The **Right** Strategy

ellipsiz

forward solutions

Annual Report 2011

Vision

To be the best creator of value for 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.

About ellipsiz

Our Business

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

We provide innovative, engineering-focused solutions such as Testing, Supply Chain, Mechanical & Electrical Engineering and Cleanroom Facilities Management in niche segments of the semiconductor and electronics manufacturing chain. Our customers include global semiconductor companies, electronics manufacturers and reputable telecommunication operators.

Our Strengths

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.

Our Presence

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

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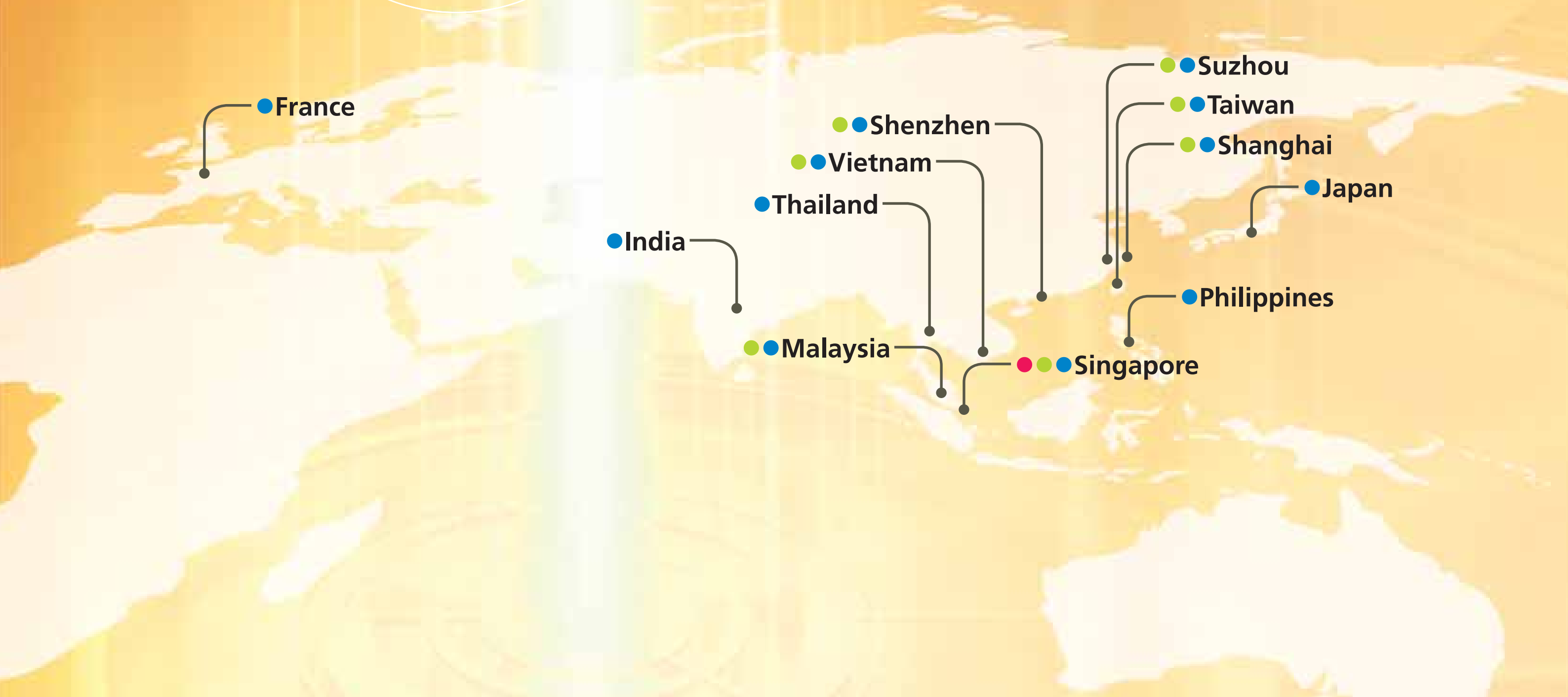


Probe Card Solutions

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.

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 2010 was about US$1.04 billion and is projected to grow 7% to 8% year-on-year to reach US$1.5 billion by 2015 (VLSI Research, May 2011).

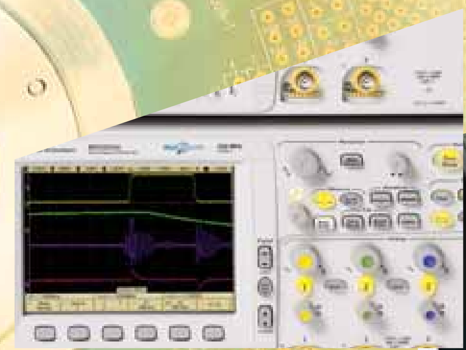
SV Probe has a well-diversified solutions portfolio to serve a wide spectrum of customers in the Logic, LCD Driver and Memory segments. Its competitive strengths lie in its ability to deliver high-quality, cost-competitive and innovative turnkey probe solutions on a consistent on-time basis. Its customer-focused 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/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries. Key equipment we distribute includes lithography equipment, electronic test & measurement instruments and systems, communications test & measurement tools and systems as well as failure and reliability testing chambers.

We also provide extensive suite of complementary outsourcing services that include software programming, equipment engineering support services, supply chain management of specialised consumables, pump refurbishment services, reliability testing services, calibration of test & measurement equipment services, cleanroom facilities as well as mechanical & electrical engineering services, etc.

Always focusing on delivering innovative and engineering-focused solutions to meet our customers' specific needs, we leverage on our knowledge base and extensive network to offer cost-competitive solutions.



Understanding market dynamics and applying the right strategies with the right resources to stay relevant and maximise business potential.

The **Right** Perspective

We believe given the current challenging macro environment, it is important that we stay vigilant, have the right perspective on the business environment, understand the market dynamics and deploy the right strategies with the right partners and team to maximise our business potentials.

REVENUE

$176 million

NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

$10 million

TOTAL CASH DIVIDEND FOR FY2011

0.56 cents per share

Xavier Chong
Non-Executive Chairman

Melvin Chan
Chief Executive Officer

Dear Shareholders,

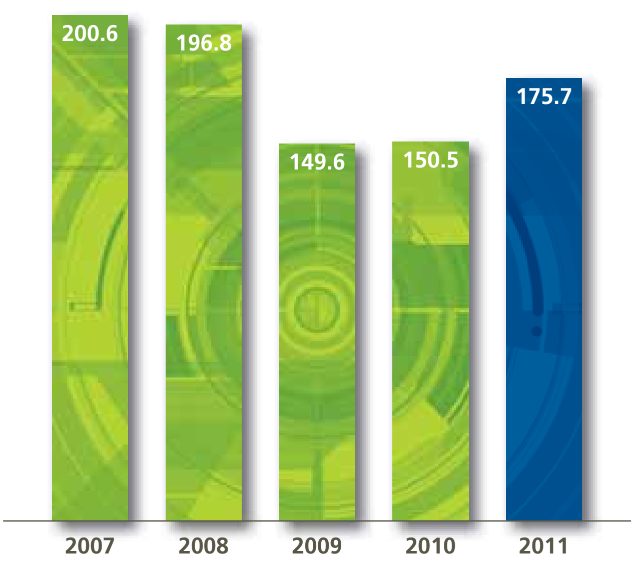
Financial year ended 30 June 2011 (FY2011) was a year of growth for Ellipsiz with 17% increase in revenue and 69% improvement in operating profits, excluding the specific net income[1]. Our team continues to undertake greater integration and execution of our 3 Es focuses, namely Essentials, Efficiency and Excellence. We re-addressed the business fundamentals like structural and business efficiency, productivity and relevancy to the market. This is to ensure that the Group has right business strategy and a lean, flexible and competitive operation structure to achieve sustainable performance as well as to embark on growth opportunities.

