ellipsiz

forward solutions

Annual Report 2009

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

We are ELLIPSIZ

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

We provide innovative, engineering-focused solutions such as Testing and Supply Chain Management in niche segments of the semiconductor and electronics manufacturing chain. 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.

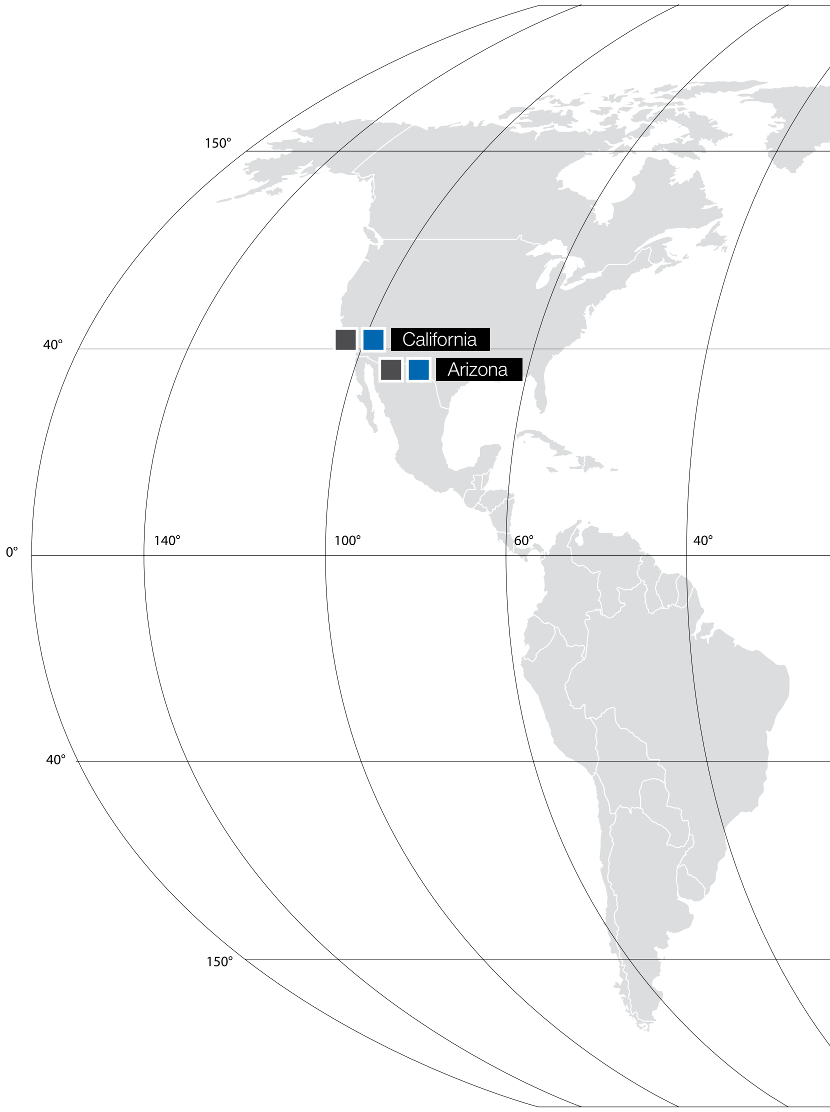
Ellipsiz is headquartered in Singapore. It has operations in Australia, China, France, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan R.O.C., Thailand, U.S.A. and Vietnam.

Ellipsiz at a Glance

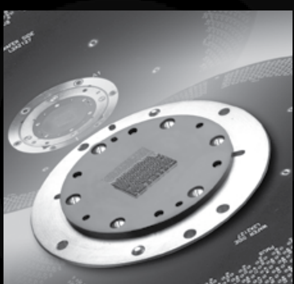
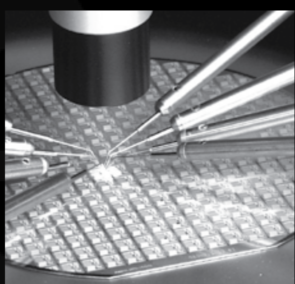
Ellipsiz is headquartered in Singapore. It has operations in Australia, China, France, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan R.O.C., Thailand, USA and Vietnam.

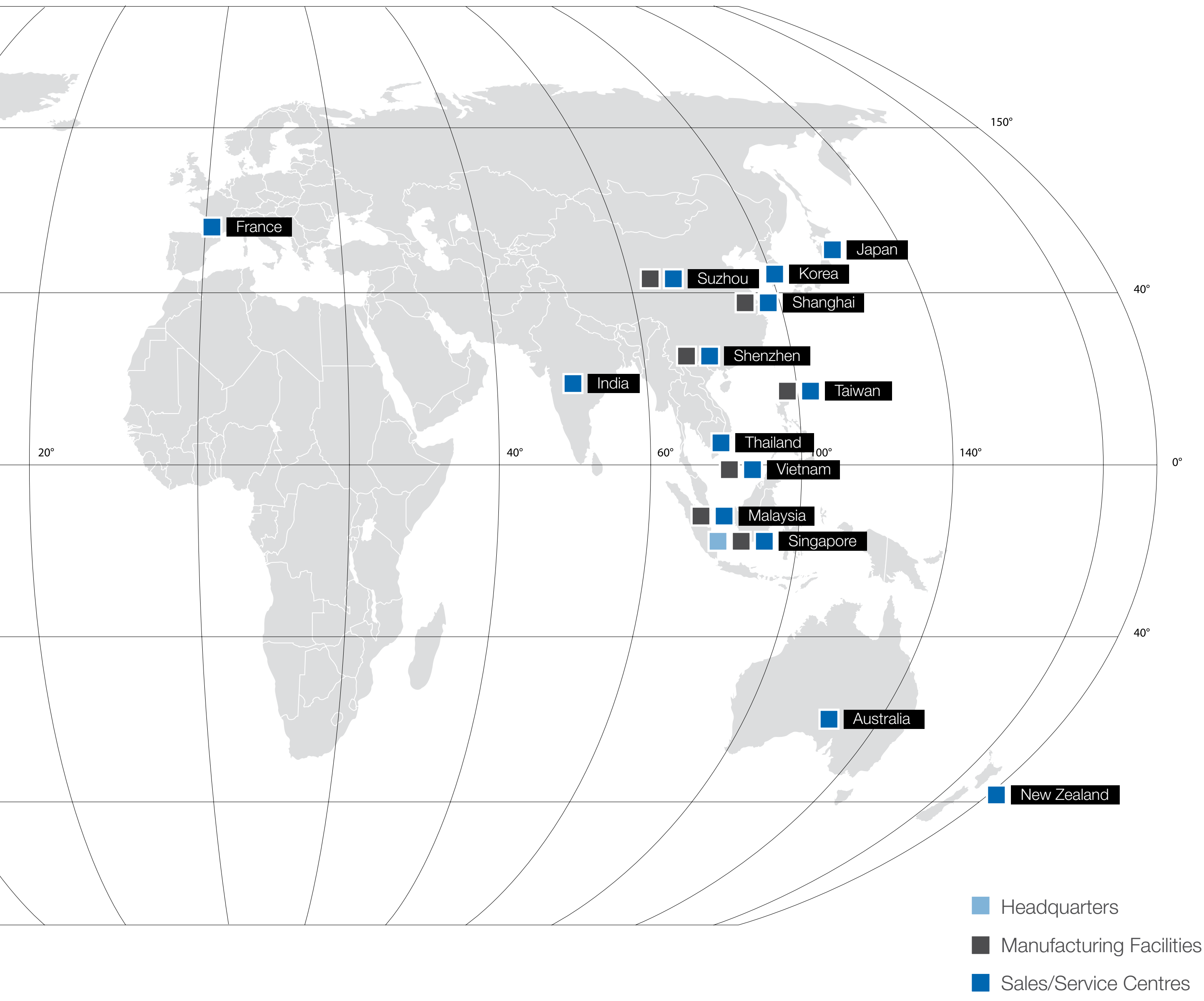
Ellipsiz's core businesses are targeted at high-growth potential niche markets in the semiconductor and EMS (electronics manufacturing services) industries. Our business model emphasizes recurrent revenues, as well as high-IP content and patented service solutions. We are well-positioned to tap on the increasing outsourcing trend to Asia. Combining with our professionalism, technical competence and low-cost infrastructure, we provide quality and cost-effective services and solutions to our customers.

Our main business segments are namely Probe Card solutions (PCS) and Distribution and Services solutions (DSS).



HARNESSING THE POWER OF FORWARD SOLUTIONS



PROBE CARD SOLUTIONS

Our probe card 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 4th largest by global market share in 2008 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 (excluding spares and services) in 2008 was about US$988.3 million and is projected to grow by 9% on an annually compounded basis to reach US$1.5B by 2013 (VLSI Research, April 2009).

SV Probe has a well-diversified solutions portfolio to serve a wide spectrum of customers in the Memory, Logic and Flat Panel Display 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, fine pad pitch applications, addressing 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, pump refurbishment service, reliability testing service and cleanroom facilities services.

Our competitive strengths lie in our strong focus on customer's needs, resourcefulness and innovation in creating engineering-focused solutions for our customers. Our products and services portfolio are built and always evolving 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.

Forward Thinking in

Product Quality

Harnessing state-of-the-art technology and adhering to stringent standards throughout our production process, we put a premium on quality consistency in all our solutions.

Despite the tough business environment and the unfortunate fire incident, we remained committed to developing and building our respective businesses.

DEAR SHAREHOLDERS,

Financial year 2009 (FY2009) had been a very tough but yet edifying year for the Group. While the intensification of the global financial crisis led to structural challenges in the semiconductor and electronics manufacturing services (EMS) industries in which we operate in, and injected uncertainties into the operating environment, we have emerged leaner and stronger as a group following our painful but essential simplifying efforts.

OUR FY2009 REVIEW

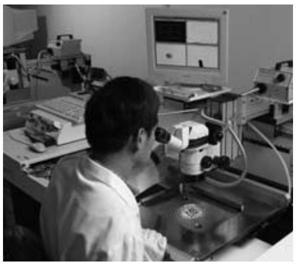
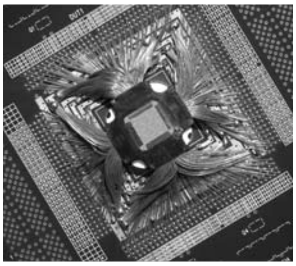
The collapse of the credit market and mortgage bubble in September 2008 led to dramatically weakened demand for consumer electronics, in turn, adversely impacted demand for semiconductor and its related devices, equipment and services. Utilisation rates at our customers' facilities as well as their capital spending were negatively affected, particularly during the second and third quarters of FY2009. Though the fourth quarter of FY2009 indicated signs of improvement, the Group's full year performance was not spared from this global financial turbulence. FY2009 recorded revenue of $150 million, a decline of 24%, with net loss after tax and minority interests of $39 million. Included in the net loss were one-time provisions and expenses of $30 million, mainly from impairment assessment of plant and equipment, intangible assets and financial assets and provisions for inventories obsolescence and doubtful receivables as well as write off of certain plant and equipment and inventory resulted from a fire incident. Excluding these one-time provisions and expenses, the net loss in FY2009 was $9 million as compared to $1 million loss in the previous financial year.

In spite of the challenging market conditions and weaker FY2009 performance, the Group continued with its prudent approach to maintain a relatively healthy financial position. Excluding the one-time payment of restructuring costs for Probe Card solutions' facilities rationalisation exercise that commenced towards end of previous financial year, the Group generated positive cash from its operating activities during the year in review. The success in raising funds of $8 million from rights issue exercise in January 2009 had further enhanced the Group's balance sheet status with cash and cash equivalents of $32 million and net cash of $17 million as of 30 June 2009.

Xavier Chong
Executive Chairman

Melvin Chan
Chief Executive Officer

Letter to Shareholders

On 27 March 2009, a fire broke out at the Singapore facility of our wholly-owned subsidiary, Ellipsiz ISP Pte Ltd (Ellipsiz ISP). Ellipsiz ISP engages in the wafer reclaim activities of the Group, providing wafer reclaim services to wafer foundries, integrated device manufacturers and memory chip manufacturers. The event led to the write offs, impairment losses and one-time expenses of $14 million. The subsidiary is progressing with its insurance claim.

We would like to thank all parties who have, in one way or another, been helping Ellipsiz ISP in pulling through the disaster recovery and rebuilding processes. Specifically, we would like to thank investors for your patience, customers for their understanding, as well as employees, business partners, suppliers and certain of our competitors for extending their helping hands during this critical moment as we rebuild our facility.

OUR 3Es FOCUSES

Despite the tough business environment and the unfortunate fire incident, we remained committed to developing and building our respective businesses. Our focuses on critical essentials, efficiency and continuous strive for business excellence across our various business blocks continued to be our core driving forces.

ESSENTIALS, EFFICIENCY AND EXCELLENCE

The dramatic global financial turbulence, credit crisis environment and the declining demand situation since last September had made the Group recognises the importance to address the declining demand leading to relatively high cost structure and the maintenance of healthy and sustainable liquidity position. Greater emphasis is placed on the critical essentials of the Group particularly on business model reassessment and redefinition. There is also focus on manufacturing infrastructure realignment as well as business collaboration and cash management to ensuring the survivability of our business and the re-emphasizing of our business fundamentals and efficiencies.

While we continue to seek for business opportunities and incur essential research and development spending to maintain our competitive edge, the Group readily identifies collaborative and cross-leveraging opportunities to cushion the impact of significantly reduced business.

We believe that having a strong operating framework and culture is instrumental to the survival of the Group during such downturn and growth in the longer term. We are committed to continue the maintenance of sound risk management and corporate governance policies and practices, to drive our long-term sustainable growth and shareholders' value.

For the long-term success of the Group, we are moving beyond our comfort zone towards the continuous pursuit of business excellence. In view of our relentless focus on business excellence, regardless of business cycles, we have identified various key performance targets for our respective business units to achieve. It has, thus, set in an equitable motivational compensation framework that will move the Group towards greater business success and continuous enhancement of shareholders' value.

OUTLOOK AND OUR GROWTH STRATEGIES

OUTLOOK

Visibility for global semiconductor, semiconductor equipment and consumer electronics demand remained limited, and are not expected to witness meaningful recovery only till the second half of 2010.

Amid the lack of visibility and lingering economic woes, the Group remains committed to our 3Es focuses and would continually evolve to position our businesses in niche growth areas with our growth strategies as follows.

OUR GROWTH STRATEGIES

Notwithstanding the tough macroeconomic conditions, our broad strategies, namely the Asia-centric growth strategy; growth from Memory Probe activities; and growth from new businesses, to position the Group for growth into the longer term remains unchanged.

While maintaining our reach to the global market, we believe Asia Pacific remains one of the fast growing geographical regions that the Group cannot neglect. We will continue strengthening our distribution and support infrastructure in Asia as well as leveraging on the lower operating cost facilities in Asia to gain competitive advantage in the global market.

The deteriorated global economic condition has certainly impacted our growth plan in Memory Probe activities. However, we believe in our direction and will continue to invest in our research activities to position the Group for growth when the market recovers.

Search and explore for new business opportunities in existing businesses as well as new and emerging industries such as aerospace, energy conservation and natural resources to drive growth remains a key focus of the Group in any economic conditions. We believe that opportunities exist even in the toughest market environment. Though this may move against the direction of prudent cash management to maintain strong balance sheet position, we believe that a well-balanced risk management approach on investment will meet both objectives and bring maximum returns to our shareholders.

OUR BOARD OF DIRECTORS

Two of our Independent Directors, Dr. Foo See Liang and Mr. Rick Kenneth Hodgman, who have been with the Group since its listing in 2000, resigned from the Board in March 2009 and April 2009 respectively. We would like to express our appreciation to Dr. Foo and Rick who were instrumental in guiding and making invaluable contributions to the Group in the past ten years.

We welcome our new director, Mr. Amos Leong, President and CEO of Univac Group, who has graciously accepted our invitation to join the Board in May 2009 as Independent Director. Amos has extensive experience in the electronics manufacturing industry and his contribution will further enhance the knowledge base of the Board.

We would also like to pay tribute to the rest of our fellow Board of Directors for their ongoing support, contributions and commitment to the Group. 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.

OUR PEOPLE RESOURCES

With regret, we departed with some of our employees resulting from our facilities rationalisation and right-sizing exercises. We wish these employees well in their future endeavours.

For the rest of the employees, we would like to take this opportunity to show our deepest appreciation for their understanding to share the cost burden of the Group during this unprecedented downturn through reduced remuneration packages and continue to stay with the Group to build a better future.

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

IN CLOSING

Despite the uncertain and tough macroeconomic condition, the management and staff of Ellipsiz stay committed and will focus on delivering greater operational and cash flow efficiencies, and continue to be vigilant of market opportunities that may arise in ensuring long-term sustainability.

Finally, we would like to thank our customers, principals, business partners as well as our shareholders for their continued support, commitment and confidence in us, and we look forward to forging closer partnerships to propel and realise our dreams together.

Thank you.

