ellipsiz

forward solutions

annual report 2008

Vision

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

Mission

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

Contents

ellipsiz...

We are a leading probe card and service solutions provider serving the semiconductor and electronics manufacturing industries.

We provide innovative, engineering-focused solutions in niche segments of the semiconductor and electronics manufacturing chain such as Testing and Supply Chain Management. Our customers include global semiconductor companies and electronics contract manufacturers.

Our key competitive strengths lie in our innovation, strong customer focus, resourcefulness, strong partnerships with customers and principals, an established global support network and a cost-competitive Asia-centric manufacturing infrastructure.

Ellipsiz is headquartered in Singapore. It has operations in Australia, China, France, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan R.O.C., Thailand, U.S.A. and Vietnam.

↗ our global presence

MANUFACTURING FACILITIES AND INTERNATIONAL OFFICES

HEADQUARTER	MANUFACTURING FACILITIES	SALES / SERVICE CENTRES
Singapore	China	Australia
	Malaysia	China
	Singapore	France
	Taiwan	India
	USA	Japan
	Vietnam	Korea
		Malaysia
		New Zealand
		Singapore
		Taiwan
		Thailand
		USA
		Vietnam

HARNESSING THE POWER OF FORWARD SOLUTIONS

Probe Cards solutions

Our probe cards business, operated through our wholly owned subsidiary, SV Probe, is one of the global leaders in the design and manufacture of custom engineered-to-order probe card solutions for the semiconductor industry. SV Probe is ranked 5th largest by global market share in 2007 by VLSI Research.

Probe cards are used in the electrical testing of semiconductor wafers before they are diced and packaged. The global probe card market revenue in 2007 was US$1.36 billion and it is projected to grow 12% on an annually compounded basis to reach US$2.4 billion by 2012 (VLSI Research, May 2008).

SV Probe has a well-diversified solutions portfolio to serve a wide spectrum of customers in the Logic and Memory market segments. Its competitive strengths lie in its ability to deliver high-quality, cost-competitive and innovative turnkey probe solutions on a consistent on-time basis. Its customer-focused strategies and R&D strengths allow it to foster strong partnerships with its customers in developing probe solutions for high speed, high parallelism and fine pad pitch applications to address challenges of shrinking chip geometries and higher performance demands.

Distribution & Services solutions

We distribute a wide range of manufacturing, testing and inspection equipment to the semiconductor and electronics contract manufacturing industries. Key equipment we distribute includes lithography equipment (for Nikon), PCBA test and inspection machines (for Agilent Technologies) as well as failure and reliability testing chambers.

We also provide extensive complementary outsourcing services that include equipment engineering support services, supply chain management of specialised consumables, silicon reclaim service, pump refurbishment service, reliability testing service and cleanroom facilities services.

Our competitive strengths lie in our strong focus on customers' needs, resourcefulness and innovation in creating engineering-focused solutions for our customers. Our products and services portfolio are built to meet customers' needs. We are committed to deliver the most cost-effective solutions to our customers through our resourcefulness in global sourcing, strong partnerships with our principals and our knowledge to create innovative solutions.

DRIVEN BY A STRONG VISION

Since our inception, we have always internalised a commitment to create value for our customers, business partners and stakeholders. As we take on the challenges and opportunities that lie on our path to growth, we will continue to offer innovative and integrated solutions that will spell the Ellipsiz difference to the markets we tap into.

letter to shareholders

Melvin Chan
Chief Executive Officer

Xavier Chong
Executive Chairman

"As our businesses continue to evolve, we continue to explore new business opportunities that could drive new growth or address emerging market needs."

DEAR SHAREHOLDERS,

Financial year (FY) 2008, particularly the last six months of it, was probably one of the most challenging periods as we grappled with the tough macroeconomic conditions, including the slowdown in the semiconductor market, rapid decline in chip prices, cutbacks on capital spending, rising inflation, staggering high oil and energy prices, a weakened US dollar, global financial turmoil and geopolitical instability in the region. As these conditions deteriorated in the later part of calendar year 2007, it prompted market research firms to slash their market growth estimates repeatedly, and it became clear that recovery in the industry would take a little longer. We believe this feeling was shared by many of us in the same or related industries.

THE YEAR IN REVIEW

The tough macroeconomic conditions have certainly impacted our business performance in FY2008. Our improved Distribution and Services solutions (DSS) performance negated by the weaker performance of our Probe Card solutions (PCS) segment led to a 2% year-on-year (y-o-y) drop in consolidated revenue. Slower customer demand, ramp-down of production at a major customer, slow down in the new design introduction cycles and strong competitive pricing pressures were experienced by our PCS. However, we were able to grow the DSS revenue despite the industry slowdown in capital spending and soft markets due mainly to higher contributions from the facility projects, trading activities and the newly acquired fixturing business.

Gross margin at Group level declined 10 percentage points y-o-y to 18%, mainly due to revenue decline without a corresponding reduction in cost of revenue, and intensifying pricing pressures. The persistent weakening of the US dollar and the strengthening of Asian currencies led to higher direct operating costs for our Asian operations, further exacerbating margin compression.

Overall, at the net income level, we recorded a net loss (after tax and minority interests) of $12 million or loss per share of 4.8 cents. The net loss included a one-time charge of $9 million (including loss of tax benefit) for our PCS's facilities rationalisation exercise carried out in the fourth quarter of the year. Excluding this one-time charge, the Group's net loss would have been $3 million, compared to $14 million profit in the previous year. The exercise was certainly not an easy one and it involved laborious negotiations. But we believe it is a correct and necessary step to improve cost competitiveness and production efficiencies of our probe card business in the long run.

Despite the difficult market conditions, the Group maintained a relatively healthy balance sheet with $28 million cash and cash equivalents ($0.11 per share), a reasonable debt to equity ratio of 16% and a net cash position as of 30 June 2008. Net Asset Value (NAV) per share, however, declined 16% to 41 cents and shareholders' equity stood at $104 million.

OUTLOOK AND OUR GROWTH STRATEGIES

The outlook for the semiconductor and electronics industries remain mixed as the global economy continues to experience turbulence and uncertainties. We recognise that we will continue to face challenges, but we remain focused and vigilant while mitigating the negative risk impacts from the external factors. The broad strategies that we are adopting to position the Group for growth over the next few years are:

Asia-centric Growth Strategy

Asia Pacific, according to Semiconductor Industry Association (SIA) in a November 2007 report, accounts for 48% of the global semiconductor market revenue and it continues to be the fastest growing geographical area. This is mainly driven by the dynamics of rising domestic demand and the continuing manufacturing shift to this region. We believe that these trends bode well for companies that are well-positioned in Asia.

Our Group has, over the years, established a strong distribution and support infrastructure in Asia, including China, India, Taiwan and Vietnam. This provides us a powerful vehicle in distributing and providing support to a multitude of products and solutions efficiently. It is also a strong competitive advantage highly valued by our principals and business partners as they could tap our existing infrastructure and people resources to get their products and services efficiently to the clients with low set-up cost and risks. Our key focus here is to leverage on this competitive advantage to partner more principals and business partners to deliver more high-value products to the regions, especially to emerging markets such as Vietnam and India.

Our new flagship probe card manufacturing facility in Vietnam

Tapping on low operating cost in Asia, we opened our flagship probe card manufacturing facility in Binh Duong Province (16 kilometres north of Ho Chi Minh City), Vietnam on 12 November 2007. The new facility, which has a potential capacity of more than 4 million points a year, replaces the older facility in Vietnam which was established in November 2003. The new facility is a cornerstone in our Asia-centric growth strategy and will position us well to continue to tap the immense Asia market potential. The new facility will be equipped to produce all our Cantilever and Vertical Probe products, including SureTouch™, our latest One-Touch Full 300mm Wafer Probe Card for NAND Flash memory.

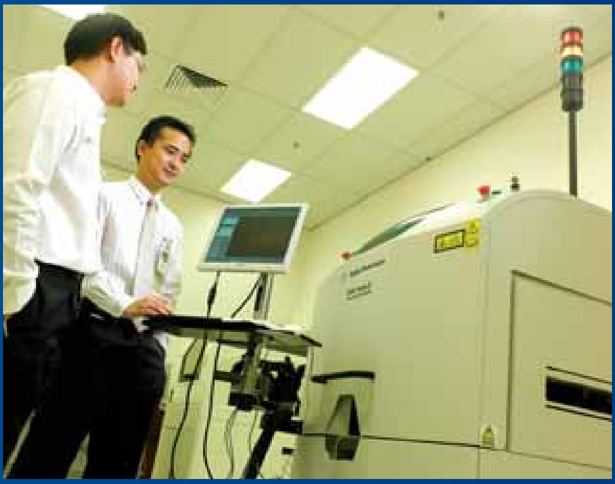
Growth from Memory Probe Activities

Most of our probe card business had been from the Logic (non-memory) market segment. We recognised that the Memory market is the segment we must address to enable further growth for our probe card business. We embarked on the journey about a year ago to develop our own memory probe products and we are pleased to report that we have just introduced our first One-Touch Full 300mm Wafer Probe Card, SureTouch™, for the NAND Flash market. This is our first major memory probe product or more aptly, our first ticket to address the US$800 million memory market.

New probe products based on MEMS technology are in the pipeline to address the DRAM and NOR Flash memory probe card markets in the near future. Capabilities and resources are invested to ensure our memory probe card segment continue to grow and become a major contributor to our business.

Growth from new businesses

As our businesses evolve, we continue to explore new business opportunities that could drive new growth or address emerging market needs. One of the identified new business areas that we ventured during the year was the communications network assurance market in Taiwan, Australia and New Zealand. This is a new market that has a very healthy growth potential. Currently, we are partnering with our principal, a global technology leader, to deliver hardware, software and infrastructural systems integration services to these regions. We believe our strengths in systems integration and strong partnership with our principal will enable us to make good progress from the business perspective.



Automated Optical Inspection system in operation

OUR PEOPLE RESOURCES

The Group's growth is underpinned and supported by a team of experienced and committed management and staff. We must continue to build this important asset of the Group.

In January 2008, Melvin Chan was appointed as Chief Executive Officer, succeeding Xavier Chong, who had been holding the positions of Executive Chairman and Chief Executive Officer for six months from July 2007 to December 2007. Xavier remains as Executive Chairman to focus on strategic corporate development activities for the Group. The Board strongly believes that Melvin, with his extensive experience in the industry, leadership qualities and strong entrepreneurial acumen, is the best person to propel the Group to its next phase of growth and success.

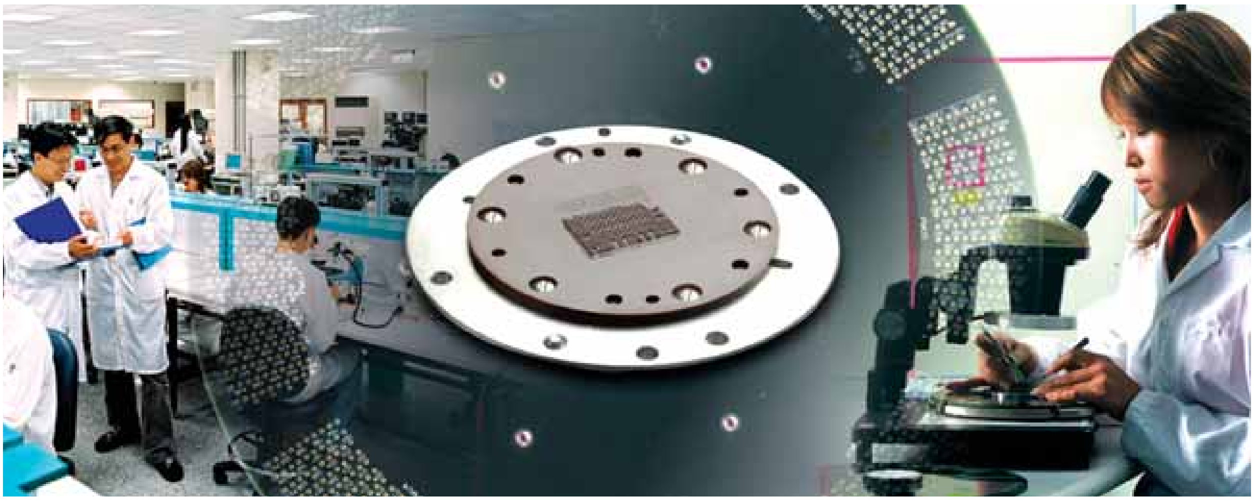
SureTouch™ 300mm Full-Wafer One-Touch Probe Card for Testing NAND Flash Memory Devices

Five new senior executives, namely Lim Beng Lam (Vice President for Distribution and Services solutions), Sergio Perez (Senior Vice President for SV Probe Business Development), Kaoru Gotoh (SV Probe Japan Country Manager), Winston Lau (Vice President and General Manager for SV Probe Taiwan) and Yoon Jong-Ho (President for SV Probe Korea), were appointed during the year. They will participate and assume key roles in shaping the Group's future strategy and fostering the success and growth of the Group.

With regret, we bade farewell to Ms Lim May Lan, our Board member and Chief Financial Officer in May 2008. We would like to put on record our sincere appreciations for her outstanding contributions to the Group for the past eight years and for being a great fellow Board member, colleague and friend. We wish her well in her future endeavours.

IN CLOSING

Shareholders can be assured that, despite the tough macroeconomic conditions, we will remain vigilant and continue to focus on our key success factors which include continuous investment in our human resources, R&D and forging strong relations with our customers and business partners. We are also keeping in view opportunities that will enhance value to the Group, such as proactive strategic partnerships and mergers & acquisitions. Other issues that would rank high in our priorities are prudent cost management and maintaining a strong balance sheet.



We would like to express our deepest appreciation to fellow Directors for their ongoing support, contributions and commitment to the Group. We are also pleased to welcome Dr. Foo See Liang, who rejoined the Board in November 2007. It is our privilege to work with these outstanding Board members who have remained committed to the long term interests of our Group and shareholders.

To our customers, principals and business partners, we thank you for your support and hope to continue to build upon our strong relations moving forward.

To our shareholders, we thank you for your continuous support and confidence in us.

Finally to all our people, we thank you for your dedication and diligence. We have full confidence that we can all, together as a team and with determination, rise to the challenges ahead.

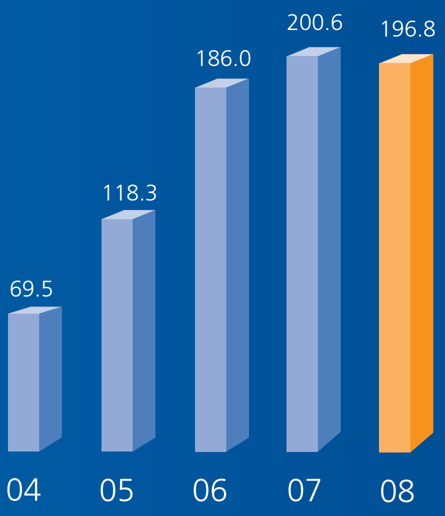
Xavier Chong
Executive Chairman

Melvin Chan
Chief Executive Officer

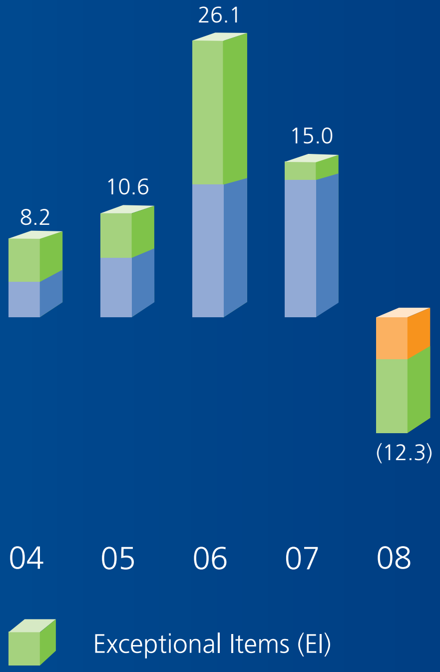
financial highlights

financial year ended 30 June

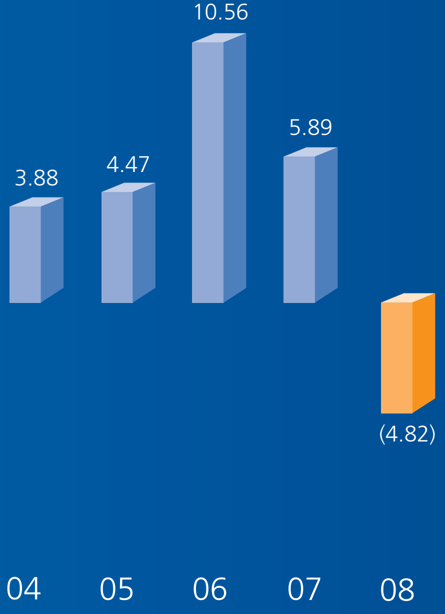
Revenue
(S$ Million)



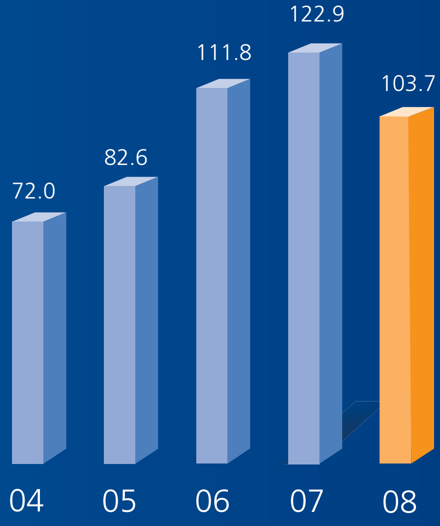
Profit after Tax and Minority Interests
(S$ Million)



Basic Earnings Per Share
(Singapore Cents)



Shareholders' Equity
(S$ Million)

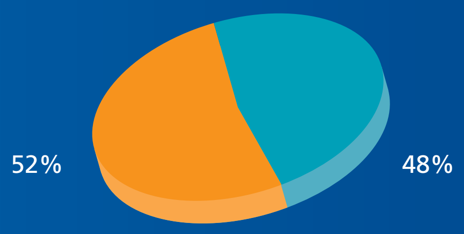


Key Financial Ratios Financial Year ended 30 June	2004	2005	2006	2007	2008
Profitability (%)					
Gross Profit Margin	19.7	32.7	30.4	28.3	18.3
Profit Before Tax Margin	12.6	13.7	22.0	7.0	(8.4)
Net Earnings Margin	11.8	9.0	14.0	7.5	(6.3)
Return on Equity	11.4	12.9	23.3	12.2	(11.9)
Return on Total Assets	8.1	8.0	12.9	8.7	(7.3)
Liquidity (times)					
Current Ratio	3.8	2.6	1.5	2.2	1.5
Quick Ratio	3.7	2.3	1.2	1.7	1.2
Leverage (%)					
Gross Debt / Equity	10.3	11.6	13.6	6.9	15.6
Efficiency (days)					
Debtors Turnover	84	83	72	69	61
Others (Singapore cents)					
Gross Dividend per share	0.6875	1.0	1.0	0.6	-
NAV per share	30.3	34.6	44.9	48.1	40.5

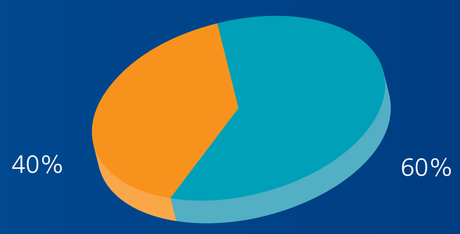
FY2007 Revenue
S$200.6 Million

FY2008 Revenue
S$196.8 Million

Revenue by Business Division (%)



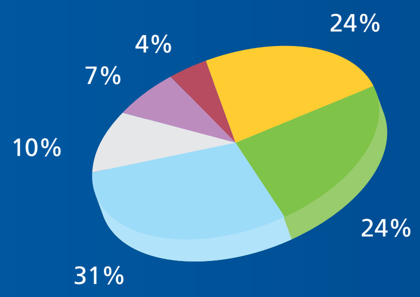
FY2007



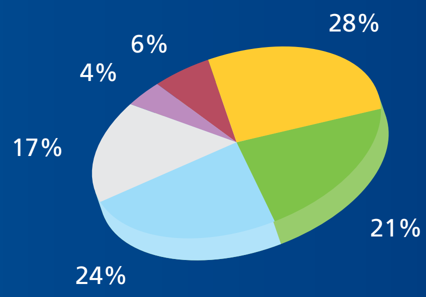
FY2008

- Probe Cards solutions
- Distribution & Services solutions

Revenue by Region (%)



FY2007



FY2008

- Singapore
- Other Asean Countries
- China & Taiwan
- USA
- Europe
- Other Regions

LOOKING FORWARD, VENTURING BEYOND

The business landscape in which we operate is challenging yet we are taking measured initiatives to optimise our operational expenses and mitigate, as much as possible, the adverse effects brought by market forces that are beyond our control. Our future growth, then, will be shaped by how we discipline ourselves to reach our target goals.

operations review

Over the years, the Company has continuously evolved to seek out business opportunities beyond the semiconductor industry to achieve sustainable growth, and to diversify its revenue streams.