The macroeconomic and business environment, however, continues to be challenging with the global inflationary trend and the strengthening of Asian currencies leading to higher operating costs, particularly for our operations in Asia. This, coupled with intense competition and declining average selling price, has posed threats to the maintenance of the profit margins of our various businesses.

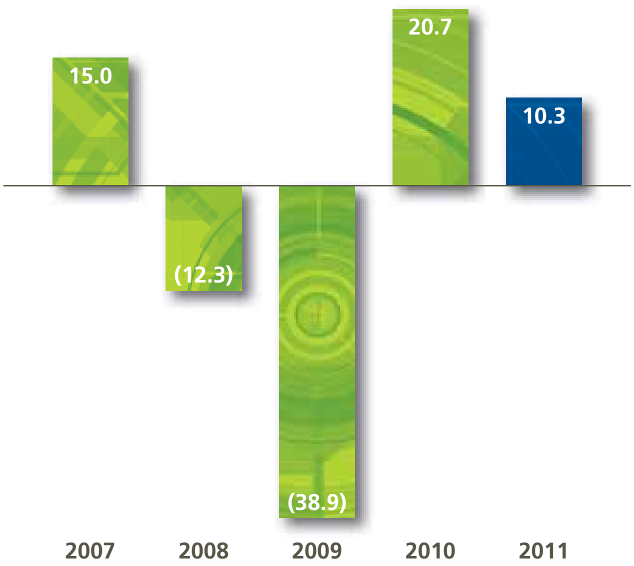
[1] Details of specific incomes and charges are provided in the Financial Review section.

Letter to Shareholders

REVENUE
($ millions)



NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS
($ millions)



OUR FY2011 REVIEW

The Group reported net profit after tax and non-controlling interests of $10 million on revenues of $176 million for FY2011. Although the net profits after tax and non-controlling interests was a decrease of 50% from FY2010's net profit of $21 million, the decline was mainly due to the non-recurrence of the high one-time specific net income of approximately $16 million, which was mainly contributed by the recording of insurance claim income, in FY2010. Excluding the specific net income, a 69% growth in operational profits was achieved in FY2011 on 17% increase in revenue from $151 million a year ago.

Revenue growth was largely driven by the Distribution & Service solutions (DSS) segment, which grew by 26% from $105 million to $132 million and accounted for 75% of FY2011 total revenue, on improved business activities across most of the regions we have presence in. Revenue at the Probe Card solutions (PCS) segment dropped by 5% from $46 million previously to $44 million due to the negative movement in US dollars. Eliminating the impact of the currency movement, PCS had a 4% revenue growth in FY2011.

For the second consecutive year, the Group sustained operational profitability despite continued pricing and costing pressures emanating from the global inflationary trend, intense competition and volatile foreign exchange movements.

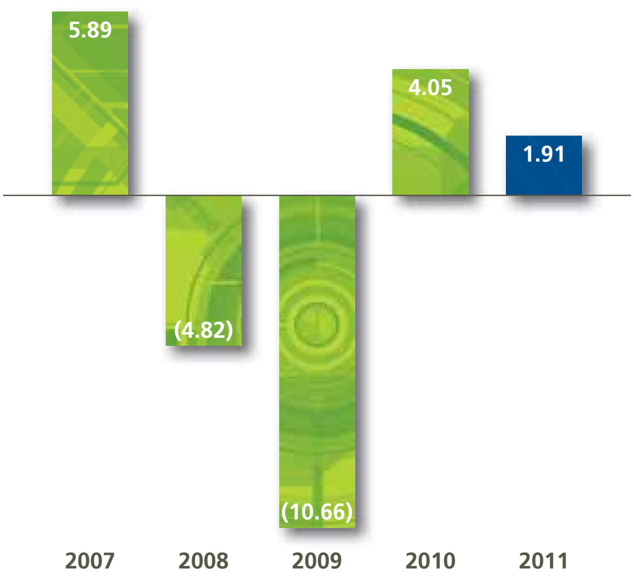
The Group continued with the prudent management of our balance sheet in FY2011. Balance sheet position remained healthy with cash and cash equivalents balance of $35 million as at 30 June 2011 and our current and debt-to-equity ratios improved from 2.0 times and 14% a year ago to 2.2 times and 10% respectively. Net assets of the Group, however, decreased from 18.81 cents per share to 17.98 cents per share as at 30 June 2011, after considering the payment of FY2010's final dividend and FY2011's interim dividend totaling $8.3 million during the year.

OUR DIRECTION

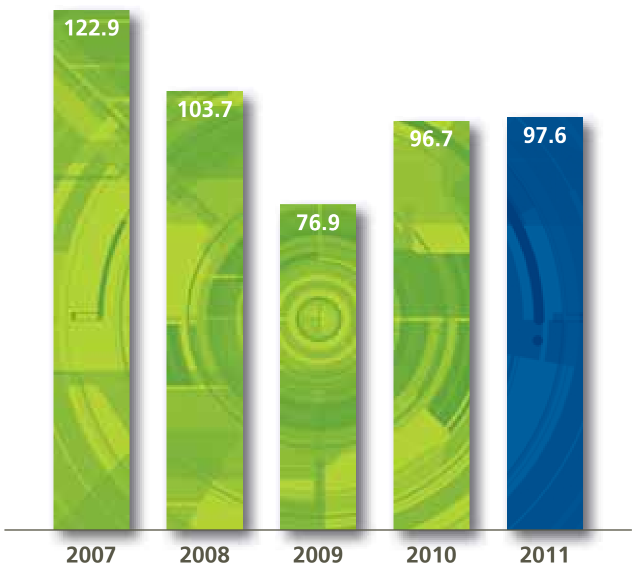
Amidst intense pressures of rising costs, price competition, market consolidation and concern over supply chain disruptions following the natural disaster in Japan on 11 March 2011, the Group's tenacity to apply the "right" strategies towards our business structure and revenue building efforts paid off during FY2011. We believe given the current challenging macro environment, it is important that we stay vigilant, have the right perspective on the business environment, understand the market dynamics and deploy the right strategies with the right partners and team to maximise our business potentials. Hence, focus had been placed during the year in evaluating our core business solutions and repositioning our various activities to achieve operational efficiency and excellence.

Continuous renewal process is also important to the growth strategy of our Group. We will, therefore, keep the momentum in continuing the search and exploration for new products and business opportunities in existing businesses as well as

BASIC EARNINGS PER SHARE
(cents)



SHAREHOLDERS' EQUITY
($ millions)



new and emerging industries. We will also stay committed in adopting a balanced risk management approach on investment that will meet the objective of optimising returns to our shareholders.

OUR STAKEHOLDERS

Our customers and principals…

We would like to express our appreciation to our customers and principals for their continued support in the past one year and we look forward to working more closely with our valued business partners in the years ahead.

Our People…

Our People are the most important asset that the Group has and we continue to hold this belief. A big "Thank You" to the team for working diligently towards the deliverance of our FY2011 performance. The Group will continue its efforts in strengthening this important asset and in building a dedicated and experienced team to lead the group to a brighter future.

Our fellow board members…

The year's success is a tribute to their leadership, ongoing support and commitment to the Group. It is certainly our privilege to work with a team of outstanding board members who have remained committed to the long-term interests of the Group and its shareholders.

Our shareholders…

We would also like to take this opportunity to thank our shareholders for their patience and support. To share the returns with our shareholders, the Group is pleased to recommend for our shareholders' approval at the forthcoming Annual General Meeting a final cash dividend of 0.13 cents a share and a special cash dividend of 0.15 cents a share. Together with interim and special cash dividend of 0.28 cents a share declared during Q2 reporting, this would translate into a total dividend of 0.56 cents a share for FY2011.

IN CLOSING

The industries in which the Group operates continue to present challenges to its businesses. The management and staff of Ellipsiz are confident and will stay committed on delivering better value to all of our stakeholders.