XAVIER CHONG
Executive Chairman

MELVIN CHAN
Chief Executive Officer

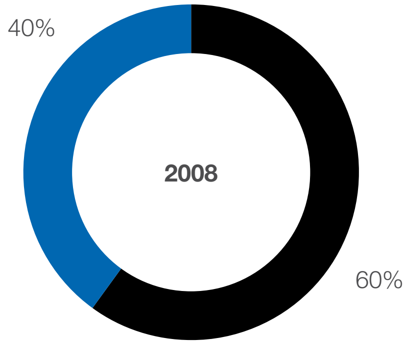
Financial Highlights

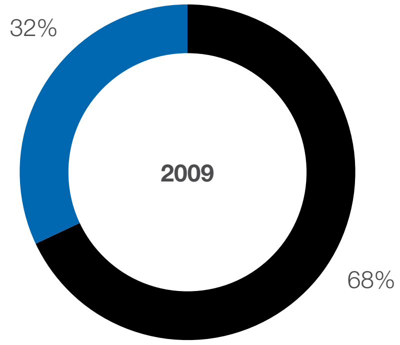
KEY FINANCIAL RATIOS

Financial Year ended 30 June	2005	2006	2007	2008	2009#
Profitability (%)					
Gross Profit Margin	32.7	30.4	28.3	18.3	**3.8**
Profit Before Tax Margin	13.7	22.0	7.0	(8.4)	**(27.8)**
Net Earnings Margin	9.0	14.0	7.5	(6.3)	**(26.0)**
Return on Equity	12.9	23.3	12.2	(11.9)	**(50.6)**
Return on Total Assets	8.0	12.9	8.7	(7.3)	**(30.6)**
Liquidity (times)					
Current Ratio	2.6	1.5	2.2	1.5	**1.7**
Quick Ratio	2.3	1.2	1.7	1.2	**1.5**
Leverage (%)					
Gross Debt / Equity	11.6	13.6	6.9	15.6	**19.6**
Efficiency (days)					
Debtors Turnover	83	72	69	61	**67**
Others (Singapore cents)					
Gross Dividend per share	1.0	1.0	0.6	–	**–**
NAV per share	34.6	44.9	48.1	40.5	**15.2**

Financial Ratios included one-time exceptional items amounting to $30.3 million

REVENUE BY BUSINESS DIVISION (%)

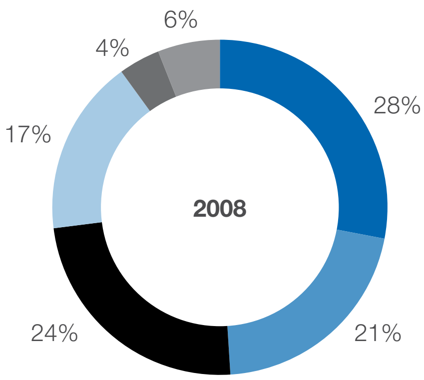


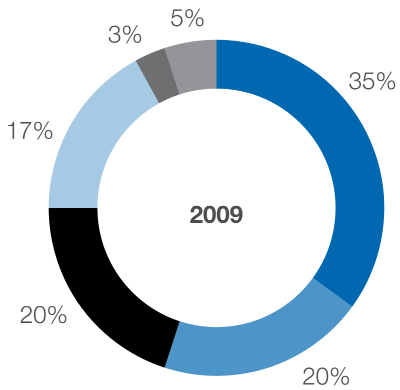


Probe Card solutions

Distribution & Services solutions

REVENUE BY REGION (%)





Singapore

China & Taiwan

USA

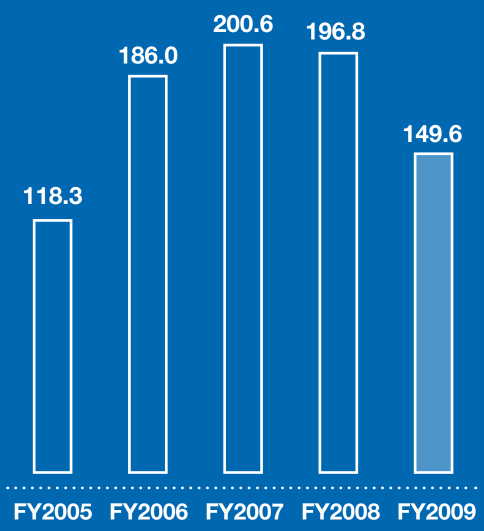
Other Asean Countries

Europe

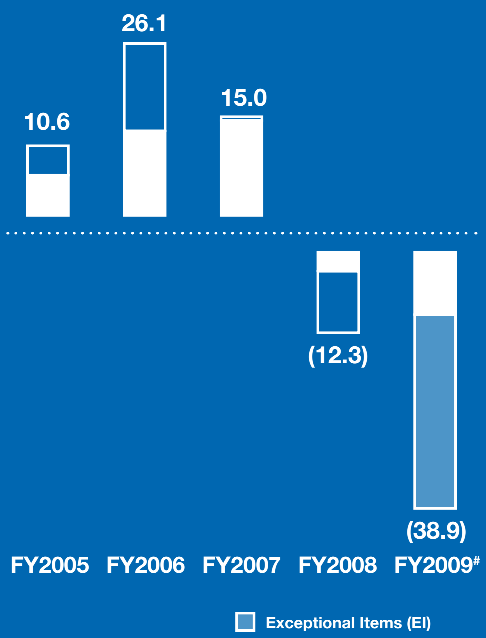
Other Regions

FY2008 Revenue: $196.8 Million **FY2009 Revenue: $149.6 Million**

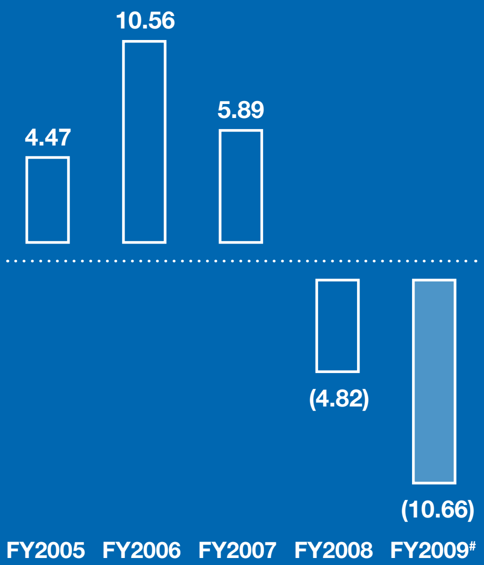
REVENUE
($ Millions)



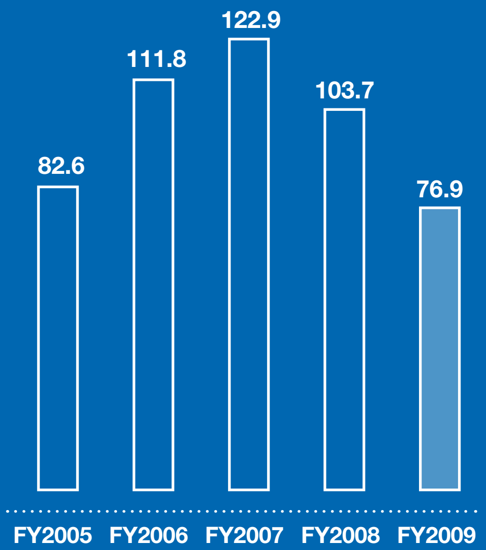
NET PROFIT AFTER TAX AND MINORITY INTERESTS
($ Millions)



BASIC EARNINGS PER SHARE
(Singapore Cents)



SHAREHOLDERS' EQUITY*
($ Millions)



Financial results included one-time exceptional items amounting to $30.3 million

* Shareholders' equity as of 30 June for the respective financial years

Forward Thinking in

Service Excellence

A strong commitment to our markets will be a crucial component of our forward strategy. We intend to fortify our alliances with customers through our focused, peerless brand of service.

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.

While efforts to seek opportunities beyond the semiconductor industry to achieve sustainable growth and diversify revenue streams had been a key strategy for the Group, the building of a resilient business model that can withstand the test of challenges including that of the global financial crisis has become essentially fundamental.

FY2009 was a challenging year for the Group as the global economy staged an unprecedented crisis, of which, its effects were particularly acute in the semiconductor and related industries as consumer electronics spending took a hit. Nonetheless, our efforts to further streamline and re-align our operating cost structures as well as decisions to strategically explore opportunities beyond the semiconductor and electronics manufacturing industries mitigated the negative impact of the downturn on the Group.

Business activities carried out by our two business divisions, namely Probe Card solutions (PCS) and Distribution & Services solutions (DSS), reported a milder 24% decline in revenue compared to a fall of 52% in worldwide semiconductor manufacturing equipment billings (source: SEMI) from July 2008 to June 2009.

PROBE CARD SOLUTIONS (PCS)

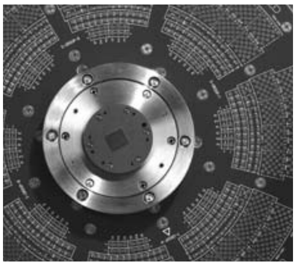
Our probe card activities are carried out through wholly-owned SV Probe Pte Ltd and its group of subsidiaries (SV Group). We provide test solutions by fabricating custom, engineered-to-order testing products and working closely with integrated circuit (IC) designers, manufacturers and semiconductor test houses.

Headquartered in Gilbert, Arizona USA, the SV Group was ranked fourth largest probe card company in the world in 2008, an advancement of one rank from the fifth position in 2007, according to a forecast update issued by VLSI Research in April 2009. SV Group was also honored by Vitesse Semiconductor with a 2008 Supplier of Excellence Award, a commendation to the group for outstanding product quality and customer service.

FY2009 was one of the most challenging years that the business segment had experienced. Revenue declined by 39% to $48 million, of which, 69% of the revenue was from the USA and Europe markets with the remaining 31% mainly from the Asian market. Like many other companies within the industry, PCS was also hit by the uncertainty in the worldwide markets resulting from the economic crisis. Key factors for the slump included the deterioration of the semiconductor market, severe erosion of average selling prices (ASPs) and the significant decrease in consumer demand for electronic items such as cell phones and MP3 players. Along with the semiconductor market downturn, other conditions including oil price volatility, the sub-prime mortgage crisis in the USA and the decrease in consumer confidence have also affected PCS's bottom line.

During the year, our PCS team continued diligently with facilities rationalisation exercise through the transferring of technology know-how and manufacturing capabilities from France and USA to our flagship facility in Vietnam. The broadening of Vietnam's cantilever and vertical manufacturing capabilities has been a large part of PCS's overall strategy for providing quality products at lower cost. In FY2009, the Vietnam facility manufactured approximately 51% of the total 18,000 probe cards shipped during the year. Our USA manufacturing facilities in Gilbert, Arizona and Santa Clara, California were responsible for 32% of the total point output.

On the product front, we continued to refine our new advanced probe cards, the LogicTouch™, fine pitch vertical and the SureTouch™, a 300mm one-touch probe card for NAND memory testing amid the continual shift from traditional cantilever probe card to more advanced testing technologies. Designed specifically for chips with increased pad density and parallelism, both of these probe card products provide superior performance at a lower cost of ownership. The new advanced products will facilitate the development of new strategic customers and strengthen our position with current customers in all regions of the world.



In the third quarter of FY2009, PCS rolled out a new vertical probe product line called PowerPlus™, targeted towards high density devices that require an increased probing current during test. This higher power output can often lead to probe damage when traditional probes become soft and unstable. The PowerPlus™ probe retains its durability throughout the testing process, hence, minimising false failures, extending probe card's life as well as delivering significantly better device yields. This new vertical probe is, thus, an ideal enhancement to PCS's Trio™ line of vertical probe cards.

Over the next few years as the semiconductor industry begins its rebound, PCS will continue to strengthen the advanced product lines while maintaining focus on out-of-the-box product quality and first-class customer service. At PCS, we pride ourselves for being a global company with an infrastructure that spans from the Americas through Europe and into Asia. It is because of this worldwide network that we are able to provide innovative and cost-effective test solutions for each customer regardless of location.

DISTRIBUTION AND SERVICES SOLUTIONS (DSS)

The products and services offered by DSS remained relatively the same as previous financial year, except that the business segment had during the year undertook greater value-added initiatives and deepened its market penetration efforts to sustain the customer base amid the current downturn.

Revenue from DSS decreased by 14% from $119 million in FY2008 to $102 million in FY2009. The decline was largely contributed by weaker performance from the wafer reclaim activities, which was affected by customers' low capacity utilisations (particularly in third quarter of our financial year) and a further setback when a fire substantially damaged the production facility in March 2009. Excluding the revenue from reclaim activities, DSS merely recorded a 7% decrease in revenue for FY2009.

While recovering from the fire disaster and progressing with our insurance claim for the damages incurred resulting from the incident, the Group is evaluating various alternatives to restore the revenue stream from its wafer reclaim activities.

The Group's equipment distribution businesses were not spared from the effects of the global financial crisis. Demands for both the frontend and backend equipment were impacted by the increasingly challenging business climate. In a bid to alleviate the impact of reduced business from the semiconductor and electronics manufacturing industries, efforts were expedited towards demand from alternative industries such as education, oil & gas and biotechnology. Furthermore, sales of consumable products as well as other service revenues that the Group had diversified into in the earlier years had partly cushioned the lower equipment distribution activities.

Our 51%-owned facilities management operations, for instance, continued with a good progress in the provision of innovative cost-effective facility engineering solutions in Singapore, China and India amid the difficult economic conditions. In Singapore, it embarked on several turnkey facilities projects with its long-standing customers. The operations have also expanded its presence in China and India through its involvements in institutional projects and adding on to its credentials for its market penetration elsewhere.

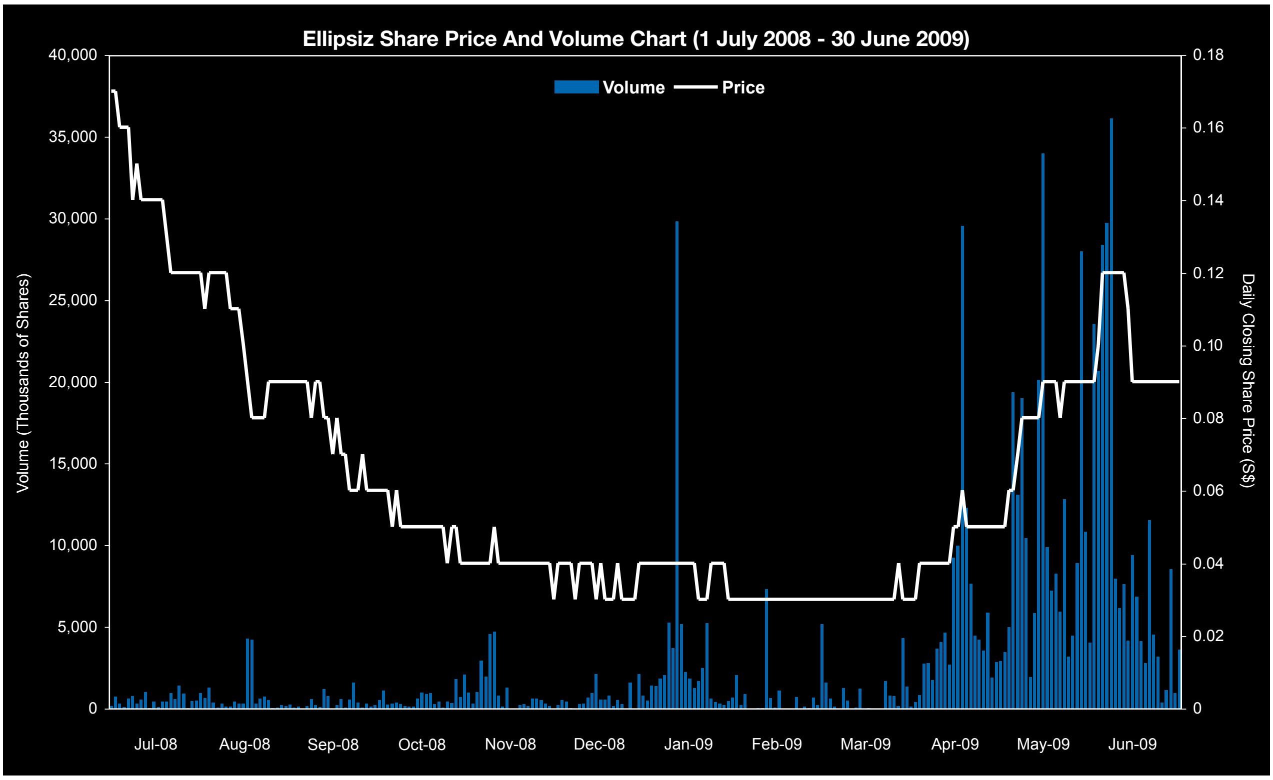
Meanwhile, our communications network assurance business, which was represented by 70%-owned subsidiary, Ellipsiz Communications, entered into its second year of operations and had contributed positively to the Group in FY2009. Based in Taiwan, New Zealand and Australia, the operations had successfully penetrated into the telecommunication service provider markets, and counts prominent mobile operators amongst its key customers.

In the midst of the positive strides taken by DSS during the year, the competitive landscape in which we operate underwent radical structural changes. Fortunately, the flat structure of the Group supported by the building of a pre-emptive business model over the years had facilitated and enabled timely and decisive execution that minimised the impact of such challenges. The exit from the imaging business by a key supplier to our electronics manufacturing and test services business had impacted our operations.

The resourceful business unit had, however, capitalised on the flat structure of the Group and had added resiliency to the business model through speedy market repositioning initiatives, thereby, minimising the impact and potentially building on new revenue stream into the future. To serve our customers better and to improve our revenue, we are constantly exploring opportunities with existing and new partners to expand our portfolio offerings and territorial coverage.

Apart from building revenue streams, the Group had conscientiously re-aligned our operating cost alongside changes in the market to achieve a sustainable cost structure. These were implemented, in addition, to the cost control measures that were diligently put in place in the previous years.

Following past years' of collaborative efforts with our business partners as well as recent streamlining and re-alignment efforts, we believed that our businesses had emerged stronger and leaner, and are more focus in harnessing the power of forward solutions and escalating the Group to greater heights.



STOCK PRICE & VOLUME MOVEMENT (1 JULY 2008 - 30 JUNE 2009)

Ellipsiz share price declined 47% from $0.17 to $0.09, compared to a decline of 20% for the benchmark Straits Times Index (STI) during the financial period. The average daily trading volume of 3 million shares was relatively higher compared to 919,692 shares in the same period a year ago.

Share Price & Volume Summary (1 July 2008 - 30 June 2009)

Daily Closing Share Price (S$)
High : 0.17 (1 Jul 08)
Low : 0.03 (26 Nov 08)
Average : 0.0639

Daily Traded Volume (Number of Shares)
High : 36,104,000 (8 Jun 09)
6-mth Average : 5,438,879
12-mth Average : 3,000,940

THE PREFERRED FORWARD

MANUFACTURING

Asia-Centric . State of the Art . Manufacturing Hub

- Probe Card Design, Manufacture and Repair
- In-Circuit Test & Functional Test Fixture/ Jigs Design & Fabrication

SERVICES

Forte of Excellence . Unparalleled Commitment . Dependable Support

- Cleanroom Facilities, Mechanical & Electrical Engineering Services
- Communications Network Assurance & Support
- Electronic Manufacturing Test System Installation, Integration & Engineering Support
- Electronic Programming Solutions
- Global Probe Card Technical Applications & Field Customer Support
- HALT/HASS Test Services
- Lithography Engineering Support
- Printed Circuit Board & Assembly Separator Solutions
- Pump Refurbishment
- Qualification & Reliability Engineering Support
- Quality, Reliability Testing & Failure Analysis
- Software Programming Services including DFT & Test Development, Test Process & Quality, Project Deployment & Support

SOLUTIONS PROVIDER...

TRADING & DISTRIBUTION

Growing Portfolio . Valued Partners . Niche Brands

- Cleanroom & Fast Moving Consumable Products
- Electronic Manufacturing Test Systems & Equipment
- Electronic Measurement Equipment & Tools
- Industrial Fasteners
- Quality & Reliability Assurance Equipment
- Lithography Tools
- Specialty Chemicals
- Storage & Material Handling Systems

ENERGY CONSERVATION...SOLAR...LED...
NATURAL RESOURCES AEROSPACE

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 Ltd. 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, 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.

JEFFREY STASZAK [3]

Non-Executive and Lead Independent Director

Jeffrey Staszak is the Lead Independent Director from 1 May 2009 following his appointment as Independent Director on 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 Master of Business Administration degree from Pepperdine University.

PHOON WAI MENG [4]

Non-Executive and Independent Director

Phoon Wai Meng is an Independent Director and was appointed Chairman of the Audit and Remuneration committees on 23 March 2009 and 1 May 2009 respectively. He is also a member of the Nominating Committee during the year. 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 with Hewlett Packard, Agilent Technologies and Avago Technologies. He was one of the pioneers in the setting up of the first IC design house in Singapore back in 1987.