During the financial year, the Company has regrouped its business activities into two main divisions namely the Probe Cards solutions (PCS) and the Distribution & Services solutions (DSS) to provide better analysis of performance.

Close-up of the Probes on the SureTouch™ 300mm Full-Wafer One-Touch NAND Memory Probe Card

PROBE CARDS SOLUTIONS

Our PCS is operated through our wholly owned subsidiary, SV Probe. A recent report by VLSI Research (May 2008) identifies SV Probe (SV) as the world's fifth largest probe card company based on revenue generated in calendar year 2007. It currently counts global chipmakers and chip designers including Intel, Broadcom and Texas Instruments among its customers. SV works closely with customers to design, develop and manufacture customised probe cards that are specific to their die and wafer designs.

Sales Review

PCS recorded a revenue of $78 million in financial year (FY) 2008, a decrease of 25% over the previous year. The decline was driven by slower market demand, steep erosion in the average selling price (ASP), a production ramp down at one of our major customers, and relatively higher operating cost for our Asia operations due to the weaker US dollar to Asian currency exchange rates. Revenue from USA and Europe declined by 24% and 38% respectively compared to FY2007. Revenue from the Advanced Probe Products, mainly Vertical Probe Cards, comprised 31% of total probe card revenue, compared to 36% one year ago.

In addition, some of the newer devices were beginning to shift from conventional cantilever probe cards to more advanced fine pitch vertical cards. This is driven by customer demands to increase testing parallelism to improve their test efficiency and total cost of ownership. The shift has also created excess capacity for cantilever probe cards in the industry and accelerated ASP decline in this segment, resulting in stronger headwinds for our revenue growth and compressing our margins.

To address the challenges, we have initiated restructuring plans that will right-size our facilities in the US (Santa Clara) and France (Corbeil). The restructuring plan will see a significant head count reduction and a relocation of the manufacturing capacities to our flagship factory in Binh Duong Province, Vietnam. It was a very difficult decision for us as it affected many of our employees, but we believe this is a necessary step that will provide us an opportunity for long term cost competitiveness and appropriate cost structure.

We have stepped up our efforts in marketing and new product development to drive future sales growth. We have introduced two new products, SureTouch™, a one touch full 300mm wafer probe solution for NAND Flash memory; and LogicTouch™, a fine pitch vertical probe card. Both new products aim to provide superior testing performance at a lower cost of ownership and underpin the growth strategy that will strongly position SV in the high growth memory and advanced logic probe card market segments over the next few years.

SV's Venture™ Cantilever Probe Card Manufacturing Process - Probe Card Alignment to Wafer

Production Review

Total points manufactured for FY2008 (excluding repairs), which is a measure of output based on quantity of probe pins produced and shipped, declined 20% to 3.2 million points from 3.9 million points in FY2007. The quantity of probe cards shipped decreased 10% year-on-year (y-o-y) from 26,946 units to 24,195 units. Our USA facilities (Gilbert, Arizona and Santa Clara, California) combined for 31% of the total points output and the Vietnam facility accounted for about 39% in FY2008. Moving forward, we expect Vietnam to continue to account for a majority of our production capacity and the capability to manufacture our portfolio of products comprising the Cantilever, Vertical and the latest full wafer probe card for NAND Flash memory (SureTouch™).

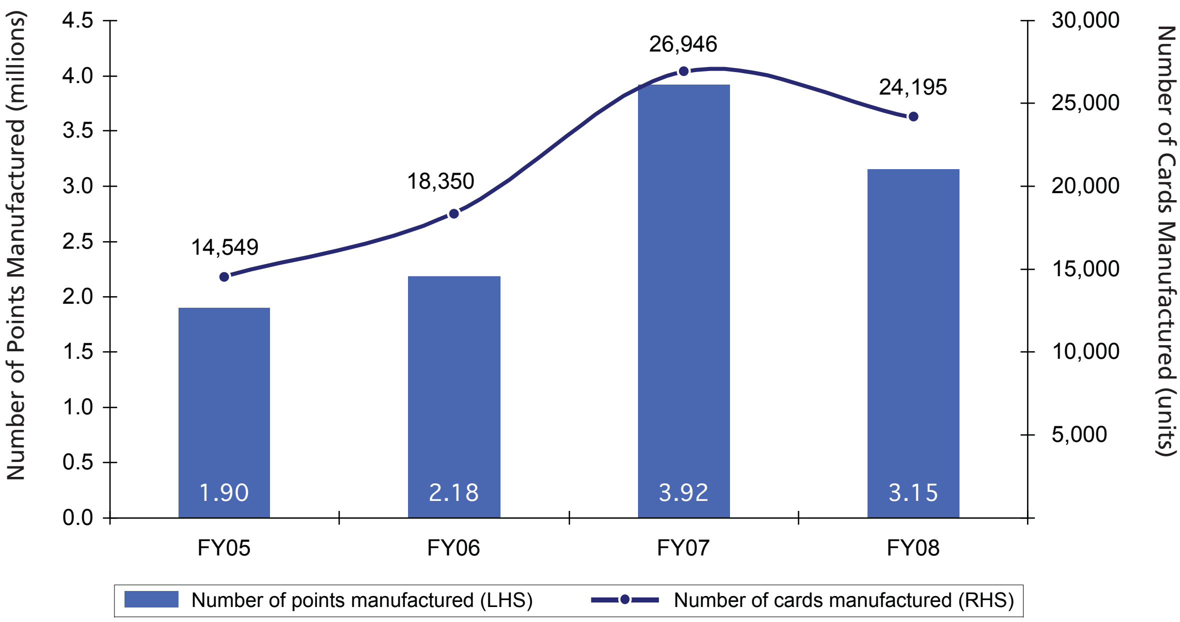
DISTRIBUTION & SERVICES SOLUTIONS

The products & services offered within the Distribution & Services solutions (DSS) division include:

- equipment & tools for semiconductor manufacturing
- integrated circuits (IC) failure analysis
- IC reliability testing
- printed circuit board assembly (PCBA) testing and inspection
- equipment maintenance support
- facilities management
- turnkey wafer fabrication relocation
- test characterisation
- refurbishment for pumps used in wafer fabs
- silicon reclaim

As part of the effort to streamline our operations, Silicon Reclaim solutions, previously a separate business segment, is grouped within DSS to better reflect the service nature of the business and commonalities in its customer base with certain units within the segment.

Table 1: Output for Probe Card Division (excluding repair points)



Business Review

DSS achieved 22% increase in revenue for FY2008 to $119 million as compared to FY2007's revenue of $97 million. The improvement reflects the overall strategic direction taken by DSS, which are to:

(i) diversify into new businesses and geographical markets that leverage on our existing infrastructure and customer relationships; and

(ii) grow through mergers and acquisitions, hence, bringing into the Group both complementary and new products and services that we believe have the potential to deliver long-term sustainable growth.

Our 51%-owned subsidiary E+HPS, which is in the facilities business, experienced steady growth in revenues following concerted efforts to diversify and grow the business. Growth was mainly driven by projects with wafer fabrication plants and industrial related construction activities in China and Singapore, as well as the successful penetration of the India market.

In September 2007, our wholly owned subsidiary iNETest Resources expanded its business through a joint venture arrangement to venture into the business of provision of test fixturing services to the PCA / contract manufacturers in the test equipment industry. Currently, the targeted markets of this activity are in China, Malaysia, Singapore, the Philippines and Thailand. With the enlarged base of operations and market coverage, iNETest Resources is able to operate with higher economies of scale and deliver better support to customers.

During the year, the Group saw its communications network assurance business take-off through 70% owned subsidiary Ellipsiz Communications. With a

Our engineers performing diagnostic work for customer

Wafers being gauged as part of the silicon reclaim process

strong customer base that includes the major mobile operators in Australia, Malaysia, New Zealand and Taiwan, significant opportunities abound as these mobile operators strive to deliver more value-added services to consumers. Though relatively new to the business, we believe we have a strong partner and a motivated team to deliver growth in the years ahead.

Despite the positive developments, the segment was not spared from the negative impacts of the slowing semiconductor and electronics manufacturing industries. Capital spending cutbacks by major customers affected our equipment distribution business, while over-capacity and slowing demand for silicon reclaim services led to sharp price erosions and lower profit margins. Higher oil & commodity prices further erode margins, and operations based in Asia struggled with a weakened US dollar against stronger Asian currencies. While some of these factors are beyond the reasonable control of the Management, nonetheless, we have taken the following steps to deal with the situation:

- cost control in all areas of operations, including consolidating operations to achieve economies of scale
- leverage on collaborative opportunities within DSS
- explore M&A opportunities in both existing & new businesses

Looking ahead, we have put in place growth engines (both new products and new markets) to drive us forward. We will continue to explore opportunities for further growth, with a clear focus to leverage on the infrastructure and partners / customers relationships that we have built over the years.

board of directors

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XAVIER CHONG FOOK CHOY [1]
Executive Director and Chairman

Xavier Chong Fook Choy is the Executive Chairman of Ellipsiz Ltd. He founded the Company, then called Excellent Scientific Instruments (ESI) in 1992 and grew the Company rapidly to become a leading solutions provider for the semiconductor and equipment industries. Under his stewardship, the Company won recognition in 1999 as one of the top 50 most enterprising privately held companies in the Enterprise 50 (E50) award organised by The Business Times Singapore. He went on to lead the Company (then named "SingaTrust") to its successful initial public listing on the Mainboard of SGX in July 2000.

Mr. Chong's strong business acumen and entrepreneurial resolve has led the Company through rapid diversification and growth phases to become a leading probe card company and solutions provider in the semiconductor and electronics manufacturing industries.

MELVIN CHAN WAI LEONG [2]
Executive Director and Chief Executive Officer

Melvin Chan Wai Leong is the Chief Executive Officer of Ellipsiz Ltd. He was appointed to the current position and as a member of the Board of Directors on 4 January 2008. Prior to this appointment, Mr. Chan was the President of iNETest Resources, a wholly owned subsidiary of Ellipsiz. He has more than two decades of operational and business experience in the semiconductor and electronics manufacturing industries as well as extensive working experience in the Asia Pacific region, Australia, New Zealand, China and India. He started his career as an engineer at Hewlett Packard and moved on to hold senior management positions at Electronic Resources Limited (ERL), Ingram Micro and iNETest Resources.

Mr. Chan holds a Bachelor's Degree in Electrical Engineering and a Master of Business Administration degree from the National University of Singapore.

RICK KENNETH HODGMAN [3]
Non-Executive and Lead Independent Director

Rick Kenneth Hodgman is the Lead Independent Director since 6 July 2007. He joined the Board on 31 May 2005 and is the Chairman of the Company's Remuneration Committee as well as members of Nominating and Audit Committees. Mr. Hodgman is presently the Vice President of Systems Manufacturing of Broadcom Corporation (Nasdaq: BRCM) in Irvine, California (Broadcom Headquarters), a major technology innovator and global leader in semiconductors for wired and wireless communications. Prior to this appointment, he was the Vice President and Managing Director for Asia Operations, Broadcom Singapore Pte Ltd. Mr. Hodgman has extensive industry experience in the semiconductor field, particularly in wafer fab operations. Before joining Broadcom in 1999, he was the Vice President and General Manager of Wafer Fab Operations for Fabs 2, 3 and 6 (a.k.a. Chartered Silicon Partners) at Chartered Semiconductor Manufacturing Ltd. He had also served as Vice President for Worldwide Wafer Fab and Foundry Operations at Silicon Systems Inc.

Mr. Hodgman graduated from the University of Utah with B.Sc. and M.Sc. degrees in Electrical Engineering.

PHOON WAI MENG [4]

Non-Executive and Independent Director

Phoon Wai Meng is an Independent Director (appointed 1 July 2004), Chairman of the Audit Committee during the year and member of both the Nominating and Remuneration Committees. On 13 August 2008, he relinquished his chairmanship but remains as a member of the Audit Committee. Mr. Phoon is presently the Vice President and General Manger (Manufacturing) of Avago Technologies Singapore, a leading supplier of analog interface components for communications, industrial and consumer applications. Mr. Phoon has more than 25 years of management experience in the design, manufacturing, assembly and testing of semiconductor IC and high performance fiber optics products. He was one of the pioneers in the setting up of the first IC design house in Singapore back in 1987. Presently, Mr. Phoon also sits on the Board of Directors of Chartered Silicon Partners (a.k.a. Chartered Semiconductor Manufacturing's Fab 6).

Mr. Phoon graduated from Monash University, Australia with a Bachelor's Degree in Electrical and Electronics Engineering.

JEFFREY STASZAK [5]

Non-Executive and Independent Director

Jeffrey Staszak is an Independent Director (appointed 17 April 2006). He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and member of both the Audit and Remuneration Committees. He is presently the President and CEO of Volterra Semiconductor Corporation (Nasdaq: VLTR), a leading provider of high-performance analog and mixed-signal power management semiconductors. Prior to joining Volterra in 1999, Mr. Staszak served as Senior Vice President in the Storage Product Group of Texas Instruments Inc. and as Senior Vice President and General Manager of the Storage Products Division of Silicon Systems Inc.

Mr. Staszak holds a B.S. Degree in Industrial Technology from the University of Wisconsin – Stout and a MBA degree from Pepperdine University.

DR. FOO SEE LIANG [6]

Non-Executive and Independent Director

Dr. Foo See Liang is an Independent Director (appointed 11 November 2007) and a member of the Audit Committee during the year in review. As of date of the report, he is the Chairman of the Audit Committee. Dr. Foo had formerly served as Co-Chairman and independent director of the Company from February 2001 and June 2000 respectively, until his retirement from the Board on 27 October 2006. Dr. Foo is presently a Practice Associate Professor at the School of Accountancy, Singapore Management University. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Institute of Certified Public Accountants in Singapore. He is also Chairman of the Academic Board of the PSB Academy in Singapore.

Dr. Foo was an Overseas Graduate Scholar of the National University of Singapore. He received his Bachelor of Commerce degree from University of New South Wales, Australia and PhD in Accountancy from the University of Hull, United Kingdom. He had also attended the Senior Executives Program at the Sloan School of Management in the Massachusetts Institute of Technology, United States.

key executives

KEVIN KURTZ [1]

President and CEO, SV Probe

Kevin Kurtz is the President and CEO of SV Probe, a wholly owned subsidiary of Ellipsiz Ltd, and he oversees our Probe Cards solutions business. Kevin has more than 20 years of industry experience, primarily in the probe card industry. Prior to joining SV Probe, he was with Cerprobe Corp., then a Nasdaq listed probe card company, for 10 years where he rose from Regional Sales Manager to Vice President at the company. He also served briefly as Vice President for Test Operations at Kulicke and Soffa (K&S) after K&S acquired Cerprobe in late 2000. Earlier on, Kevin held various positions in Sales and Marketing with Probe Technology Inc., a probe card manufacturer based in the United States.

Kevin holds a B.Sc in Business Administration from the San Jose State University, United States.

ONG SUAT LIAN [2]

Group Finance Director

Ong Suat Lian is the Group Finance Director. With more than 17 years of experience in corporate accounting and finance, she currently oversees financial matters of the Group spanning operational and managerial accounting, treasury and risk management to financial reporting and compliance. Prior to joining Ellipsiz Ltd in June 2001 as Group Finance Manager, Suat Lian held numerous financial and accounting positions at multiple public listed companies. She started her career at United Leasing and Services Pte Ltd, an associate company of Scott & English (Malaysia) Sdn Bhd, before moving on to Sincere Watch Limited and Zagro Asia Limited, where she gained extensive regional experience, including a two-year overseas appointment.

Suat Lian holds a Bachelor's Degree in Accountancy from the National University of Singapore.

LIM BENG LAM [3]

Vice President, Distribution and Services solutions (Wafer Fab solutions)

Lim Beng Lam is the Vice President for our Distribution and Services solutions (Wafer Fab solutions). He oversees the Company's business portfolio in the semiconductor segment, comprising mainly wafer fab equipment distribution business, specialty chemicals and consumables distribution as well as reliability test services. Beng Lam has more than 20 years of industry experience including manufacturing, planning, operations, sales and business development. He was most recently the Vice President of Sales at our wholly owned subsidiary SV Probe, where he was responsible for sales in the Asia Pacific Region. Earlier on, he served as Sales Director for 7 years at Lam Research Corp. (Nasdaq: LRCX), a major supplier of wafer fabrication equipment and services to the global semiconductor industry. Prior to joining Lam Research, he served in various management positions in manufacturing, planning and sales during his tenure at CEI Contract Manufacturing Ltd and Texas Instruments Singapore.

Beng Lam holds a B.Sc (Chemistry and Mathematics) from the National University of Singapore and a MBA from the Oklahoma City University, United States.

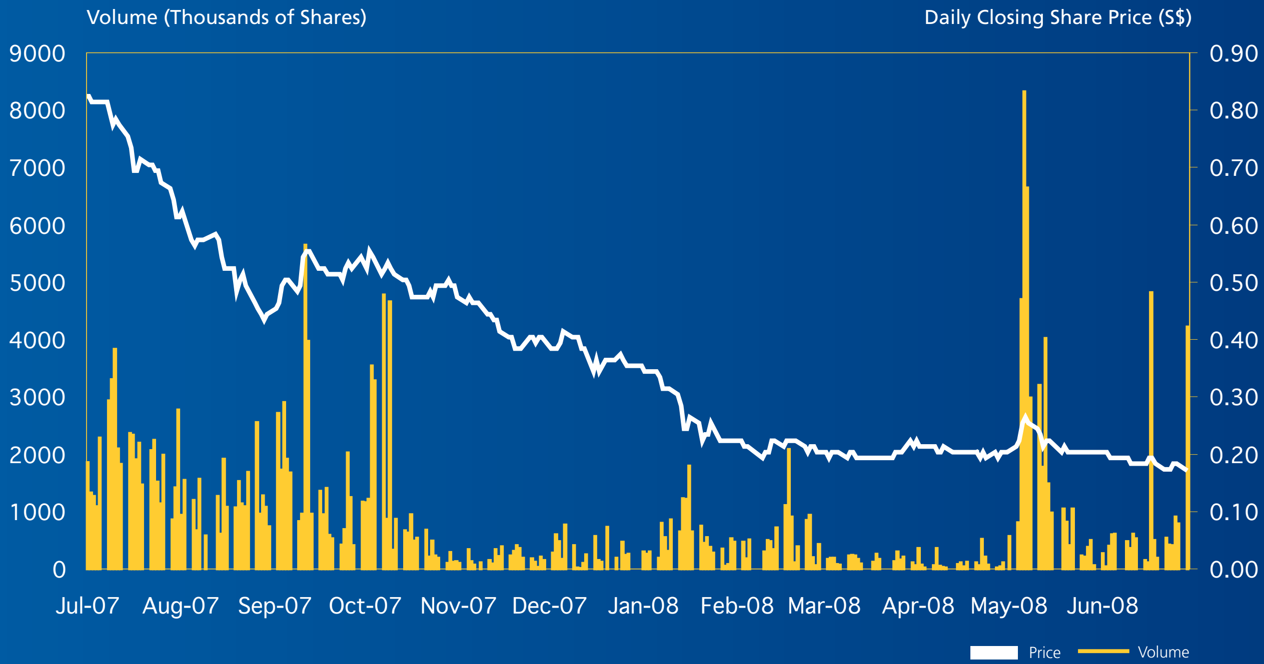
investor relations

Our Investor Relations (IR) team serves as a communication channel between shareholders, the investment community and Ellipsiz. We strive to maintain active interactions with our shareholders and investors via emails, face-to-face meetings, conference calls, quarterly and yearly results announcements and Annual General Meetings (AGM). Our aim is to provide shareholders and investors with accurate and relevant information about our performance, management policies, company news and events, so as to enable them to make informed decisions about investing in Ellipsiz.