Once again, we would like to express our deepest appreciation to our customers, principals, business partners and our loyal shareholders for their patience, commitment and confidence in us. As we move forward to explore and pursue our dreams with renewed vigour and unity, we look forward to your continued support to us and our team.

Xavier Chong
Non-Executive Chairman

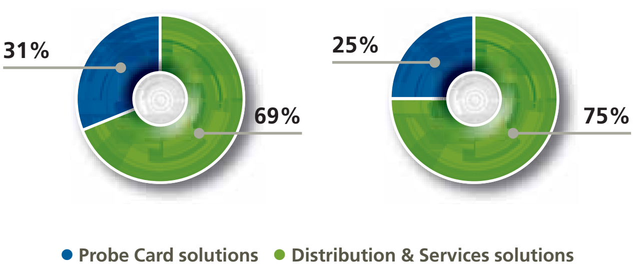
Melvin Chan
Chief Executive Officer

The **Right** People

Building a team of right people with the right mind-set and skill-set towards optimising potentials, strengthening competencies, efficiencies and achieving excellence.

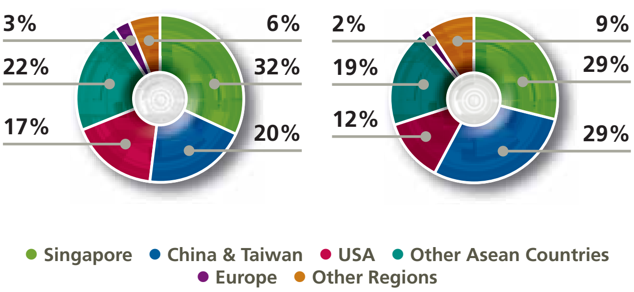
REVENUE BY BUSINESS DIVISION

FY2010 FY2011



REVENUE BY REGION

FY2010 FY2011



The global semiconductor and electronics manufacturing supply chains were relatively unscathed by the March 2011 disaster in Japan on the faster than expected restoration of operations by major Japanese suppliers. Meanwhile, reports of excess inventories and increased days of inventory griped the semiconductor and electronics manufacturing supply chain following inventories built up by anxious manufacturers to meet demands shortly after the tight capacity situation in 2010. Panicky double-ordering emanated from the calamity in Japan added fuel to the production ramp.

As the market grappled with the excess inventories across the supply chain, challenging macroeconomic developments such as the US unemployment rate, anti-inflationary measures in China and concerns over Euro zone sovereign debt crisis, together with the inflationary cost trend and a depreciating US dollar mired operating environment. Against the tough operating background, the Group remained focus on three-pronged right-sizing strategy – the Right Perspective, the Right People and the Right Partnerships – to empower the optimisation of goals, growth and potentials.

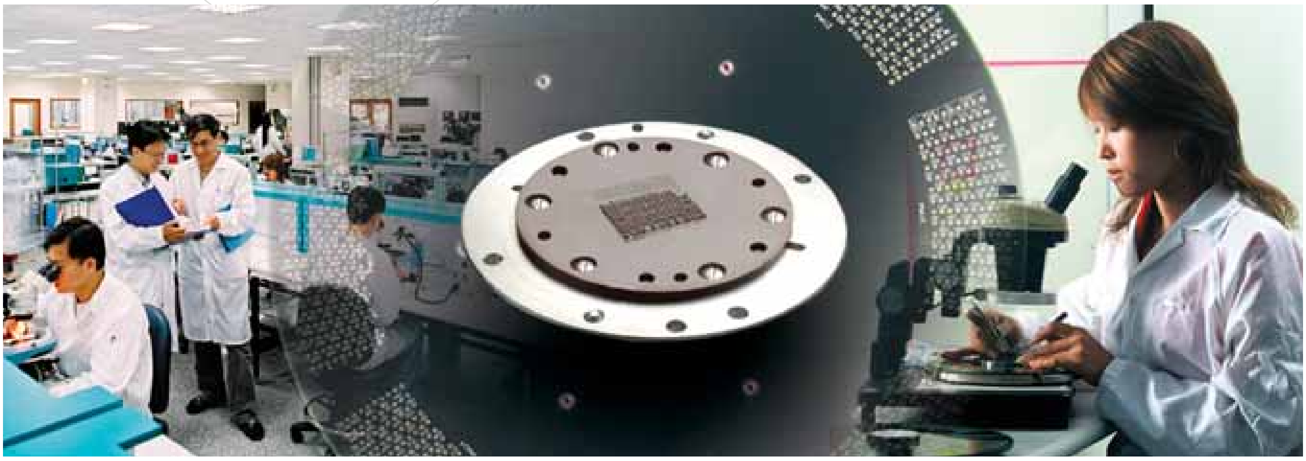
The Group sustained its operational performance and revenue grew by 17% during FY2011. Contribution from Probe Card solutions (PCS) segment was 25% of the Group's turnover and the balance 75% was contributed by Distribution and Services solutions (DSS) segment. Geographically, the Asia Pacific (excluding Japan) region continued to account for more than 70% of the total revenue.

PROBE CARD SOLUTIONS (PCS)

The PCS segment witnessed a 5% fall in revenue from $46 million in FY2010 to $44 million in FY2011 due mainly to the negative movement in the US dollar. Eliminating the impact of the currency movement, PCS would have had reported a revenue growth of 4%. A total of 2.2 million points were produced and 17,300 finished probe cards were shipped during FY2011, 9% and 14% lower compared to the figures recorded during the previous financial year respectively.

Despite pressures of rising costs and the declining average selling prices for some of our core products abating earnings, the PCS business sustained profitability. Business streamlining efforts, cost control measures, deliberate focus on advanced probe cards and the expansion of manufacturing capacity in Asia allowed PCS to attain lower production costs on a per pin count basis.

With reorganisation efforts progressing on schedule, concentration on advanced probe card manufacturing, particularly on our Micro-Electro-Mechanical-Systems or MEMS-based LogicTouch™ product and our new SpringTouch™ spring-pin probe card, was well-timed. The versatile LogicTouch™ addresses testing needs for high volume System-on-Chip (SOCs), copper pillar bumps, microcontrollers and 3D packages, while the SpringTouch™ is targeted at Wafer Level Chip Scale Packages (WLCSP) which are found in many popular applications such as smartphones, GPS units and WiFi. We gained footing with several customer engagements and production ramp for LogicTouch™ products, while the SpringTouch™ probe card is expected to provide growth opportunities offered by WLCSP niche market. During the year, we recorded a 16% increase in advanced probe card revenue, which comprised vertical as well as fine-pitch vertical probe cards, and this accounted for 23% of revenue achieved by the PCS segment. Meanwhile, cantilever probe cards continued to be the major revenue contributor at 57.5% or US$19.4 million, flat compared to FY2010. In the upcoming year, we will also be looking for innovative ways to revitalise our cantilever product in order to achieve sustainable growth.



FY2011 marked the completion of the transfers of our cantilever, vertical and blade card manufacturing operations to our flagship facility in Vietnam, unlocking a greater cost competitive proposition for our customers. However, we remained committed to the continuous improvement of manufacturing proficiency at this location, achieving production agility to meet the challenging demands of the dynamic test market. The Vietnamese facility produced a total of 13,390 probe cards, which was a growth of 4% compared to the year before. Vertical point manufactured in Vietnam alone increased by 13%.

To make further inroads into Asia and lower the costs of production per pin count, the PCS business had also expanded the manufacturing capacities in both Taiwan and China. This move was not only instrumental in helping to bring our cost structure to a more competitive level in the longer term, it allowed a more effective leveraging of our resources and customer network to attain better business potentials. Furthermore, the expansion reduced our production concentration risks because our probe card production now extends across a wider geographical area.

With a strong manufacturing and a customer service network that is supported by dedicated R&D and an exciting portfolio of diverse probe card offerings, the PCS business could not be better prepared to meet the testing challenges of tomorrow.