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

AMOS LEONG HONG KIAT [5]

Non-Executive and Independent Director

Amos Leong Hong Kiat is an Independent Director and member of the Audit Committee from 1 May 2009. Mr. Leong, who has accumulated considerable expertise in the electronics manufacturing industry, is the President and CEO of the Univac Group. He began his career in 1987 as a supply-chain engineer in the manufacturing operations of Hewlett Packard Singapore and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. Subsequently, he was appointed as the Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the separation of the latter from Hewlett Packard. In 2004, Mr. Leong moved to his current leadership role for the Univac Group.

Mr. Leong holds an honors degree in Electrical and Electronics Engineering from the National University of Singapore.

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 Card 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 is currently overseeing 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

Lim Beng Lam is the Vice President for our Distribution and Services solutions division. He oversees the Company's business portfolio in the semiconductor segment, comprising mainly wafer fab equipment distribution business, specialty chemical 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 seven 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 in Chemistry and Mathematics from the National University of Singapore and a Master of Business Administration from the Oklahoma City University, United States.

SAM TAN CHONG GIN 4

Vice President, Distribution and Services Solutions

Sam Tan Chong Gin is the Vice President for our Distribution and Services solutions division. He has 20 years of experience in sales, business development and management in the electronics industry. His current portfolio includes the overseeing of businesses in Test & Measurement, System Integration/Function Test and Quality & Reliability Testing solutions. Most recently, Sam has successfully led the team in penetrating into the communications network assurance business, where it counts prominent telecommunication

operators amongst its key customers. Sam started his career with IBM Canada as Software Test Engineer before joining Hewlett Packard, where he achieved excellent sales record in Electronic Manufacturing Test (EMT) Solutions. He then took on the role of Business Development Manager at Agilent Technologies and assisted in the penetration and growth of the contract manufacturing business in China prior to his appointment as the EMT General Manager for Contracting Manufacturing in Asia. Subsequently, he joined iNETest Resources to lead the South Asia Pacific and the contract manufacturing teams in Asia following the outsourcing of sales, support and service organisation of Agilent Technologies to iNETest Resources.

Sam holds a Bachelor's Degree in Electrical & Electronics Engineering from Queen's University of Kingston, Canada.

TONY GUNG KWUN YUAN [5]

Vice President, Distribution and Services Solutions

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services solutions division. His current business portfolio includes overseeing of the Printed Circuit Board Assembly (PCBA) Test and Inspection as well as Fixturing and Automation solutions. Tony has accumulated considerable sales, engineering and business management expertise in the Electronics Manufacturing Test (EMT) industry. He began his career as a Research and Development Engineer in one of IBM's strategic invested R&D company in Taiwan before joining Hewlett Packard (HP) as an Application Engineer, and thereafter, as Sales Engineer. Since then, he held numerous managerial positions in HP and Agilent Technologies where he was responsible for the general instrument sale district for PC and peripheral industry. He was then promoted to Taiwan country manager for the Agilent board test system division and became GRC (China and Taiwan) regional manager the following year. Tony joined iNETest Resources in 2003, and he was most recently the General Manager of Agilent board test system for Asia ODM.

Tony holds a Master's as well as Bachelor Degree in Control Engineering from the National CHIAO-TUNG University, Taiwan.

JEFFREY KOH CHOON LENG [6]

Vice President, Distribution and Services Solutions

Jeffrey Koh Choon Leng is the Vice President for our Distribution and Services solutions division. He has 25 years of professional experience in Mechanical Engineering (M&E) building service design, implementation, documentation and project administration, and is overseeing Facilities Engineering solutions and Project Management businesses across diverse industries in Singapore, Malaysia, and recently into China and India. Jeffrey started his career as a Project Engineer with Hibiya Engineering Ltd, where he gained extensive experience in blue chip projects prior to his partnership venture in HPS Engineering (S) Pte Ltd as an executive director leading the company on numerous projects. He is also the Managing Director of our 51%-owned subsidiary E+HPS Pte Ltd.

Jeffrey holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

4 5 6

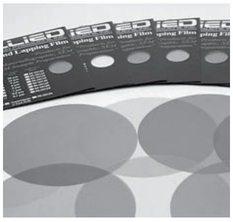
Key Events

27 MAY 2009

Wholly-owned probe card subsidiary, SV Probe, awarded 2008 Supplier Excellence Award from Vitesse Semiconductor Corporation for outstanding service and product quality.

1 MAY 2009

Following departure of Mr. Rick Kenneth Hodgman, Mr. Jeffrey Staszak and Mr. Phoon Wai Meng were appointed Lead Independent Director and Chairman of the Remuneration Committee respectively, while Mr. Amos Leong Hong Kiat joined the Board of Directors as an Independent Director and member of the Audit Committee of the Company.



Mr. Rick Kenneth Hodgman resigned as Director, Lead Independent Director, Chairman of Remuneration Committee, and a member of Audit and Nominating committees of the Company.

16 APRIL 2009

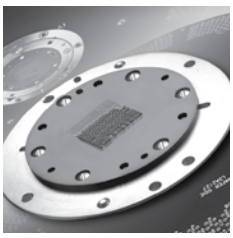
Ellipsiz acquired the remaining 7.53% stake in 92.47%-owned FMB Industries for $163,000 as part of its restructuring efforts. FMB Industries, which is now a wholly-owned subsidiary of Ellipsiz, sells consumable products to the electronics, semiconductor, pharmaceutical and food processing industries.

27 MARCH 2009

A fire broke out at our wafer reclaim facility in Singapore, and production activities were halted. While recovering from the fire disaster and progressing with our insurance claim for the damages incurred resulting from the incident, the Group is evaluating various alternatives to restore the revenue stream from its wafer reclaim activities.

23 MARCH 2009

Mr. Phoon Wai Meng appointed Chairman of the Audit Committee following resignation of Dr. Foo See Liang as Director and Chairman of the said committee.

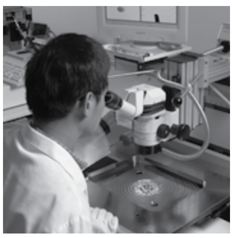


11 FEBRUARY 2009

SV Probe added PowerPlus™ to its already broad Trio™ line of vertical probe cards that target the high current density testing challenge.

23 JANUARY 2009

Ellipsiz raised a net proceed of $8 million to fund the working capital requirements of its operations and/or to repay bank borrowings following completion of rights issue.



17 NOVEMBER 2008

Subsidiary Ellipsiz Semiconductor Technology (Shenzhen) entered into agreement to sell its entire 33.33% interests in Shenzhen IC Design Incubation Co. Ltd. for RMB3 million to focus on its core activities.

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 LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388

Partner-in-charge:
Mr. Ronald Tay
(effective FY2009)

REGISTRAR AND SHARE TRANSFER OFFICE

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

JOINT COMPANY SECRETARIES

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

PRINCIPAL BANKERS

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

United Overseas Bank 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. Jeffrey Staszak
Non-Executive & Lead Independent Director
(Appointed as Lead Independent Director on 1 May 2009)

Mr. Phoon Wai Meng
Non-Executive & Independent Director

Mr. Amos Leong Hong Kiat
Non-Executive & Independent Director
(Appointed on 1 May 2009)

NOMINATING COMMITTEE

Chairman:
Mr. Jeffrey Staszak

Members:
Mr. Phoon Wai Meng
Mr. Xavier Chong Fook Choy

REMUNERATION COMMITTEE

Chairman:
Mr. Phoon Wai Meng
(effective from 1 May 2009)

Member:
Mr. Jeffrey Staszak

AUDIT COMMITTEE

Chairman:
Mr. Phoon Wai Meng
(effective from 23 March 2009)

Members:
Mr. Jeffrey Staszak
Mr. Amos Leong Hong Kiat
(effective from 1 May 2009)

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's 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 business; and
- set standards and values and ensure that obligations to the shareholders and others are understood and met.

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

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 Independent 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 2009, a total of four scheduled Board meetings were held.

The number of meetings held by the Board and the board committees and the attendance of the members for the financial year ended 30 June 2009 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meeting	Remuneration Committee Meetings
Number of meetings held	4	4	1	2
Directors				
Mr. Xavier Chong Fook Choy	4	4(1)	1	1(1)
Mr. Melvin Chan Wai Leong	4	4(1)	1(1)	2(1)
Mr. Rick Kenneth Hodgman	3 of 3	3 of 3	1	2
Mr. Jeffrey Staszak	4	4	1	2
Mr. Phoon Wai Meng	3	3	1	1
Dr. Foo See Liang	3 of 3	3 of 3	1(1)	NA
Mr. Amos Leong Hong Kiat	1 of 1	1 of 1	NA	NA

(1) In attendance

NA – Not applicable

New Board members 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.

All 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.

During the financial year ended 30 June 2009, the Board comprised the following members:

Executive Directors	
Mr. Xavier Chong Fook Choy	Executive Chairman
Mr. Melvin Chan Wai Leong	Chief Executive Officer
Non-Executive and Independent Directors	
Mr. Rick Kenneth Hodgman	Resigned on 30 April 2009; Lead Independent Director from 1 July 2008 to 30 April 2009
Mr. Jeffrey Staszak	Appointed as Lead Independent Director on 1 May 2009
Mr. Phoon Wai Meng	
Dr. Foo See Liang	Resigned on 20 March 2009
Mr. Amos Leong Hong Kiat	Appointed on 1 May 2009

The Nominating Committee assesses the independence of the Directors on an annual basis. For financial year ended 30 June 2009, the Nominating Committee has determined that save for the Executive Chairman and Chief Executive Officer who are executive Directors, all the other three 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 judgment 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

There is a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer as the roles are separately held by Mr. Xavier Chong Fook Choy and Mr. Melvin Chan Wai Leong. This is 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.

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. Chan is not related to Mr. Chong.

In line with the recommendations of the 2005 Code, as both the Chairman and Chief Executive Officer are part of the management team, the Board appointed a Lead Independent Director. As at 30 June 2009 and date of this report, Mr. Jeffrey Staszak is the appointed Lead Independent Director.

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.

During the year, the Nominating Committee comprises:

- Mr. Jeffrey Staszak (Chairman)
- Mr. Rick Kenneth Hodgman (Resigned on 30 April 2009)
- Mr. Phoon Wai Meng
- Mr. Xavier Chong Fook Choy

Majority of the members of the Committee, including its Chairman, are Independent Directors.

The Committee is responsible for 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. Phoon Wai Meng, Mr. Jeffrey Staszak and Mr. Amos Leong Hong Kiat 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.

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 plans, 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 legislations, 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. Resigned on 30 April 2009)
Mr. Phoon Wai Meng (Member from 1 July 2008 to 30 April 2009 and appointed as Chairman on 1 May 2009)
Mr. Jeffrey Staszak

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

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 director's 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").

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.

The performance of Executive Directors were 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 band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus	Total
Mr. Xavier Chong Fook Choy	$250,000 to $499,999	12%	75%	13%	100%
Mr. Melvin Chan Wai Leong	$250,000 to $499,999	6%	74%	20%	100%
Mr. Rick Kenneth Hodgman	Below $250,000	100%	-	-	100%
Mr. Jeffrey Staszak	Below $250,000	100%	-	-	100%
Mr. Phoon Wai Meng	Below $250,000	100%	-	-	100%
Dr. Foo See Liang	Below $250,000	100%	-	-	100%
Mr. Amos Leong Hong Kiat	Below $250,000	100%	-	-	100%

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	2
$250,000 to $499,999	3

The profiles of the Group's key management are set out on pages 18 and 19 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, collectively known as the "Plans", and the details of the options and awards granted are provided in the Directors' Report and Note 28 to the financial statements in the audited accounts.

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

ACCOUNTABILITY & 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 business 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.

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:

Dr. Foo See Liang (Chairman. Resigned on 20 March 2009)
Mr. Phoon Wai Meng (Member from 1 July 2009 to 20 March 2009 and appointed as Chairman on 23 March 2009)
Mr. Rick Kenneth Hodgman (Resigned on 30 April 2009)
Mr. Jeffrey Staszak
Mr. Amos Leong Hong Kiat (Appointed on 1 May 2009)

All members of the Audit Committee are Independent Directors.

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 Securities Trading Limited (SGX-ST) Listing Manual, the Audit Committee also undertakes to review the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors.

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

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

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 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 business and price-sensitive information through announcements made *via* SGXNET. 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. The external auditors are also present to answer any relevant shareholders' queries.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend an Annual General Meeting, to speak and vote in place of the shareholder. Voting in absentia by mail, facsimile or email has yet to be introduced because such voting methods will need to be carefully reviewed in terms of costs and 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 announcements 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.

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.

ONE-TIME CHARGES

In the financial year ended 30 June 2009 (FY2009) and 30 June 2008 (FY2008), there were a few one-time charges that had significantly affected the results of the Group. Details of the charges were as follows:

Events	**FY2009 $'000**	**FY2008 $'000**
Included in cost of revenue		
1) Provision for impairment losses on certain property, plant and equipment and intangible assets	(3,270)	-
2) Provision for inventory obsolescence	(2,942)	(1,543)
3) Arising from a fire incident that took place at our Singapore wafer reclaim facility, the Group recorded:		
- Write off of/provision for impairment for property, plant and equipment	(7,753)	-
- Write off of inventory	(3,238)	-
- Others	(352)	-
4) Provision of retrenchment benefits in respect of a retrenchment plan of a business unit to streamline its operational team	(90)	-
Included in administrative expenses		
5) Arising from the fire incident mentioned in item 3, the Group recorded:		
- Write off of/provision for impairment for property, plant and equipment	(1,064)	-
- Other expenses incurred in the disaster recovery process	(333)	-
6) Provision for doubtful convertible loan receivable	(1,598)	-
7) Provision for impairment losses on certain property, plant and equipment and intangible assets	(179)	-
Included in other operating expenses		
8) Arising from the rationalisation exercise of the Group's production operations in United States of America and France undertaken in FY2008, the Group recorded:		
- Impairment on property, plant and equipment	-	(551)
- Provision for restructuring costs	(459)	(7,577)
9) Arising from the fire incident mentioned in item 3, the Group recorded:		
- Provision for other liabilities	(847)	-
- Impairment of goodwill	(384)	-
10) Provision for impairment losses on other financial assets	(5,899)	-
11) Provision for impairment loss on investment in associate	(1,850)	-
Included in tax expenses		
12) Reversal of deferred tax assets arising from the facility rationalisation exercise in France	-	(1,324)
Net impact on results of the Group	**(30,258)**	**(10,995)**

RESULTS OF OPERATIONS

Excluding the abovementioned non-recurring events, the consolidated income statement of the Group and the variance explanations were as follows:

Consolidated Income Statement for the financial year ended 30 June	**2009 $'000**	**2008 $'000**	**Var. %**
Revenue	149,598	196,765	(24)
Cost of revenue	(126,288)	(159,279)	(21)
Gross profit	**23,310**	**37,486**	**(38)**
Other income	2,557	678	277
Distribution expenses	(14,505)	(15,994)	(9)
Administrative expenses	(18,012)	(22,917)	(21)
Research and development expenses	(3,066)	(5,200)	(41)
Other expenses	(126)	(1,189)	(89)
Results from operating activities	**(9,842)**	**(7,136)**	**(38)**
Net finance expenses	(668)	(359)	86
Share of results of associates & joint ventures (net of tax)	(748)	623	(220)
Loss before income tax	**(11,258)**	**(6,872)**	**(64)**
Income tax credit	1,045	4,484	(77)
Loss for the year	**(10,213)**	**(2,388)**	**(328)**
Attributable to:			
Equity holders of the Company	(9,458)	(1,332)	(610)
Minority interests [1]	(755)	(1,056)	(29)
	(10,213)	**(2,388)**	**(328)**

[1] Minority interests for FY2009 were adjusted for minority shareholders' share of the one-time charges.

Revenue

Revenue of the Group decreased by 24% from $197 million in financial year ended 30 June 2008 (FY2008) to $150 million in the financial year ended 30 June 2009 (FY2009).

Probe Card solutions (PCS) reported revenue of $48 million in FY2009, a 39% decrease as compared to FY2008. The softening of market environment due to the financial turbulence (particularly in USA), pricing pressure and increased competition led to lower revenue for PCS.

Revenue for Distribution & Services solutions (DSS) decreased by 14% year-on-year (y-o-y) to $102 million for FY2009. This is in spite of an improvement in revenue from communications network assurance and facilities businesses. The decrease was largely attributable to lower revenue from manufacturing activities amid weaker market demand, triggered by the slowdown in the semiconductor industry. In addition, the Group's revenue from the wafer reclaim activities was negligible in the last quarter of FY2009 as a result of the fire that took place at the Singapore wafer reclaim facility in March 2009.

The slow down in the performance of PCS led to poorer performance reported in USA, Europe and Other Regions; and lower trading activities in Other Asean Countries contributed lower revenue to the Group. Taiwan and China are not spared from the slowdown in semiconductor industry, thus, leading to lower revenue. In Singapore region, the decline in revenue from DSS manufacturing activities negated the revenue growth from the facilities business.

Gross profit and gross profit margin

The Group reported a 38% decrease in gross profit from $37 million in FY2008 to $23 million in FY2009 and gross profit margin declined from 19% to 16%.

The decrease in gross profit margin was mainly due to the decline in manufacturing activities of PCS and DSS segments without a proportionate decrease in cost of revenue as a major portion of the manufacturing expenses are fixed in nature.

Other income

The Group had a higher other income of $2.6 million for FY2009 as compared to $0.7 million for FY2008. Foreign exchange gain of $1.2 million and job credit income of $0.4 million subsidised by the government in FY2009 were the key reasons for the increase in other income.

Operating expenses

Operating expenses decreased by 21% from $45 million in FY2008 to $36 million for FY2009.

The reduction in operating expenses was mainly due to:

(i) Lower manufacturing cost with the completion of the various phases of the facilities rationalisation exercise carried out by PCS since the fourth quarter of FY2008 (Q4 FY2008);

(ii) The positive impact from the costs-control measures put in place by the Group since second quarter of the financial year; and

(iii) Non-recurrence of exchange loss in FY2009. The Group had exchange loss of $1 million in FY2008.

Share of results of associates and joint ventures

During the financial year, the Group recorded net losses of $687,000 and $61,000 from the shares of results of its associates and joint ventures respectively.

Income taxes

The Group had tax credit of $1,045,000 for FY2009. The reversal of deferred tax liabilities resulting from the movement in temporary differences and refund of tax losses carry-back in current financial year led to the tax credit.

Net loss attributable to equity holders of the Company

Net loss after taxes and minority interests for FY2009 was $9 million as compared to FY2008 net loss of $1 million.

Lower revenue due to decreasing demand and the poorer gross profit margin attained in the financial year, partially offset by the lower operating expenses, were the main reasons for the increase in net loss of the Group.

With the inclusion of the one-time charges and provisions, the Group had net losses of $39 million for FY2009.