Shareholders and investors can access the latest information about the Company, including news releases, presentation slides, fact sheet, financial releases and research reports from our website at www.ellipsiz.com. Other channels to reach us include email to ir@ellipsiz.com and the feedback form on our IR website. Our website also includes a mailing subscription list that keeps subscribers informed of the latest news releases on the Company.

IR staff FL Chen (first from right) offering shareholders an explanation on Probe Cards

ELLIPSIZ SHARE PRICE AND VOLUME CHART (1 JUL 2007 - 30 JUN 2008)



STOCK PRICE MOVEMENT (1 JUL 2007 - 30 JUN 2008)

Ellipsiz share price declined 80% from $0.82 to $0.17, compared to a decline of 18% of the Straits Times Index (STI) during the same period. The average daily trading volume of 919,692 shares was lower compared to 2.99 million shares in the same period a year ago.

Share price summary (1 Jul 2007 – 30 Jun 2008)

Closing Price (S$)	
High	: 0.82 (3 Jul 07)
Low	: 0.17 (30 Jun 08)
Daily Traded Volume	
High	: 8,322,000 (7 May 08)
6 mth Average	: 712,611
12 mth Average	: 919,692

key events

Aug 2008

Our Distribution and Services solutions established a joint venture company to expand our test and equipment trading business and to provide related application engineering and system integration services in Vietnam.

Jul 2008

SV Probe set up a Korean subsidiary to grow its market share in the memory and Asian probe card markets, and to aid its entry into CMOS Image Sensor probe card market.

SV Probe introduced two new probe solutions, namely SureTouch™, a one touch full wafer probe solutions for NAND Flash Memory; and LogicTouch™, a MEMS-based fine pitch vertical probe card targeted at advanced mixed signal and logic devices.

May 2008

Our stake in Kita Manufacturing, Japan, increased from 24% to 40% upon completion of the third tranche of investment.

Ellipsiz's stake in Ellipsiz Communications Pte Ltd was diluted to 70% with the participation of two additional partners to expand our communications network assurance business.

Ellipsiz adopted quarterly financial reporting.

Mar 2008

We invested US$4 million in Series D Convertible Preferred shares in Touchdown Technologies Inc., a leading MEMS probe card supplier.

Industry veteran, Mr. Sergio Perez, is appointed as Senior Vice President for Business Development of our Probe Cards solutions to spearhead development of memory probe card products and solutions.

Jan 2008

Mr. Melvin Chan is appointed as new CEO of Ellipsiz.

Executive Chairman, Mr. Xavier Chong, will focus on strategic business growth and corporate development of Ellipsiz.

E+HPS Engineering (Suzhou) was formed to broaden the Group's facilities project management activities in China.

Our stake in Ellipsiz TestLab raised from 33.33% to 91.89% to increase our participation in reliability testing activities.

Nov 2007

Dr. Foo See Liang rejoined the Board of Directors as Independent and Non–Executive Director.

SV Probe opened its largest probe card factory in Binh Duong Province, Vietnam.

Ellipsiz Communications (Taiwan) was incorporated to penetrate into the markets for the trading of test and measurement equipment and the provision of related engineering and post-sales support services in Taiwan.

Oct 2007

We acquired 100% and 49% stakes in iNETest Resources Thailand and IRC Technologies respectively to widen our trading and services activities into the electronics manufacturing industry in Thailand.

We incorporated subsidiaries in Australia and New Zealand to capitalise on test and measurement equipment trading opportunities as well as the provision of related engineering and post-sales support services.

Sep 2007

We entered into a joint venture arrangement through Testel Solutions to penetrate into the assembly and test equipment and outsourcing markets in South East Asia and China.

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

PRINCIPAL BANKERS
DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

BOARD OF DIRECTORS
Mr. Xavier Chong Fook Choy
Executive Director & Chairman

Mr. Melvin Chan Wai Leong
Executive Director & CEO

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

Mr. Phoon Wai Meng
Non-Executive & Independent Director

Mr. Jeffrey Staszak
Non-Executive & Independent Director

Dr. Foo See Liang
Non-Executive & Independent Director
(effective from 11 November 2007)

NOMINATING COMMITTEE
Chairman	:	Mr. Jeffrey Staszak *(effective from 11 November 2007)*
Member	:	Mr. Rick Kenneth Hodgman
		Mr. Phoon Wai Meng
		Mr. Xavier Chong Fook Choy

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

AUDIT COMMITTEE
Chairman	:	Dr. Foo See Liang *(effective from 13 August 2008)*
Member	:	Mr. Phoon Wai Meng
		Mr. Rick Kenneth Hodgman
		Mr. Jeffrey Staszak

corporate governance

The Board of Directors (the "Board") of Ellipsiz Ltd (the "Company") is committed in its continuing efforts to achieve high standards of corporate governance and business conduct to enhance long term shareholder value and safeguard the interests of its stakeholders.

The Company has adopted a framework of corporate governance policies and practices in line with the principles and best practices set out in 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:

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Group

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 businesses; 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.

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees, which review and make recommendations to the Board on specific areas. There are three sub-committees appointed by the Board, namely the Nominating Committee, the Remuneration Committee and the Audit Committee. Most of the members of the sub-committees are non-Executive and Independant Directors.

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. In the financial year ended 30 June 2008, a total of four scheduled Board meetings were held.

corporate governance

The number of meetings held by the Board and the sub-committees and the attendance of the members for the financial year ended 30 June 2008 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meeting	Remuneration Committee Meeting
Number of meetings held	4	4	1	1
Directors				
Xavier Chong Fook Choy	3	3(1)	1	Not applicable
Melvin Chan Wai Leong	2 of 2	2 of 2(1)	Not applicable	Not applicable
Lim May Lan	4	2(1)	1(1)	1(1)
Rick Kenneth Hodgman	2	2	1	1
Jeffrey Staszak	4	4	1	1
Phoon Wai Meng	4	4	1	1
Foo See Liang	3 of 3	3 of 3	1(1)	Not applicable

(1) In attendance.

(2) Mr. Matthew Chan resigned as a director on 6 July 2007. As there was no board and committee meeting held between 1 July 2007 and 6 July 2007, Mr. Matthew Chan did not attend any meeting during the year.

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 setting out their duties and obligations.

Board Composition and Guidance

Principle 2: Strong and independent Board

The size and composition of the Board are reviewed from time to time by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skills sets and core competencies for effective decision-making.

corporate governance

During the financial year ended 30 June 2008, the Board comprised the following members:

Executive Directors

Mr. Matthew Chan Chung Shin	(Non-Executive Chairman and Independent Director. Resigned on 6 July 2007)
Mr. Xavier Chong Fook Choy	(Executive Chairman and Chief Executive Officer from 6 July 2007 to 4 January 2008) (Executive Chairman since 4 January 2008)
Mr. Melvin Chan Wai Leong	(Chief Executive Officer. Appointed on 4 January 2008)
Ms. Lim May Lan	(Chief Financial Officer. Resigned on 15 May 2008)

Non-Executive and Independent Directors

Mr. Rick Kenneth Hodgman	(Appointed as Lead Independent Director on 6 July 2007)
Mr. Phoon Wai Meng	
Mr. Jeffrey Staszak	
Dr. Foo See Liang	(Appointed on 11 November 2007)

With Mr. Matthew Chan Chung Shin's and Ms. Lim May Lan's resignations, the Board comprises six directors as at 30 June 2008 and at the date of this report, of whom, four are Non-Executive and Independent Directors.

The Nominating Committee assesses the independence of the Directors on an annual basis. For financial year ended 30 June 2008, the Nominating Committee has determined that save for the Executive Chairman, Chief Executive Officer and the Chief Financial Officer who are executive Directors, all the other four Directors who are non-executive are also independent.

With the independent Directors having the requisite experience, expertise and standing, the Board is able to exercise objective judgement independently, and no individual or small group of individuals dominate the Board's decision-making.

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

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities between Chairman and Chief Executive Officer to ensure a balance of power and authority

With Mr. Matthew Chan Chung Shin's resignation on 6 July 2007, Mr. Xavier Chong Fook Choy held both the roles of Executive Chairman and Chief Executive Officer from 6 July 2007 to 4 January 2008. Mr. Melvin Chan Wai Leong was appointed as the Chief Executive Officer of the Company effective from 4 January 2008 and Mr. Xavier Chong Fook Choy resigned as Chief Executive Officer but remains as Executive Chairman. With these new appointments, the Company observes the guidance under the 2005 Code to have a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer in order to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr. Xavier Chong Fook Choy, being the Chairman, bears the primary responsibility for the workings of the Board and ensuring its effective function. He also ensures that the Board meetings are held as and when necessary; that Directors receive accurate, clear and timely information; encourages constructive relations between management and the Board, as well as between Executive and non-Executive Directors; and ensures effective communication with shareholders.

corporate governance

Mr. Melvin Chan Wai Leong, the Chief Executive Officer, is primarily responsible for the operations and performance of the Group; charting of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance. Mr. Melvin Chan is not related to Mr. Xavier Chong.

In line with the recommendations of the 2005 Code, as both the CEO and Chairman are part of the management team, the Board appointed Mr. Rick Kenneth Hodgman as a Lead Independent Director on 6 July 2007.

Board Membership & Performance

Principle 4: Formal and transparent process for appointment of new Directors

Principle 5: Formal assessment of the effectiveness of the Board and contribution of each Director

The independence and effectiveness of the Board are reviewed and assessed regularly by the Nominating Committee for continual good governance and relevancy to the changing needs of the Group's businesses.

The Nominating Committee comprises Mr. Jeffrey Staszak (Chairman), Mr. Rick Kenneth Hodgman, Mr. Phoon Wai Meng and Mr. Xavier Chong Fook Choy. Three out of four members of the Committee, including its Chairman, are independent Directors.

The Committee is responsible for the nominations for the appointment, re-appointment, election and re-election of Directors and members of the Remuneration Committee and Audit Committee. It assists 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.

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 short-list potential candidates. The Committee will evaluate, amongst others, the skills and expertise of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. 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, including the Chief Executive Officer, is subject to retirement by rotation and re-election at Annual General Meetings.

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

The Nominating Committee has set objective criteria for evaluating the Board's as well as each individual Director's effectiveness during the financial year. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria.

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.

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

corporate governance

Access to Information

Principle 6: Provision of complete, adequate and timely information prior to Board meetings and on an on-going basis

The Board receives relevant, complete and timely information prior to the Board meetings and on an on-going basis. Senior 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 variances 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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for developing policy and fixing remuneration packages of Directors

Level and Mix of Remuneration

Principle 8: Appropriate remuneration to attract, retain and motivate Directors

Disclosure on Remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix

The Remuneration Committee plays a crucial role in the recruitment and retention of the best talents to drive the Group's businesses forward. It sets the remuneration guidelines of the Group for each annual period.

The framework of remuneration for the Board and key executives is linked to the development of management bench strength and key executives to ensure continual development of talent and renewal of strong leadership for the continued success of the Company. In determining remuneration packages, the Remuneration Committee takes into consideration industry practices and norms in compensation.

Remuneration Committee

The Remuneration Committee comprises:

Mr. Rick Kenneth Hodgman (Chairman)

Mr. Phoon Wai Meng

Mr. Jeffrey Staszak

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

corporate governance

The 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 directors' fees, salaries, allowances, bonuses, options and benefits in kind. The Committee reviews 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"), collectively known as the "Plans".

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 Group.

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:

Directors	Remuneration bands	Directors' fees	Salaries and allowances (inclusive of CPF)	Bonuses	Total
Xavier Chong Fook Choy	$500,000 to $749,999	11%	67%	22%	100%
Melvin Chan Wai Leong [1]	Below $250,000	8%	66%	26%	100%
Lim May Lan	$250,000 to $499,999	12%	82%	6%	100%
Matthew Chan Chung Shin [2]	Not applicable	-	-	-	-
Rick Kenneth Hodgman	Below $250,000	100%	-	-	100%
Jeffrey Staszak	Below $250,000	100%	-	-	100%
Phoon Wai Meng	Below $250,000	100%	-	-	100%
Foo See Liang	Below $250,000	100%	-	-	100%

[1] Mr. Melvin Chan was appointed as Executive Director and Chief Executive Officer effective from 4 January 2008.
[2] Mr. Matthew Chan resigned on 6 July 2007 and there was no remuneration paid during the year.

corporate governance

The Company believes that disclosure requirement on the details and remuneration of individual executives is disadvantageous to its business interests, given that it is operating in a highly competitive industry. The Company has instead presented the number of top five key executives of the Group (who are not Directors of the Company) that receive remuneration in bands of $250,000.

Remuneration bands	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 29 to the financial statements in the audited accounts.

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

ACCOUNTABILITY & AUDIT

Accountability

Principle 10: Board to present balanced and understandable assessment of the Group's performance and position

The Board keeps the shareholders updated on the businesses of the Group through releases of the Group's quarterly and full year financial results, publication of the Company's annual report and timely releases of the relevant information through SGXNET.

Management keeps the Board informed of the Group's performance through presentations 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 presentations by each senior manager of the various business groups at these quarterly meetings.

The Singapore Exchange Securities Trading Limited requires 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.

corporate governance

Audit Committee

Principle 11: Establishment of an Audit Committee with written terms of reference

The Nominating Committee is of the view that the members of the Audit Committee have sufficient financial management expertise and experience to discharge the Audit Committee's functions in view of their experience as Directors and/or senior management in accounting and financial fields.

The Audit Committee comprises four Directors namely:

Mr. Phoon Wai Meng	(Chairman until 13 August 2008)
Mr. Rick Kenneth Hodgman	
Mr. Jeffrey Staszak	
Dr. Foo See Liang	(Appointed as member on 14 November 2007 and Chairman on 13 August 2008)

All members of the Audit Committee are independent Directors.

On 13 August 2008, Dr. Foo See Liang was appointed as the Chairman of Audit Committee in place of Mr. Phoon Wai Meng, who remains as a member of the Committee.

The Committee, in assisting the Board to fulfill 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 quarterly 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.

corporate governance

Internal Controls

Principle 12: Sound system of 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 a Whistle-blowing Program by which staff of the Group and other third parties 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 Group's risk management function.

The Audit Committee and senior management seek to identify areas of significant business risks, 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 risks.

Internal Audit

Principle 13: Establishment of an internal audit function that is independent of the functions it audits

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.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at AGMs

To maintain high level of transparency, the Board aims to ensure timely disclosure of all material businesses and price-sensitive information through announcements made via SGXNET. The Company also holds briefings for its full-year results. Quarterly financial results are published through the SGXNET, news releases and the Company's corporate website.

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 and its subsidiaries. The external auditors are also present to answer any relevant shareholders' queries.

corporate governance

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 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 1207(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 full year results and two weeks before the announcement of quarterly results, and ending on the day after the said announcement 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 should be read in conjunction with, the audited consolidated financial statements of Ellipsiz Ltd and its subsidiaries (the Group), including the notes thereto.

RESULTS OF OPERATIONS

Consolidated Income Statement for the financial year ended 30 June	2008 $'000	2007 $'000	Variance %
Revenue	**196,765**	**200,607**	**(2)**
Cost of revenue	(160,822)	(143,757)	12
Gross profit	**35,943**	**56,850**	**(37)**
Other income	678	1,184	(43)
Operating expenses	(53,428)	(43,850)	22
Results from operating activities	**(16,807)**	**14,184**	**(218)**
Finance income	423	796	(47)
Finance expenses	(782)	(670)	17
Net finance (expenses)/income	**(359)**	**126**	**(385)**
Share of results of associates and a joint venture (net of tax)	623	(207)	401
(Loss)/profit before income tax	**(16,543)**	**14,103**	**(217)**
Income tax credit	3,160	1,463	116
(Loss)/profit for the year	**(13,383)**	**15,566**	**(186)**
Minority interests	1,056	(543)	294
(Loss)/profit attributable to equity holders of the Company	**(12,327)**	**15,023**	**(182)**

REVENUE

Consolidated revenue for financial year ended 30 June 2008 (FY2008) was $197 million, a marginal decrease of 2% as compared to the financial year ended 30 June 2007 (FY2007).

Revenue performance by business segments indicated that revenue for Distribution and Services solutions (DSS) improved by 22%, while Probe Cards solutions (PCS) decreased by 25%.

Our DSS segment underwent a period of consolidation and integration. The higher revenue from facilities projects and trading activities are the key reasons for the improved revenue. The acquisition of fixturing business during the financial year had also contributed to the higher revenue for the segment.

The softening of the market, pricing pressure and the weakening of the US dollar (USD) led to the lower revenue for PCS. The slowdown in the performance of PCS was also the main cause for the poorer performance reported in the United States and Europe.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group attained gross profit of $36 million for FY2008. This was a decline of 37% as compared to FY2007's gross profit of $57 million.

↗ financial review

Gross profit margin for FY2008 decreased by 10 percentage points from 28% in FY2007 to 18% in FY2008. The drop in margin was mainly due to the decline in revenue of the manufacturing activity (probe card activities) without proportionate decrease in cost of sales since major portion of the manufacturing expenses are fixed in nature. DSS had also suffered decrease in gross profit margins from declining average selling price due to intense competition, pricing pressure and inventory issues. The weakening of USD and strengthening of Asian currencies had also led to relatively higher direct operating costs for our Asian operations.

OTHER INCOME

Other income decreased by 43% from $1.2 million in FY2007 to $0.7 million in FY2008. In FY2007, PCS segment sold its interface intellectual property that brought a gain of approximately $342,000 to the Group. Additionally, the Group had also recorded gains from disposal of financial assets and other assets of $130,000 and $65,000 respectively. The non-recurrence of these gains were the main cause for the drop in other income.

OPERATING EXPENSES

Total operating expenses for FY2008 was $53 million, an increase of 22% as compared to FY2007 of $44 million.

The significant increase in other operating expenses was the main reason for the higher operating expenses. The one-time restructuring charge of $8 million and the incurrence of higher exchange loss led to the negative variance of other operating expenses.

During the fourth quarter of the financial year, our PCS segment commenced an exercise to rationalise their production facilities in Europe and the United States to improve its cost efficiency and to remain competitive. In the process of rationalisation, PCS segment initiated a project to relocate a loss-making production activity to benefit from the relatively lower operating cost in Asia. This exercise led to a restructuring charge of $8 million and the loss of tax benefit of $1 million.