DISTRIBUTION AND SERVICES SOLUTIONS (DSS)

Revenue from DSS segment increased by 26% from $105 million in FY2010 to $132 million during FY2011 despite pricing pressure, stiff competition, volatile foreign exchange market and modest capital spending budget.

The above headwinds coupled with rising costs pressured the respective businesses of the DSS segment to expedite earlier initiatives of resource optimisation and business remodeling exercise to realise greater efficiencies, augment revenue streams and refine competitiveness.

A more dynamic and synergistic sales system was rolled out to facilitate integrated sales across the respective businesses of the DSS segment which, in turn, aided market penetration efforts in existing markets as well as established beachheads in new emerging markets such as the Light Emitting Diode (LEDs) test equipment in the growing markets of China and Taiwan.

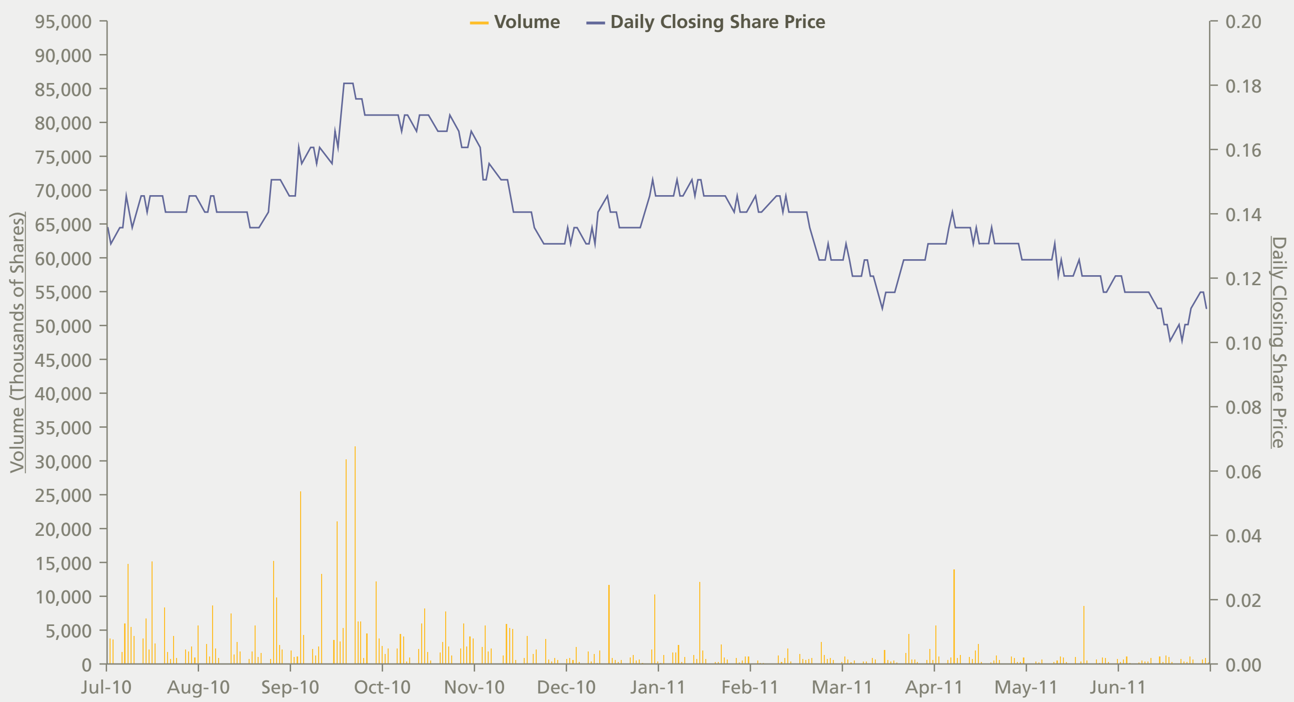
Elsewhere, the DSS segment continued with the prowl for more complementary products and solutions that seek to enhance values of our distribution businesses. While the focus had largely been on the sourcing of lower cost alternatives to renew our product and solution offerings, the team had leveraged on its innovative and resourceful base to deliver better competitive values to our customers and partners.

Separately, further progress was made in fortifying our valued partnerships with niche principals and suppliers who have been supportive of our business model over the years. The cementing of our relationships harnessed the common understanding of staying relevant with market forces that could potentially unleash new growth opportunities into the longer term.

While much excitement awaits the Group, we are, nonetheless, vigilant about developments around us. Prudent management of our balance sheet as well as the right deployment of our resources and talent management remained cornerstone towards empowering and sustaining growth, profitability and liquidity of our businesses, and the Group as a whole.

KEY FINANCIAL RATIOS					
Financial year ended 30 June	**2007**	**2008**	**2009**	**2010**	**2011**
Profitability (%)					
Gross Profit Margin	28.3	18.3	3.8	23.8	**21.8**
Profit Before Tax Margin	7.0	(8.4)	(27.8)	13.8	**5.1**
Net Earnings Margin	7.5	(6.3)	(26.0)	13.8	**5.9**
Return on Equity	12.2	(11.9)	(50.6)	21.4	**10.6**
Return on Total Assets	8.7	(7.3)	(30.6)	13.8	**7.3**
Liquidity (times)					
Current ratio	2.2	1.5	1.7	2.0	**2.2**
Quick ratio	1.7	1.2	1.5	1.8	**1.9**
Leverage (%)					
Gross Debt/Equity	6.9	15.6	19.6	13.6	**9.9**
Efficiency (days)					
Debtors turnover	69	61	67	69	**72**
Others (cents)					
Gross Dividend per share	0.6	–	–	1.3	**0.6**
NAV per share	48.1	40.5	15.2	18.8	**18.0**

ELLIPSIZ SHARE PRICE AND VOLUME CHART (1 JULY 2010 – 30 JUNE 2011)



STOCK PRICE AND VOLUME MOVEMENT (1 JULY 2010 – 30 JUNE 2011)

Ellipsiz share price declined by 19% from $0.135 to $0.11 as compared to an increase of 11% for the benchmark Straits Times Index (STI). The average daily trading volume of 2.6 million shares was relatively lower as compared to 6.8 million shares for the same period a year ago.

Share Price and Volume Summary (1 July 2010 – 30 June 2011)

Daily Closing Share Price ($)

High:	0.18	(20 September 2010)
Low:	0.10	(20 June 2011)
Average:	0.138433	

Daily Traded Volume (Number of Shares)

High:	32,155,000
6-month Average:	1,118,553
12-month Average:	2,606,335

Integral to our forward strategy are partnerships empowering sound decisions and capitalising right opportunities at the right time.

The **Right** Partnerships

Manufacturing

- **Asia-Centric**
- **State of the Art**
- **Manufacturing Hub**

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

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

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

Board of Directors

5 3 1 2 4

XAVIER CHONG FOOK CHOY
Non-Executive Chairman and Director

1

Xavier Chong Fook Choy is the Chairman and Non-Executive Director of Ellipsiz Ltd. Prior to him stepping down from his executive role on 1 January 2010, Mr. Chong was an Executive Chairman of the Company from January 2008 to December 2009 and the Chief Executive Officer of the Company from May 2002 to December 2007. Mr. Chong founded the Company, then called Excellent Scientific Instruments (ESI), in 1992 and he has since grown 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 electronic manufacturing industries.

MELVIN CHAN WAI LEONG
Executive Director and Chief Executive Officer

2

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 Janurary 2008. He is also a member at the Board of Directors at JEP Holdings Ltd, a SGX Catalist listed company, since 4 June 2010.

Prior to his appointment in Ellipsiz, Mr. Chan was the President of iNETest Resources, a wholly-owned subsidiary of Ellipsiz. He has more than two decades of operational and business experience in the semiconductor and electronics manufacturing industries as well as extensive working experience in the Asia Pacific region, Australia, New Zealand, China and India. He started his career as an engineer at Hewlett-Packard and moved on to hold senior management positions at Electronic Resources Limited (ERL), Ingram Micro and iNETest Resources.