FINANCIAL CONDITIONS

Consolidated Balance Sheet as at 30 June	2009 $'000	2008 $'000	Var. %
Property, plant and equipment	13,660	30,672	(55)
Intangible assets	36,163	35,132	3
Associates	4,382	6,884	(36)
Joint ventures	209	12	1,642
Financial assets	-	5,929	(100)
Deferred tax assets	2,220	3,118	(29)
Non-current assets	**56,634**	**81,747**	**(31)**
Current assets	**70,457**	**87,158**	**(19)**
Total assets	**127,091**	**168,905**	**(25)**
Current liabilities	**41,001**	**56,969**	**(28)**
Non-current liabilities	**6,604**	**4,691**	**41**
Total liabilities	**47,605**	**61,660**	**(23)**
Equity attributable to equity holders of the Company	76,872	103,656	(26)
Minority interests	2,614	3,589	(27)
Total equity	**79,486**	**107,245**	**(26)**
Total equity and liabilities	**127,091**	**168,905**	**(25)**

Non-current assets

As at 30 June 2009, total non-current assets was $57 million, a drop of 31% from $82 million as at 30 June 2008.

The 55% decrease in property, plant and equipment was mainly from the impairment provision for and write off of certain assets damaged in the fire incident at a subsidiary's manufacturing facility, as well as impairment charges recorded for certain plant and machinery of the Group. Financial assets decreased by 100% and investments in associates decreased by 36% as the Group recorded impairment losses on these assets during the financial year. Deferred tax assets decreased 29%.

Current assets

Total current assets decreased by 19% from $87 million as at 30 June 2008 to $70 million as at 30 June 2009. The improved collections from trade and other receivables, lower inventory held as at 30 June 2009 and allowance made for the doubtful convertible loan receivable resulted in a decline in current assets. The impact of the decreases was, however, partially offset by a $5 million increase in cash and cash equivalents.

Total liabilities

Total liabilities stood at $48 million as at 30 June 2009, a decrease of 23% from $62 million as at 30 June 2008. The 71% drop in provisions is mainly due to payments amounting to $6 million made by the Group during the financial year for restructuring costs for PCS's facilities rationalisation exercise. The decrease is partially offset by an $847,000 increase in provisions for other liabilities arising from the fire incident. Additionally, trade and other payables decreased by $6 million or 19%; and deferred tax liabilities decreased 54% or $1 million.

Minority interests

The decrease in minority interests resulted mainly from their share of results during the financial year.

LIQUIDITY AND CAPITAL RESERVES

The net cash inflow of the Group for year ended 30 June 2009 was $7 million. This can be accounted by:

(a) cash inflow of $2 million from operating activities;
(b) cash outflow of $3 million for investing activities; and
(c) cash inflow of $8 million from financing activities.

Despite a loss of $40 million for FY2009, the Group had positive cash flow from operating activities of $8 million, after excluding the $6 million payment made during the financial year for restructuring costs with respect to the PCS rationalisation exercise. The restructuring costs were incurred and recorded as an expense in Q4 FY2008 to rationalise the facilities of PCS.

The acquisition of property, plant and equipment led to the cash outflow for investing activities, while proceeds from issuance of rights shares, partially offset by the net repayment of interest-bearing borrowings, were the main reasons for the positive cash flow from financing activities.

As at 30 June 2009, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $32 million.

Industry Outlook

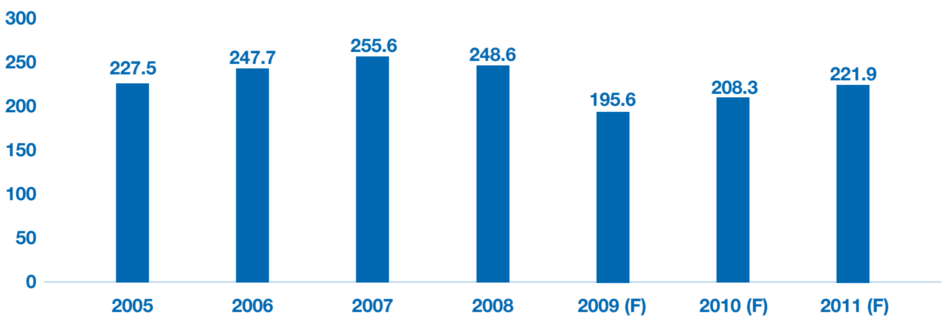
We operate primarily in the semiconductor and electronics manufacturing services (EMS) industries, where our businesses are subject to general trends and conditions of the global semiconductor and electronic markets which were, in turn, dependent on consumer spending and economic development worldwide.

In July 2009, the International Monetary Fund revised its 2010 growth forecast for the global economy from 1.9% to 2.5% on the caveat that the respective governments follow through with their fiscal and monetary stimulus program amid signs of sluggish recovery underway. For 2009, global activity is, however, forecast to contract by 1.4%.

While news of improving utilisation rates, sequential sales growth and positive guidance at key semiconductor companies repeatedly made headlines following waves of inventory replenishment as a result of production cutbacks over the past few quarters, visibility on the return of real market demand remained limited. The onset of a more meaningful and sustainable recovery, according to most research houses and industry sources, is expected only in the second half of 2010 provided that the various government stimulus plans lead to rapid economic recovery and a return to growth.

During their mid-year forecast updates, leading organisations such as Semiconductor Industry Association (SIA), Gartner and iSuppli were forecasting double digits percentage fall in global semiconductor revenue for 2009. SIA expects global chip sales to contract by 21.3% to US$195.6 billion before embarking on 6.5% growth into 2010 at US$208.3 billion and a further 6.5% growth for 2011 to achieve US$221.9 billion.

Chart 1: Global Semiconductor Revenue Forecast (US$ billions)



Source: Semiconductor Industry Association (SIA), June 2009

Gartner, meanwhile, has further upgraded its 2009 global chip sales forecast from a contraction of 24.1% in February 2009 to 17.1% in August 2009 or US$212 billion following sequential semiconductor revenue growth of 17% during Q2 2009 as consumers reacted strongly to lower personal computer and liquid crystal display pricing. It, however, cautioned that all major segments of the semiconductor market are expected to experience double-digit declines in revenues this year, and added that global chip sales would perform in line with typical seasonal patterns during Q4 2009 with Q1 2010 sales expected to dip by 5% as customers digest purchases over the last few quarters. For 2010, Gartner expects worldwide semiconductor sales to grow by 10.3% to US$233 billion.

On the other hand, iSuppli had trimmed its forecast and is expecting 23% fall in global semiconductor sales for 2009 to US$198.9 billion from its April 2009 forecast of -21.5%. It had attributed the deterioration to the weakening outlook of electronic market as lingering economic woes and continuing poor visibility into future demand trends added pressure to chip sales growth for 2009. The research house is, however, expecting a 13.1% growth for 2010.

DSS Business Outlook

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

Semiconductor Equipment Market Outlook

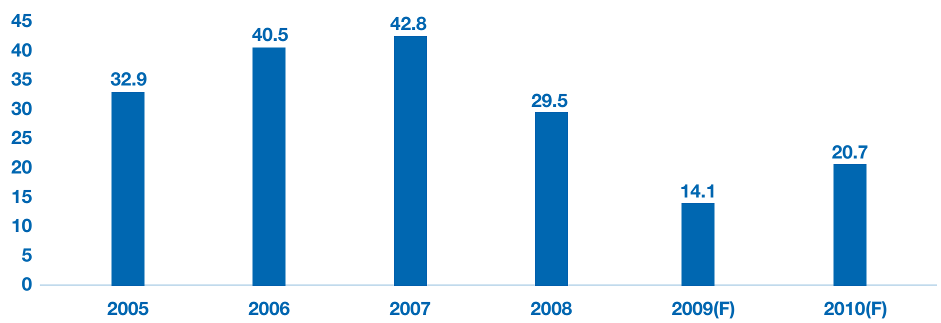
At the chip equipment spending front, sharper declines are expected for 2009 on broad declines across all major categories of equipment before rebounding to double digits growth in 2010. Wafer fab equipment, being the largest segment of the semiconductor equipment sales, is expected to fall with the chip equipment market amid the still industry-wide overcapacity situation.

According to Gartner (June 2009), the worldwide semiconductor capital equipment spending is expected to shrink by 45.8% to US$16.6 billion in 2009. Wafer fab equipment is expected to fall by 47.1% to US$12.8 billion with the collapse of memory spending hitting hard on sales of lithography tools, especially those of 193nm ArF immersion tools which have significant average selling prices (ASPs). The trend is, however, expected to reverse with a growth of 29% and 26.4% for the global chip equipment and the wafer fab equipment sales to US$21.4 billion and US$16.2 billion respectively.

Semiconductor Equipment and Materials International (SEMI, July 2009) had projected a steeper 52% decline for global chip equipment sales across all regions to US$14.1 billion for 2009. Wafer processing equipment is expected to suffer 53% fall in sales to US$10.4 billion. On total fab spending, SEMI (June 2009) had also forecast a steep contraction of 50.7% to US$15.2 billion for 2009 as fab construction and fab equipment spending fell by 65.8% and 48% to US$1.5 billion and US$13.7 billion respectively.

Following the low levels set in 2009, SEMI is also expecting a rebound into 2010 with an overall growth of 47% to US$20.7 billion for worldwide semiconductor equipment sales, of which, the wafer processing equipment segment is expected to grow by 48% to US$15.4 billion. Total fab spending is also expected to ricochet by a strong 61.5% to US$24.6 billion, of which, fab equipment spending is forecast to gain 59.5% to US$21.8 billion.

Chart 2: Global Semiconductor Equipment Sales Forecast (US$ billions)



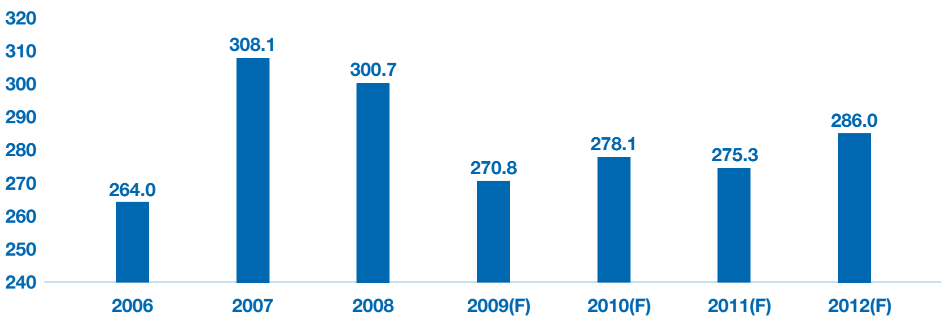
Source: Semiconductor Equipment and Materials International (SEMI), July 2009

EMS Market Outlook

According to iSuppli (February 2009), conditions in the global contract manufacturing industry, which comprised revenues from both Electronics Manufacturing Services (EMS) providers and Original Design Manufacturers (ODMs), continued to deteriorate amidst the recession and the weakening of high-tech industry.

Global contract manufacturing industry revenues is expected to decrease by 9.9% to US$270.8 billion in 2009, down from US$300.7 billion in 2008. The research outfit, which has made the third significant cut to its forecast during the past 24 months, had also slashed its compounded annual growth rate (CAGR) for the industry from 5.3% to 1.3% from 2006 through 2012 as weak demand had triggered program delays as well as push-outs, while some amount of Original Equipment Manufacturer (OEM) in-sourcing activities will also hamper EMS/ODM industry performance during 2009.

Chart 3: Global Contract Manufacturing Revenue Forecast (US$ billions)



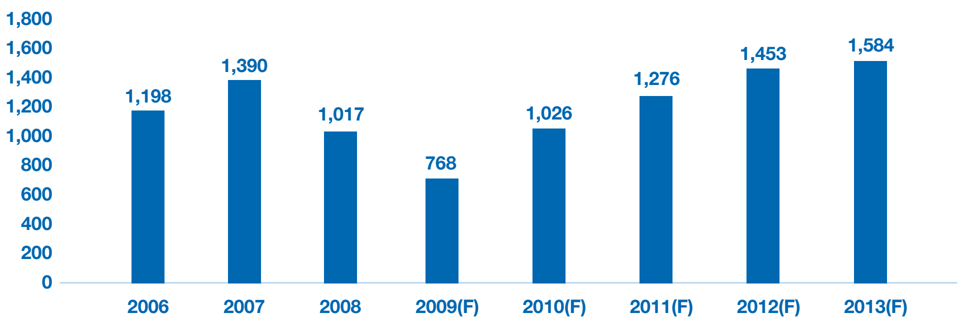
Source: iSuppli Corp, February 2009

PCS Business Segment Outlook

Probe Card solutions (PCS) segment 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.

According to VLSI Research (April 2009), the global probe card market, including spares and services, is expected to contract by 24.5% from US$1 billion in 2008 to US$768 million in 2009 reeling from a very sharp drop in chip demand in Q4 of 2008 and loss of confidence in prospects for 2009, which resulted in major chip production cut-back and the removal of old capacity, in turn, leading to order push-outs. 2009 marked the second year of decline following a contraction of 26.9% in 2008.

Chart 4: Global Probe Card Revenue Forecast (US$ millions)



Source: VLSI Research, April 2009

Demand is, however, expected to recover in 2010 with a growth of 33.6% to US$1 billion, and that the global probe card revenue is forecast to grow at a five-year CAGR of 9.3% to US$1.6 billion in 2013 supported by new chip design turnover on the trends towards Application Specific products and requirement for "Known Good Die" (KGD), as well as the shift towards advanced probe cards such as Vertical and MEMS-based probe cards in meeting the need for high frequency testing, high pin-count probing as well as increasing test parallelism.

Overall Business Outlook

Given the above market forecasts and the on-going macroeconomic uncertainties, visibility is low for the next 6 to 12 months. In spite of the mixed outlook, the Group, backed by our global footprint and cost-efficient Asia-centric manufacturing model, is well-positioned to capitalise on opportunities of various niche market segments across the semiconductor and electronics manufacturing chains.

a) Cyclicality of the Semiconductor and EMS 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 pricing pressure amid intense competition and cost curves of semiconductor manufacturers, particularly in the memory segment. In the event of a prolong 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. Pricing is also 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 upon fall in demand, and in turn, could have an adverse impact on our financial performance.

b) Foreign Exchange Risk

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

c) Geopolitical & Macroeconomic Risks

We operate in, and sell our products and services to customers in various countries, including Singapore, Malaysia, China, Thailand, the Philippines, Taiwan R.O.C., Vietnam, India, Japan, South Korea, Australia, New Zealand, Europe and the United States. As a result, our business and its future growth is dependent on the political, economic, regulatory and social conditions of these countries. Any changes in the policies implemented by the government of any of these countries which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to our business could materially and adversely affect our operations, financial performance and future growth.

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.

Turmoil in the global financial markets had led to economic recession worldwide where dampened consumer confidence led to significantly lower consumption for electronics gadgets and, in turn, capital spending by our customers. Sustainability of the positive impact of economic stimulus packages on end-demand, rising inflation and geopolitical instabilities in the region would continue to pose significant macroeconomic risks to the operating performance of our businesses.

d) Obsolescence & Intellectual Property Risks

The technology in the industries we operate in is subject to constant changes and innovations, thus, might shorten the life span of our inventory and render them obsolete. Inability to anticipate demand fluctuations could potentially lead to obsolescence of inventory, and hence, leading to longer cash conversion cycle and other related costs that could adversely affect our financial position.

In conjunction to obsolescence risk, the inability to obtain the technological licences, patents and other intellectual property rights that are crucial to the protection of our technological know-how and competitive advantage would adversely impact our operations and financial performance.

e) Loss of Key Product Distributorships & Service Contracts

We are constantly facing intense competition from other leading players, and it is imperative that we identify, expand and secure exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and EMS industries, and provide unparalleled services to our customers via formalisation of service contracts. Hence, loss of key product distributorships and service contracts as well as the inability to boost our product and service offerings to our customers would have a material adverse impact on our businesses as well as financial results.

f) Key Personnel Risk

Success of our business depends on the continued efforts and abilities of our management team and technical personnel. Should any of our key employees voluntarily terminate their employment and we are unable to retain or replace with a suitably qualified personnel, this could have a material adverse effect on our business and results. Similarly, should we be unable to attract suitably qualified personnel for our expansion programme, this could also have an adverse impact on our future operations.

FINANCIAL CONTENTS

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2009.

Directors

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

Xavier Chong Fook Choy	Chairman
Melvin Chan Wai Leong	
Phoon Wai Meng	
Jeffrey Staszak	
Amos Leong Hong Kiat	Appointed on 1 May 2009

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, share options and warrants in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2009
Xavier Chong Fook Choy			
Ellipsiz Ltd			
- ordinary shares			
- interest held	28,898,520	61,576,744	61,576,744
- deemed interest	-	2,000,000	2,000,000
- options to subscribe for ordinary shares at S$0.64 exercisable from 11/3/2007 onwards[1]			
- options held	74,800	-	-
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[2]			
- warrants held	-	5,779,704	5,779,704
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	5,409,572	25,409,572	25,409,572
- deemed interest	4,959,272	19,959,272	19,959,272
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[2]			
- warrants held	-	3,333,333	3,333,333
- deemed interest	-	2,500,000	2,500,000
Testel Solutions Pte. Ltd.			
- ordinary shares			
- deemed interest	302,976	1,163,595	1,163,595

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2009
Phoon Wai Meng			
Ellipsiz Ltd			
- ordinary shares			
- interest held	95,000	409,000	409,000
- deemed interest	25,000	255,000	255,000
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[(2)]			
- warrants held	-	52,333	52,333
- deemed interest	-	38,333	38,333

[(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. Options expired during the financial year.

[(2)] Warrants refer to the rights to subscribe for one new ordinary share of the Company for each warrant at an exercise price of S$0.035, during the exercise period of three years commencing from the issue date on 28 January 2009, and expiring on 27 January 2012.

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 2009.

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

Share Plans

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", 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.

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 28 to the financial statements.

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 2009		Aggregate options granted since commencement to 30 June 2009		Aggregate options exercised since commencement to 30 June 2009		Aggregate options outstandings as at 30 June 2009	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Xavier Chong Fook Choy	-	-	240,000	0.05	165,200	0.03	-	-

Director	Awards granted for financial year ended 30 June 2009		Aggregate awards granted since commencement to 30 June 2009		Aggregate awards vested since commencement to 30 June 2009		Aggregate awards outstandings as at 30 June 2009	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Xavier Chong Fook Choy	-	-	103,000	0.02	103,000	0.02	-	-

The percentage is computed based on the options or awards granted or exercised or vested divided by the total number of ordinary shares issued by the Company as at 30 June 2009.

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.

Warrants

As at the end of the financial year, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants outstanding as at 1 July 2008	Warrants issued	Warrants exercised	Warrants outstanding as at 30 June 2009	Date of expiration
28 January 2009	-	41,873,918	37,000	41,836,918	27 January 2012

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at an exercise price of S$0.035 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company. During the financial year, the Company issued 37,000 shares pursuant to the exercise of warrants as disclosed above.

As at the end of the financial year, except as reported above, no other options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries. Except for the abovementioned outstanding warrants, no other options to take up unissued shares of the Company or its subsidiaries were outstanding as at the end of the financial year.

Audit Committee

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

- Phoon Wai Meng (Appointed as Chairman on 23 March 2009)
- Jeffrey Staszak
- Amos Leong Hong Kiat (Appointed as member on 1 May 2009)

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 LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, 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
17 September 2009

Statement by Directors

year ended 30 June 2009

In our opinion:

(a) the financial statements set out on pages 48 to 108 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 2009 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
17 September 2009

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 2009, the income statements and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 108.