There was no material variance for distribution and administration expenses, while research and development expenses decreased by 11% from $6 million to $5 million.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURE

The Group recorded profits of $639,000 and loss of $16,000 from the share of results of its associates and joint venture respectively during the financial year.

INCOME TAXES

The Group had a tax credit of $3 million in FY2008. The recording of income not subject to tax by certain subsidiaries, the reversal of over-provision of tax expenses in prior years, refund of tax 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 (LOSS)/PROFIT AFTER TAXES AND MINORITY INTERESTS (ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)

The Group achieved a net loss after taxes and minority interests of $12 million in FY2008. This was a decrease of 182% from FY2007's profit of $15 million. The lower gross profit margin attained in the financial year and the incurrence of the one-time restructuring charge, partially offset by the recording higher tax credit, was the main reason for the negative variance in net profits of the Group.

↗ financial review

FINANCIAL CONDITIONS

Consolidated Balance Sheet as at 30 June	2008 $'000	2007 $'000	Variance %
Property, plant and equipment	30,672	36,175	(15)
Intangible assets	35,132	37,162	(5)
Associates	6,884	4,336	59
Joint venture	12	29	(59)
Financial assets	5,929	-	100
Deferred tax assets	3,118	321	871
Non-current assets	**81,747**	**78,023**	**5**
Current assets	**87,158**	**93,745**	**(7)**
Total assets	**168,905**	**171,768**	**(2)**
Current liabilities	**56,969**	**41,692**	**37**
Non-current liabilities	**4,691**	**5,406**	**(13)**
Total liabilities	**61,660**	**47,098**	**31**
Equity attributable to equity holders of the Company	103,656	122,911	(16)
Minority interests	3,589	1,759	104
Total equity	**107,245**	**124,670**	**(14)**
Total equity and liabilities	**168,905**	**171,768**	**(2)**

NON-CURRENT ASSETS

The non-current assets of the Group increased from $78 million as at 30 June 2007 to $82 million as at 30 June 2008.

During the financial year, the Group acquired 1.47 million units of Series D Convertible Preferred Stock in Touchdown Technologies Inc. and invested $0.3 million in quoted securities, thus, leading to the increase in other investments as at 30 June 2008. This increase in other investments, coupled with higher investment in associates and higher deferred tax assets due to recording of deferred tax assets by certain subsidiaries, led to the 5% increase in non-current assets.

The Group increased its stake in one of the associates and acquired a new associate during the year.

CURRENT ASSETS

Total current assets as at 30 June 2008 was $87 million, a drop of 7% from $94 million as at 30 June 2007. The partial collection of the amounts due from related parties and the lower inventory as at 30 June 2008 resulted in the overall decline in current assets. During the year, the Group made an allowance for inventory obsolescence and wrote off certain inventories that amounted to $2 million.

↗ financial review

CURRENT LIABILITIES AND NON-CURRENT LIABILITIES

Total liabilities as at 30 June 2008 stood at $62 million, a 31% increase from $47 million as at 30 June 2007. The total increase of $9 million in trade and other payables and $8 million increase in interest-bearing borrowings were the main causes for the higher total liabilities.

The accrual of restructuring charge led to the increase in other payables, while the increase in borrowings was to fund the other investments and the increase in investment in associates.

MINORITY INTERESTS

Minority interests increased by 104% to $4 million as at 30 June 2008. This increase was mainly due to the investments by minority shareholders in certain subsidiaries during the financial year.

LIQUIDITY AND CAPITAL RESERVES

The net cash inflow of the Group during the year was $1 million. This can be accounted by:

(a) cash inflow of $8 million from operating activities;

(b) cash outflow of $15 million from investing activities; and

(c) cash inflow of $8 million from financing activities.

The Group had positive cash inflow from its operating activities during the year due to the positive earnings before interest, tax, depreciation and amortisation achieved by the Group and the positive movement in net working capital.

The acquisition of other investments, purchase of property, plant and equipment and intellectual property, investment in associates and partial settlement of deferred consideration for acquisition of additional interests in subsidiary in prior financial year led to the negative cash outflow for investing activities.

The net increase in borrowings, coupled with the cash inflow from capital injection from minority shareholder of a subsidiary, partially offset by the repayment of amount due to related parties, led to the net cash inflow in financing activities.

The Group's cash and cash equivalents position as at 30 June 2008 (including fixed deposits held as securities) was $28 million.

↗ industry outlook

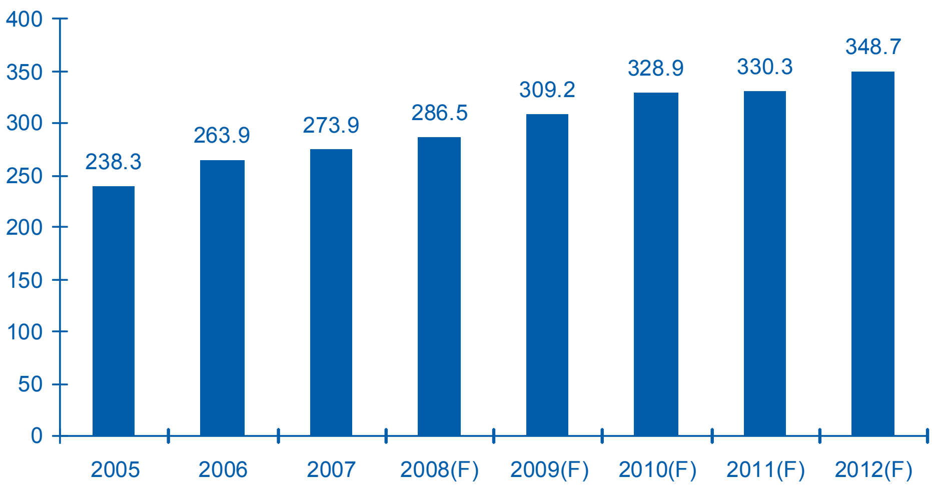
We operate primarily in the semiconductor and electronics manufacturing services (EMS) industries, where our businesses are subject to general trends and conditions of the global semiconductor and electronics markets.

The markets, in which we operate, continued to be mired by economic uncertainties emanating from the US financial and sub-prime mortgage crisis that are expected to impact market demand, consumer as well as capital spending. Risks of US economic recession, together with the ongoing geopolitical tensions, record oil prices coupled with inflationary pressures and weakening of the US dollar weighed on the overall growth of the semiconductor market.

Most market research houses have lowered their market growth forecasts for 2008 in their mid-year updates citing economic uncertainty, softening market demand, continuous oversupply situation, weak memory market and aggressive cut-backs in equipment spending by chip manufacturers.

Leading organisations such as Semiconductor Industry Association (SIA) and World Semiconductor Trade Statistics (WSTS) have slashed their 2008 global chip sales growth forecasts by some 3-4 percentage points from their prior projections to 4.3% and 4.7% respectively. IC Insights had also taken a 2 percentage points cut on its global chip sales growth forecast from 9% to 7% for 2008. Gartner Dataquest revised its growth forecast by 1.2 percentage points to 4.6%. It has, in March 2008, about halved its growth projection from 6.2% to 3.4%.

GRAPH 1: GLOBAL SEMICONDUCTOR REVENUE FORECAST (US$ Billion)



Source: Gartner, May 2008

DSS BUSINESS OUTLOOK

The Distribution & Services solutions (DSS) business distributes a wide range of manufacturing, testing and inspection equipment to the semiconductor and electronics contract manufacturing industries, and provides complementary outsourcing services.

Wafer Fab Equipment Market Outlook

Both Gartner Inc. and Semiconductor Equipment and Materials International (SEMI) had made downward revisions to their projections in their July 2008 updates. Gartner cut its growth forecast for the global semiconductor equipment market from -19.8% to -22.4% with the wafer fab equipment segment leading the fall at -21.5%. SEMI had also projected -20% growth rate for the chip equipment market in 2008 to US$34.12 billion with the wafer processing equipment segment expected to register a fall of -20.5% to US$25.41 billion.

↗ industry outlook

Wafer Foundry Market Outlook

According to Gartner Inc. (July 2008), worldwide foundry services revenue is forecast to reach US$25.5 billion in 2008, a 14.8% increase from 2007 revenue of US$22.2 billion. Moving into the third quarter of 2008, further growth is expected, supported by better product mix, an improved pricing environment and stronger wafer demand, particularly from wireline, baseband, handset, storage and networking applications.

Silicon Reclaim Market Outlook

According to SEMI (March 2008), the worldwide silicon reclaim market is estimated to have grown by 5.2% to US$679 million in 2007. It is expected to grow by a further 26.5% to US$859 million in 2010 in revenue. Growth is driven largely by the 300mm reclaim wafers, which maintains higher average selling prices on a square inch basis. It is, however, experiencing continued price pressure due to the proliferation of suppliers. Pricing of 200mm and smaller wafers is expected to remain relatively stable due to the tight silicon supply situation and high utilisation rates.

EMS Market Outlook

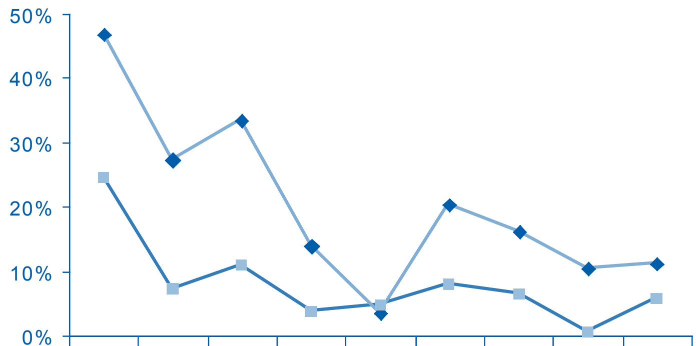
According to market research firm IDC (March 2008), the combined market for EMS and Original Device Manufacturing (ODM) market grew 17% in 2007 to US$268.4 billion. It is forecasting growth of about 14% in 2008. Long-term growth is generally positive, with projected CAGR (2007-2012) of 10% and the market reaching US$437.5 billion by 2012.

Similarly, iSuppli Corp. (August 2008) has projected a slowing growth for the combined EMS and ODM market from a five-year CAGR (2002-2007) of 15% to a single-digit CAGR (2007-2012) of 7%. The market is projected to grow from US$305 billion in 2007 to US$432 billion by 2012.

PCS BUSINESS OUTLOOK

Probe Cards solutions (PCS) is in the business of designing and manufacturing custom engineered-to-order probe card solutions for the semiconductor industry. Probe cards are used in the electrical testing of semiconductor wafers before they are diced and packaged.

GRAPH 2: GROWTH OF PROBE CARD MARKET VERSUS GLOBAL SEMICONDUCTOR MARKET GROWTH



	2004	2005	2006	2007	2008	2009	2010	2011	2012
Probe Card Market Growth	46.7%	27.2%	33.3%	13.9%	3.4%	20.4%	16.2%	10.5%	11.1%
Semiconductor Market Growth	24.6%	7.3%	10.8%	3.8%	4.6%	7.9%	6.4%	0.4%	5.6%

Probe Card Market Growth — Semiconductor Market Growth

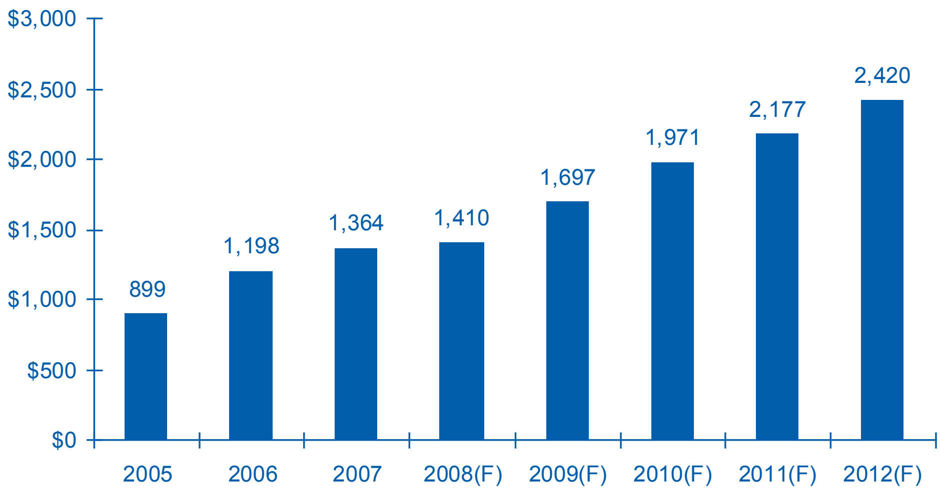
Source: VLSI Research (May 2008) and Gartner (May 2008)

↗ industry outlook

According to VLSI Research (May 2008), the global probe card market is expected to grow 3.4% to US$1.4 billion in 2008 compared to strong double-digit growth in the preceding years mainly due to the overall slow down in the industry, particularly from the memory chip manufacturers as well as the acceleration in the decline of the average selling prices (ASPs).

Growth, however, is expected to recover strongly over the next few years driven by the resumption of new chip design turnover, increasing chip output and the shift towards advanced probe cards such as Vertical and MEMS-based probe cards that command higher value. Global probe card revenue is projected to grow 12% on an annually compounded basis to reach US$2.4 billion by 2012 (VLSI Research, May 2008).

GRAPH 3: GLOBAL PROBE CARD MARKET REVENUE FORECAST (US$ Million)



Source: VLSI Research, May 2008

OVERALL BUSINESS OUTLOOK

Given the above market forecasts and the on-going macroeconomic uncertainties, outlook for the semiconductor and EMS industries for the next six to 12 months remains challenging. In the longer term, however, we believe the semiconductor and electronics industries would experience healthy growth, driven by continuous growing demand for and increasing silicon content in digital and electronics products. In addition, the continuous shift of the semiconductor and electronics manufacturing activities into Asia also bodes well for our niche businesses.

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 resulted in semiconductor manufacturers cancelling or delaying their purchases of semiconductor materials or equipment. The timing, length and severity of such downturns are becoming increasingly difficult to predict. In addition, the industry faces constant pressure from price erosions, particularly in the memory segment. In the event of any downturn in the semiconductor industry, the Group's operating results could be materially affected.

The EMS industry is deemed to be less cyclical compared to the semiconductor industry, but it is highly seasonal with the second half of the calendar year typically 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

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 currencies giving rise to this risk are primarily US dollars and Japanese yen. The Group hedges its foreign currency exposure should the need arise through close monitoring from management. At the balance sheet date, the Group did not hold any hedging position.

C) MACROECONOMIC RISKS

Our businesses are also affected by macroeconomic factors such as the performance of the US economy and major economies in Asia as they have an impact on the end market consumption, consumer sentiment and consequently, the market demand for our products and services.

The current high price of petroleum, risk of global economic recession, turmoil in the global financial markets, rising inflation in many countries and geopolitical instabilities in the region continue to pose significant macroeconomic risks to the operating performance of our businesses.

Financial Statements

directors' report
year ended 30 June 2008

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2008.

DIRECTORS

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

Xavier Chong Fook Choy	Chairman
Melvin Chan Wai Leong	Appointed on 4 January 2008
Rick Kenneth Hodgman	
Phoon Wai Meng	
Jeffrey Staszak	
Foo See Liang	Appointed on 11 November 2007

DIRECTORS' INTERESTS

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

	Holdings at		
Name of director and corporation in which interests are held	**beginning of the year/ date of appointment**	**end of the year**	**21/7/2008**
Xavier Chong Fook Choy			
Ellipsiz Ltd			
- ordinary shares			
- interest held	28,898,520	28,898,520	28,898,520
- options to subscribe for ordinary shares at[1]:			
- S$0.64 exercisable from 11/3/2007 onwards	74,800	74,800	74,800
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	5,409,572	5,409,572	5,409,572
- deemed interest	4,959,272	4,959,272	4,959,272
Testel Solutions Pte. Ltd.			
- ordinary shares			
- deemed interest	302,976	302,976	302,976

directors' report

year ended 30 June 2008

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year	21/7/2008
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
Foo See Liang			
Ellipsiz Ltd			
- ordinary shares			
- interest held	80,000	80,000	80,000

(1) 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.

Except as disclosed in this report, no director who held office at the end of the financial year had any interest in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year or at 21 July 2008.

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 23 and 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm in which he is a member, or with a company in which he has a substantial financial interest.

SHARE PLANS

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans". 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 Plans are administered by the Remuneration Committee.

directors' report

year ended 30 June 2008

Other salient details regarding the Plans 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 Plans on the unissued ordinary shares of the Company are set out in Note 29 to the financial statements.

Except as disclosed herein, there were no unissued shares of the Company or its subsidiaries under options 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 Plans are as follows:

Director	Options granted for financial year ended 30 June 2008		Aggregate options granted since commencement to 30 June 2008		Aggregate options exercised since commencement to 30 June 2008		Aggregate options outstanding as at 30 June 2008	
	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	-	-	-	-
Xavier Chong Fook Choy	-	-	240,000	0.09	165,200	0.06	74,800	0.03
Lim May Lan[1]	-	-	310,000	0.12	151,000	0.06	-	-

[1] Mr. Matthew Chan Chung Shin and Ms. Lim May Lan resigned as directors on 6 July 2007 and 15 May 2008, respectively. Hence all outstanding options have lapsed.

directors' report
year ended 30 June 2008

Director	Awards granted for financial year ended 30 June 2008		Aggregate awards granted since commencement to 30 June 2008		Aggregate awards vested since commencement to 30 June 2008		Aggregate awards outstanding as at 30 June 2008	
	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	-	-
Xavier 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 2008		Aggregate options granted since commencement to 30 June 2008		Aggregate options exercised since commencement to 30 June 2008		Aggregate options outstanding as at 30 June 2008	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Ong Puay Han[(2)]	-	-	275,000	0.11	136,000	0.05	139,000	0.06

(2) Mr. Ong Puay Han resigned from the Group on 31 July 2008 and hence all outstanding options have lapsed as at the date of this report.

Participant	Awards granted for financial year ended 30 June 2008		Aggregate awards granted since commencement to 30 June 2008		Aggregate awards vested since commencement to 30 June 2008		Aggregate awards outstanding as at 30 June 2008	
	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 2008.

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 Plans.

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

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

directors' report
year ended 30 June 2008

AUDIT COMMITTEE

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

- Phoon Wai Meng (Chairman during the year. Resigned as Chairman and remains as member effective 13 August 2008)
- Foo See Liang (Appointed as member on 14 November 2007 and appointed as Chairman on 13 August 2008)
- Rick Kenneth Hodgman
- Jeffrey Staszak

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 once during the financial year.

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

Specific responsibilities of the Audit Committee include:

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

(b) review of quarterly and full year announcements of the Group and the Company 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 evaluation of the internal control system, auditors' management letter and the responses from management;

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

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

(f) review of 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 is satisfied 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 also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

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.

directors' report
year ended 30 June 2008

AUDITORS

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

On behalf of the Board of Directors

Xavier Chong Fook Choy
Director

Melvin Chan Wai Leong
Director

Singapore
5 September 2008

statement by directors

year ended 30 June 2008

In our opinion:

(a) the financial statements set out on pages 49 to 109 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 2008 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

Xavier Chong Fook Choy
Director

Melvin Chan Wai Leong
Director

Singapore
5 September 2008

↗ 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 2008, 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 49 to 109.