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

JEFFREY STASZAK
Non-Executive and Lead Independent Director

3

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 a member of both the Audit and Remuneration committees. He is presently the President and Chief Executive Officer 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
Non-Executive and Independent Director

4

Phoon Wai Meng is an Independent Director since 1 July 2004, 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
Non-Executive and Independent Director

5

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 & Chief Executive Officer 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

President and CEO, Probe Card Solutions

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 San Jose State University, United States.

ONG SUAT LIAN

Group Finance Director

Ong Suat Lian is the Group Finance Director. With close to 20 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

Vice President, Distribution and Services Solutions

Lim Beng Lam is the Vice President for our Distribution and Services solutions. 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, joint-venture & subcontracting business and procurement 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

Vice President, Distribution and Services Solutions

Sam Tan Chong Gin is the Vice President for our Distribution and Services solutions. He has more than 20 years of experience in sales, business development and management in the electronics industry. His current portfolio includes the overseeing of businesses in Electronic Test & Measurement, System Integration/Function Test, Quality & Reliability Testing solutions and Communications Network Assurance/Monitoring Systems Solutions and Integration. 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 sector 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

Vice President, Distribution and Services Solutions

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services solutions. 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 as an Application Engineer, and thereafter, as Sales Engineer. Since then, he held numerous managerial positions in Hewlett-Packard 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 in 2003, and prior to the joining he was most recently the General Manager in 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

Vice President, Distribution and Services Solutions

Jeffrey Koh Choon Leng is the Vice President for our Distribution and Services solutions. He has more than 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, 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.

HEADQUARTER

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(Reg. No. 199408329R)
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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

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

Partner-in-charge: Mr. Ronald Tay
(effective FY2009; 3rd year in-charge)

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
Non-Executive Chairman and Director

Mr. Melvin Chan Wai Leong
Executive Director and Chief Executive Officer

Mr. Jeffrey Staszak
Non-Executive and Lead Independent Director

Mr. Phoon Wai Meng
Non-Executive and Independent Director

Mr. Amos Leong Hong Kiat
Non-Executive and Independent Director

NOMINATING COMMITTEE

Chairman: Mr. Jeffrey Staszak

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

REMUNERATION COMMITTEE

Chairman: Mr. Phoon Wai Meng

Member: Mr. Jeffrey Staszak

AUDIT COMMITTEE

Chairman: Mr. Amos Leong Hong Kiat

Member: Mr. Jeffrey Staszak
Mr. Phoon Wai Meng

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

The Company has adopted a framework of corporate governance policies and practices in line with the principles and best practices set out in the Code of Corporate Governance 2005 (the "2005 Code") issued by the Council on Corporate Disclosure and Governance (the "CCDG").

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

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Group

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. It approves the overall strategies and initiatives of the Group; provides entrepreneurial leadership and sets objectives; regularly reviews the Group's financial performance; ensures implementation of appropriate systems to manage the principal risks of the businesses as well as sets standards and values and ensures that obligations to the shareholders and others are understood and met.

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees of directors and management 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.

There are also two investment committees which are management committees that comprise mainly senior executives. The investment committees deliberate and evaluate investment projects and capital expenditure budgets before recommendation is put forth to the Board for consideration and approval. To ensure alignment with the Group's strategic directions in the early stage of evaluation of investment and capital expenditure projects, an Independent Director sits on each such committee as adviser to the management team.

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

The Board currently holds four scheduled meetings each year. Pursuant to the Company's Articles of Association, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges to address specific significant matters or developments that may arise between scheduled Board meetings. In the financial year ended 30 June 2011, 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 2011 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	4	4	1	1
Directors				
Xavier Chong Fook Choy	4	4[(1)]	1	1[(1)]
Melvin Chan Wai Leong	4	4[(1)]	1[(1)]	1[(1)]
Jeffrey Staszak	4	4	1	1
Phoon Wai Meng	4	4	1	1
Amos Leong Hong Kiat	4	4	1[(1)]	1[(1)]

(1) *In attendance.*

New Board members will undergo an orientation programme, which includes 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 2011, the Board comprises the following members:

Mr. Xavier Chong Fook Choy	Non-Executive Chairman
Mr. Melvin Chan Wai Leong	Chief Executive Officer
Mr. Jeffrey Staszak	Lead Independent Director
Mr. Phoon Wai Meng	
Mr. Amos Leong Hong Kiat	

The Nominating Committee assesses the independence of the Directors on an annual basis. For financial year ended 30 June 2011, the Nominating Committee has determined that save for the Non-Executive Chairman who is a substantial shareholder and Chief Executive Officer who is an executive Director and substantial shareholder, 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 dominates 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 respectively. 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.

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. 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 evaluates, 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. A newly appointed Director must also submit himself to retirement and re-election at the Annual General Meeting immediately following his appointment by the Board.

The Nominating Committee also considered, and is satisfied that three out of four of its 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 of directors who 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 14 and 15.

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 Board meetings to provide the Board with background and explanatory information relating to matters brought before it. 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 legislation, rules and regulations, which are applicable to the Company.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure on Remuneration

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

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

The framework of remuneration for the Board and key executives is linked to the development of management strength 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. Phoon Wai Meng (Chairman)
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 Director has an employment contract 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 Director is assessed based on his individual performance and the performance of the Group.

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

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

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

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

Director	Remuneration bands	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus and awards	Total
Xavier Chong Fook Choy	Below $250,000	82%	–	18%	100%
Melvin Chan Wai Leong	$500,000 to $749,999	4%	45%	51%	100%
Jeffrey Staszak	Below $250,000	83%	–	17%	100%
Phoon Wai Meng	Below $250,000	80%	–	20%	100%
Amos Leong Hong Kiat	Below $250,000	76%	–	24%	100%

The Company believes that the 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 key executives of the Group (who are not Directors of the Company) who receive remuneration in bands of $250,000.

Remuneration bands	Number of staff
Below $250,000	–
$250,000 to $499,999	5

The profiles of the Group's key management are set out on page 16 of the Annual Report.

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

Ellipsiz Share Option Plan & Ellipsiz Restricted Stock Plan

The salient details of the ESOP and ERSP and the details of the options and awards granted are provided in the Directors' Report and Note 28 to the financial statements in the audited accounts. The ESOP and ERSP will expire on 28 November 2011, without prejudice to options and awards that are previously granted under the schemes.

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.

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 the following members:

Mr. Phoon Wai Meng (Chairman – 1 July 2010 to 25 August 2011; member since 25 August 2011)
Mr. Amos Leong Hong Kiat (member – 1 July 2010 to 25 August 2011; Chairman since 25 August 2011)
Mr. Jeffrey Staszak

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 Listing Manual, the Audit Committee has also undertaken a review of the non-audit services provided by the auditors and they do not, in the Audit Committee's opinion, affect the independence of the external auditors. The fees for the non-audit services provided by the auditors are disclosed in Note 24 to the financial statements in the audited accounts.

With regards to the Listing Manual Rule 716, the Board and the Audit Committee are satisfied that the appointment of different auditors for the Group's subsidiaries and significant associated companies during the year would not compromise the standards and effectiveness of the audit of the Group.

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

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

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 has 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 Directors and employees of the Group, setting out the implications of insider trading, prohibiting securities dealings by them whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcements of full year results and two weeks before the announcement of quarterly results, and ending on the day after the said announcement of the relevant results and by officers of the Group for short term considerations.

INTERESTED PERSON TRANSACTIONS

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

Financial Review

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

RESULTS OF OPERATIONS

Overview

The Group attained revenue of $176 million with profit after tax and non-controlling interests of $10.3 million for the financial year ended 30 June 2011 (FY2011).

The net profits after tax and non-controlling interests was 50% lower than FY2010's net profits of $20.7 million. The net profits were after considering the following income and expenses (thereinafter known as "Specific Items").