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 profit and loss accounts 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 2009 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 LLP
Public Accountants and
Certified Public Accountants

Singapore
17 September 2009

Balance Sheets
as at 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Property, plant and equipment	3	13,660	30,672	8	15
Intangible assets	4	36,163	35,132	9	5
Subsidiaries	5	-	-	83,324	83,681
Associates	6	4,382	6,884	3,018	4,868
Joint ventures	7	209	12	-	-
Financial assets	8	-	5,929	-	5,929
Amounts due from related parties	9	-	-	1,652	-
Deferred tax assets	10	2,220	3,118	7	6
		56,634	81,747	88,018	94,504
Current assets					
Inventories	11	10,245	18,433	-	-
Project-in-progress	12	823	932	-	-
Convertible loan receivable	13	-	1,360	-	1,360
Trade and other receivables	14	26,796	38,119	42	127
Amounts due from related parties	9	160	634	11,374	5,306
Cash and cash equivalents	15	32,433	27,680	3,649	1,358
		70,457	87,158	15,065	8,151
Total assets		127,091	168,905	103,083	102,655
Equity attributable to equity holders of the Company					
Share capital	16	129,578	121,112	129,578	121,112
Reserves	17	(52,706)	(17,456)	(42,514)	(31,688)
		76,872	103,656	87,064	89,424
Minority interests		2,614	3,589	-	-
Total equity		79,486	107,245	87,064	89,424
Non-current liabilities					
Interest-bearing borrowings	18	5,604	2,413	3,442	-
Redeemable convertible preference shares	19	-	78	-	-
Other payables	20	-	15	-	-
Amounts due to related parties	9	-	-	-	3,581
Deferred tax liabilities	10	1,000	2,185	-	-
		6,604	4,691	3,442	3,581
Current liabilities					
Trade and other payables	20	27,380	33,744	2,035	2,180
Provisions	21	2,131	7,405	-	-
Amounts due to related parties	9	82	161	5,270	1,732
Interest-bearing borrowings	18	9,470	13,706	4,911	5,600
Redeemable convertible preference shares	19	78	-	-	-
Current tax payable		1,860	1,953	361	138
		41,001	56,969	12,577	9,650
Total liabilities		47,605	61,660	16,019	13,231
Total equity and liabilities		127,091	168,905	103,083	102,655

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

Income Statements

year ended 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenue	22	149,598	196,765	4,556	6,396
Cost of revenue		(143,933)	(160,822)	-	-
Gross profit		5,665	35,943	4,556	6,396
Other income	23	2,557	678	780	464
Distribution expenses		(14,505)	(15,994)	-	-
Administrative expenses		(21,186)	(22,917)	(4,135)	(3,562)
Research and development expenses		(3,066)	(5,200)	-	-
Other expenses		(9,565)	(9,317)	(11,573)	(402)
Results from operating activities	23	(40,100)	(16,807)	(10,372)	2,896
Finance income		151	423	39	1,615
Finance expenses		(819)	(782)	(380)	(398)
Net finance (expenses)/income	24	(668)	(359)	(341)	1,217
Share of results of associates (net of tax)		(687)	639	-	-
Share of results of joint ventures (net of tax)		(61)	(16)	-	-
(Loss)/Profit before income tax		(41,516)	(16,543)	(10,713)	4,113
Income tax credit/(expense)	25	1,045	3,160	(73)	417
(Loss)/Profit for the year		(40,471)	(13,383)	(10,786)	4,530
Attributable to:					
Equity holders of the Company		(38,908)	(12,327)	(10,786)	4,530
Minority interests		(1,563)	(1,056)	-	-
(Loss)/Profit for the year		(40,471)	(13,383)	(10,786)	4,530
Earnings per share	27				
- Basic earnings per share (cents)		(10.66)	(4.82)		
- Diluted earnings per share (cents)		(10.66)	(4.82)		

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

Consolidated Statement of Changes in Equity

year ended 30 June 2009

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Compen-sation reserve $'000	Exchange translation reserve $'000	Accumulated profits/ (loss) $'000	Total attributable to equity 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 gain/(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 expenses 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
At 1 July 2008	121,112	(11,720)	40	464	(11,428)	5,188	103,656	3,589	107,245
Translation differences relating to financial statements of foreign operations	-	-	-	-	4,718	-	4,718	(3)	4,715
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	-	(1,020)	-	(1,020)	-	(1,020)
Change in fair value of available-for-sale financial assets	-	-	(40)	-	-	-	(40)	-	(40)
Net (losses)/gain recognised directly in equity	-	-	(40)	-	3,698	-	3,658	(3)	3,655
Loss for the year	-	-	-	-	-	(38,908)	(38,908)	(1,563)	(40,471)
Total recognised income and expenses for the year	-	-	(40)	-	3,698	(38,908)	(35,250)	(1,566)	(36,816)
Issuance of shares pursuant to the rights issue	8,794	-	-	-	-	-	8,794	-	8,794
Share issuance expenses	(329)	-	-	-	-	-	(329)	-	(329)
Issuance of shares pursuant to exercise of warrants	1	-	-	-	-	-	1	-	1
Arising from acquisition of remaining interest from minority shareholder of a subsidiary	-	-	-	-	-	-	-	(163)	(163)
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	784	784
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(30)	(30)
At 30 June 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486

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

Statement of Changes in Equity

year ended 30 June 2009

Company	Share capital $'000	Fair value reserve $'000	Compensation reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2007	121,112	-	464	(36,722)	84,854
Change in fair value of available-for-sale financial assets	-	40	-	-	40
Net gain 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
At 1 July 2008	121,112	40	464	(32,192)	89,424
Change in fair value of available-for-sale financial assets	-	(40)	-	-	(40)
Net loss recognised directly in equity	-	(40)	-	-	(40)
Loss for the year	-	-	-	(10,786)	(10,786)
Total recognised expenses for the year	-	(40)	-	(10,786)	(10,826)
Issuance of shares pursuant to the rights issue	8,794	-	-	-	8,794
Share issuance expenses	(329)	-	-	-	(329)
Issuance of shares pursuant to exercise of warrants	1	-	-	-	1
At 30 June 2009	129,578	-	464	(42,978)	87,064

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

Consolidated Cash Flow Statement

year ended 30 June 2009

	Group	
	2009	2008
	$'000	$'000
Operating activities		
Loss for the year	(40,471)	(13,383)
Adjustments for:		
Allowance for:		
- inventory obsolescence	2,942	1,543
- doubtful debts from trade and other receivables	101	1,146
- doubtful convertible loan receivable	1,598	-
Amortisation of intangible assets	491	467
Bad debts written off	164	-
Depreciation of property, plant and equipment	8,349	9,832
Reversal of grant income/(Grant income)	122	(120)
Government grant - Jobs Credit Scheme	(447)	-
(Gain)/Loss on disposals of:		
- an associate	(13)	-
- other financial assets	(13)	-
- property, plant and equipment	54	2
Interest income	(151)	(423)
Interest expenses	819	782
Property, plant and equipment written off:		
- others	347	465
- arising from fire incident	7,495	-
Inventories written off:		
- others	777	558
- arising from fire incident	3,238	-
Impairment losses on property, plant and equipment:		
- others	3,313	551
- arising from fire incident	1,322	-
Impairment losses on:		
- intangible assets	136	-
- investment in associate	1,850	-
- other financial assets	5,899	-
Impairment of goodwill	384	-
Provision for other liabilities arising from fire incident	847	-
Provision for restructuring cost	459	7,577
Provision for retrenchment cost	90	-
Share of results of associates and joint ventures (net of tax)	748	(623)
Net dilution gain on issue of shares in subsidiaries to minority shareholders	-	(70)
Income tax credit	(1,045)	(3,160)
	(595)	5,144
Changes in working capital:		
Inventories	1,369	1,331
Project-in-progress	1,317	(323)
Trade and other receivables	10,751	(1,791)
Amounts due from related parties (trade)	486	749
Trade and other payables	(8,131)	2,716
Amounts due to related parties (trade)	(16)	(613)
Restructuring cost paid	(6,278)	-
Release/(Placement) of pledged deposits with financial institutions	2,391	(320)
Cash generated from operations	1,294	6,893

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

Consolidated Cash Flow Statement

year ended 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000
Cash generated from operations		1,294	6,893
Interest received		151	423
Interest paid		(628)	(744)
Tax credit received		1,806	3,274
Income taxes paid		(445)	(1,790)
Cash flows from operating activities		2,178	8,056
Investing activities			
Amounts due from related parties (non-trade)		(3)	101
Investments in associates		-	(2,320)
Investment in a joint venture		(261)	-
Acquisition of additional interest in subsidiary	5	(163)	-
Net cash outflow on acquisitions of subsidiaries and business		-	(43)
Partial settlement of deferred consideration and contingent consideration for acquisition of interests in subsidiaries in prior financial year		-	(568)
Proceeds from disposals of:			
- an associate		616	-
- other financial assets		18	-
- property, plant and equipment		277	1,051
Purchase of:			
- intangible assets		(818)	(505)
- other financial assets		(15)	(5,889)
- property, plant and equipment[1]		(2,903)	(7,113)
Cash flows used in investing activities		(3,252)	(15,286)
Financing activities			
Amounts due to related parties (non-trade)		(62)	(917)
Capital injection from minority shareholders of subsidiaries		784	955
Dividend paid to minority shareholder of a subsidiary		(30)	-
Grant received		162	4
Government grant – Jobs Credit Scheme received		447	-
Interest paid		(191)	(38)
Issuance of shares		8,466	-
Repayment of bank loans		(19,343)	(11,737)
Repayment of hire purchase and finance lease creditors		(631)	(789)
Proceeds from bank loans		18,317	20,807
Cash flows from financing activities		7,919	8,285
Net increase in cash and cash equivalents		6,845	1,055
Cash and cash equivalents at beginning of year		24,167	24,207
Effect of exchange rate fluctuations on cash held		154	(1,095)
Cash and cash equivalents at end of year	15	31,166	24,167

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

Consolidated Cash Flow Statement

year ended 30 June 2009

Significant non-cash transactions

(1) Property, plant and equipment amounting to $243,000 (2008: $125,000) were acquired through hire purchase arrangements and finance leases.

The effect of acquisitions of subsidiaries (Note 5) and business (Note 26) in 2008 is set out below:

	$'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
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
Share of pre-acquisition of loss of associate[2]	115
Goodwill on consolidation	404
Total consideration	3,875
Consideration satisfied in equity shares of a subsidiary	(1,972)
Consideration satisfied by equipment	(213)
Conversion of loan to equity in a subsidiary	(250)
Consideration satisfied in cash	1,440
Cost of investment in an associate previously paid	(500)
Cash acquired	(897)
Net cash outflow from acquisitions of subsidiaries and business	43

(2) Prior to the acquisition of additional interest in Ellipsiz Testlab Pte Ltd in 2008, Ellipsiz Testlab Pte Ltd was an associate of the Company.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 September 2009.

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 ventures.

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 certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollar 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 on-going 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 amounts recognised in the financial statements are described in the following notes:

- Note 3 - measurement of recoverable amounts of property, plant and equipment
- Note 4 - measurement of recoverable amounts of intangible assets
- Note 4 - assumption of recoverable amounts relating to goodwill impairment
- Note 5 - valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 5 - measurement of recoverable amounts of subsidiaries
- Note 6 - measurement of recoverable amounts of associates
- Note 8 - measurement of recoverable amounts of financial assets
- Note 21 - measurement of provisions
- Note 28 - measurement of share-based payments

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2.2 Consolidation

Business combinations

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

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and joint ventures

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 ventures are the entities 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 ventures are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses and equity movements of associates and joint ventures, 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 ventures 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 ventures by the Company

Investments in subsidiaries, associates and joint ventures 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 monetary items that in substance form part of the Group's net investment in a foreign operation (see below), 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 dollar at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollar 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 2006 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisition prior to 1 January 2006, the exchange rates at the date of acquisitions were used.

Foreign currency differences are recognised in the exchange translation reserve. When a foreign operation is disposed 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 costs 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 3 to 30 years and remaining lease period
Furniture and fittings	3 to 10 years
Office equipment	1 to 10 years
Computers	1 to 6 years
Motor vehicles	2 to 10 years
Plant and machinery	3 to 11 years
Mechanical and electrical facilities	3 to 10 years

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

2.6 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 ventures is presented together with investments in associates and joint ventures.

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.

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.

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 should the need arise.

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.

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 security 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.

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 annually, 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.

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.

Government grant – Jobs Credit Scheme

Cash grant received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

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 awards. At each balance sheet date, the Group revises its estimates of the number of options and awards that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

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

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

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for 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/Retrenchment

A provision for restructuring/retrenchment is recognised when the Group has approved a detailed and formal restructuring/retrenchment plan, and the plan has either 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.

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 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.

2.20 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 ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.21 Dividends

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

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	:	Distribution of equipment and tools for semiconductor and electronics manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; 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; and trading of test wafers used in wafer fabs and trading of consumable product.
Probe Card solutions	:	Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

Geographical segments

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

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 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/Write off	-	(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
Additions	-	176	36	75	391	20	2,223	-	225	3,146
Disposals/Write off	-	(3,505)	(161)	(455)	(175)	(28)	(24,593)	(19)	(45)	(28,981)
Translation difference on consolidation	138	175	23	16	162	15	1,652	-	2	2,183
At 30 June 2009	4,596	4,369	610	1,059	5,690	459	36,201	384	224	53,592

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
Accumulated depreciation and impairment losses										
At 1 July 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/Write off	-	(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
Depreciation charge for the year	116	941	75	204	659	62	6,258	34	-	8,349
Impairment losses	1,322	240	24	(117)	65	71	3,030	-	-	4,635
Disposals/Write off	-	(1,339)	(135)	(401)	(137)	(25)	(18,729)	(42)	-	(20,808)
Translation difference on consolidation	2	59	17	7	116	8	975	-	-	1,184
At 30 June 2009	2,598	3,117	508	861	4,954	392	27,288	214	-	39,932
Carrying amount										
At 1 July 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
At 30 June 2009	1,998	1,252	102	198	736	67	8,913	170	224	13,660

Leasehold land and building and plant and machinery of the Group with carrying amounts of $1,911,000 (2008: $3,198,000) and $509,000 (2008: $255,000), respectively, have been pledged to banks as securities for certain bank loans (Note 18).

The carrying amount of property, plant and equipment includes amounts totalling $1,023,000 (2008: $2,075,000) 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 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
Additions	-	3	1	4
At 30 June 2009	62	47	1,462	1,571

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Accumulated depreciation				
At 1 July 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
Depreciation charge for the year	-	2	9	11
At 30 June 2009	62	45	1,456	1,563
Carrying amount				
At 1 July 2007	1	3	23	27
At 30 June 2008	-	1	14	15
At 30 June 2009	-	2	6	8

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cost of revenue	7,192	8,523	-	-
Distribution expenses	181	307	-	-
Administrative expenses	813	879	11	15
Research and development expenses	163	123	-	-
	8,349	9,832	11	15

Impairment losses

During the year, the Group recognised impairment losses totalling $4,635,000 (2008: $551,000) on property, plant and equipment.

Having regard to the current economic conditions, the Group carried out a review on the recoverable amounts of certain property, plant and equipment during the year. The review led to the recognition of impairment losses of $2,766,000 and $547,000 on property, plant and equipment of Distribution and Services solutions and Probe Card solutions respectively in the income statement for the year.

The recoverable amounts of the property, plant and equipment were based on their value-in-use, and the discount rate used was 7.5%.

Due to a fire incident in March 2009, the leasehold building, in which the wafer reclaim facility resides, needs significant improvement works to restore to its working condition. Hence, an impairment loss of $1,322,000 was recognised to write down the carrying amount of the damaged leasehold building to its recoverable amount of $Nil.

In 2008, impairment losses resulting from rationalisation of probe card production operations in United States of America and France were recorded in the income statement. 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.

Impairment losses for the year were included in the following line items of the income statement:

	Group 2009 $'000	Group 2008 $'000
Cost of revenue	4,073	-
Administrative expenses	562	-
Other operating expenses	-	551
	4,635	551

Property, plant and equipment written off

Property, plant and equipment with total carrying amount of $7,495,000 were written off during the year due to the fire incident. $6,827,000 and $668,000 were recorded in cost of revenue and administrative expenses respectively.

4 INTANGIBLE ASSETS

Group	Computer software $'000	Development expenditure $'000	Technology licence $'000	Intellectual property $'000	Goodwill $'000	Total $'000
Cost						
At 1 July 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
Additions	79	-	517	222	-	818
Write off	-	(3,920)	-	-	-	(3,920)
Translation difference on consolidation	-	-	46	418	828	1,292
At 30 June 2009	2,252	-	2,262	6,572	29,034	40,120
Accumulated amortisation and impairment losses						
At 1 July 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
Amortisation for the year	76	-	87	328	-	491
Impairment losses	136	-	-	-	384	520
Write off	-	(3,920)	-	-	-	(3,920)
Translation difference on consolidation	1	-	24	43	-	68
At 30 June 2009	2,142	-	448	983	384	3,957
Carrying amount						
At 1 July 2007	107	-	1,555	5,909	29,591	37,162
At 30 June 2008	244	-	1,362	5,320	28,206	35,132
At 30 June 2009	110	-	1,814	5,589	28,650	36,163

Company	**Computer software $'000**
Cost	
At 1 July 2007	1,823
Disposals	(2)
At 30 June 2008	1,821
Additions	8
At 30 June 2009	1,829
Accumulated amortisation and impairment losses	
At 1 July 2007	1,815
Amortisation for the year	3
Disposals	(2)
At 30 June 2008	1,816
Amortisation for the year	4
At 30 June 2009	1,820
Carrying amount	
At 1 July 2007	8
At 30 June 2008	5
At 30 June 2009	9

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

	Group		**Company**	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Cost of revenue	466	444	-	-
Distribution expenses	2	2	-	-
Administrative expenses	23	21	4	3
	491	467	4	3

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2009 $'000	**2008 $'000**
Probe Card solutions	12,895	12,067
Distribution and Services solutions	15,755	16,139
	28,650	28,206

The recoverable amount of a CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering periods 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 %
2009		
Probe Card solutions	2.4 - 8.0	10.1
Distribution and Services solutions	1.3 - 8.2	7.5
2008		
Probe Card solutions	14.1	11.6
Distribution and Services solutions	5.0	12.3

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 growth and gross margin.

The Group believes that any reasonably possible change in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amount.

Arising from the fire incident at the wafer reclaim facility, the goodwill relating to the wafer reclaim business, part of Distribution and Services solutions, of $384,000 is deemed to be impaired, as the recoverable value of the CGU to which the goodwill is allocated cannot be determined with virtual certainty.

Impairment losses for other intangible assets

During the year, an impairment loss of $136,000 was recognised to write down the carrying value of computer software attributable to certain manufacturing activities within the Distribution and Services solutions. The recoverable amount of the computer software was based on its value-in-use, and the discount rate used was 7.5%.