Management's responsibility for the financial statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 management, 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 2008 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
Public Accountants and Certified Public Accountants

Singapore
5 September 2008

balance sheets

as at 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	3	30,672	36,175	15	27
Intangible assets	4	35,132	37,162	5	8
Subsidiaries	5	-	-	83,681	75,223
Associates	6	6,884	4,336	4,868	3,627
Joint venture	7	12	29	-	-
Financial assets	8	5,929	-	5,929	-
Deferred tax assets	9	3,118	321	6	-
		81,747	78,023	94,504	78,885
Current assets					
Inventories	10	18,433	21,463	-	-
Project-in-progress	11	932	500	-	-
Convertible loan receivable	12	1,360	1,511	1,360	1,511
Trade and other receivables	13	38,119	40,670	127	248
Amounts due from related parties	14	634	1,774	5,306	11,593
Cash and cash equivalents	15	27,680	27,827	1,358	2,144
		87,158	93,745	8,151	15,496
Total assets		168,905	171,768	102,655	94,381
Equity attributable to equity holders of the Company					
Share capital	16	121,112	121,112	121,112	121,112
Reserves	17	(17,456)	1,799	(31,688)	(36,258)
		103,656	122,911	89,424	84,854
Minority interests		3,589	1,759	-	-
Total equity		107,245	124,670	89,424	84,854
Non-current liabilities					
Interest-bearing borrowings	18	2,413	2,709	-	-
Redeemable convertible preference shares	19	78	78	-	-
Other payables	20	15	231	-	220
Amounts due to related parties	14	-	-	3,581	-
Deferred tax liabilities	9	2,185	2,388	-	18
		4,691	5,406	3,581	238
Current liabilities					
Trade and other payables	20	33,744	31,377	2,180	3,137
Provisions	21	7,405	332	-	-
Amounts due to related parties	14	161	1,740	1,732	6,095
Interest-bearing borrowings	18	13,706	5,749	5,600	-
Current tax payable		1,953	2,494	138	57
		56,969	41,692	9,650	9,289
Total liabilities		61,660	47,098	13,231	9,527
Total equity and liabilities		168,905	171,768	102,655	94,381

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

income statements
year ended 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Revenue	22	196,765	200,607	6,396	8,852
Cost of revenue		(160,822)	(143,757)	-	-
Gross profit		35,943	56,850	6,396	8,852
Other income	23	678	1,184	464	743
Distribution expenses		(15,994)	(16,211)	-	-
Administrative expenses		(22,917)	(21,171)	(3,562)	(4,515)
Research and development expenses		(5,200)	(5,819)	-	-
Other expenses		(9,317)	(649)	(402)	263
Results from operating activities	23	(16,807)	14,184	2,896	5,343
Finance income		423	796	1,615	324
Finance expenses		(782)	(670)	(398)	(292)
Net finance (expenses)/income	24	(359)	126	1,217	32
Share of results of associates (net of tax)		639	(110)	-	-
Share of result of a joint venture (net of tax)		(16)	(97)	-	-
(Loss)/profit before income tax		(16,543)	14,103	4,113	5,375
Income tax credit/(expense)	25	3,160	1,463	417	(53)
(Loss)/profit for the year		(13,383)	15,566	4,530	5,322
Attributable to:					
Equity holders of the Company		(12,327)	15,023	4,530	5,322
Minority interests		(1,056)	543	-	-
(Loss)/profit for the year		(13,383)	15,566	4,530	5,322
Earnings per share	28				
- Basic earnings per share (cents)		(4.82)	5.89		
- Diluted earnings per share (cents)		(4.82)	5.88		

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

consolidated statement of changes in equity

year ended 30 June 2008

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 monetary items forming part 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 (Note 16)	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.

consolidated statement of changes in equity

year ended 30 June 2008

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'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 2007	121,112	(11,720)	-	464	(4,460)	17,515	122,911	1,759	124,670
Translation differences relating to financial statements of foreign operations	-	-	-	-	(5,990)	-	(5,990)	(78)	(6,068)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	-	(978)	-	(978)	-	(978)
Change in fair value of available-for-sale financial assets	-	-	40	-	-	-	40	-	40
Net profit/(losses) recognised directly in equity	-	-	40	-	(6,968)	-	(6,928)	(78)	(7,006)
Loss for the year	-	-	-	-	-	(12,327)	(12,327)	(1,056)	(13,383)
Total recognised income and expense for the year	-	-	40	-	(6,968)	(12,327)	(19,255)	(1,134)	(20,389)
Arising from an associate becoming a subsidiary	-	-	-	-	-	-	-	107	107
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	2,927	2,927
Net dilution gain arising from issue of shares in subsidiaries to minority shareholders	-	-	-	-	-	-	-	(70)	(70)
At 30 June 2008	121,112	(11,720)	40	464	(11,428)	5,188	103,656	3,589	107,245

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

statement of changes in equity

year ended 30 June 2008

Company	Share capital $'000	Unissued capital $'000	Fair value reserve $'000	Compensation reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2006	117,169	3,150	-	722	(39,770)	81,271
Profit for the year	-	-	-	-	5,322	5,322
Total recognised income for the year	-	-	-	-	5,322	5,322
Issue of ordinary shares (Note 16)	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
At 1 July 2007	121,112	-	-	464	(36,722)	84,854
Change in fair value of available-for-sale financial assets	-	-	40	-	-	40
Net profit recognised directly in equity	-	-	40	-	-	40
Profit for the year	-	-	-	-	4,530	4,530
Total recognised income for the year	-	-	40	-	4,530	4,570
At 30 June 2008	121,112	-	40	464	(32,192)	89,424

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

consolidated cash flow statement

year ended 30 June 2008

	Group	
	2008	2007
	$'000	$'000
Operating activities		
(Loss)/profit for the year	(13,383)	15,566
Adjustments for:		
Allowance/(reversal of allowance) for:		
- inventory obsolescence	1,543	774
- doubtful debts from trade receivables	1,146	(346)
Amortisation of intangible assets	467	415
Bad debts written off	-	115
Depreciation of property, plant and equipment	9,832	10,744
Grant income	(120)	(5)
(Gain)/loss on disposals of:		
- financial assets	-	(130)
- intangible assets	-	(342)
- property, plant and equipment	2	35
- other asset	-	(65)
Interest income	(423)	(796)
Interest expense	782	670
Plant and equipment written off	465	-
Inventories written off	558	689
Other asset written off	-	2
Impairment losses on property, plant and equipment	551	-
Share of results of associates and a joint venture (net of tax)	(623)	207
Staff benefits[1]	-	179
Provision for restructuring cost	7,577	-
Net dilution gain on issue of shares in subsidiaries to minority shareholders	(70)	-
Income tax credit	(3,160)	(1,463)
	5,144	26,249
Changes in working capital:		
Inventories	1,331	(1,255)
Project-in-progress	(323)	(436)
Trade and other receivables	(1,791)	9,638
Amounts due from related parties (trade)	749	(784)
Trade and other payables	2,716	(9,031)
Amounts due to related parties (trade)	(613)	482
(Release)/placement of pledged deposits with financial institutions	(320)	139
Cash generated from operations	6,893	25,002
Interest received	423	697
Interest paid	(744)	(422)
Tax credit received	3,274	1,177
Income taxes paid	(1,790)	(5,878)
Cash flows from operating activities	8,056	20,576

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

consolidated cash flow statement

year ended 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000
Investing activities			
Amounts due from related parties (non-trade)		101	335
Investments in associates		(2,320)	(3,127)
Net cash (outflow)/inflow on acquisitions of subsidiaries and business		(43)	31
Partial settlement of deferred consideration and contingent consideration for acquisition of interests in subsidiaries in prior financial year		(568)	(19,792)
Proceeds from disposals of:			
- financial assets		-	5,559
- intangible assets		-	1,847
- property, plant and equipment		1,051	321
Purchase of:			
- financial assets		(5,889)	-
- intangible assets		(505)	(726)
- property, plant and equipment(2)		(7,113)	(11,346)
Cash flows from investing activities		(15,286)	(26,898)
Financing activities			
Amounts due to related parties (non-trade)		(917)	(1,460)
Capital injection from minority shareholders of subsidiaries		955	499
Dividends paid		-	(2,274)
Grant received		4	5
Interest paid		(38)	(248)
Issue of ordinary shares under share option scheme		-	496
Repayment of bank loans		(11,737)	(15,820)
Repayment of hire purchase and finance lease creditors		(789)	(852)
Proceeds from bank loans		20,807	7,189
Proceeds from finance lease(3)		-	395
Cash flows from financing activities		8,285	(12,070)
Net increase/(decrease) in cash and cash equivalents		1,055	(18,392)
Cash and cash equivalents at beginning of year		24,207	43,054
Effect of exchange rate fluctuations on cash held		(1,095)	(455)
Cash and cash equivalents at end of year	15	24,167	24,207

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

consolidated cash flow statement

year ended 30 June 2008

Significant non-cash transactions

(1) Share options and awards values amounting to $Nil (2007: $12,000) and $Nil (2007: $27,000) 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 $Nil (2007: $140,000).

(2) Property, plant and equipment amounting to $125,000 (2007: $1,976,000) were acquired through hire purchase arrangements and finance leases.

(3) In the year 2007, a subsidiary entered into finance lease arrangement for certain plant and equipment acquired in 2006.

(4) In the year 2007, the Company issued 5,459,272 new ordinary shares amounting to $3,150,000 for partial settlement of the deferred purchase consideration in respect of its acquisition of subsidiary in prior year (Note 16).

The effect of acquisitions of subsidiaries (Note 5) and business (Note 27) is set out below:

	2008	**2007**
	$'000	**$'000**
Property, plant and equipment	1,073	-
Intangible assets	182	-
Deferred tax assets	146	-
Inventories	1,148	-
Trade and other receivables	197	-
Cash and cash equivalents	179	31
Trade and other payables	(394)	-
Cash paid for shares issued	718	-
Equipment contributed for shares issued	213	-
Minority interests	(106)	-
Net identifiable assets acquired	3,356	31
Share of pre-acquisition of loss of associate[5]	115	-
Goodwill on consolidation	404	-
Total consideration	3,875	31
Consideration satisfied in equity shares of a subsidiary	(1,972)	-
Consideration satisfied by equipment	(213)	-
Conversion of loan to equity in a subsidiary	(250)	-
Outstanding consideration not paid	-	(31)
Consideration satisfied in cash	1,440	-
Cost of investment in an associate previously paid	(500)	-
Cash acquired	(897)	(31)
Net cash outflow/(inflow) from acquisitions of subsidiaries and business	43	(31)

(5) Prior to the acquisition of additional interest in Ellipsiz Testlab Pte Ltd (formerly known as Chiron Semilab Pte Ltd), Ellipsiz Testlab Pte Ltd was an associate of the Company.

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

notes to the financial statements
year ended 30 June 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 September 2008.

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, #04-01/06 NorthTech, Lobby 1, 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 in conformity with FRS 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 estimates are 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 2.9 – 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 21 – measurement of provisions
- Note 29 – measurement of share-based payments
- Note 32 – valuation of financial instruments

The accounting policy relating to segment reporting, as described in Note 2.22, was changed during the year. The effect of change in accounting policy is set out in Note 26. Except for the change mentioned, 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.

notes to the financial statements

year ended 30 June 2008

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:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 112 *Service Concession Arrangements*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 114 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 30 June 2010. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 (revised 2007) will become effective for the Group's financial statements for the year ending 30 June 2010. FRS 23 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in FRS 23.

FRS 108 will become effective for the Group's financial statements for the year ending 30 June 2010. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (Note 33). Under FRS 108, the Group will present segment information in respect of its operating segments.

Other than FRS 1 (revised 2008), 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,

notes to the financial statements

year ended 30 June 2008

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. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and joint venture

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. 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 transactions, 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 associates and joint venture 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, associates and joint venture by the Company

Investments in subsidiaries, associates and joint venture 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 (Note 2.8).

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.

notes to the financial statements

year ended 30 June 2008

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

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed off, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

2.4 Loans from subsidiaries

In the Company's financial statements, the interest-free inter-company loans from the subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as interest income in the Company's income statement. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in the income statement over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

2.5 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 the 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.

notes to the financial statements

year ended 30 June 2008

2.6 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 2.10.

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.

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2.7 Affiliates

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

2.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt 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 that are not at fair value through profit or loss are recognised initially at fair value plus, any directly attributable transaction costs. 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, that is, 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 flow statement, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand. Bank overdraft that is repayable on demand and that forms an integral part of the Group's cash management is included as a component of cash and cash equivalents.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt security 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 (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

The Group holds derivative financial instruments to hedge its foreign currency exposures.

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 as 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 the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed off, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

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Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair values of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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.

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.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets 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.

2.9 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.

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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.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in property, plant and equipment and are accounted for as described in Note 2.5. Rental income is recognised on a straight-line basis over the lease term.

2.10 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.

2.11 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, the loan is 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.

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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.

If payments received from customers exceed the income recognised, the difference is presented as part of trade and other payables in the balance sheet.

2.14 Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life of the asset.

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.

notes to the financial statements

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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.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

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. Costs 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.

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Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

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 expenses

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 assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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.

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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 and Services solutions (combination of activities under the previous Distribution and Services solutions with Silicon Reclaim solutions)	:	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; and provision of facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterisation services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs; provision of outsourcing services for reclamation of silicon wafers; trading of test wafers used in wafer fabs.
Probe Cards solutions	:	Design, manufacture, repair and sale of probe cards 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) and Europe.

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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 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
Additions	89	556	100	407	596	75	4,334	9	1,072	7,238
Assets acquired in business combination	-	2	21	3	34	-	2,287	-	-	2,347
Disposals	-	(212)	(101)	(46)	(491)	(36)	(3,008)	-	(25)	(3,919)
Reclassification	1,548	18	-	-	-	-	85	-	(1,651)	-
Translation difference on consolidation	(149)	(330)	(44)	(58)	(355)	(18)	(3,097)	-	(33)	(4,084)
At 30 June 2008	4,458	7,523	712	1,423	5,312	452	56,919	403	42	77,244
Accumulated depreciation and impairment losses										
At 1 July 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
Depreciation charge for the year	108	1,060	77	186	781	75	7,515	30	-	9,832
Assets acquired in business combination	-	-	7	1	28	-	1,238	-	-	1,274
Impairment losses	-	162	24	297	-	-	68	-	-	551
Disposals	-	(148)	(79)	(42)	(339)	(29)	(1,764)	-	-	(2,401)
Translation difference on consolidation	(2)	(114)	(33)	(54)	(236)	(9)	(1,723)	-	-	(2,171)
At 30 June 2008	1,158	3,216	527	1,168	4,251	276	35,754	222	-	46,572
Carrying amount										
At 1 July 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
At 30 June 2008	3,300	4,307	185	255	1,061	176	21,165	181	42	30,672

Leasehold land and building, leasehold improvements and plant and machinery of the Group with carrying amounts of $3,198,000 (2007: $1,917,000), $Nil (2007: $1,615,000) and $255,000 (2007: $3,889,000), respectively, have been pledged to banks as securities for certain bank loans (Note 18).

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The carrying amount of property, plant and equipment includes amounts totalling $2,075,000 (2007: $2,893,000) 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 2006	72	61	1,540	1,673
Additions	-	-	6	6
Disposals	-	-	(38)	(38)
At 30 June 2007	72	61	1,508	1,641
Additions	-	-	3	3
Disposals	(10)	(17)	(50)	(77)
At 30 June 2008	62	44	1,461	1,567
Accumulated depreciation				
At 1 July 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
Depreciation charge for the year	1	2	12	15
Disposals	(10)	(17)	(50)	(77)
At 30 June 2008	62	43	1,447	1,552
Carrying amount				
At 1 July 2006	2	4	35	41
At 30 June 2007	1	3	23	27
At 30 June 2008	-	1	14	15

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cost of revenue	8,523	9,210	-	-
Distribution expenses	307	261	-	-
Administrative expenses	879	1,035	15	17
Research and development expenses	123	238	-	-
	9,832	10,744	15	17

Impairment losses

The impairment losses recognised during the financial year resulted from rationalisation of production operations in United States of America and France. The identified assets were deemed obsolete and of no recoverable value. The assets impaired in United States of America and France were $7,000 and $544,000, respectively.

The impairment losses were recognised in the other expenses.

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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 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
Additions	28	-	72	405	-	-	505
Assets acquired in business combination	182	-	-	-	404	-	586
Adjustment to the acquisition cost of subsidiary	-	-	-	-	(260)	-	(260)
Disposals	(3)	-	-	-	-	-	(3)
Translation difference on consolidation	(1)	-	(217)	(746)	(1,529)	-	(2,493)
At 30 June 2008	2,173	3,920	1,699	5,932	28,206	-	41,930
Accumulated amortisation and impairment losses							
At 1 July 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
Amortisation for the year	72	-	87	308	-	-	467
Disposals	(3)	-	-	-	-	-	(3)
Translation difference on consolidation	-	-	(39)	(60)	-	-	(99)
At 30 June 2008	1,929	3,920	337	612	-	-	6,798
Carrying amount							
At 1 July 2006	4	-	1,711	7,377	30,268	6	39,366
At 30 June 2007	107	-	1,555	5,909	29,591	-	37,162
At 30 June 2008	244	-	1,362	5,320	28,206	-	35,132

Company	Computer software $'000	Assets under construction $'000	Total $'000
Cost			
At 1 July 2006	1,824	6	1,830
Additions	3	-	3
Disposals	(10)	-	(10)
Reclassification	6	(6)	-
At 30 June 2007	1,823	-	1,823
Disposals	(2)	-	(2)
At 30 June 2008	1,821	-	1,821
Accumulated amortisation and impairment losses			
At 1 July 2006	1,823	-	1,823
Amortisation for the year	2	-	2
Disposals	(10)	-	(10)
At 30 June 2007	1,815	-	1,815
Amortisation for the year	3	-	3
Disposals	(2)	-	(2)
At 30 June 2008	1,816	-	1,816
Carrying amount			
At 1 July 2006	1	6	7
At 30 June 2007	8	-	8
At 30 June 2008	5	-	5

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cost of revenue	444	407	-	-
Distribution expenses	2	1	-	-
Administrative expenses	21	7	3	2
	467	415	3	2

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	
	2008	2007
	$'000	$'000
Probe Cards	12,067	13,591
Distribution and Services – front-end	1,244	884
Distribution and Services – back-end	14,895	15,116
	28,206	29,591

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 within one to five years.

Key assumptions used for value-in-use calculations

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

	Group	
	Growth rate	Discount rate
	%	%
2008		
Probe Cards	14.1	11.6
Distribution and Services – front-end	5.0	12.3
Distribution and Services – back-end	5.0	12.3
2007		
Probe Cards	11.0	11.4
Distribution and Services – front-end	4.2	7.8 to 11.0
Distribution and Services – back-end	4.2	11.0

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.

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year ended 30 June 2008

5 SUBSIDIARIES

	Company 2008 $'000	Company 2007 $'000
Equity investments at cost	122,688	121,565
Quasi-equity loans to subsidiaries	6,076	-
Less: Impairment losses	(45,083)	(46,342)
	83,681	75,223

Loans to subsidiaries are unsecured and interest-free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, part of the Company's investments in subsidiaries, they are stated at cost.

Following a review of the recoverable amounts of the Company's investments in subsidiaries during the financial year, a reversal of impairment losses amounting to $259,000 (2007: $71,000) was made to increase the carrying value of investment in a subsidiary to the recoverable amount, which is estimated to approximate the Company's share of the net worth of a subsidiary.