Specific Items	FY2011 ($ million)	FY2010 ($ million)
Reversal/(provision) of impairment losses on		
– certain property, plant and equipment	(0.6)	(0.1)
– intangible assets	(0.4)	–
– investment in associate	1.9	–
– other financial assets	–	(2.2)
Gain on disposal of asset classified as held for sale	1.7	–
Provision for inventory obsolescence	–	(0.5)
Reversal/(provision) for		
– restructuring cost	0.2	(0.6)
– fire incident		
– Other liabilities	0.4	(0.9)
– Insurance claim income	–	22.3
– Tax liabilities arising out of the claim	–	(1.4)
Provision for onerous contract	–	(0.3)
Non-controlling interests' share of the Specific Items	(0.1)	0.1
Net	3.1	16.4

Excluding the Specific Items, the Group's profits after tax and non-controlling interests was $7.2 million for FY2011, an improvement of 69% over FY2010 results of $4.3 million.

Revenue, gross profits and gross profit margin

The Group's revenue for the FY2011 was $176 million, a 17% increase over the performance in FY2010.

Revenue growth was largely driven by the Distribution & Service solutions (DSS) segment, which grew by 26% from $105 million to $132 million and accounted for 75% of FY2011 total revenue, on improved business activities across most of the regions that the Group has presence in. Revenue at the Probe Card solutions (PCS) segment dropped by 5% from $46 million previously to $44 million due to negative movement in US dollars. Eliminating the impact of the currency movement, PCS had a 4% revenue growth in FY2011.

Although there was improvement in the performance of the Group, keen price competition and currency fluctuations continue to have impact on revenue growth.

Gross profit (excluding Specific Items) attained in FY2011 was $38.9 million, an increase of 7% over FY2010 gross profit of $36.5 million. As the growth in revenue for FY2011 was mainly from DSS which generally has lower gross profit margin, consolidated margin dropped from 24% in FY2010 to 22% in FY2011.

Other income

Other income decreased by 79% from $23.7 million in FY2010 to $4.9 million in FY2011. In FY2010, the Group recorded a one-time income of $22.3 million from an insurance claim and $0.5 million for the receipt of job credit grant income in Singapore. In FY2011, it reported a gain of $1.7 million from disposal of asset previously classified as held for sale and reversal of impairment of investment in an associate amounting to $1.9 million. These Specific Items contribute to the significant variance in the other income for the two financial years.

Operating expenses

Total operating expenses decreased by 10% from $38.5 million to $34.7 million. Due to the increase in revenue, distribution expenses increased by 6% while the capitalisation of certain of development costs incurred during the year had led to the lower research and development costs.

The non-recurrence of the provision of certain one-time expenses like retrenchment benefits and compensation to customers resulting from the prior year's fire incident led to the decreases in other categories of expenses. However, this was partially offset by the higher exchange losses in FY2011.

Finance expenses

Due to the lower interest-bearing borrowings in FY2011, finance expenses decreased by 32%.

Share of results of associates and joint ventures

The Group recorded profit of $850,000 from share of results from associates but had $126,000 of losses from share of results of its joint ventures in FY2011.

Income taxes

In FY2011, the Group recorded a net tax credit of $0.9 million, comprising prior year overprovision adjustment of $1.7 million and recognition of net deferred tax benefits of $0.6 million, partially offset by tax expenses of $1.4 million.

Net profit attributable to owners of the Company

The Group had net profits after taxes and non-controlling interests of $10.3 million for the financial year.

Excluding certain Specific Items of $3.1 million, the Group had a net profit after taxes and non-controlling interests of $7.2 million for FY2011. This was an improvement of 69% over the net profits of of $4.3 million (excluding the one-time insurance claim income, related taxes, retrenchment benefits and other expenses relating to fire incident amounting to $16.4 million) in FY2010. Higher revenue achieved in the year and lower operating expenses were the main reasons for this performance improvement.

Financial Review

FINANCIAL CONDITIONS

Non-current assets

The non-current assets increased by 6% from $55.9 million to $59.4 million. Property, plant and equipment and intangible assets decreased by 37% and 5% respectively mainly due to an impairment provision of certain plant and equipment and the recording of depreciation and amortisation expenses during the year. Other than the decrease in the property, plant and equipment and intangible assets, financial assets increased 13% as a result of the increase in the market prices of the quoted securities; while investments in associates increased by 69% due to the share of results from associates, the additional investments during the financial year as well as reversal of impairment provision on one of the investments in associates. Furthermore, the addition of a $4.7 million of trade receivable had also led to the overall increase in non-current assets.

Current assets

Total current asset as at 30 June 2011 was $82.9 million, a drop of 13% from $94.7 million as at 30 June 2010. The decrease in asset classified as held for sale and dividend payment of $8.3 million, partially offset by the increases in project-in-progress, the receipt of proceeds from disposal of asset held for sale and collection of trade and other receivables led to the overall net decrease in current assets.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2011 stood at $43.1 million, a 17% decrease from $51.7 million as at 30 June 2010. The decline were mainly attributed to the repayment of bank borrowings during the financial year, which led to a 26% decrease in interest-bearing loans, the net decrease of trade and other payables of 6% and the decrease in current tax payable of 71%.

Non-controlling interests

The decrease in the non-controlling interests was due to the share of losses during the financial year.

LIQUIDITY AND CAPITAL RESERVES

The net cash outflow of the Group for FY2011 was $2.1 million. This was accounted by:

(a) cash inflow of $6.2 million for operating activities;
(b) cash inflow of $1.4 million for investing activities; and
(c) cash outflow of $9.7 million for financing activities.

The positive results in the year and the receipt of insurance claim income of $2.8 million, partially offset by the decrease in net working capital, led to cash inflow from operating activities of $6.2 million in FY2011.

The proceeds from disposal of an asset previously classified as held for sale, partially offset by the purchase of plant and equipment and investment in development expenditure were the main causes for the net cash inflow for investing activities.

The repayment of interest-bearing borrowings, coupled with the payment of dividends during the year contributed to the outflow of cash for financing activities.

As at 30 June 2011, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $34.7 million.

As the semiconductor industry completes one of its most successful years in 2010, the market is poised for continued, albeit, slower growth in 2011 with lesser than expected impacts on the semiconductor and electronics manufacturing industries following the 11 March 2011 earthquake and tsunami in Japan.

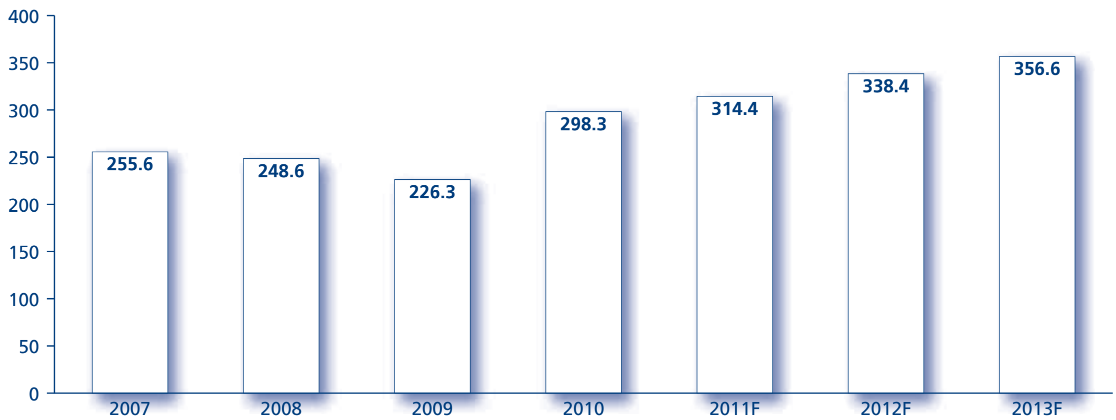
The World Semiconductor Trade Statistics (WSTS) in its mid-year report forecast a growth rate of 5.4% for the worldwide semiconductor revenue to US$314 billion in 2011 after a growth of 31.8% in 2010 to US$298 billion. Growth is estimated to be 7.6% in 2012 before slowing to a growth of 5.4% the following year to US$338 billion and US$357 billion respectively. Similarly, Gartner Inc projected worldwide semiconductor revenue to total US$315 billion in 2011, up 5.1% from US$299 billion in 2010.