Impairment losses of all intangible assets for the year were included in the following line items of the income statement:

	Group	
	2009 $'000	2008 $'000
Cost of revenue	123	-
Administrative expenses	13	-
Other operating expenses	384	-
	520	-

5 SUBSIDIARIES

	Company	
	2009 $'000	2008 $'000
Equity investments at cost	131,351	122,688
Quasi-equity loans to subsidiaries	6,470	6,076
Less: Impairment losses	(54,497)	(45,083)
	83,324	83,681

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 less impairment losses.

During the year, the Company recognised impairment losses of $9,414,000 (2008: reversed impairment losses of $259,000) on its investments in certain subsidiaries to reflect its recoverable amounts. The recoverable amounts were based on its value-in-use, and determined using discount rates as described in Note 4.

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	2008 %
(15)	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 (Ellipsiz Testlab)	Provision of reliability testing services for semiconductor and electronics industry	Singapore	92	92
(15)	Solidvision Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
(15)	Factech Semiconductor Sdn. Bhd.	Inactive	Malaysia	100	100
(1)	Ellipsiz MicroFab Pte. Ltd.	Inactive	Singapore	100	100
(16)	Factech Pte Ltd	Inactive	Singapore	100	100
(16)	ESI Instruments Pte Ltd	Inactive	Singapore	100	100
(15)	outsoz.com Inc.	Inactive	USA	100	100
(15)	Ellipsiz USA Inc.	Inactive	USA	100	100
(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

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	2008 %
(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.	Provision of general constructional, hook up and building works	China	51	51
(4) E+HPS Engineering (Suzhou) Co., Ltd.	Provision of general constructional, hook up and building works	China	51	51
(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
(17) Ellipsiz (Shanghai) Electronics Equipment Ltd	Inactive	China	-	100
(1) Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	74	74
(4) Ellipsiz Semilab (Shanghai) Co., Ltd.	Provision of integrated circuits testing services	China	74	74
(4) Ellipsiz (Shanghai) International Ltd	Sales representation services and distribution of consumable products, 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) FMB Industries Pte. Ltd. (FMB)	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	100	92
(1) SV Probe Pte. Ltd. and its subsidiaries:	Provision of probe card designing, repair and distribution and engineering solutions to the semiconductor industry through its applications engineering team, and provides repair and maintenance support	Singapore	100	100

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
(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, sales and after sales support of probe cards	Taiwan	100	100
(6) SV Probe Vietnam Co., Ltd	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100
(3) SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards for the electronics industry	USA	100	100
(15) SV Probe China Co., Ltd.	Inactive	China	100	100
(7) SV Probe Technology S.A.S.	Trading, sales and after sales support of probe cards. (Previously was design, development and manufacturing of probe cards for the electronics industry)	France	100	100
(4) SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	100	100
(4) SV Probe Korea Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Korea	100	-
(1) iNETest Resources Pte. Ltd. (iNETest Resources) and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
(8) Oriental International Technology Limited	Provision of solutions for in-circuit and functional testing	Hong Kong	100	100
(9) iNETest Resources (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(9) iNETest Resources (China) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(1) Testel Solutions Pte. Ltd. (Testel Solutions) and its subsidiaries:	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Singapore	51	51

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
(9) ATE Technology (Shanghai) Inc.	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	51	51
(9) iNETest International Trading (Shanghai) Co., Ltd.	General trading	China	51	51
(8) iNETest Resources HK Limited	Inactive	Hong Kong	100	100
(10) iNETest Technologies India Pvt. Ltd	General trading and engineering services, provision of general constructional, hook up and building works	India	60	60
(11) iNETest Resources (Thailand) Ltd (IR Thai)	Provision of sales and service support activities	Thailand	100	100
(1) Ellipsiz Communications Pte. Ltd. (ECPL) and its subsidiaries:	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Singapore	70	70
(3) Ellipsiz Communications Taiwan Ltd	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Taiwan	70	70
(12)(14) Ellipsiz Communications (NZ) Limited	Trading of test and measurement equipment and the provision of related engineering and after sales support services	New Zealand	36	36
(13)(14) Ellipsiz Communications (Australia) Pty Limited	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Australia	36	36

(1) Audited by KPMG LLP.
(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, Taiwan, Republic of China.
(6) Audited by Auditing and Consulting Co. Ltd, Vietnam.
(7) Audited by In Extenso, France.
(8) Audited by World Link CPA Limited, Hong Kong.
(9) Audited by Baker Tilly, China.
(10) Audited by S.R. Batliboi & Co., India.
(11) Audited by Tsedeq Accounting and Tax Co., Ltd., Thailand.
(12) Audited by HWI Limited, New Zealand.
(13) Audited by RP Campbell Associates, Australia.
(14) These entities are considered subsidiaries through de facto control.
(15) These subsidiaries are in the process of liquidation.
(16) Liquidated in August 2009.
(17) Liquidated during the year.

Acquisitions of and additional interest in subsidiaries

The Group acquired new subsidiaries and additional interest in an 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
2009				
Additional interest				
FMB	April 2009	8	163[(1)]	- [(1)]
2008				
Newly acquired subsidiary				
IR Thai	October 2007	100	143[(2)]	44[(4)]
Additional interest				
Ellipsiz Testlab	January 2008	59	1,181[(3)]	19[(5)]

(1) On 16 April 2009, the Company entered into an agreement to purchase the remaining 7.53% equity shareholding in FMB from the minority shareholder of the subsidiary, for a cash consideration of $163,000. The consideration approximates the fair value of interest acquired.

(2) 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.

There are no revisions to the purchase price allocations amounts that were included in the financial statements for the year ended 30 June 2008.

(3) 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.

There are no revisions to the purchase price allocations amounts that were included in the financial statements for the year ended 30 June 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 in 2008 was as follows:

	IR Thai $'000	Ellipsiz Testlab $'000	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
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
Share of pre-acquisition of loss in an associate	-	115	115
Goodwill on consolidation	44	360	404
Total consideration	143	1,681	1,824
Consideration paid, satisfied by equipment	-	(213)	(213)
Consideration settled by conversion of loan to equity in a subsidiary	-	(250)	(250)
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)
Net cash inflow	(19)	(17)	(36)

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

	2009 $'000	2008 $'000
Revenue	149,598	196,934
Loss for the year attributable to equity holders of the Company	(38,905)	(12,375)

The acquisitions of or increase in equity interest in the subsidiaries had contributed a consolidated net profit attributable to equity holders of the Company of $5,000 (2008: net loss of $84,000) during the year.

Dilution of interests in subsidiaries in 2008

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 26) 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% in 2008.

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investments in associates	5,569	6,221	4,868	4,868
Share of post-acquisition reserves	58	694	-	-
Exchange translation reserve	605	(31)	-	-
	663	663	-	-
Less: Impairment losses	(1,850)	-	(1,850)	-
	4,382	6,884	3,018	4,868

There are no revisions to the purchase price allocations amounts that were included in the financial statements for the year ended 30 June 2008 with respect to the associates acquired in 2008.

During the year, an allowance for impairment loss amounting to $1,850,000 (2008: $Nil) was made to reduce the carrying amount of an investment in an associate to its recoverable amount. The recoverable amount was based on its value-in-use, and determined using discount rate of 7.8%.

Details of the associates are as follows:

	Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
(1)(4)	Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	35	35
(2)	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	40
(3)(4)	IRC Technologies Ltd	Provision of solutions for electronic manufacturing industry, and trading of instruments and equipment	Thailand	49	49
(5)	Shenzhen IC Design Incubation Co., Ltd	Enterprise incubator management, IC design and test, and provision of technical consulting services	China	-	33

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

(2) Audited by Azusa Audit Corporation, Japan.

(3) Audited by Chayapat Ordinary Partnership, Thailand.

(4) These associates are held through iNETest Resources.

(5) The associate was held through Ellipsiz Semiconductor Technology (Shenzhen) Ltd and was disposed during the year for a total cash consideration of RMB3,007,000 ($628,000) before deducting selling costs of $12,000.

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

	Group 2009 $'000	Group 2008 $'000
Results		
Revenue	23,862	35,410
Expenses	(25,472)	(33,265)
(Loss)/Profit before taxation	(1,610)	2,145
Taxation	(102)	(447)
(Loss)/Profit after taxation	(1,712)	1,698
Assets and liabilities		
Non-current assets	19,364	17,701
Current assets	22,802	21,118
Current liabilities	(12,527)	(17,162)
Non-current liabilities	(19,231)	(9,400)
Net assets	10,408	12,257

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

7 JOINT VENTURES

	Group 2009 $'000	Group 2008 $'000
Investments in joint ventures	669	408
Share of post-acquisition reserves	(451)	(390)
Exchange translation reserve	(9)	(6)
	(460)	(396)
	209	12

Details of the joint ventures are as follows:

	Name of joint venture	Principal activities	Country of incorporation and business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
(1)	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
(2)(3)	iNETest-NewTek Co., Ltd	Sales 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	Vietnam	46	-

[(1)] The 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.

[(2)] The joint venture is held through iNETest Resources and audited by Asnaf Vietnam Auditing Company Limited.

[(3)] During the year, iNETest Resources jointly entered into an agreement with a third party to incorporate a new company, iNETest-NewTek Co., Ltd. (iNETest-NewTek) in Vietnam. Under the terms of agreement, the subsidiary and the third party each provided 46% and 54% of the initial capital of US$400,000 (equivalent to $567,000), payable in cash into the entity, respectively. Although the Group owns less than 50% of voting power of iNETest-NewTek, it is able to jointly govern the financial and operating policies of the company by virtue of the subscription and shareholders' agreement.

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

	Group	
	2009	2008
	$'000	$'000
Results		
Revenue	297	15
Expenses	(358)	(31)
Losses before and after taxation	(61)	(16)
Assets and liabilities		
Non-current assets	123	10
Current assets	282	40
Current liabilities	(211)	(38)
Net assets	194	12

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

The Group has not recognised losses relating to a joint venture where the Group's share of losses exceeds the carrying amount of its investment in the joint venture. The Group's share of cumulative unrecognised losses is $15,000 (2008: $Nil), of which $15,000 (2008: $Nil) is its share of the current year's losses.

8 FINANCIAL ASSETS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cost				
Unquoted equity securities available-for-sale	2,313	2,313	2,313	2,313
Unquoted debt security available-for-sale	5,603	5,603	-	5,603
Quoted equity security available-for-sale	296	326	296	326
	8,212	8,242	2,609	8,242
Less: Impairment losses				
Unquoted equity securities available-for-sale	(2,313)	(2,313)	(2,313)	(2,313)
Unquoted debt security available-for-sale	(5,603)	-	-	-
Quoted equity security available-for-sale	(296)	-	(296)	-
	(8,212)	(2,313)	(2,609)	(2,313)
	-	5,929	-	5,929

Debt security is denominated in United States (US) dollar. The equity securities are denominated in Sterling pound and Singapore dollar.

During the year, the Company transferred the unquoted debt security available-for-sale amounting to US$4,000,000 ($5,603,000) to a subsidiary.

The Group and the Company recognised impairment losses of $5,899,000 and $296,000, respectively, on financial assets during the year due to uncertainty over the future business prospects of the investees.

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Loan to a subsidiary	-	-	2,217	-
Amounts due from:				
Subsidiaries				
- trade	-	-	4,372	4,433
- non-trade	-	-	7,988	2,424
Less: Impairment loss	-	-	(1,551)	(1,551)
	-	-	10,809	5,306
Amounts due from:				
Affiliates				
- trade	157	634	-	-
- non-trade	154	154	-	-
Less: Impairment loss	(154)	(154)	-	-
	157	634	-	-
Amount due from:				
Joint venture (non-trade)	3	-	-	-
	160	634	13,026	5,306
Represented by:				
Current portion	160	634	11,374	5,306
Non-current portion	-	-	1,652	-
	160	634	13,026	5,306
Loans from:				
- affiliate	(75)	(144)	-	-
- subsidiaries	-	-	(4,048)	(3,581)
	(75)	(144)	(4,048)	(3,581)
Amounts due to:				
Associates (trade)	-	(2)	-	-
Joint venture (trade)	(7)	-	-	-
Affiliates (trade)	-	(15)	-	-
Subsidiaries (non-trade)	-	-	(1,222)	(1,732)
	(7)	(17)	(1,222)	(1,732)
	(82)	(161)	(5,270)	(5,313)
Represented by:				
Current portion	(82)	(161)	(5,270)	(1,732)
Non-current portion	-	-	-	(3,581)
	(82)	(161)	(5,270)	(5,313)

Loan to a subsidiary is unsecured and bears interest at 5.00% per annum with fixed monthly repayments over a period of 4 years.

Loans from subsidiaries are unsecured and interest-free. It was repayable after a 5-year period. During the year, management has reclassified the loan from subsidiaries as current liabilities as the subsidiaries have filed for liquidation.

Loan from an affiliate is unsecured and bears an interest of 6.75% (2008: 3.31%) per annum.

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

The ageing of related party receivables at the balance sheet date is:

Group	Gross 2009 $'000	Impairment losses 2009 $'000	Gross 2008 $'000	Impairment losses 2008 $'000
Not past due	68	-	430	-
Past due 0 – 30 days	37	-	176	-
Past due 31 – 120 days	29	-	-	-
Past due 121 – 365 days	-	-	7	-
More than one year	26	-	21	-
No credit term	154	(154)	154	(154)
	314	(154)	788	(154)
Company				
Not past due	4,788	-	4,433	-
More than one year	1,801	-	-	-
No credit term	7,988	(1,551)	2,424	(1,551)
	14,577	(1,551)	6,857	(1,551)

The Group and the Company assessed and determined no further impairment allowance is necessary in respect of amounts due from related parties.

10 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the 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
2009					
Deferred tax assets					
Property, plant and equipment	56	127	-	4	187
Inventories	378	(4)	-	13	387
Trade and other receivables	91	(28)	-	3	66
Trade and other payables	836	(327)	-	45	554
Tax value of loss carry-forward	2,692	(1,908)	-	137	921
Other items	561	288	-	34	883
	4,614	(1,852)	-	236	2,998

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
Deferred tax liabilities					
Property, plant and equipment	(2,513)	1,641	-	(88)	(960)
Intangible assets	(958)	263	-	(68)	(763)
Trade and other receivables	(81)	81	-	-	-
Other items	(129)	79	-	(5)	(55)
	(3,681)	2,064	-	(161)	(1,778)
Net deferred tax assets	933	212	-	75	1,220
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 (liabilities)/assets	(2,067)	2,750	146	104	933

Company	At 1 July 2007 $'000	Recognised in the income statement (Note 25) $'000	At 30 June 2008 $'000	Recognised in the income statement (Note 25) $'000	At 30 June 2009 $'000
Deferred tax assets					
Other items	6	3	9	1	10
Deferred tax liabilities					
Property, plant and equipment	(6)	3	(3)	-	(3)
Other receivables	(18)	18	-	-	-
	(24)	21	(3)	-	(3)
Net deferred tax (liabilities)/assets	(18)	24	6	1	7

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax assets	2,220	3,118	7	6
Deferred tax liabilities	(1,000)	(2,185)	-	-
	1,220	933	7	6

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2009 $'000	2008 $'000
Deductible temporary differences	5,776	614
Unutilised tax losses	38,642	17,497
	44,418	18,111

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

11 INVENTORIES

	Group	
	2009 $'000	2008 $'000
Raw materials	4,844	10,099
Work-in-progress	745	1,499
Finished goods	4,009	6,347
Inventories-in-transit	647	488
	10,245	18,433

During the year, raw materials and consumables, and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $99,840,000 (2008: $120,396,000).

12 PROJECT-IN-PROGRESS

	Note	Group	
		2009 $'000	2008 $'000
Cost incurred and attributable profits		16,362	4,546
Progress billings		(16,963)	(3,796)
		(601)	750
Comprising:			
Project-in-progress		823	932
Excess of progress billings over project-in-progress	20	(1,424)	(182)
		(601)	750

13 CONVERTIBLE LOAN RECEIVABLE

The unsecured convertible loan, denominated in US dollar, extended to a third party bore interest charged at 1.00% 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.

The convertible loan receivable was impaired during the year as there is uncertainty in the recoverability of the loan.

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables				
Trade receivables	24,166	32,931	-	-
Less: Impairment losses	(953)	(1,086)	-	-
Net trade receivables	23,213	31,845	-	-
Other receivables				
Tax receivables	149	664	-	-
Refundable deposits	1,178	1,174	19	22
Prepayments	1,593	2,448	22	78
Sundry receivables	775	1,988	23	27
Less: Impairment losses	(112)	-	(22)	-
Net sundry receivables	663	1,988	1	27
	26,796	38,119	42	127

Concentration of credit risk relating to trade receivables is limited due to the Group's 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 balance sheet date is:

Group	Gross 2009 $'000	Impairment losses 2009 $'000	Gross 2008 $'000	Impairment losses 2008 $'000
Trade receivables				
Not past due	17,454	-	22,244	-
Past due 0 – 30 days	2,615	-	5,646	(60)
Past due 31 – 120 days	2,581	(12)	3,011	(28)
Past due 121 – 365 days	656	(405)	1,299	(559)
More than one year	860	(536)	731	(439)
	24,166	(953)	32,931	(1,086)
Other receivables[(1)]				
Not past due	252	-	334	-
Past due 0 – 30 days	35	-	21	-
Past due 31 – 120 days	26	-	38	-
Past due 121 – 365 days	-	-	31	-
More than one year	52	(22)	79	-
No credit term	1,588	(90)	2,659	-
	1,953	(112)	3,162	-

(1) Excludes tax receivables and prepayments.

Company	Gross 2009 $'000	Impairment losses 2009 $'000	Gross 2008 $'000	Impairment losses 2008 $'000
Other receivables[1]				
Past due 121 – 365 days	-	-	27	-
More than one year	23	(22)	-	-
No credit term	19	-	22	-
	42	(22)	49	-

[1] Excludes tax receivables and prepayments.

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

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
At 1 July	1,086	769	-	-
Impairment losses recognised	101	1,146	22	-
Impairment utilised	(121)	(725)	-	-
Translation difference on consolidation	(1)	(104)	-	-
At 30 June	1,065	1,086	22	-

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of the trade and other receivables. These receivables are mainly arising from customers that have a good track record with the Group.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cash at banks and in hand		30,190	22,146	3,449	1,358
Deposits with financial institutions		2,243	5,534	200	-
		32,433	27,680	3,649	1,358
Bank overdraft	18	(145)	-		
Deposits held as securities by financial institutions	18	(1,122)	(3,513)		
Cash and cash equivalents in the consolidated cash flow statement		31,166	24,167		

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 3.85% (2008: 1.72%) and 0.10% (2008: Nil%) 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.

16 SHARE CAPITAL

	Group and Company 2009 No. of shares '000	Group and Company 2008 No. of shares '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July	255,658	255,658
Issuance of shares pursuant to the rights issue	251,245	-
Issuance of shares pursuant to the exercise of warrants	37	-
At 30 June	506,940	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.

Rights issue and warrants

In January 2009, the Company completed its exercise of renounceable non-underwritten rights issue and warrants, on basis of 6 rights shares with 1 free detachable warrant for every 5 existing ordinary shares of the Company.