During the financial year, the Company wrote off $1,000,000 of the impairment provision on the investments in subsidiaries due to the completion of liquidation process of a subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
(1) Antech Instruments Pte Ltd	Inactive	Singapore	100	100
(2) iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	70	70
(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
(1) Ellipsiz Testlab Pte Ltd (formerly known as Chiron Semilab Pte Ltd) (Ellipsiz Testlab)	Provision of reliability testing services	Singapore	92	33

notes to the financial statements

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	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
(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 subsidiaries:	Provision of general constructional, hook up and building works	Singapore	51	51
(4)	HPS Engineering (Suzhou) Co., Ltd. (HPS, Suzhou)	Provision of general constructional, hook up and building works	China	51	51
(4) (17)	E+HPS Engineering (Suzhou) Co., Ltd.	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
(14)	outsoz.com Inc.	Inactive	USA	100	100
(14)	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
(14)	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

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Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	2007 %
[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. 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

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Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	2007 %
(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	100
(1) FMB Industries Pte. Ltd.	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	92	92
(1) iNETest Resources Pte. Ltd. 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
(1) Testel Solutions Pte. Ltd. (formerly known as iNETest China Holdings Pte. Ltd.) (Testel Solutions) and its subsidiaries:	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Singapore	51	100
(10) ATE Technology (Shanghai) Inc.	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	51	100
(10) iNETest International Trading (Shanghai) Co., Ltd.	General trading	China	51	100

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Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
(11) iNETest Resources HK Limited	General trading	Hong Kong	100	100
(13) iNETest Technologies India Pvt. Ltd	General trading and engineering services, provision of general constructional, hook up and building works	India	60	60
(15) iNETest Resources (Thailand) Ltd (IR Thai)	Provision of sales and service support activities	Thailand	100	-
(1) Ellipsiz Communications Pte. Ltd. (formerly known as Tezt Pulse Pte Ltd) (ECPL) and its subsidiaries:	Trading of test and measurement equipment and the provision of related engineering and post sales support services	Singapore	70	100
(4) (17) Ellipsiz Communications Taiwan Ltd	Trading of test and measurement equipment and the provision of related engineering and post sales support services	Taiwan	70	-
(4) (16) (17) Ellipsiz Communications (NZ) Limited	Trading of test and measurement equipment and the provision of related engineering and post sales support services	New Zealand	36	-
(4) (16) (17) Ellipsiz Communications (Australia) Pty Limited	Trading of test and measurement equipment and the provision of related engineering and post sales support services	Australia	36	-

(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.

notes to the financial statements

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

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

(11) Audited by Baker Tilly Hong Kong Limited, Hong Kong.

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

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

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

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

(16) Considered to be subsidiaries as these companies are indirectly controlled through a 70% owned subsidiary, ECPL.

(17) Incorporated during the financial year.

Acquisitions of and additional interests in subsidiaries

The Group acquired new subsidiary or additional interest in existing subsidiary as follows:

Name of subsidiary	**Date of acquisition**	**Effective equity acquired by the Group %**	**Capital injection/ total cost of acquisition $'000**	**Positive goodwill $'000**
2008				
Newly acquired subsidiary				
IR Thai	October 2007	100	143[1]	44[4]
Additional interests				
Ellipsiz Testlab	January 2008	59	1,181[2]	19[5]
2007				
Newly acquired subsidiary				
HPS, Suzhou	May 2007	51	31[3]	-

(1) On 5 October 2007, iNETest Resources Pte Ltd, a wholly-owned subsidiary of the Company, entered into an agreement to purchase 100% equity shares in IR Thai from key employees of the subsidiary, for a cash consideration of Thai Baht 3,093,000 (approximately $143,000). The principal activities of IR Thai are those relating to provision of sales and service support activities for a customer's Electronics Manufacturing Test Group.

As at the balance sheet date, the fair value of net identifiable assets acquired was preliminarily determined to approximate the carrying value of net identifiable assets. Management is still in the process of ascertaining and assessing the preliminary fair values determined.

(2) On 25 October 2007, the Group entered into an agreement to increase its equity shareholding in its associate, Ellipsiz Testlab, from 33.33% to 91.89% through a further investment of $1,181,000. The total investment of $1,181,000 comprises (i) the conversion of an existing $250,000 interest-free loan into equity at a price of $0.4363 per share and (ii) subscription of 2,134,000 new shares at a price of $0.4363 per share, for a cash consideration of $718,000 and certain equipment amounting to $213,000. On 28 January 2008, the issuance of new shares by Ellipsiz Testlab to the Group was completed and hence, Ellipsiz Testlab became a subsidiary of the Company.

notes to the financial statements

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As at the balance sheet date, the fair value of net identifiable assets acquired was preliminarily determined to approximate the carrying value of net identifiable assets. Management is still in the process of ascertaining and assessing the preliminary fair values determined.

(3) Purchase consideration were satisfied in cash and paid in the financial year 2008.

(4) 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.

(5) Goodwill on consolidation arose from the acquisition of additional interest in Ellipsiz Testlab. It excludes goodwill recorded in the investment in associate amounting to $341,000.

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.

The effect of the acquisitions of subsidiaries is as follows:

		2008		2007
	IR Thai $'000	Ellipsiz Testlab $'000	Total $'000	HPS, Suzhou/ Total $'000
Property, plant and equipment	22	242	264	-
Intangible assets	2	-	2	-
Deferred tax assets	-	146	146	-
Inventories	86	-	86	-
Trade and other receivables	156	41	197	-
Cash and cash equivalents	162	17	179	31
Trade and other payables	(329)	(65)	(394)	-
Cash paid for shares issued	-	718	718	-
Equipment contributed for shares issued	-	213	213	-
Minority interests	-	(106)	(106)	-
Net identifiable assets acquired	99	1,206	1,305	31
Share of pre-acquisition of loss in an associate	-	115	115	-
Goodwill on consolidation	44	360	404	-
Total consideration	143	1,681	1,824	31
Consideration paid, satisfied by equipment	-	(213)	(213)	-
Consideration settled by conversion of loan to equity in a subsidiary	-	(250)	(250)	-
Outstanding consideration not paid	-	-	-	(31)
Consideration paid, satisfied in cash	143	1,218	1,361	-
Cost of investment in an associate previously paid	-	(500)	(500)	-
Cash acquired	(162)	(735)	(897)	(31)
Net cash inflow	(19)	(17)	(36)	(31)

notes to the financial statements

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The carrying amounts of the net identifiable assets and liabilities at the dates of acquisitions approximate the fair values of the assets and liabilities. Management is still in the process of ascertaining and assessing the preliminary fair values determined.

Had the acquisitions or increase in equity interest in the subsidiaries occurred at the beginning of the year, the consolidated revenue and (loss)/profit for the year attributable to equity holders of the Company would have been:

	2008 $'000	2007 $'000
Revenue	196,934	200,607
(Loss)/profit for the year attributable to equity holders of the Company	(12,375)	15,566

The acquisitions of subsidiaries have contributed a consolidated net loss attributable to equity holders of the Company of $84,000 (2007: profit of $80,000) during the financial year.

Dilution of interests in subsidiaries

Resulting from the issuance of new ordinary shares of subsidiary, Testel Solutions, at $0.9916 per share to a third party as part of the consideration of business acquired (Note 27) and to a related party for cash of $440,000, the Group's equity interest in Testel Solutions and its subsidiaries reduced from 100% to 51%.

On 6 May 2008, the Group entered into an agreement with a third party to operate a joint venture business using ECPL as the vehicle for the joint venture. Under the terms of the joint venture, the Group and the third party injected $769,000 and $360,000 as equity, payable in cash, into ECPL, respectively. As a result, the Group and the third party effectively hold 70% and 30% of equity interests in ECPL, respectively.

6 ASSOCIATES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investments in associates	6,221	4,344	4,868	3,627
Share of post-acquisition reserves	694	(3)	-	-
Exchange translation reserve	(31)	(5)	-	-
	663	(8)	-	-
	6,884	4,336	4,868	3,627

Investments in associates of the Group at 30 June 2008 include goodwill of $2,060,000 (2007: $1,559,000).

During the financial year, the Group 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.

notes to the financial statements
year ended 30 June 2008

Details of the associates are as follows:

	Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
	Ellipsiz Testlab Pte Ltd (formerly known as Chiron Semilab Pte Ltd)	Provision of reliability testing services	Singapore	*	33[1]
[2][6]	Shenzhen IC Design Incubation Co., Ltd	Enterprise incubator management, IC design and test, and provision of technical consulting services	China	33	33
[3][7]	Advantech Corporation (Thailand) Co., Ltd.	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	40	24
[5][7]	IRC Technologies Ltd	Provision of solutions for electronic manufacturing industry, and trading of instruments and equipment	Thailand	49	-

(1) Audited by Kong, Lim and Partners in 2007.

(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) Audited by Chayapat Ordinary Partnership, Thailand.

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

(7) The associates are held through iNETest Resources Pte. Ltd.

* During the financial year, the Company increased its equity interest from 33.3% to 91.9% and hence, Ellipsiz Testlab became a subsidiary of the Company (Note 5).

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

	Group 2008 $'000	Group 2007 $'000
Results		
Revenue	35,410	4,140
Expenses	(33,265)	(4,520)
Profit/(loss) before taxation	2,145	(380)
Taxation	(447)	-
Profit/(loss) after taxation	1,698	(380)
Assets and liabilities		
Non-current assets	17,701	21,642
Current assets	21,118	14,287
Current liabilities	(17,162)	(9,962)
Non-current liabilities	(9,400)	(15,541)
Net assets	12,257	10,426

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

7 JOINT VENTURE

	Group 2008 $'000	Group 2007 $'000
Investment in joint venture	408	408
Share of post-acquisition reserves	(390)	(374)
Exchange translation reserve	(6)	(5)
	(396)	(379)
	12	29

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 2008 %	Effective equity held by the Group 2007 %
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.

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

	Group	
	2008	2007
	$'000	$'000
Results		
Revenue	15	25
Expenses	(31)	(122)
Loss before and after taxation	(16)	(97)
Assets and liabilities		
Non-current assets	10	16
Current assets	40	29
Current liabilities	(38)	(16)
Net assets	12	29

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

8 FINANCIAL ASSETS

	Group and Company	
	2008	2007
	$'000	$'000
Unquoted equity securities available-for-sale	2,313	2,313
Unquoted debt securities available-for-sale	5,603	-
Quoted equity securities available-for-sale	326	-
	8,242	2,313
Less: Impairment losses	(2,313)	(2,313)
	5,929	-

Debt securities are denominated in US dollars. The equity securities are denominated in Sterling pound and Singapore dollars.

The impairment losses of the Group and the Company comprise losses on unquoted equity shares amounting to $2,313,000 (2007: $2,313,000).

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9 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 25) $'000	Acquisition of subsidiaries and business $'000	Translation difference $'000	At 30 June $'000
2008					
Deferred tax assets					
Property, plant and equipment	-	60	-	(4)	56
Inventories	400	23	-	(45)	378
Trade and other receivables	63	36	-	(8)	91
Trade and other payables	516	392	-	(72)	836
Tax value of loss carry-forward	1,151	1,432	187	(78)	2,692
Other items	343	259	-	(41)	561
	2,473	2,202	187	(248)	4,614
Deferred tax liabilities					
Property, plant and equipment	(3,339)	649	(41)	218	(2,513)
Intangible assets	(1,064)	(18)	-	124	(958)
Trade and other receivables	(79)	(2)	-	-	(81)
Other items	(58)	(81)	-	10	(129)
	(4,540)	548	(41)	352	(3,681)
Net deferred tax assets/ (liabilities)	(2,067)	2,750	146	104	933
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)

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Company	At 1 July 2006 $'000	Recognised in the income statement (Note 25) $'000	At 30 June 2007 $'000	Recognised in the income statement (Note 25) $'000	At 30 June 2008 $'000
Deferred tax assets					
Other items	19	(13)	6	3	9
Deferred tax liabilities					
Property, plant and equipment	(7)	1	(6)	3	(3)
Other receivables	-	(18)	(18)	18	-
	(7)	(17)	(24)	21	(3)
Net deferred tax assets/(liabilities)	12	(30)	(18)	24	6

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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax assets	3,118	321	6	-
Deferred tax liabilities	(2,185)	(2,388)	-	(18)
	933	(2,067)	6	(18)

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2008 $'000	2007 $'000
Deductible temporary differences	8,097	6,996
Unutilised tax losses	22,899	17,519
	30,996	24,515

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.

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10 INVENTORIES

	Group	
	2008	2007
	$'000	$'000
Raw materials	11,351	13,742
Work-in-progress	1,466	3,722
Finished goods	8,383	6,170
Inventories-in-transit	488	462
	21,688	24,096
Allowance for inventory obsolescence	(3,255)	(2,633)
	18,433	21,463
Includes:		
At net realisable value:		
Raw materials	828	1,276
Finished goods	1,771	833
	2,599	2,109

During the financial year, raw materials and consumables, and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $120,396,000 (2007: $123,905,000).

11 PROJECT-IN-PROGRESS

		Group	
	Note	2008	2007
		$'000	$'000
Cost incurred		3,869	1,241
Attributable profits		677	406
Progress billings		(3,796)	(1,147)
		750	500
Comprising:			
Project-in-progress		932	500
Excess of progress billings over project-in-progress	20	(182)	-
		750	500

12 CONVERTIBLE LOAN RECEIVABLE

The unsecured convertible loan, denominated in US dollars, extended to a third party bears interest charged at 1% per annum. 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.

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13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	32,931	34,250	-	-
Less: Impairment losses	(1,086)	(769)	-	-
Net trade receivables	31,845	33,481	-	-
Tax receivables	664	2,506	-	-
Refundable deposits	1,174	1,006	22	157
Prepayments	2,448	1,046	78	71
Other receivables	1,988	2,631	27	20
	38,119	40,670	127	248

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers base. The Group's customers are globally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses

The ageing of trade and other receivables at the reporting date is:

	Gross	Impairment losses	Gross	Impairment losses
	2008	2008	2007	2007
Group	$'000	$'000	$'000	$'000
Trade receivables				
Not past due	22,244	-	19,911	-
Past due 0 – 30 days	5,646	(60)	6,914	-
Past due 31 – 120 days	3,011	(28)	4,667	(99)
Past due 121 – 365 days	1,299	(559)	1,781	(375)
More than one year	731	(439)	977	(295)
	32,931	(1,086)	34,250	(769)
Other receivables				
Not past due	334	-	174	-
Past due 0 – 30 days	21	-	227	-
Past due 31 – 120 days	38	-	138	-
Past due 121 – 365 days	31	-	347	-
More than one year	79	-	49	-
No credit term	1,485	-	1,696	-
	1,988	-	2,631	-
Company				
Other receivables				
Not past due	-	-	20	-
Past due 121 – 365 days	27	-	-	-
	27	-	20	-

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The change in impairment losses in respect of trade receivables during the year is as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At 1 July	769	1,109	-	-
Impairment losses recognised	1,146	(346)	-	-
Impairment utilised	(725)	(26)	-	-
Translation difference on consolidation	(104)	32	-	-
At 30 June	1,086	769	-	-

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due. These receivables are mainly arising from customers that have a good record with the Group.

14 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Amounts due from:				
Subsidiaries				
- trade	-	-	4,433	3,888
- non-trade	-	-	2,424	8,997
Less: Impairment loss	-	-	(1,551)	(1,543)
	-	-	5,306	11,342
Amounts due from:				
Associates				
- trade	-	12	-	-
- non-trade	-	250	-	250
Joint venture (non-trade)	-	1	-	1
Affiliates				
- trade	634	1,411	-	-
- non-trade	154	254	-	-
Less: Impairment loss	(154)	(154)	-	-
	634	1,774	-	251
	634	1,774	5,306	11,593
Loans from:				
- affiliate	144	1,000	-	-
- subsidiaries	-	-	3,581	-
	144	1,000	3,581	-
Amounts due to:				
Associates (trade)	2	96	-	-
Affiliates				
- trade	15	583	-	-
- non-trade	-	61	-	-
Subsidiaries (non-trade)	-	-	1,732	6,095
	17	740	1,732	6,095
Represented by:				
Current portion	161	1,740	1,732	6,095
Non-current portion	-	-	3,581	-
	161	1,740	5,313	6,095

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Loans from subsidiaries are non-trade in nature, unsecured, interest-free and repayable after 5 years. The effective interest rates are the prevailing market interest rate of similar loans used to discount the inter-company loans to its fair value at inception.

Loan from affiliate amounting to $144,000 (2007: $1,000,000) that bears an interest of 3.31% (2007: 4.43%) per annum, is unsecured and repayable within 6 months.

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

The ageing of related party receivables at the reporting date is:

	Gross 2008 $'000	Impairment losses 2008 $'000	Gross 2007 $'000	Impairment losses 2007 $'000
Group				
Not past due	430	-	972	-
Past due 0 – 30 days	176	-	51	-
Past due 31 – 120 days	-	-	701	-
Past due 121 – 365 days	7	-	50	-
More than one year	175	(154)	154	(154)
	788	(154)	1,928	(154)
Company				
Not past due	4,433	-	3,217	-
Past due 31 – 120 days	-	-	671	-
No credit term	2,424	(1,551)	9,248	(1,543)
	6,857	(1,551)	13,136	(1,543)

15 CASH AND CASH EQUIVALENTS

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Cash at banks and in hand		22,146	20,310	1,358	1,141
Deposits with financial institutions		5,534	7,517	-	1,003
		27,680	27,827	1,358	2,144
Bank overdraft	18	-	(427)		
Deposits held as securities by financial institutions	18	(3,513)	(3,193)		
Cash and cash equivalents in the consolidated cash flow statement		24,167	24,207		

The weighted average effective rates per annum relating to cash and cash equivalents, excluding bank overdraft, at the balance sheet date for the Group and Company are 1.72% (2007: 2.89%) and Nil% (2007: 1.65%) respectively. Interest rates reprice weekly, monthly or yearly.

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

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16 SHARE CAPITAL

	Group and Company	
	2008	**2007**
	No. of shares	**No. of shares**
Fully paid ordinary shares, with no par value:	**'000**	**'000**
Ordinary shares		
At 1 July	255,658	249,158
Issue of ordinary shares	-	5,459
Issue of ordinary shares pursuant to the exercise of options under the "Ellipsiz Share Option Plan"	-	900
Issue of ordinary shares pursuant to the vesting of awards under the "Ellipsiz Restricted Stock Plan"	-	141
At 30 June	255,658	255,658

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.

In financial year 2007, the Company obtained approval for its Additional Listing Application with Singapore Exchange Securities Trading Limited (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.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding minority interests. The Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

17 RESERVES

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	(11,720)	(11,720)	-	-
Fair value reserve	40	-	40	-
Compensation reserve	464	464	464	464
Exchange translation reserve	(11,428)	(4,460)	-	-
Accumulated profits/(losses)	5,188	17,515	(32,192)	(36,722)
	(17,456)	1,799	(31,688)	(36,258)

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

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments held until the investments are derecognised.

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.

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The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Company and the exchange differences on monetary items which form part of the Group and Company's net investments in foreign operations, provided certain conditions are met.

The accumulated profits of the Group includes profits of $304,000 (2007: losses of $377,000) attributable to associates and joint venture.

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 32.

Interest-bearing borrowings consist of the following:

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current liabilities					
Secured bank loans		853	636	-	-
Unsecured bank loans		450	348	-	-
Obligations under hire purchase agreements and finance leases		1,110	1,725	-	-
		2,413	2,709	-	-
Current liabilities					
Bank overdraft	15	-	427	-	-
Secured bank loans		7,403	4,168	-	-
Unsecured bank loans[1]		5,720	279	5,600	-
Obligations under hire purchase agreements and finance leases		583	875	-	-
		13,706	5,749	5,600	-

(1) At the balance sheet date, the Group did not satisfy a financial covenant of a banking facility. As a result, an amount of $3,733,000 relating to the non-current portion of the bank loan has been classified as current liability. Subsequent to the balance sheet date, the Group obtained approval from the bank that the non-current portion of the bank loan would be repayable over periods longer than twelve months from the balance sheet date. There is no reclassification as at balance sheet date as it is a non-adjusting event.

