor assembly and testing equipment, and mechanical engineering works, via iNETest China Holdings Pte Ltd (iNETest China) and its subsidiaries (referred to as iNETest China Group).

Under the terms of the agreements:

- the third party would transfer its existing business at a total consideration of $2,070,000 into iNETest China, in exchange for 1,988,235 new ordinary shares in iNETest China at $0.9916 per ordinary share and cash of $98,000; and

- the related party would contribute a total cash consideration of $440,000, in exchange for 443,595 new ordinary shares in iNETest China at $0.9916 per ordinary share.

As a result of this agreement, the Group would dilute its interest in iNETest China Group from 100% to 51%.

Management is in the process of ascertaining the fair values of the business acquired, following which the goodwill arising, if any, from the acquisition will be determined.

Statistics of Shareholders

As at 14 September 2007

Number of Shares Issued	:	255, 657,919		
Issued and Paid Up Capital	:	S$121,112,015.06		
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 14 September 2007

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	23	0.61	7,458	0.00
1,000 to 10,000	2,448	65.21	12,321,828	4.82
10,001 to 1,000,000	1,260	33.57	62,033,716	24.27
1,000,001 and above	23	0.61	181,294,917	70.91
Total	3,754	100.00	255,657,919	100.00

Based on information available to the Company as at 14 September 2007, approximately 65.68% 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 14 September 2007

No.	Name of shareholders	Number of shares	% of issued share capital
1	HSBC (SINGAPORE) NOMINEES PTE LTD	42,951,000	16.80
2	DBS NOMINEES PTE LTD	37,026,000	14.48
3	CHONG FOOK CHOY	28,898,520	11.30
4	CITIBANK NOMINEES SINGAPORE PTE LTD	13,796,000	5.40
5	DBSN SERVICES PTE LTD	11,558,000	4.52
6	CHAN WAI LEONG	5,409,572	2.12
7	TEEM HOLDING PTE LTD	4,959,272	1.94
8	OCBC SECURITIES PRIVATE LTD	4,827,000	1.89
9	PHILLIP SECURITIES PTE LTD	4,767,000	1.87
10	RAFFLES NOMINEES PTE LTD	3,658,000	1.43
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,252,000	1.27
12	PAO NING YU	2,690,416	1.05
13	CIMB-GK SECURITIES PTE. LTD.	2,371,337	0.93
14	KIM ENG SECURITIES PTE. LTD.	2,351,000	0.92
15	DBS VICKERS SECURITIES (S) PTE LTD	1,914,000	0.75
16	TAN TAI WEI	1,901,000	0.74
17	UOB KAY HIAN PTE LTD	1,759,000	0.69
18	BENG HUI HOLDING (S) PTE LTD	1,340,000	0.52
19	NG TIE JIN (HUANG ZHIREN)	1,250,000	0.49
20	ROYAL BANK OF CANADA (ASIA) LTD	1,200,000	0.47
Total		177,879,117	69.58

Substantial Shareholders as at 14 September 2007

Name of shareholders	Shareholdings registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Total	% of issued share capital
CHONG FOOK CHOY [(1)]	28,898,520	-	28,898,520	11.30
AEGIS PORTFOLIO MANAGERS PTE LTD & AEGIS PRIVATE CAPITAL PTE LTD	-	25,800,000	25,800,000	10.09
LEGG MASON INTERNATIONAL EQUITIES (SINGAPORE) PTE LIMITED	-	17,613,000	17,613,000	6.89
ALTANTIS INVESTMENT MANAGEMENT LTD	-	14,053,000	14,053,000	5.50

(1) Chong Fook Choy has options to subscribe for 74,800 shares granted pursuant to Ellipsiz Share Option Plan.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on 24 October 2007 at 4.00 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 2007, together with the Auditors' Report thereon.

(Resolution 1)

2. (i) To re-elect Mr Chong Fook Choy (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 2)

(ii) To re-elect Ms Lim May Lan (Executive Director) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers herself for re-election.

(Resolution 3)

3. To approve Directors' fees of S$212,916.67 for the financial year ended 30 June 2007 (2006: S$355,416.67).

(Resolution 4)

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

(Resolution 5)

As Special Business

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

5. "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 6)

6. "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 7)

7. "That:

   (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (the "Companies Act") the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

      (i) on market purchases (each a "Market Purchase") transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

      (ii) off-market purchases (each an "Off-Market Purchase") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

      and otherwise in accordance with all laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

   (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

      (i) the date on which the next Annual General Meeting of the Company is held;

      (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

      (iii) the date on which the share purchases have been carried out to the full extent mandated,

   (c) in this Resolution:

      "**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Limit**" means that number of issued Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase of a Share, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent (110%) of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory note(iii)]

(Resolution 8)

Any Other Business

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

Dated: 5 October 2007

By Order of the Board

Anne Choo and Chan Yuen Leng
Joint Company Secretaries
Singapore

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 authorised 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 authorised. 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 6 proposed in item 5 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 7 proposed in item 6 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.

(iii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will renew the mandate approved by Shareholders on 27 October 2006 authorising the Company to purchase its own shares subject to and in accordance with the rules of the SGX-ST. Please refer to the Letter to Shareholders dated 5 October 2007 for details.

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Proxy Form
12th 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 Number	Proportion of shareholdings (%)

*and/or

Name	Address	NRIC/Passport Number	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 12th Annual General Meeting of the Company to be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on 24 October 2007 at 4.00 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 12th 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 12th 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 2007, together with Auditors' Report thereon.		
2	Re-election of Mr Chong Fook Choy as Director under Article 91.		
3	Re-election of Ms Lim May Lan as Director under Article 91.		
4	Approval of Directors' fees of S$212,916.67 for financial year ended 30 June 2007.		
5	Re-appointment of KPMG as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
6	Authority to allot and issue new shares and convertible securities.		
7	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.		
8	Authority to purchase or acquire the Company's issued ordinary shares.		

Dated this________________day of ________________2007.

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

____
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 - Headquarter
29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6311 8500
Fax : (65) 6269 2628

Ellipsiz Singapore Pte Ltd
29 Woodlands Industrial Park E1
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Ellipsiz ISP Pte Ltd
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Tel : (65) 6863 1500
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iNETest Resources Pte Ltd
29 Woodlands Industrial Park E1
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Singapoore 757716
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Fax : (65) 6518 2222

SV Probe Pte Ltd
29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
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FMB Industries Pte Ltd
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Ryobi Industrial Building
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Fax : (65) 6365 5541

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