Pursuant to this exercise, the Company had:

(a) on 23 January 2009 issued approximately 251,245,000 new ordinary shares at an issue price of $0.035 per rights share and hence, the share capital of the Company increased by approximately $8,470,000 after deducting costs approximating $329,000 incurred for the exercise; and

(b) on 28 January 2009 issued 41,874,000 warrants. Each warrant holder is entitled to subscribe for one new ordinary share of the Company at the exercise price of $0.035 per share, at any time during the exercise period of three years from date of issue.

At balance sheet date, 41,837,000 warrants were outstanding.

Use of proceeds from rights issue

The Company had deployed approximately $6,500,000 and $2,000,000 of the net proceeds from the issuance of rights shares as working capital for the Probe Card solutions and Distribution and Services solutions businesses of the Group, respectively, through injection of additional share capital into the relevant wholly-owned subsidiaries of the Group.

Others

The Group had not acquired any treasury shares during the year. Hence, there were no treasury shares held by the Group at the balance sheet dates.

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 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Capital reserve	(11,720)	(11,720)	-	-
Fair value reserve	-	40	-	40
Compensation reserve	464	464	464	464
Exchange translation reserve	(7,730)	(11,428)	-	-
Accumulated (losses)/profits	(33,720)	5,188	(42,978)	(32,192)
	(52,706)	(17,456)	(42,514)	(31,688)

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. At balance sheet date, there were no (2008: 490,000 options and Nil awars) outstanding options and awards.

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 (losses)/profits of the Group includes losses of $393,000 (2008: profits of $304,000) attributable to associates and joint ventures.

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 foreign currency risk, refer to Note 32.

Interest-bearing borrowings consist of the following:

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current liabilities					
Secured bank loans		517	853	-	-
Unsecured bank loans[3]		4,392	450	3,442	-
Obligations under hire purchase agreements and finance leases		695	1,110	-	-
		5,604	2,413	3,442	-
Current liabilities					
Bank overdraft[1]	15	145	-	-	-
Secured bank loans		1,469	7,403	-	-
Unsecured bank loans[2][3]		7,155	5,720	4,911	5,600
Obligations under hire purchase agreements and finance leases		701	583	-	-
		9,470	13,706	4,911	5,600

(1) At balance sheet date, a subsidiary did not satisfy a financial covenant of a banking facility relating to an unsecured bank overdraft of $145,000. The bank has been informed of the breach and is in the process of evaluating the facility extended to the subsidiary. The Group would be able to repay the bank overdraft of $145,000 should the banker withdraw the facility.

(2) At balance sheet date, the Group and the Company did not satisfy a financial covenant of a banking facility. As a result, an amount of $1,867,000 (2008: $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 bank revised the covenant and continued to extend the loan to the Group and the Company. There is no reclassification as at balance sheet date as it is a non-adjusting event.

(3) The unsecured bank loans of the Company are guaranteed by certain subsidiaries of the Company.

Maturity of liabilities (excluding finance lease liabilities)

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within 1 year	8,769	13,123	4,911	5,600
After 1 year but within 5 years	4,909	1,303	3,442	-
	13,678	14,426	8,353	5,600

The secured bank loans are secured on the following assets:

		Group		Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Leasehold land and building	3	1,911	3,198	-	-
Plant and machinery	3	509	255	-	-
Deposits with financial institutions	15	1,122	3,513	-	-
Total carrying amount		3,542	6,966	-	-

Obligations under hire purchase agreements and finance leases

	2009			2008		
Group	Principal $'000	Interest $'000	Payments $'000	Principal $'000	Interest $'000	Payments $'000
Payable within 1 year	701	79	780	583	103	686
Payable after 1 year but within 5 years	695	43	738	1,110	96	1,206
Total	1,396	122	1,518	1,693	199	1,892

Terms and debt repayment schedule

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

Group	**Nominal interest rate**	**Financial year of maturity**	**2009 $'000**	**2008 $'000**
S$ floating rate loans	1.50% to 2.00% + bank's cost of fund	2009 to 2011	3,733	8,538
S$ fixed rate loans	2.05% to 5.25%	2009 to 2013	6,725	1,950
US$ fixed rate loans	1.60% to 8.50%	2009 to 2013	2,171	3,938
MYR fixed rate loans	3.97%	2010	640	-
NTD fixed rate loans	3.16%	2010	264	-
S$ finance lease liabilities	2.90% to 3.50%	2009 to 2013	404	434
US$ finance lease liabilities	6.00% to 16.40%	2009 to 2012	992	1,259
Bank overdraft	Prime lending rate	2010	145	-
			15,074	16,119
Company				
S$ floating rate loan	1.50% + bank's cost of fund	2011	3,733	5,600
S$ fixed rate loan	5.00%	2013	4,620	-
			8,353	5,600

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

		Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**
Group				
2009				
Non-derivative financial liabilities				
Variable interest rate loans	3,733	3,812	3,812	-
Fixed interest rate loans	9,800	10,522	5,256	5,266
Finance lease liabilities	1,396	1,518	780	738
Redeemable convertible preference shares	78	78	78	-
Trade and other payables[(1)]	24,819	24,819	24,819	-
Amounts due to related parties	82	82	82	-
	39,908	40,831	34,827	6,004
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)]	31,697	31,697	31,697	-
Amounts due to related parties	161	164	164	-
	48,055	48,782	42,210	6,572

[(1)] Excludes excess of progress billings over work-in-progress, liability for short-term accumulating compensated absences and deferred income.

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Company				
2009				
Non-derivative financial liabilities				
Variable interest rate loans	3,733	3,812	3,812	-
Fixed interest rate loans	4,620	5,065	1,382	3,683
Other payables[(1)]	1,977	1,977	1,977	-
Amounts due to related parties	5,270	6,188	6,188	-
	15,600	17,042	13,359	3,683
2008				
Non-derivative financial liabilities				
Variable interest rate loans	5,600	5,832	1,994	3,838
Other payables[(1)]	2,128	2,128	2,128	-
Amounts due to related parties	5,313	6,504	1,732	4,772
	13,041	14,464	5,854	8,610

(1) Excludes excess of progress billings over work-in-progress, liability for short-term accumulating compensated absences and deferred income.

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Trade payables		11,085	14,680	-	-
Excess of progress billings over project-in-progress	12	1,424	182	-	-
Liability for short-term accumulating compensated absences		1,024	1,758	58	52
Accrued expenses		10,515	14,001	1,944	2,028
Other payables		3,219	3,016	33	100
Deferred income		113	122	-	-
		27,380	33,759	2,035	2,180
Represented by:					
Current portion		27,380	33,744	2,035	2,180
Non-current portion		-	15	-	-
		27,380	33,759	2,035	2,180

21 PROVISIONS

Group	Warranties $'000	Restructuring $'000	Retrenchment $'000	Others $'000	Total $'000
At 1 July 2008	304	7,101	-	-	7,405
Provision made	275	459	90	847	1,671
Provision used	(467)	(6,278)	-	-	(6,745)
Translation difference	(8)	(194)	2	-	(200)
At 30 June 2009	104	1,088	92	847	2,131

Warranties

The provision for warranties relates to provision of after sale 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

The restructuring provision of the Group relates to the rationalisation exercise of the Group's probe card production operations in United States of America and France, with the objective to achieve cost efficiency. The restructuring provision was mainly used for severance payments and outplacement fees. The estimated costs were computed based on formal plans approved by management of the Group. The plan was presented to the employees on 27 June 2008.

The Group provided further costs of $459,000 during the year for the rationalisation exercise which commenced in 2008.

Retrenchment

The retrenchment provision of the Group relates to the rationalisation exercise of the Group's production operations in Singapore and China, with the objective to achieve cost efficiency. The estimated costs were computed based on formal plans approved by management of the Group. The affected employees were identified in the approved plans and retrenched subsequent to the balance sheet date.

Others

The other provision relates to estimated liabilities expected to be incurred over the next one year to settle its present obligations arising from the fire incident at the wafer reclaim facility.

22 REVENUE

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Sale of goods	112,054	161,603	-	-
Service income	35,343	30,019	-	-
Lease income	39	427	-	-
Commission income	2,162	4,716	-	-
Dividend income	-	-	1,746	3,118
Management fees	-	-	2,810	3,278
	149,598	196,765	4,556	6,396

23 RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Other income					
Rental income		410	275	-	461
Sundry income		577	213	-	-
(Reversal of grant income)/Grant income(1)		(122)	120	-	-
Government grant – Jobs Credit Scheme		447	-	20	-
Gain on disposals of:					
- an associate		13	-	-	-
- other financial assets		13	-	13	-
- property, plant and equipment		-	-	-	1
Gain on liquidation of subsidiaries		-	-	147	2
Net dilution gain on issue of shares in subsidiaries to minority shareholders		-	70	-	-
Exchange gain, net		1,219	-	600	-
		2,557	678	780	464
Staff costs					
Wages, salaries and other staff costs		51,627	67,228	1,401	1,869
Contributions to defined contribution plans		2,704	4,841	109	121
Increase in liability for short-term accumulating compensated absences		955	1,975	7	19
		55,286	74,044	1,517	2,009
Other expenses					
Non-audit fees paid/payable to auditors of the Company		365	153	26	37
Depreciation of property, plant and equipment	3	8,349	9,832	11	15
Amortisation of intangible assets	4	491	467	4	3
Allowance for:					
- inventory obsolescence		2,942	1,543	-	-
- doubtful debts from trade and other receivables	14	101	1,146	22	-
- doubtful debts from subsidiaries		-	-	-	8
- convertible loan receivable		1,598	-	1,598	-
Loss on disposals of property, plant and equipment		54	2	-	-
Impairment losses/(Reversal of impairment losses) on investments in subsidiaries	5	-	-	9,414	(259)
Inventories written off:					
- others		777	558	-	-
- arising from fire incident		3,238	-	-	-
Bad debts written off		164	-	-	-

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Property, plant and equipment written off:					
- others		347	465	-	-
- arising from fire incident	3	7,495	-	-	-
Impairment losses on property, plant and equipment:					
- others	3	3,313	551	-	-
- arising from fire incident	3	1,322	-	-	-
Impairment losses on:					
- intangible assets	4	136	-	-	-
- investment in associate	6	1,850	-	1,850	-
- other financial assets	8	5,899	-	296	-
Impairment of goodwill	4	384	-	-	-
Provision for restructuring cost	21	459	7,577	-	-
Provision for retrenchment cost	21	90	-	-	-
Provision for other liabilities arising from fire incident	21	847	-	-	-
Expenses arising from fire incident:					
- retrenchment benefits		352	-	-	-
- incidental expenses		333	-	-	-
Exchange loss, net		-	1,116	-	139
Operating lease expenses		4,261	4,435	12	468

(1) At balance sheet date, it was established that certain conditions in relation to research grant income from Economic Development Board are not probable to be met, hence leading to the reversal of income recognised in 2008.

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

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	208	275	208	275
Staff costs:				
- directors of the Company	757	904	757	904
- other directors	2,488	2,499	-	-
	3,453	3,678	965	1,179

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

Company	**2009 Number**	**2008 Number**
$500,000 and above	-	1
$250,000 to $499,999	2	1
Below $250,000	5	5
	7	7

24 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Finance income				
Interest income from:				
- financial institutions	141	389	1	15
- subsidiaries	-	-	38	-
- third parties	10	34	-	28
Interest income arising from the discount implicit in the interest-free loans from subsidiaries	-	-	-	1,572
	151	423	39	1,615
Finance expenses				
Interest expense to:				
- hire purchase arrangements and finance leases	(167)	(245)	-	-
- financial institutions	(629)	(364)	(191)	(38)
- affiliates	(4)	(169)	-	(103)
- third party	(19)	(4)	-	-
Interest expense arising from the unwinding of discount implicit in the interest-free loans from subsidiaries	-	-	(189)	(257)
	(819)	(782)	(380)	(398)
Net finance (expenses)/income recognised in the income statements	(668)	(359)	(341)	1,217

25 INCOME TAX (CREDIT)/EXPENSE

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current tax expense				
Current year	669	939	74	38
Withholding tax	58	6	-	6
Refund of tax loss carry-back	(1,372)	(2,306)	-	-
Group tax relief	(31)	-	-	(75)
(Over)/Under provision in prior years	(157)	951	-	(362)
	(833)	(410)	74	(393)
Deferred tax expense				
Origination and reversal of temporary differences	(212)	(1,587)	(1)	(9)
Change in tax rate	(80)	-	-	-
Under/(Over) provision in prior years	80	(1,163)	-	(15)
	(212)	(2,750)	(1)	(24)
Total income tax (credit)/expense	(1,045)	(3,160)	73	(417)

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Reconciliation of effective tax rate				
(Loss)/Profit for the year	(40,471)	(13,383)	(10,786)	4,530
Total income tax (credit)/expense	(1,045)	(3,160)	73	(417)
(Loss)/Profit before income tax	(41,516)	(16,543)	(10,713)	4,113
Income tax at 17% (2008: 18%)	(7,058)	(2,978)	(1,821)	740
Effect of changes in tax rates	(80)	-	-	-
Effect of different tax rates in other countries	(2,722)	(4,534)	-	-
Income not subject to tax	(1,037)	(902)	(326)	(969)
Expenses not deductible for tax purposes	3,272	3,505	2,220	257
Utilisation of previously unrecognised deferred tax assets	-	(139)	-	-
Withholding tax	58	6	-	6
Deferred tax assets not recognised	6,630	2,094	-	-
Group tax relief	(31)	-	-	(75)
Overprovision in prior years	(77)	(212)	-	(376)
	(1,045)	(3,160)	73	(417)

On 22 January 2009, the Minister for Finance announced in his Budget Speech that the corporate income tax rate will be reduced from 18% to 17% from the year of assessment 2010. The tax expenses/(credit) for the Company and its Singapore subsidiaries with the Group for the year ended 30 June 2009 have been computed at the rate of 17%, being the corporate income tax rate in effect as at that date.

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

26 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 work. 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.

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

There are no revisions to the purchase price allocations amounts that were included in the financial statements for the year ended 30 June 2008.

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 2008, cannot be practically ascertained without incurring excessive costs to estimate the actual result of the business from the seller. In addition, it was not practically possible to ascertain the contribution of net results by the business as the acquired business was integrated into Testel Solutions' existing business during the year 2008.

27 EARNINGS PER SHARE

Group	**2009 $'000**	**2008 $'000**
Basic earnings per share is based on:		
Loss for the year attributable to equity holders of the Company	(38,908)	(12,327)

	No. of shares '000	**No. of shares '000**
Weighted average number of:		
- shares outstanding during the year	255,658	255,658
- shares issued during the year:		
- pursuant to the rights issue	109,446	-
- pursuant to the exercise of warrants	2	-
	365,106	255,658

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 warrants with the potential ordinary shares weighted for the year outstanding.

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

Group	**2009 No. of shares '000**	**2008 No. of shares '000**
Weighted average number of shares issued, used in the calculation of basic earnings per share	365,106	255,658
Dilutive effect of share options	-	1
Weighted average number of ordinary shares (diluted)	365,106	255,659

Warrants to purchase 41,837,000 new ordinary shares at $0.035 per share were outstanding during the year but were not included in the computation of diluted earnings per share because these warrants were antidilutive for a period of 5 months. These warrants, which expire on 27 January 2012, are still outstanding as at balance sheet date.

There were no share options outstanding as at 30 June 2009.

28 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.

Ellipsiz Share Option Plan

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 year are as follows:

2008

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2007	Options granted	Options exercised	Options cancelled/ expired	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	-			

2009

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2008	Options granted	Options exercised	Options cancelled/ expired	Number of options outstanding at 30 June 2009	Options exercisable at 1 July 2008	Options exercisable at 30 June 2009	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 2009	Exercise periods
11/3/2004	0.64	176,370	-	-	(176,370)	-	176,370	-	-	-	-	11/3/2005 to 11/3/2009
11/3/2004	0.64	191,370	-	-	(191,370)	-	191,370	-	-	-	-	11/3/2006 to 11/3/2009
11/3/2004	0.64	122,060	-	-	(122,060)	-	122,060	-	-	-	-	11/3/2007 to 11/3/2009
		489,800	-	-	(489,800)	-	489,800	-	-			

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

Fair value of share options and assumptions

Date of vesting of options	**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.

Ellipsiz Restricted Stock Plan

There were no awards granted during the year. At balance sheet date, there were no (2008: Nil) outstanding awards.

The vesting of awards is 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.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

	Group		**Company**	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Sales to:				
- associates	9	244	-	-
- other affiliates	2,537	4,213	-	-
Purchases from:				
- associates	-	(59)	-	-
- other affiliates	-	(4)	-	-

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Management fee income from:				
- subsidiaries	-	-	2,810	3,278
Dividend income from:				
- subsidiaries	-	-	1,746	3,118
Service fee income from:				
- associate	31	32	-	-
- affiliate[1]	-	1	-	-
Service fee expenses paid to:				
- other affiliates	-	(69)	-	-
- subsidiary	-	-	(15)	(2)
Interest income from:				
- subsidiaries	-	-	38	1,572
Interest expenses paid to:				
- subsidiaries	-	-	(189)	(257)
- affiliate[1]	(4)	(78)	-	(40)
- other affiliates	-	(91)	-	(63)
Rental income from:				
- subsidiary	-	-	-	461
Rental expenses paid to:				
- director	(128)	(58)	-	-
- other affiliate	-	(59)	-	-
Purchase of plant and equipment from:				
- other affiliate	-	(48)	-	-

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

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Short-term employee benefits	3,500	3,963	940	1,153
Post-employment benefits	125	118	25	26
	3,625	4,081	965	1,179

30 COMMITMENTS

Lease commitments

At balance sheet date, commitments of the Group and the Company for minimum lease receivables and payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Receivable:				
Within 1 year	112	17	-	-
After 1 year but within 5 years	158	9	-	-
	270	26	-	-
Payable:				
Within 1 year	3,282	2,408	-	29
After 1 year but within 5 years	4,111	3,061	-	67
After 5 years	548	643	-	-
	7,941	6,112	-	96

Operating lease commitments of the Group include a commitment in relation to a piece of land on which a subsidiary's wafer reclaim 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 to reflect market rentals.

Capital commitments

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Capital commitments contracted but not provided for	239	1,080	-	-

Corporate guarantees

At balance sheet date, the Company provided corporate guarantees amounting to $19,609,000 (2008: $21,370,000) to banks for banking facilities of $19,621,000 (2008: $21,090,000) made available to its subsidiaries, of which the subsidiaries have utilised $2,602,000 (2008: $4,211,000).

31 CONTINGENT ASSETS

A fire incident took place at the Group's wafer reclaim facility on 27 March 2009 that led to the impairment provisions and write downs of the carrying amounts of property, plant and equipment and inventories during the year totalling $12,055,000.

Recognition of insurance claim receivable is only made when insurance claims are virtually certain to be receivable by the Group. The Group has filed insurance claims for the losses incurred and the claim process is still in progress at balance sheet date. Accordingly, no corresponding income is recognised.

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. 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.