Maturity of liabilities (excluding finance lease liabilities)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Within 1 year	13,123	4,874	5,600	-
After 1 year but within 5 years	1,303	984	-	-
	14,426	5,858	5,600	-

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The secured bank loans are secured on the following assets:

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Leasehold land and building	3	3,198	1,917	-	-
Leasehold improvements	3	-	1,615	-	-
Plant and machinery	3	255	3,889	-	-
Deposits with financial institutions	15	3,513	3,193	-	-
Total carrying amount		6,966	10,614	-	-

Obligations under hire purchase agreements and finance leases

Group	2008 Principal $'000	2008 Interest $'000	2008 Payments $'000	2007 Principal $'000	2007 Interest $'000	2007 Payments $'000
Payable within 1 year	583	103	686	875	155	1,030
Payable after 1 year but within 5 years	1,110	96	1,206	1,725	207	1,932
Total	1,693	199	1,892	2,600	362	2,962

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Financial year of maturity	2008 $'000	2007 $'000
Group				
S$ floating rate loans	1.50% to 2.00% + bank's cost of fund	2009 to 2011	8,538	3,428
US$ floating rate loan	Prime lending rate	2008	-	485
S$ fixed rate loans	3.02% to 3.05%	2009	1,950	-
US$ fixed rate loans	2.68% to 8.50%	2008 to 2013	3,938	1,518
S$ finance lease liabilities	2.90% to 3.13%	2009 to 2013	434	498
US$ finance lease liabilities	6.00% to 7.70%	2008 to 2012	1,259	2,102
Bank overdraft	0.38% + Prime lending rate	2008	-	427
			16,119	8,458
Company				
S$ floating rate loan	1.50% + bank's cost of fund	2011	5,600	-

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The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years
Group	**$'000**	**$'000**	**$'000**	**$'000**
2008				
Non-derivative financial liabilities				
Variable interest rate loans	8,538	(8,783)	(4,875)	(3,908)
Fixed interest rate loans	5,888	(6,168)	(4,788)	(1,380)
Finance lease liabilities	1,693	(1,892)	(686)	(1,206)
Redeemable convertible preference shares	78	(78)	(78)	-
Trade and other payables[1]	17,696	(17,696)	(17,696)	-
Amounts due to related parties	161	(164)	(164)	-
	34,054	(34,781)	(28,287)	(6,494)
Group				
2007				
Non-derivative financial liabilities				
Variable interest rate loans	3,913	(3,948)	(3,289)	(659)
Fixed interest rate loans	1,518	(1,575)	(1,233)	(342)
Finance lease liabilities	2,600	(2,962)	(1,030)	(1,932)
Redeemable convertible preference shares	78	(78)	(78)	-
Bank overdraft	427	(427)	(427)	-
Trade and other payables[1]	16,514	(16,514)	(16,514)	-
Amounts due to related parties	1,740	(1,762)	(1,762)	-
	26,790	(27,266)	(24,333)	(2,933)
Company				
2008				
Non-derivative financial liabilities				
Variable interest rate loans	5,600	(5,832)	(1,994)	(3,838)
Other payables[1]	100	(100)	(100)	-
Amounts due to related parties	5,313	(5,313)	(1,732)	(3,581)
	11,013	(11,245)	(3,826)	(7,419)
2007				
Non-derivative financial liabilities				
Other payables[1]	828	(828)	(828)	-
Amounts due to related parties	6,095	(6,095)	(6,095)	-
	6,923	(6,923)	(6,923)	-

[1] Excludes excess of progress billings over work-in-progress, accrued expenses, contingent and deferred consideration payable, liability for short-term accumulating compensated absences and deferred income.

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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	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables		14,680	14,065	-	-
Excess of progress billings over project-in-progress	11	182	-	-	-
Liability for short-term accumulating compensated absences		1,758	1,506	52	33
Accrued expenses		14,001	12,034	2,028	1,739
Other payables		3,016	2,449	100	828
Contingent consideration payable		-	757	-	757
Deferred consideration payable		-	31	-	-
Deferred income		122	766	-	-
		33,759	31,608	2,180	3,357
Represented by:					
Current portion		33,744	31,377	2,180	3,137
Non-current portion		15	231	-	220
		33,759	31,608	2,180	3,357

The contingent and deferred consideration payables were in relation to the acquisitions of subsidiaries in prior year.

21 PROVISIONS

	Group		
	Warranties $'000	Restructuring $'000	Total $'000
At 1 July 2007	332	-	332
Provision made	518	7,577	8,095
Provision used	(541)	(121)	(662)
Translation difference	(5)	(355)	(360)
At 30 June 2008	304	7,101	7,405

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.

Restructuring cost

The restructuring provision of the Group relates to the rationalisation exercise of the Group's production operations in United States of America and France, with the objective to achieve cost efficiency. The restructuring provision of $7,577,000 will mainly be used for severance payments and out placement fees. The estimated costs are based on formal plans approved by management of the Group. The plan has been presented to the employees on 27 June 2008.

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22 REVENUE

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

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sale of goods	161,603	145,002	-	-
Service income	30,019	38,733	-	-
Lease income	427	-	-	-
Commission income	4,716	16,872	-	-
Dividend income	-	-	3,118	5,037
Management fees	-	-	3,278	3,815
	196,765	200,607	6,396	8,852

23 RESULTS FROM OPERATING ACTIVITIES

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

	Group		Company	
	2008	2007	2008	2007
Other income	$'000	$'000	$'000	$'000
Rental income	275	293	461	536
Sundry income	213	349	-	12
Grant income	120	5	-	-
Gain on disposals of:				
- financial assets	-	130	-	130
- intangible assets	-	342	-	-
- other asset	-	65	-	65
- property, plant and equipment	-	-	1	-
Gain on liquidation of a subsidiary	-	-	2	-
Net dilution gain on issue of shares in subsidiaries to minority shareholders	70	-	-	-
	678	1,184	464	743
Staff costs				
Wages, salaries and other staff costs	67,228	68,772	1,869	1,735
Contributions to defined contribution plans	4,841	2,143	121	83
Increase/(decrease) in liability for short-term accumulating compensated absences	1,975	137	19	(63)
Share options and share awards to employees	-	30	-	30
	74,044	71,082	2,009	1,785

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	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Other expenses					
Non-audit fees paid/payable to auditors of the Company		153	73	37	27
Depreciation of property, plant and equipment	3	9,832	10,744	15	17
Allowance/(reversal of allowance) for:					
- inventory obsolescence		1,543	774	-	-
- doubtful debts from trade receivables		1,146	(346)	-	-
- doubtful debts from subsidiaries		-	-	8	6
Loss on disposals of property, plant and equipment		2	35	-	3
Reversal of impairment losses on investments in subsidiaries		-	-	(259)	(71)
Other asset written off		-	2	-	-
Inventories written off		558	689	-	-
Bad debts written off		-	115	-	7
Plant and equipment written off		465	-	-	-
Impairment losses on property, plant and equipment	3	551	-	-	-
Amortisation of intangible assets	4	467	415	3	2
Provision of obligations for subsidiaries' liabilities		-	-	-	8
Provision for restructuring cost	21	7,577	-	-	-
Exchange loss/(gain), net		1,116	591	139	(191)
Operating lease expenses		4,435	4,816	468	588

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:

Directors' remuneration	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Directors' fees:				
- directors of the Company	275	213	275	213
Staff costs				
- directors of the Company	904	1,510	904	1,510
- other directors	2,499	2,343	-	-
	3,678	4,066	1,179	1,723

The remuneration information of the directors of the Company is as set out below:

	Group 2008 Number	Group 2007 Number
$500,000 and above	1	2
$250,000 to $499,999	1	1
Below $250,000	5	4
	7	7

A director, who resigned on 6 July 2007, did not receive any remuneration during the financial year.

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24 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Finance income				
Interest income from:				
- financial institutions	389	692	15	178
- subsidiaries	-	-	-	47
- third parties	34	104	28	99
Interest income arising from the discount implicit in the interest-free loans from subsidiaries	-	-	1,572	-
	423	796	1,615	324
Finance expenses				
Interest expense to:				
- hire purchase arrangements and finance leases	245	161	-	-
- financial institutions	364	451	38	248
- affiliates	169	58	103	44
- third party	4	-	-	-
Interest expense arising from the unwinding of discount implicit in the interest-free loans from subsidiaries	-	-	257	-
	782	670	398	292
Net finance (expenses)/income recognised in the income statements	(359)	126	1,217	32

25 INCOME TAX CREDIT/(EXPENSE)

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current tax expense				
Current year	939	1,853	38	149
Withholding tax	6	3	6	124
Group tax relief	-	-	(75)	-
Overprovision in prior years	(1,355)	(995)	(362)	(250)
	(410)	861	(393)	23
Deferred tax expense				
Origination and reversal of temporary differences	(3,893)	(2,525)	(9)	24
Under/(over) provision in prior years	1,143	467	(15)	5
Change in tax rate	-	(266)	-	1
	(2,750)	(2,324)	(24)	30
Total income tax (credit)/expense	(3,160)	(1,463)	(417)	53

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	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Reconciliation of effective tax rate				
(Loss)/profit for the year	(13,383)	15,566	4,530	5,322
Total income tax (credit)/expense	(3,160)	(1,463)	(417)	53
(Loss)/profit excluding income tax	(16,543)	14,103	4,113	5,375
Income tax at 18%	(2,978)	2,539	740	968
Effect of changes in tax rates	-	(266)	-	1
Effect of different tax rates in other countries	(4,534)	(1,708)	-	-
Income not subject to tax	(902)	(2,109)	(969)	(899)
Expenses not deductible for tax purposes	3,505	843	257	228
Utilisation of previously unrecognised deferred tax assets	(139)	(422)	-	-
Withholding tax	6	3	6	-
Deferred tax assets not recognised	2,094	185	-	-
Group tax relief	-	-	(75)	-
Overprovision in prior years	(212)	(528)	(376)	(245)
	(3,160)	(1,463)	(417)	53

One of the subsidiaries was granted tax exemption status, for a period of four years from its first profitable year, which commenced in the financial year 2005 and a tax exemption status on 50% of its taxable profits in the following four years by the Vietnamese tax authorities.

26 CHANGE IN ACCOUNTING POLICY

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 June 2008. The change in accounting policy in 2008 is summarised as follows:

FRS 14 – 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 2007 have been restated and shown in Note 33 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 (loss)/profit for the year nor opening balances of accumulated profits for the Group.

27 ACQUISITION OF BUSINESS

On 7 September 2007, a subsidiary, Testel Solutions entered into agreements to operate a business in the manufacturing of semiconductor assembly and testing equipment and mechanical engineering works. Under the agreements, the third party would transfer its existing business at a fair value of $2,070,000 in exchange for 1,988,000 new ordinary shares in Testel Solutions at $0.9916, totalling $1,972,000 and cash of $79,000.

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year ended 30 June 2008

The assets acquired under the business by the Group are as follows:

2008	Carrying amounts $'000	Fair value adjustments $'000	Recognised values $'000
Plant and equipment	180	629	809
Intangible assets	-	180	180
Inventories	1,062	-	1,062
Net identifiable assets acquired	1,242	809	2,051
Goodwill on consolidation			-
Total consideration			2,051
Consideration paid, satisfied in equity shares			(1,972)
Consideration paid, satisfied in cash			79
Cash acquired			-
Net cash outflow			79

On the initial accounting of acquisition, the Group has recorded the preliminary fair value of the net identifiable assets acquired. Management is still in the process of ascertaining and assessing the preliminary fair value determined.

The information on the contribution of revenue and profit after tax to the consolidated revenue and profit for the year attributable to equity holders of the Company, had the acquisitions of business occurred at the beginning of the financial year, cannot be practically ascertained without incurring excessive costs to estimate the actual result of the business from the seller. In addition, the contribution of net results by the business is also not practically to be ascertained as the acquired business was integrated into Testel Solutions' existing business during the financial year.

28 EARNINGS PER SHARE

	Group 2008 $'000	Group 2007 $'000
Basic earnings per share is based on:		
(Loss)/profit for the year attributable to equity holders of the Company	(12,327)	15,023

	Group No. of shares '000 (2008)	Group No. of shares '000 (2007)
Weighted average number of:		
- shares outstanding during the year	255,658	249,158
- shares issued during the year		
- under share option and share award schemes	-	500
- as partial settlement of consideration for acquisition of subsidiary	-	5,459
	255,658	255,117

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 year outstanding.

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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	
	2008 No. of shares '000	2007 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	255,658	255,117
Dilutive effect of share awards	-	80
Dilutive effect of share options	1	217
Weighted average number of ordinary shares (diluted)	255,659	255,414

Options to purchase 490,000 ordinary shares at $0.64 per share were outstanding during the financial year (2007: Nil) but not included in the computation of diluted earnings per share because these options were antidilutive for a period of 11 months.

29 EQUITY COMPENSATION BENEFITS

The "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans", 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 Plans 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 of options	Exercise price $	Number of options outstanding at 1 July 2007	Options granted	Options exercised	Options cancelled/ lapsed	Number of options outstanding at 30 June 2008	Options exercisable at 1 July 2007	Options exercisable at 30 June 2008	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 2008	Exercise periods
11/3/2004	0.64	276,240	-	-	99,870	176,370	276,240	176,370	-	-	22	11/3/2005 to 11/3/2009
11/3/2004	0.64	251,240	-	-	59,870	191,370	251,240	191,370	-	-	23	11/3/2006 to 11/3/2009
11/3/2004	0.64	169,320	-	-	47,260	122,060	169,320	122,060	-	-	2	11/3/2007 to 11/3/2009
		696,800	-	-	207,000	489,800	696,800	489,800	-			

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 is 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.

notes to the financial statements

year ended 30 June 2008

Fair value of share options and assumptions

Date of vesting of options	11 March 2005	11 March 2006	11 March 2007
Fair value at measurement date	$0.28	$0.29	$0.31
Share price based on volume-weighted average share price on grant date	$0.63	$0.63	$0.63
Exercise price at grant date	$0.64	$0.64	$0.64
Expected volatility	72.60%	71.30%	71.20%
Expected option life	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	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	1.72%	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.

30 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sales to:				
- associates	244	6	-	-
- other affiliates	4,213	3,260	-	-
Purchases from:				
- associates	(59)	(125)	-	-
- other affiliates	(4)	(233)	-	-
Management income from:				
- subsidiaries	-	-	3,278	3,815
Dividend income from:				
- subsidiaries	-	-	3,118	5,037

notes to the financial statements
year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Service fee income from:				
- associate	32	-	-	-
- affiliate[(1)]	1	-	-	-
- other affiliates	-	18	-	-
Service fee expenses paid to:				
- other affiliates	(69)	(1,640)	-	-
- subsidiary	-	-	(2)	-
Interest income from:				
- subsidiaries	-	-	1,572	47
Interest expenses paid to:				
- subsidiaries	-	-	(257)	-
- affiliate[(1)]	(78)	-	(40)	-
- other affiliates	(91)	(58)	(63)	(44)
Rental income from:				
- subsidiary	-	-	461	518
Rental expenses paid to:				
- director	(58)	-	-	-
- other affiliate	(59)	-	-	-
Purchase of plant and equipment from:				
- other affiliate	(48)	(64)	-	-
Disposal of plant and equipment to:				
- other affiliate	-	1	-	-

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Short-term employee benefits	3,963	4,774	1,153	1,528
Post-employment benefits	118	98	26	20
Share-based payments	-	188	-	175
	4,081	5,060	1,179	1,723

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

notes to the financial statements
year ended 30 June 2008

31 COMMITMENTS

Lease commitments

As at 30 June 2008, commitments of the Group and the Company for minimum lease receivables and payments under non-cancellable operating leases are as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Receivable:				
Within 1 year	17	-	-	-
After 1 year but within 5 years	9	-	-	-
	26	-	-	-
Payable:				
Within 1 year	2,408	2,089	29	461
After 1 year but within 5 years	3,061	2,206	67	-
After 5 years	643	655	-	-
	6,112	4,950	96	461

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital commitments contracted but not provided for	1,080	1,282	-	-

Corporate guarantees

As at 30 June 2008, the Company provided corporate guarantees amounting to $21,370,000 (2007: $9,200,000) to banks for banking facilities of $21,090,000 (2007: $9,900,000) made available to its subsidiaries, of which the subsidiaries have utilised $4,211,000 (2007: $1,480,000).

32 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

notes to the financial statements

year ended 30 June 2008

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 Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with financial institutions which are regulated.

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. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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.

Sensitivity analysis

For the variable rate financial assets and liabilities, an increase of 100 basis points in interest rate at the reporting date would increase/(decrease) loss/(profit) for the year attributable to equity holders of the Company by $21,000 (2007: decrease/(increase) loss/(profit) by $24,000). A decrease in 100 basis points in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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 currencies giving rise to this risk are primarily US dollars and Japanese yen. The Group hedges its foreign currency exposure should the need arise through close monitoring from management. At the balance sheet date, the Group did not hold any hedging position.

notes to the financial statements
year ended 30 June 2008

Other than as disclosed elsewhere in the financial statements, the Group's and Company's major exposures to foreign currencies (before inter-company elimination) are as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade and other receivables				
- US dollars	12,288	12,666	20	-
- Japanese yen	417	1,144	-	-
	12,705	13,810	20	-
Amounts due from related parties				
- US dollars	9,442	19,710	214	6,804
- EURO	2,148	2,069	-	-
- Singapore dollars	1,585	174	-	-
- Malaysia ringgit	786	842	20	20
	13,961	22,795	234	6,824
Cash and cash equivalents				
- US dollars	6,116	7,172	70	494
- Singapore dollars	606	296	-	-
- Japanese yen	189	453	-	-
- EURO	734	-	-	-
	7,645	7,921	70	494
Trade and other payables				
- US dollars	5,031	5,558	-	2
- Japanese yen	399	87	2	-
- Vietnamese dong	369	-	-	-
	5,799	5,645	2	2
Amounts due to related parties				
- US dollars	18,817	22,104	2,172	3,357
- Singapore dollars	1,349	665	-	-
- Malaysia ringgit	710	874	413	576
- Chinese reminbi	3,321	3,672	12	12
	24,197	27,315	2,597	3,945
Redeemable convertible preference shares				
- Singapore dollars	1,047	1,047	-	-

Sensitivity analysis

A 10% strengthening of functional currency of the respective subsidiaries of the Group and the Company against their foreign currencies at the reporting date would (decrease)/increase profit/(loss) for the year attributable to equity holders of the Company and decrease equity by $230,000 and $593,000 (2007: $902,000 and $Nil), respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of functional currency of the respective subsidiaries of the Group and the Company against their foreign currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts mentioned above, on the basis that all other variables remain constant.

Sensitivity analysis-equity price risk

A 10% increase/(decrease) in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase/(decrease) equity of the Group and the Company by $33,000 and $33,000 (2007: $Nil and $Nil), respectively. This analysis assumes that all other variables remain constant.

notes to the financial statements

year ended 30 June 2008

Estimation fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Investment in equity and debt securities

The fair value of quoted equity securities available-for-sale is determined by reference to their quoted bid prices at the reporting date.