Elsewhere, IHS iSuppli had slightly revised its growth projection for global semiconductor revenue by 0.2 percentage points to 7.2% for 2011. Revenue is expected to total US$326 billion for 2011 from US$304 billion in 2010. Revision came on the heels of strong demand from the wireless and mobile segments, led by the proliferation and high demand for media tablets, smart phones, e-book readers, solid sate drives and handheld video game players.

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. Hence, the prospect of our DSS business is dependent on that of the semiconductor equipment, materials as well as the electronics manufacturing industries.

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



Source: World Semiconductor Trade Statistics (WSTS), June 2011

<u>Semiconductor Equipment Market Outlook</u>

Semiconductor Equipment and Materials International (SEMI) projected in its August 2011 report that 2011 is expected to be a record year for fab equipment spending and that the worldwide semiconductor capital equipment spending is on track to reach US$41 billion in 2011, a hefty increase of 23% from US$33 billion in 2010 as all segments of semiconductor capital equipment market are expected to experience growth in 2011. However, the global semiconductor spending pace is expected to decline 3% to about US$40 billion in 2012, the total for 2012 may still be the second highest annual level on record. SEMI further reported that "changes in the global economy affect the semiconductor industry. Economic developments in recent months decreased consumer confidence and spending, and the semiconductor industry has reacted to this slowdown".

Industry Outlook

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

Source: Semiconductor Equipment and Materials International (SEMI), August 2011

EMS & ODM Market Outlook

Following a 33.4% increase in revenue in 2010, the global electronic contract manufacturing services (EMS) sector is expected to experience slowing growth in 2011, with sales rising by only 8.5%, according to IHS iSuppli.

The contract electronics industry, consisting of EMS and original design manufacturing (ODM) segments, is forecasted to finish 2011 with revenues of US$377 billion, up from US$347.3 billion in 2010.

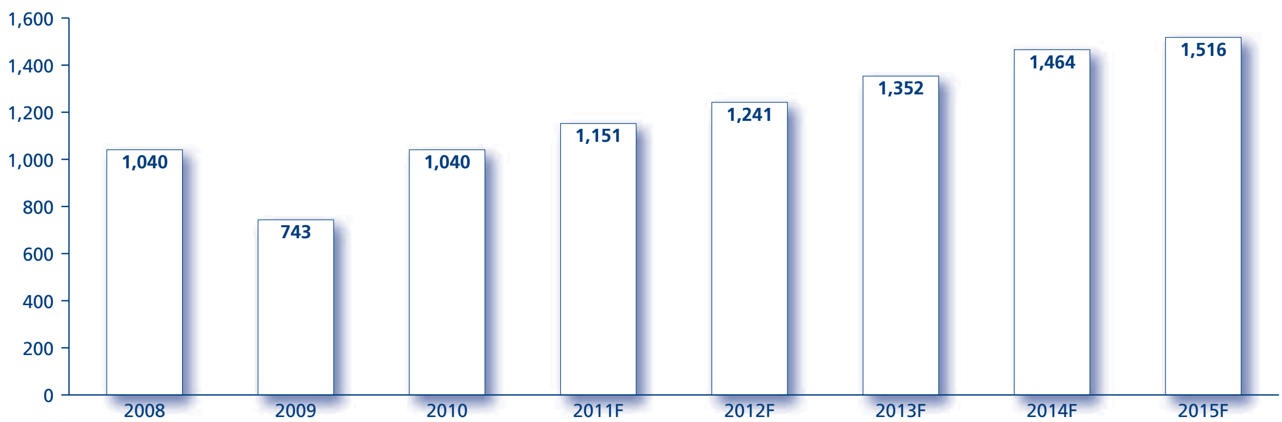
PCS BUSINESS OUTLOOK

Probe Card solutions (PCS) business designs and manufactures 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.

In the latest probe card market report by VLSI Research (May 2011), the global probe card market is expected to grow 10.6% in 2011 to US$1,151 million after a strong recovery in 2010 where the market grew by 40.0% to reach a total value of US$1,040 million.

For the next five years, the global probe card revenue is expected to grow at a compounded annual growth rate of 7.8% from US$1,040 million in 2010 to US$1,516 million in 2015 led by broad-based growth across all probe card types. While growth is expected across both probe card technologies, growth of advanced probe card is expected to surpass that of cantilever/epoxy probing to account for about three-quarter of the market by 2015.

Chart 3: Global Probe Card Revenue Forecast (US$ millions)



Source: VLSI Research, May 2011

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 timing, length and severity of such fluctuations are becoming increasingly difficult to predict. In addition, the industry faces constant pricing pressure amid continued intense competition and cost curves of semiconductor manufacturers. In the event of a prolong change, especially 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 or arising from increasing lead time at our principals/suppliers/vendors as a result of change in market conditions, and in turn, could have an adverse impact on our financial performance.

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 relies on natural hedging between its sales and purchases, its trade receivables and trade payables. However, there is still risk on foreign exchange exposure especially if there are sharp movements in exchange rates. Our financial performance would be adversely affected under those circumstances.

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, 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 governments 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.

Renewed financial turbulence had led to unfavourable impact on economic growth worldwide where demand for and consumption of electronic gadgets were affected, which in turn, led to uncertainty in the capital spending by our customers. Success rate on the implementation of policies to rebuild confidence and stability, particularly in the Euro area, and policy efforts including fiscal consolidation would continue to pose significant macroeconomic risks to the operating performance of our businesses.

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.

Risks and Uncertainties

LOSS OF KEY PRODUCTS 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 products 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.

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 Statements

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 2011.

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	

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

	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2011
Name of director and corporation in which interests are held			
Xavier Chong Fook Choy			
Ellipsiz Ltd			
– ordinary shares			
– interest held	52,576,744	56,356,448	56,456,448
– options to subscribe for ordinary shares at[1]			
– S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards	3,300,000	3,300,000	3,300,000
– S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	–	300,000	300,000
– awards for ordinary shares[2]			
– vested on 30/06/2011	–	100,000	–
– warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/01/2009 onwards[3]			
– warrants held	5,779,704	–	–
Melvin Chan Wai Leong			
Ellipsiz Ltd			
– ordinary shares			
– interest held	25,409,572	26,742,905	27,592,905
– deemed interest	19,959,272	22,459,272	22,459,272
– options to subscribe for ordinary shares at[1]			
– S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards	3,150,000	3,150,000	3,150,000
– S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	–	2,100,000	2,100,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2011
Melvin Chan Wai Leong			
Ellipsiz Ltd			
– awards for ordinary shares[2]			
– vested on 30/06/2011	–	850,000	–
– warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/01/2009 onwards[3]			
– warrants held	3,333,333	–	–
– deemed interest	2,500,000	–	–
Testel Solutions Pte. Ltd.			
– ordinary shares			
– deemed interest	1,163,595	1,163,595	1,163,595
Phoon Wai Meng			
Ellipsiz Ltd			
– ordinary shares			
– interest held	409,000	461,333	561,333
– deemed interest	255,000	293,333	293,333
– options to subscribe for ordinary shares at[1]			
– S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards	800,000	800,000	800,000
– S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	–	300,000	300,000
– awards for ordinary shares[2]			
– vested on 30/06/2011	–	100,000	–
– warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/01/2009 onwards[3]			
– warrants held	52,333	–	–
– deemed interest	38,333	–	–
Jeffrey Staszak			
Ellipsiz Ltd			
– ordinary shares			
– interest held	–	–	100,000
– options to subscribe for ordinary shares at[1]			
– S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards	800,000	800,000	800,000
– S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	–	300,000	300,000
– awards for ordinary shares[2]			
– vested on 30/06/2011	–	100,000	–

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2011
Amos Leong Hong Kiat			
Ellipsiz Ltd			
– ordinary shares			
– interest held	–	–	100,000
– options to subscribe for ordinary shares at(1)			
– S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards	650,000	650,000	650,000
– S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	–	300,000	300,000
– awards for ordinary shares(2)			
– vested on 30/06/2011	–	100,000	–

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

(2) Awards refer to shares of the Company granted to employees and directors of the Group pursuant to the Company's "Ellipsiz Restricted Stock Plan" approved by its shareholders on 28 November 2001. Shares for awards that vested on 30 June 2011 were allotted on 1 July 2011.