Credit risk

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

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, 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. At balance sheet date, the Group has unutilised credit facilities of $12,788,000.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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 (2008: 100 basis points) in interest rate at the balance sheet date would increase (decrease) equity and profit or loss for the year attributable to equity holders of the Company by the amounts shown below. A decrease in 100 basis points (2008: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit or loss for the year attributable to equity holders of the Company	(31)	(70)	(31)	(46)

There is no direct impact on other components of equity.

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 US dollar, Japanese yen, Euro, Singapore dollar, Malaysia ringgit, Vietnamese dong, Chinese renminbi and New Zealand dollar. 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 positions.

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables				
- US dollar	9,337	12,288	-	20
- Japanese yen	336	417	-	-
- Malaysia ringgit	247	250	-	-
- Singapore dollar	107	205	-	-
	10,027	13,160	-	20
Amounts due from related parties				
- US dollar	13,976	9,442	11,925	5,790
- Euro	1,021	2,148	-	-
- Singapore dollar	1,391	1,585	-	-
- Malaysia ringgit	18	786	18	20
	16,406	13,961	11,943	5,810
Cash and cash equivalents				
- US dollar	6,491	6,116	436	70
- Singapore dollar	6,737	606	-	-
- Japanese yen	223	189	-	-
- Euro	4	734	-	-
	13,455	7,645	436	70
Trade and other payables				
- US dollar	4,655	5,031	-	-
- Singapore dollar	633	51	-	-
- Thai baht	201	-	-	-
- Malaysia ringgit	136	148	-	-
- Japanese yen	-	399	-	2
- Vietnamese dong	43	369	-	-
	5,668	5,998	-	2
Amounts due to related parties				
- US dollar	10,432	18,817	2,449	2,172
- Singapore dollar	13,502	1,349	-	-
- Malaysia ringgit	459	710	433	413
- Chinese renminbi	3,131	3,321	13	12
- New Zealand dollar	182	-	-	-
	27,706	24,197	2,895	2,597

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest-bearing borrowings				
- US dollar	185	1,912	-	-
- Singapore dollar	739	570	-	-
	924	2,482	-	-
Redeemable convertible preference shares				
- Singapore dollar	78	78	-	-

Sensitivity analysis

A 1% (2008: 10%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the balance sheet date would increase (decrease) equity and profit or loss for the year attributable to equity holders of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Equity	-	33	-	33
Profit or loss for the year attributable to equity holders of the Company	33	769	79	841

A 1% (2008: 10%) weakening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the balance sheet 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 security available-for-sale at the balance sheet date would increase (decrease) equity of the Group and the Company by $Nil (2008: $33,000). This analysis assumes that all other variables remain constant.

Estimation of 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 security available-for-sale is determined by reference to their quoted bid prices at the balance sheet date.

The fair value of unquoted debt security available-for-sale approximated the recent transacted prices close to the balance sheet 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 balance sheet 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

Group	Distribution and Services solutions 2009 $'000	Distribution and Services solutions 2008 $'000	Probe Card solutions 2009 $'000	Probe Card solutions 2008 $'000	Eliminations 2009 $'000	Eliminations 2008 $'000	Consolidated 2009 $'000	Consolidated 2008 $'000
Revenue and expense								
Total revenue from external customers	101,630	118,755	47,968	78,010			149,598	196,765
Inter-segment revenue	662	344	7	-	(669)	(344)	-	-
	102,292	119,099	47,975	78,010			149,598	196,765
Segment results	(19,968)	(2,849)	(18,429)	(14,901)	-	-	(38,397)	(17,750)
Unallocated corporate results							(1,703)	943
							(40,100)	(16,807)
Share of results of associates and joint ventures								
- allocated to business segments	(29)	125	(699)	522	-	-	(728)	647
- unallocated corporate & other							(20)	(24)
Loss before interest income/ (expenses) and taxation							(40,848)	(16,184)
Interest income							151	423
Interest expenses							(819)	(782)
Income taxes							1,045	3,160
Minority interests							1,563	1,056
Loss for the year							(38,908)	(12,327)
Assets and liabilities								
Segment assets	60,333	88,087	54,936	60,738	-	-	115,269	148,825
Unallocated corporate assets							4,862	9,402
Investments in associates								
- allocated to business segments	933	871	3,449	5,423	-	-	4,382	6,294
- unallocated corporate & other							-	590
Investments in joint ventures								
- allocated to business segments	209	-	-	-	-	-	209	-
- unallocated corporate & other							-	12
Tax receivables							149	664
Deferred tax assets							2,220	3,118
Total assets							127,091	168,905
Segment liabilities	22,123	25,421	6,599	14,900	-	-	28,722	40,321
Unallocated corporate liabilities							949	1,082
Interest-bearing borrowings							15,074	16,119
Income tax liabilities							2,860	4,138
Total liabilities							47,605	61,660

Group	Distribution and Services solutions 2009 $'000	2008 $'000	Probe Card solutions 2009 $'000	2008 $'000	Eliminations 2009 $'000	2008 $'000	Consolidated 2009 $'000	2008 $'000
Capital expenditure								
- allocated to business segments	1,510	3,497	2,442	4,243	-	-	3,952	7,740
- unallocated corporate expenses							12	3
							3,964	7,743
Other non-cash items								
Depreciation of property, plant and equipment								
- allocated to business segments	2,677	3,293	5,661	6,524	-	-	8,338	9,817
- unallocated corporate expenses							11	15
							8,349	9,832
Amortisation of intangible assets								
- allocated to business segments	72	69	415	395	-	-	487	464
- unallocated corporate expenses							4	3
							491	467
Loss/(Gain) on disposals of property, plant and equipment								
- allocated to business segments	4	109	50	(106)	-	-	54	3
- unallocated corporate expenses							-	(1)
							54	2
Property, plant and equipment written off								
- allocated to business segments	168	82	179	383	-	-	347	465
- arising from fire incident	7,495	-	-	-	-	-	7,495	-
							7,842	465
Allowance for inventory obsolescence								
- allocated to business segments	863	608	2,079	935	-	-	2,942	1,543
Inventories written off								
- allocated to business segments	190	192	587	366	-	-	777	558
- arising from fire incident	3,238	-	-	-	-	-	3,238	-
							4,015	558

Group	Distribution and Services solutions 2009 $'000	Distribution and Services solutions 2008 $'000	Probe Card solutions 2009 $'000	Probe Card solutions 2008 $'000	Eliminations 2009 $'000	Eliminations 2008 $'000	Consolidated 2009 $'000	Consolidated 2008 $'000
Allowance for doubtful trade and other receivables								
- allocated to business segments	10	426	69	720	-	-	79	1,146
- unallocated corporate expenses							22	-
							101	1,146
Allowance for doubtful convertible loan receivable								
- unallocated corporate expenses							1,598	-
Impairment losses on property, plant and equipment								
- allocated to business segments	2,766	-	547	551	-	-	3,313	551
- arising from fire incident	1,322	-	-	-	-	-	1,322	-
							4,635	551
Impairment losses on intangible assets								
- allocated to business segments	136	-	-	-	-	-	136	-
Impairment of goodwill								
- allocated to business segments	384	-	-	-	-	-	384	-
Impairment loss on investment in associate								
- allocated to business segments	-	-	1,850	-	-	-	1,850	-
Impairment loss on other financial assets								
- allocated to business segments	-	-	5,603	-	-	-	5,603	-
- unallocated corporate expenses							296	-
							5,899	-

Geographical segments

	Singapore		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Group														
Total revenue from external customers	52,359	55,008	25,190	32,954	29,516	41,223	29,328	47,115	5,166	8,262	8,039	12,203	149,598	196,765
Segment assets	62,053	73,320	12,920	15,624	18,007	27,641	20,735	28,424	1,672	6,825	4,744	6,393	120,131	158,227
Investments in associates	-	-	933	871	-	590	-	-	-	-	3,449	5,423	4,382	6,884
Investments in joint ventures	-	-	209	-	-	12	-	-	-	-	-	-	209	12
Tax receivables													149	664
Deferred tax assets													2,220	3,118
	62,053	73,320	14,062	16,495	18,007	28,243	20,735	28,424	1,672	6,825	8,193	11,816	127,091	168,905
Capital expenditures	1,384	3,126	1,398	2,413	234	781	275	329	115	947	558	147	3,964	7,743

34 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards (including their 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*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- FRS 103 (revised) *Business Combinations* and FRS 27 (revised) *Separate and Consolidated Financial Statements*
- Amendments to FRS 107 *Financial Statements: Disclosures – Improving Disclosures about Financial Instruments*
- FRS 108 *Operating Segments*
- *Improvements to FRSs* 2008
- *Improvements to FRSs* 2009
- INT FRS 116 *Hedges of a New Investment in a Foreign Operation*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*
- INT FRS 118 *Transfer of Assets from Customers*

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.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Company's financial statements for the year ending 30 June 2010. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Company's financial statements.

FRS 103 (revised) and FRS 27 (revised) will become effective for the Group's financial statements for the year ending 30 June 2010. FRS 103 (revised) introduces significant changes to the accounting for business combinations both at the acquisition date and post acquisition, and requires greater use of fair values. The revised FRS 103 will be applied prospectively and therefore there will be no impact on prior periods in the Group's financial statements for year ending 30 June 2010. FRS 27 (revised) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised FRS 27 is not expected to have a significant impact on the consolidated financial statements.

The amendments to FRS 107: *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* will become effective for the Group's financial statements for the year ending 30 June 2010. The amendments require entities to disclose how the fair value of their financial instruments are measured using the "three-level hierarchy" and to provide additional disclosures about the relative reliability of the fair value measurements. The amendments also require additional disclosure on the nature and extent of liquidity risk arising from financial instruments to which the entity is exposed. These amendments do not have any impact on the Group's financial position or results. In addition, in the first year of application, the amendments do not require comparative information to be disclosed.

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. The Group is in the process of assessing the impact of these amendments.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 30 June 2010, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 30 June 2011. *Improvements to FRSs* 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

Improvements to FRSs 2009 will generally become effective for the Group's financial statements for the year ending 30 June 2010 and 30 June 2011. *Improvements to FRSs* 2009 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

Other than the above, the initial application of these standards (including their 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.

35 SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Company proposed a capital reduction exercise to reduce and cancel the issued and paid-up share capital of the Company by $42,978,000, and hence write off the accumulated losses of the Company by the same amount.

Statistics of Shareholders

as at 10 September 2009

Number of Shares Issued	:	510,596,134		
Issued and Paid up Capital	:	S$130,034,852.60		
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 2009

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	31	0.65	10,880	0.00
1,000 to 10,000	2,082	43.90	10,577,975	2.07
10,001 to 1,000,000	2,593	54.67	207,305,679	40.60
1,000,001 and above	37	0.78	292,701,600	57.33
Total	4,743	100.00	510,596,134	100.00

Based on information available to the Company as at 10 September 2009, approximately 78.53% 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 2009

No.	Name of shareholders	Number of shares	% of issued share capital
1	CHONG FOOK CHOY	61,576,744	12.06
2	DBS NOMINEES PTE LTD	29,698,200	5.82
3	CHAN WAI LEONG	25,409,572	4.98
4	PHILLIP SECURITIES PTE LTD	20,212,000	3.96
5	TEEM HOLDING PTE LTD	19,959,272	3.91
6	OCBC SECURITIES PRIVATE LTD	13,174,090	2.58
7	LEONG HONG KAH	11,000,000	2.15
8	TAN TAI WEI	9,243,000	1.81
9	TAN CHONG GIN	9,000,000	1.76
10	CITIBANK NOMINEES SINGAPORE PTE LTD	8,862,000	1.74
11	CIMB-GK SECURITIES PTE. LTD.	8,763,517	1.72
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,647,600	1.50
13	KIM ENG SECURITIES PTE. LTD.	7,097,000	1.39
14	HSBC (SINGAPORE) NOMINEES PTE LTD	6,920,454	1.35
15	IP YUEN KWONG	4,343,000	0.85
16	RAFFLES NOMNINEES (PTE) LTD	4,157,000	0.81
17	OCBC NOMINEES SINGAPORE PTE LTD	4,119,560	0.81
18	TEO CHOON HIANG	3,992,000	0.78
19	DBS VICKERS SECURITIES (S) PTE LTD	3,647,200	0.71
20	PAN YANG	3,582,000	0.70
TOTAL		262,404,209	51.39

SUBSTANTIAL SHAREHOLDERS AS AT 10 SEPTEMBER 2009

Name of shareholders	Shareholdings registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees/ deemed interest	Total	% of issued share capital
CHONG FOOK CHOY	61,576,744	2,000,000 (held in the name of nominees)	63,576,744	12.45
CHAN WAI LEONG	25,409,572	* 19,959,272	45,368,844	8.89

* Mr. Chan is deemed to be interested in 19,959,272 shares held by Teem Holding Pte Ltd by virtue of his 71% interest in Teem Holding Pte Ltd.

There are no treasury shares held as at 10 September 2009.

Statistics of Warrantholders

as at 10 September 2009

DISTRIBUTION OF WARRANTHOLDERS AS AT 10 SEPTEMBER 2009

Range of warrantholdings	Number of warrantholders	% of warrantholders	Number of warrants	% of warrants
1 to 999	165	17.65	81,806	0.21
1,000 to 10,000	526	56.25	2,157,301	5.65
10,001 to 1,000,000	237	25.35	14,434,940	37.81
1,000,001 and above	7	0.75	21,506,506	56.33
Total	935	100.00	38,180,553	100.00

TOP 20 WARRANTHOLDERS AS AT 10 SEPTEMBER 2009

No.	Name of warrantholders	Number of warrants	% of warrants
1	CHONG FOOK CHOY	5,779,704	15.14
2	PHILLIP SECURITIES PTE LTD	3,417,496	8.95
3	CHAN WAI LEONG	3,333,333	8.73
4	DBS NOMINEES PTE LTD	2,957,640	7.75
5	TEEM HOLDING PTE LTD	2,500,000	6.55
6	LEONG HONG KAH	2,435,000	6.38
7	TAN CHONG GIN	1,083,333	2.84
8	KIM ENG SECURITIES PTE. LTD.	522,332	1.37
9	LEONG SIEW WAH (LIANG ZHAOHUA)	463,000	1.21
10	CITIBANK NOMINEES SINGAPORE PTE LTD	406,666	1.07
11	MU SHEN	400,000	1.05
12	OCBC SECURITIES PRIVATE LTD	399,330	1.04
13	GERARD LIN YOONG CHEE	368,000	0.96
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	333,768	0.87
15	TAN SOCK KEOW	330,000	0.86
16	HEW YOON FONG	323,000	0.85
17	CIMB-GK SECURITIES PTE. LTD.	303,596	0.80
18	CHOO SOO KWANG	300,150	0.79
19	CHEW WEE TENG	300,000	0.78
20	NG TIE JIN (HUANG ZHIREN)	300,000	0.78
TOTAL		26,256,348	68.77

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

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on 21 October 2009 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 2009, together with the Auditors' Report thereon.

(Resolution 1)

2. (i) To re-elect Mr. Chong Fook Choy (Chairman/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. Jeffrey Staszak (Lead 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 3)

3. To re-elect Mr. Leong Hong Kiat Amos (Independent Director/Non-Executive Director), who was first appointed by the board of directors of the Company on 1 May 2009, in accordance with Article 97 of the Company's Articles of Association.

(Resolution 4)

4. To approve directors' fees of S$207,988.00 for the financial year ended 30 June 2009 (2008: S$275,000.00).

(Resolution 5)

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

(Resolution 6)

As Special Business

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

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company ("Directors") to:

(a) (i) allot and issue shares in 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 while this Resolution was in force,

PROVIDED THAT:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):

(1.1) by way of renounceable rights issues on a *pro-rata* basis to shareholders of the Company ("Renounceable Rights Issues") does not exceed one hundred per cent (100%) of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with sub-paragraph (3) below; and

(1.2) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") does not exceed fifty per cent (50%) of the total number of issued shares, excluding treasury shares, (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed one hundred per cent (100%) of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(3) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) above, the percentage of issued shares shall be based on the Company's total number of issued shares, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

(3.1) new shares arising from the conversion or exercise of any convertible securities or shares options or vesting of shares awards which are outstanding or subsisting at the time this Resolution is passed; and

(3.2) any subsequent bonus issue, consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the articles of association for the time being of the Company; and

(5) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory note(i)]

(Resolution 7)

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

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

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

[See Explanatory note(ii)]

(Resolution 8)

8. 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 ("Directors") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

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

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

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

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

[See Explanatory note (iii)]

(Resolution 9)

Any Other Business

9. To transact any other ordinary business that may be transacted at an annual general meeting.

Dated: 29 September 2009

By Order of the Board

Anne Choo and Chan Yuen Leng
Joint Company Secretaries
Singapore

Notes:

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

Explanatory Notes on Special Business to be transacted:

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the directors of the Company, effective up to the date of the next annual general meeting, to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding the aggregate of (i) 100% of the total issued shares, excluding treasury shares, of the Company for Renounceable Rights Issues, and (ii) up to 50% of the total issued shares, excluding treasury shares, of the Company for Other Share Issues, of which up to 20% may be issued other than on a pro-rata basis, to shareholders, and further provided that the total number of shares which may be issued pursuant to the aforesaid items (i) and (ii) shall not exceed 100% of the total number of issued shares, excluding treasury shares, in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the Company's total number of issued shares, excluding treasury shares, at the time Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 7 is passed, and any subsequent bonus issue, consolidation or subdivision of shares. The authority for 100% Renounceable Rights Issues is proposed pursuant to an SGX-ST news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts.

(ii) The Ordinary Resolution 8 proposed in item 7 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 9 proposed in item 8 above, if passed, will renew the mandate approved by shareholders of the Company on 23 October 2008 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 29 September 2009 for details.

Proxy Form

14th Annual General Meeting

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

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.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

*I/We, ______________________________ *(Name)* NRIC/Passport No. ______________________

of ____ *(Address)*

being *a member/members of ELLIPSIZ LTD hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

*and/or

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

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 Annual General Meeting of the Company to be held at No. 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on 21 October 2009 at 4.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of 14th 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 14th 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 2009, together with the Auditors' Report thereon.		
2	Re-election of Mr. Chong Fook Choy as director under Article 91.		
3	Re-election of Mr. Jeffrey Staszak as director under Article 91.		
4	Re-election of Mr. Leong Hong Kiat Amos as director under Article 97.		
5	Approval of directors' fees of S$207,988.00 for the financial year ended 30 June 2009. (2008: S$275,000.00)		
6	Re-appointment of KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
	Special Business		
7	Authority to allot and issue new shares and convertible securities.		
8	Authority to grant option and issue shares under the Ellipsiz Share Option Plan and to grant awards and issue shares under the Ellipsiz Restricted Stock Plan.		
9	Authority to purchase or acquire the Company's issued ordinary shares.		

Total Number of Ordinary Shares Held:	

Dated this________________day of ________________2009.

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

* Please delete accordingly

IMPORTANT
Please read notes overleaf

Notes:

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

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

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

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

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

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

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

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

Corporate Directory

SINGAPORE

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29 Woodlands Industrial Park E1
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Singapore 757716
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