The fair value of unquoted debt securities available-for-sale approximated the recent transacted prices close to the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including convertible loan receivable, trade and other receivables, related party balances, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

33 SEGMENT REPORTING

Business segments

	Distribution and Services solutions		Probe Cards solutions		Eliminations		Consolidated	
		Restated				Restated		
Group	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue and Expense								
Total revenue from external customers	118,755	97,023	78,010	103,584	-	-	196,765	200,607
Inter-segment revenue	344	70	-	-	(344)	(70)	-	-
	119,099	97,093	78,010	103,584			196,765	200,607
Segment results	(2,849)	10,644	(14,901)	3,238	-	(70)	(17,750)	13,812
Unallocated corporate results							943	372
							(16,807)	14,184
Share of results of associates and a joint venture								
- allocated to business segments	125	(66)	522	(36)	-	-	647	(102)
- unallocated corporate & other							(24)	(105)
(Loss)/profit before interest income/ (expenses) and taxation							(16,184)	13,977
Interest income							423	796
Interest expense							(782)	(670)
Income taxes							3,160	1,463
Minority interests							1,056	(543)
(Loss)/profit for the year							(12,327)	15,023

notes to the financial statements

year ended 30 June 2008

	Distribution and Services solutions 2008 $'000	Distribution and Services solutions Restated 2007 $'000	Probe Cards solutions 2008 $'000	Probe Cards solutions 2007 $'000	Eliminations 2008 $'000	Eliminations Restated 2007 $'000	Consolidated 2008 $'000	Consolidated 2007 $'000
Assets and Liabilities								
Segment assets	88,087	83,607	60,738	76,127	-	-	148,825	159,734
Unallocated corporate assets							9,402	4,842
Investments in associates								
- allocated to business segments	871	647	5,423	3,091	-	-	6,294	3,738
- unallocated corporate & other							590	598
Investment in a joint venture								
- unallocated corporate & other							12	29
Tax receivables							664	2,506
Deferred tax assets							3,118	321
Total assets							168,905	171,768
Segment liabilities	25,421	20,927	14,900	10,573	-	-	40,321	31,500
Unallocated corporate liabilities							1,082	2,258
Interest-bearing borrowings							16,119	8,458
Income tax liabilities							4,138	4,882
Total liabilities							61,660	47,098
Other non-cash items								
Capital expenditure	3,497	6,186	4,243	7,853	-	-	7,740	14,039
- unallocated corporate expenses							3	9
							7,743	14,048
Depreciation of property, plant and equipment:								
- allocated to business segments	3,293	3,497	6,524	7,230	-	-	9,817	10,727
- unallocated corporate expenses							15	17
							9,832	10,744
Loss/(gain) on disposals of property, plant and equipment								
- allocated to business segments	109	9	(106)	23	-	-	3	32
- unallocated corporate expenses							(1)	3
							2	35

notes to the financial statements
year ended 30 June 2008

	Distribution and Services solutions		Probe Cards solutions		Eliminations		Consolidated	
		Restated				Restated		
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment written off								
- allocated to business segments	82	-	383	-	-	-	465	-
Impairment losses on property, plant and equipment								
- allocated to business segments	-	-	551	-	-	-	551	-
Amortisation of intangible assets								
- allocated to business segments	69	11	395	402	-	-	464	413
- unallocated corporate expenses							3	2
							467	415
Gain on disposal of intangible assets	-	-	-	(342)	-	-	-	(342)
Grant income	-	(5)	(120)	-	-	-	(120)	(5)

Geographical segments

	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
Group	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total revenue from external customers	55,008	47,814	32,954	20,370	41,223	48,669	47,115	62,275	8,262	13,272	12,203	8,207	196,765	200,607
Segment assets	73,320	75,147	15,624	12,477	27,641	31,758	28,424	33,571	6,825	7,077	6,393	4,546	158,227	164,576
Investments in associates	-	395	871	253	590	598	-	-	-	-	5,423	3,090	6,884	4,336
Investment in a joint venture	-	-	-	-	12	29	-	-	-	-	-	-	12	29
Tax receivables													664	2,506
Deferred tax assets													3,118	321
	73,320	75,542	16,495	12,730	28,243	32,385	28,424	33,571	6,825	7,077	11,816	7,636	168,905	171,768
Capital expenditure	3,126	6,638	2,413	1,938	781	676	329	3,884	947	883	147	29	7,743	14,048

notes to the financial statements

year ended 30 June 2008

34 SUBSEQUENT EVENTS

Incorporation of new entities

Subsequent to the balance sheet date, the Company's wholly-owned subsidiary, SV Probe Pte. Ltd., established a wholly-owned subsidiary, SV Probe Korea Co., Ltd. (SV Probe Korea), in the Republic of Korea. SV Probe Korea has an initial registered and paid-up capital of KWR50,000,000, approximately US$50,000 (equivalent to $68,000). The principal activities of the new subsidiary are manufacturing, import, export and sales of probe cards.

In addition, another wholly-owned subsidiary, iNETest Resources Pte. Ltd., (iNETest Resources), entered into an agreement with a third party to incorporate a new company, iNETest-NewTeck Co., Ltd. in Vietnam. Under the terms of agreement, the subsidiary and the third party will provide 46% and 54% of the initial capital of US$400,000 (equivalent to $544,000), payable in cash into the entity, respectively. In addition, iNETest Resources has an option to increase its shareholding in iNETest-NewTeck Co., Ltd. to 51% within 2 years from the date of agreement. The principal activities of the new entity are those relating to sale and servicing of electronic manufacturing, test and inspection equipment, test and measurement equipment, semiconductor and related equipment, and application engineering services and system integration services.

Proposal for rights issue and warrants

Subsequent to the balance sheet date, the Company proposed a renounceable non-underwritten rights issue and warrants, on the basis of 6 rights shares with 1 free detachable warrant for every 5 existing ordinary shares of the Company held by shareholders of the Company as at a time and date to be determined by the Directors of the Company. Based on the proposal, the rights issue would be offered at an issue price of $0.035 for each share, together with each warrant carrying the right to subscribe for 1 new ordinary share of the Company at an exercise price of $0.035 for each new ordinary share.

statistics of shareholders
as at 10 September 2008

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 10 September 2008

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	21	0.53	6,390	0.00
1,000 to 10,000	2,336	58.89	11,663,032	4.56
10,001 to 1,000,000	1,583	39.90	87,496,220	34.23
1,000,001 and above	27	0.68	156,492,277	61.21
Total	3,967	100.00	255,657,919	100.00

Based on information available to the Company as at 10 September 2008, approximately 84.39% 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 10 September 2008

No.	Name of shareholders	Number of shares	% of issued share capital
1	DBS NOMINEES PTE LTD	37,184,700	14.55
2	CHONG FOOK CHOY	16,898,520	6.61
3	HSBC (SINGAPORE) NOMINEES PTE LTD	11,577,000	4.53
4	HONG LEONG FINANCE NOMINEES PTE LTD	10,851,000	4.25
5	CITIBANK NOMINEES SINGAPORE PTE LTD	10,335,000	4.04
6	PHILLIP SECURITIES PTE LTD	10,057,000	3.93
7	OCBC SECURITIES PRIVATE LTD	5,993,000	2.34
8	CHAN WAI LEONG	5,409,572	2.12
9	TEEM HOLDING PTE LTD	4,959,272	1.94
10	TEO CHOON HIANG	3,992,000	1.56
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,629,000	1.42
12	TAN CHONG GIN	3,500,000	1.37
13	PAN YANG	3,232,000	1.26
14	KIM ENG SECURITIES PTE. LTD.	3,228,000	1.26
15	TAN TAI WEI	2,962,000	1.16
16	UOB KAY HIAN PTE LTD	2,917,000	1.14
17	PAO NING YU	2,690,416	1.05
18	CHOO SOO KWANG	2,637,100	1.03
19	CIMB BANK NOMINEES (S) SDN BHD	2,000,000	0.78
20	DBS VICKERS SECURITIES	1,889,000	0.74
Total		145,941,580	57.08

Substantial Shareholders as at 10 September 2008

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	16,898,520	12,000,000	28,898,520	11.30

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

There are no treasury shares held as at 10 September 2008.

notice of annual general meeting

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

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, #04-01/06, NorthTech, Lobby 1, Singapore 757716 on 23 October 2008 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 2008, together with the Auditors' Report thereon.

(Resolution 1)

2. (i) To re-elect Mr. Phoon Wai Meng (Independent/Non-Executive Director) 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 Mr. Rick Kenneth Hodgman (Lead Independent/Non-Executive Director/Remuneration Committee Chairman) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election.

(Resolution 3)

3. To re-elect Dr. Foo See Liang (Independent/Non-Executive Director/Audit Committee Chairman), who was first appointed by the board of directors of the Company on 11 November 2007, in accordance with Article 97 of the Company's Articles of Association.

(Resolution 4)

4. To re-elect Mr. Melvin Chan Wai Leong (Executive Director/Chief Executive Officer), who was first appointed by the board of directors of the Company on 4 January 2008, in accordance with Article 97 of the Company's Articles of Association.

(Resolution 5)

5. To approve Directors' fees of S$275,000.00 for the financial year ended 30 June 2008 (2007: S$212,916.67).

(Resolution 6)

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

(Resolution 7)

AS SPECIAL BUSINESS

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

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

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

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

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

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

notice of annual general meeting

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

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 8)

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

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

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

[See Explanatory Note(ii)]

(Resolution 9)

9. "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");

notice of annual general meeting

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

(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 after Resolution."

[See Explanatory Note (iii)]

(Resolution 10)

ANY OTHER BUSINESS

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

Dated: 8 October 2008

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, #04-01/06, NorthTech, Lobby 1, 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 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above meeting until the next Annual General Meeting to allot and issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares of the Company, and to issue shares in pursuance of such instruments, up to an amount not exceeding fifty per cent (50%) of the total issued share capital of the Company at the time of the passing of this resolution with a sub-limit of twenty per cent (20%) for issues other than on a pro-rata basis to shareholders. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or such time when the next Annual General Meeting is required to be held under the Companies Act, Cap. 50.

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

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above meeting until the next Annual General Meeting, to grant options and awards, and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the ESOP and the vesting of awards under the ERSP.

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will renew the mandate approved by Shareholders on 24 October 2007 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 8 October 2008 for details.

Proxy Form
13th 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 13th Annual General Meeting of the Company to be held at 29 Woodlands Industrial Park E1, #04-01/06, NorthTech, Lobby 1, Singapore 757716 on 23 October 2008 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 13th 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 13th 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 2008, together with Auditors' Report thereon.		
2	Re-election of Mr. Phoon Wai Meng as Director under Article 91.		
3	Re-election of Mr. Rick Kenneth Hodgman as Director under Article 91.		
4	Re-election of Dr. Foo See Liang as Director under Article 97.		
5	Re-election of Mr. Melvin Chan Wai Leong as Director under Article 97.		
6	Approval of Directors' fees of S$275,000.00 for financial year ended 30 June 2008. (2007: S$212,916.67)		
7	Re-appointment of KPMG as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
8	Authority to allot and issue new shares and convertible securities.		
9	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.		
10	Authority to purchase or acquire the Company's issued ordinary shares		

Dated this__________day of __________2008.

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, #04-01/06, NorthTech, Lobby 1, 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
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6311 8500
Fax : (65) 6269 0838

Ellipsiz ISP Pte. Ltd.
12 Joo Koon Crescent
Singapore 629013
Tel : (65) 6863 1500
Fax : (65) 6863 1700

iNETest Resources Pte Ltd
29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6518 2200
Fax : (65) 6518 2222

SV Probe Pte. Ltd.
29 Woodlands Industrial Park E1
#04-01 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6769 8233
Fax : (65) 6765 8183

Ellipsiz TestLab Pte Ltd
211 Woodlands Avenue 9
#01-70/71 Woodlands Spectrum II
Singapore 738960
Tel : (65) 6482 6121
Fax : (65) 6482 4191

Ellipsiz Communications Pte. Ltd.
29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6518 2200
Fax : (65) 6518 2222

FMB Industries Pte. Ltd.
58A Sungei Kadut Loop
Ryobi Industrial Building
Singapore 729505
Tel : (65) 6365 1555
Fax : (65) 6365 5541

E+HPS Pte Ltd
152 Paya Lebar Road #06-03
Citipoint Industrial Complex
Singapore 409020
Tel : (65) 6841 4833
Fax : (65) 6841 0838

Testel Solutions Pte. Ltd.
1200 Depot Road #07-01/06
Telok Blangah Industrial Park
Singapore 109675
Tel : (65) 6271 3688
Fax : (65) 6271 8866

MALAYSIA

iNETest Malaysia Sdn. Bhd.
(Penang Headquarter)
50 Persiaran Bayan Indah
Bayan Bay 11900 Bayan Lepas
Penang Malaysia
Tel : (60) 4 644 8572
Fax : (60) 4 645 2059

(Penang Office - FIXTURE)
No 8 Lorong Nagasari 3
Taman Nagasari 13600 Perai
Penang Malaysia
Tel : (60) 4 390 0933
Fax : (60) 4 399 7909

(Kuala Lumpur Office)
29A Jalan SS 21/37 Damansara
Utama 47400 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (60) 3 7729 2035
Fax : (60) 3 7726 6315

CHINA

Ellipsiz (Shanghai)
International Ltd
4F No 2 Jia Li Building
201 Keyuan Road
Zhang Jiang Hi-Tech Park
Pudong Shanghai 201203 China
Tel : (86) 21 5027 0969
Fax : (86) 21 5027 0968

Ellipsiz Semilab
(Shanghai) Co., Ltd
Rm 106 Building B 328 Bibo Rd
Zhang Jiang Hi-Tech Park
Pudong Shanghai 201203 China
Tel : (86) 21 5027 3118
Fax : (86) 21 5027 3116

E+HPS Engineering
(Suzhou) Co., Ltd
Sijijinghuayuan 4-601
Bao Dai Road Suzhou
Wuzhong Area
Jiangsu 215000 China
Tel : (86) 512 6286 6289
Fax : (86) 512 6286 6268

HPS Engineering
(Suzhou) Co., Ltd
No.8 Xia Sheng Road
Suzhou Industrial Park
Jiangsu 215121 China
Tel : (86) 512 6286 6289
Fax : (86) 512 6286 6268

Suzhou Silicon Information
Technologies Co., Ltd
M3#1F Microsystem Park
Peiyuan Road S.N.D Suzhou
Jiangsu 215163 China
Tel : (86) 512 6689 4756
Fax : (86) 512 6841 6855

iNETest Resources
(China) Co., Ltd
(Shanghai Headquarter)
Unit K 19F Hua Min Empire Plaza
No. 726 Yan An Road (W)
Shanghai 200050 China
Tel : (86) 21 5238 3300
Fax : (86) 21 5238 3301

(Shenzhen Rep Office)
Room 406 Block B
Fu Tian Tian'An Hi-Tech
Venture Plaza Fu Tian
Shenzhen China 518040
Tel : (86) 755 8343 9855
Fax : (86) 755 8343 4429

iNETest Resources
(Suzhou) Co., Ltd
Unit 13-14 3F Building A
5 Xing Han Street
Suzhou China 215021
Tel : (86) 512 6762 3789
Fax : (86) 512 6762 3790

iNETest International Trading
(Shanghai) Co., Ltd
No. 4645 Caoan Road
Huangdu Town Jiading Area
Shanghai 201804 China
Tel : (86) 21 5959 7388
Fax : (86) 21 5959 7390

ATE Technology
(Shanghai) Inc.
(Jia Ding Headquarter)
No. 4645 Caoan Road
Huangdu Town Jiading Area
Shanghai 201804 China
Tel : (86) 21 5959 7388
Fax : (86) 21 5959 7390

(Chang-An Branch)
No 4 East Zhen'an Road
Chang-an Town Dongguan City
Guangdong 523851 China
(Area One 2nd Floor A Block
Plainvim Industrial Center)
Tel : (86) 769 8155 2766
Fax : (86) 769 8155 2755

SV Probe (SIP) Co., Ltd
No. B1-5 Louzhong Road
North Industrial Square
Suzhou Industrial Park
Jiangsu Province 215122 China
Tel : (86) 512 6275 2330
Fax : (86) 512 6275 2275

TAIWAN

Ellipsiz Taiwan Inc.
No 251 Jen-Ru Road Junan,
Miaoli Hsien Taiwan 350 R.O.C
Tel : (886) 3 746 1080
Fax : (886) 3 746 3360

Ellipsiz Second Source Inc., Taiwan
(Miaoli Headquarter)
No 251 Jen-Ru Road Junan
Miaoli Hsien Taiwan 350 R.O.C
Tel : (886) 3 746 1080
Fax : (886) 3 746 3360

(Jhungli Branch)
1F No. 102 Fu-Jhou 1st Street
Jhungli City, Taoyuan County
Taiwan 32059 R.O.C
Tel : (886) 3 462 4998
Fax : (886) 3 462 5038

Ellipsiz Communications
Taiwan Ltd
8F No. 96 Section 1
Jianguo North Road
Jhongshan District Taipei City
Taiwan 10489, R.O.C.
Tel : (886) 2 2515 9596
Fax : (886) 2 2500 0055

SV Probe Technology
Taiwan Co., Ltd
3F No.33 Sintai Road Jhubei City
Hsin Chu County 302 Taiwan R.O.C
Tel : (886) 3 656 5188
Fax : (886) 3 554 4150

THAILAND

iNETest Resources
(Thailand) Ltd
(Bangkok Headquarter)
252/97 Unit C 19th Floor
Muang Thai Phatra Office
Bldg Tower 2 Ratchadapisek Road
Huaykwang Bangkok
10320 Thailand
Tel : (66) 2 693 3363
Fax : (66) 2 693 3364

(Bangkok Office - FIXTURE)
66/77 Moo 8 Ramindra Road
Tha-Rang Bangkhen
Bangkok 10230 Thailand
Tel : (66) 2 943 6443
Fax : (66) 2 943 6467

VIETNAM

SV Probe Vietnam Co., Ltd
37A VSIP Street 6 Vietnam
Singapore Industrial Park
Thuan An District
Binh Duong Province,
Vietnam 72500
Tel : (84) 650 784301/2/3
Fax : (84) 650 784304

USA

SV Probe Inc.
(Corporate Headquarter)
2120 West Guadalupe Road
Suite 112 Gilbert, AZ 85233 USA
Tel : (480) 635 4700
Fax : (480) 558 7482

(Santa Clara Facility)
4251 Burton Drive Santa Clara,
CA 95054 USA
Tel : (408) 727 6341
Fax : (408) 492 1424

FRANCE

SV Probe Technology S.A.S.
283 Boulevard John F. Kennedy
91100 Corbeil - Essonnes France
Tel : (33) 1 6090 5800
Fax : (33) 1 6090 5809

INDIA

iNETest Technologies India
Pvt. Ltd
(Chennai Headquarter)
11th floor, Block C&D ega
Trade Centre 809 Poonamallee
High Road Kilpauk Chennai 600 010
Tel : (91) 44 2661 0171
(91) 44 2640 0779
(91) 44 2661 0316
(91) 44 2661 0270
Fax : (91) 44 2661 0172

(Bangalore)
108, Sophia's Choice, 7 St Mark's Road
Bangalore 560 001
Tel : (91) 80 2299 0421
(91) 80 2229 7944
(91) 80 4112 0429
Fax : (91) 80 2299 0423

(Mumbai)
702 A-Wing, SagarTech Plaza
Andheri-Kurla Road Sakinaka Junction
Mumbai 400 072
Tel : (91) 22 2852 3910
(91) 22 6529 9711
(91) 22 6529 9712
Fax : (91) 22 2852 3907

(New Delhi)
Flat no. 104-106 Durga Complex
1st Floor Plot no. 11 Block B LSC
Mayur Vihar Phase II
New Delhi 110091
Tel : (91) 11 4305 2630
Fax : (91) 11 4305 2631

(Pune)
304 A Block Anusuya Enclave
Jagtap Chowk Pune 411040
Tel : (91) 20 5661 5463

AUSTRALIA / NEW ZEALAND

Ellipsiz Communications
(Australia) Pty Limited / Ellipsiz
Communications (NZ) Limited
Ground Floor Guardian Trust House
15 Willeston Street PO Box 9348
Wellington New Zealand
Tel : (64) 4 495 8941
Fax : (64) 4 495 8950

KOREA

SV Probe Korea Co.,Ltd
#1407 Digital Empire A-dong
980-3 Yeongtong 2-Dong
Yeoungtong-Gu Suwon-Si
Gyeonggi-Do Korea 443-472
Tel : (82) 31 303 5460
Fax : (82) 31 303 5469

ellipsiz
forward solutions

(Reg. No. 199408329R)

29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel : (65) 6311 8500
Fax : (65) 6269 2628
Email : info@ellipsiz.com
Website : www.ellipsiz.com