(3) 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, awards or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year or at 21 July 2011.

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 24 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.

On 26 October 2009 and 25 August 2010, the Company approved and granted new options and awards under the "Plans". Details of options granted, on the unissued ordinary shares of the Company, and awards during the financial year, are set out in Note 28 to the financial statements.

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.

(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 and awards granted to directors of the Company under the Plans are as follows:

Director	**Options granted for financial year ended 30 June 2011**		**Aggregate options granted since commencement to 30 June 2011**		**Aggregate options exercised since commencement to 30 June 2011**		**Aggregate options outstanding as at 30 June 2011**	
	No. of share options	**%**	**No. of share options**	**%**	**No. of share options**	**%**	**No. of share options**	**%**
Xavier Chong Fook Choy	300,000	0.06	3,840,000	0.71	165,200	0.03	3,600,000	0.66
Melvin Chan Wai Leong	2,100,000	0.39	5,250,000	0.97	–	–	5,250,000	0.97
Phoon Wai Meng	300,000	0.06	1,100,000	0.20	–	–	1,100,000	0.20
Jeffrey Staszak	300,000	0.06	1,100,000	0.20	–	–	1,100,000	0.20
Amos Leong Hong Kiat	300,000	0.06	950,000	0.17	–	–	950,000	0.17

Director	Awards granted for financial year ended 30 June 2011 No. of share awards	%	Aggregate awards granted since commencement to 30 June 2011 No. of share awards	%	Aggregate awards vested since commencement to 30 June 2011 No. of share awards	%	Aggregate awards outstanding as at 30 June 2011[(1)] No. of share awards	%
Xavier Chong Fook Choy	100,000	0.02	203,000	0.04	103,000	0.02	100,000	0.02
Melvin Chan Wai Leong	850,000	0.16	850,000	0.16	–	–	850,000	0.16
Phoon Wai Meng	100,000	0.02	100,000	0.02	–	–	100,000	0.02
Jeffrey Staszak	100,000	0.02	100,000	0.02	–	–	100,000	0.02
Amos Leong Hong Kiat	100,000	0.02	100,000	0.02	–	–	100,000	0.02

(1) Shares for these awards vested on 30 June 2011 and were allotted on 1 July 2011.

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

Participant	Options granted for financial year ended 30 June 2011 No. of share options	%	Aggregate options granted since commencement to 30 June 2011 No. of share options	%	Aggregate options exercised since commencement to 30 June 2011 No. of share options	%	Aggregate options outstanding as at 30 June 2011 No. of share options	%
Kevin M. Kurtz	1,500,000	0.28	3,000,000	0.06	500,000	0.09	2,500,000	0.46

Participant	Awards granted for financial year ended 30 June 2011 No. of share awards	%	Aggregate awards granted since commencement to 30 June 2011 No. of share awards	%	Aggregate awards vested since commencement to 30 June 2011 No. of share awards	%	Aggregate awards outstanding as at 30 June 2011[(1)] No. of share awards	%
Kevin M. Kurtz	250,000	0.05	250,000	0.05	–	–	250,000	0.05

(1) Shares for awards that vested on 30 June 2011 were allotted on 1 July 2011.

The percentage is computed based on the options or awards granted, exercised or vested divided by the total number of ordinary shares issued by the Company as at 30 June 2011.

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".

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.

Except as disclosed in this report, no awards were granted under the "Ellipsiz Restricted Stock Plan" to the directors of the Company, controlling shareholders of the Company or their associates during the financial year.

The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" will expire on 28 November 2011, without prejudice to the options and awards that were previously granted under the Plans.

WARRANTS

As at the balance sheet date, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants outstanding as at 1 July 2010	Warrants issued	Warrants exercised	Warrants outstanding as at 30 June 2011	Date of expiration
28 January 2009	34,548,473	–	26,031,945	8,516,528	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 26,031,945 shares pursuant to the exercise of warrants as disclosed above.

As at the end of the financial year, except as reported above and disclosed in the Note 28 to the financial statements, 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

On 25 August 2011, Mr. Amos Leong Hong Kiat was appointed as Chairman of the Audit Committee and Mr. Phoon Wai Meng remains as a member of the Committee. The members of the Audit Committee during the financial year and at the date of this report are:

- Amos Leong Hong Kiat — Chairman (with effect from 25 August 2011)
- Phoon Wai Meng — Chairman (1 July 2010 until 25 August 2011)
- Jeffrey Staszak

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

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

Specific responsibilities of the Audit Committee include:

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

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

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

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

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

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

In accordance with Chapter 9 of the SGX-ST Listing Manual, the Audit Committee has reviewed the requirements for approval and disclosure of interested person transactions, and reviewed the internal procedures set up by the Company to identify and report and when 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
14 September 2011

In our opinion:

(a) the financial statements set out on pages 43 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 2011 and the results and changes in equity of the Group and 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
14 September 2011

Independent Auditors' Report

Members of the Company
Ellipsiz Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ellipsiz Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 30 June 2011, the statements of comprehensive income, statements of changes in equity of the Group and the Company and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 108.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for 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.

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 about 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 of financial statements that give a true and fair view 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, the consolidated financial statements of the Group and the statement of financial position, the statement of comprehensive income 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 of the Company as at 30 June 2011 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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
14 September 2011

Statements of Financial Position

As at 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	3	5,619	8,953	5	9
Intangible assets	4	33,210	34,943	2	5
Subsidiaries	5	–	–	84,123	84,754
Associates	6	7,917	4,692	4,868	3,216
Joint ventures	7	838	1,050	–	–
Financial assets	8	4,514	4,000	4,514	4,000
Trade receivable	14	4,695	–	–	–
Amounts due from related parties	9	–	–	433	1,058
Deferred tax assets	10	2,653	2,221	11	3
		59,446	55,859	93,956	93,045
Current assets					
Inventories	11	9,920	10,423	–	–
Project-in-progress	12	4,085	2,904	–	–
Convertible loan receivable	13	–	–	–	–
Trade and other receivables	14	33,797	40,388	362	388
Amounts due from related parties	9	385	107	13,704	9,427
Cash and cash equivalents	15	34,685	38,242	10,743	11,680
Asset classified as held for sale	16	–	2,678	–	–
		82,872	94,742	24,809	21,495
Total assets		142,318	150,601	118,765	114,540
Equity attributable to Owners of the Company					
Share capital	17	88,240	86,855	88,240	86,855
Reserves	18	9,362	9,872	16,252	16,826
		97,602	96,727	104,492	103,681
Non-controlling interests		1,657	2,216	–	–
Total equity		99,259	98,943	104,492	103,681
Non-current liabilities					
Interest-bearing borrowings	19	4,272	3,550	903	2,204
Deferred tax liabilities	10	654	607	–	–
		4,926	4,157	903	2,204
Current liabilities					
Trade and other payables	20	30,485	32,549	1,274	1,303
Provisions	21	492	1,529	–	–
Amounts due to related parties	9	692	462	10,335	3,927
Interest-bearing borrowings	19	5,423	9,606	1,301	3,104
Redeemable convertible preference shares	22	78	78	–	–
Current tax payable		963	3,277	460	321
		38,133	47,501	13,370	8,655
Total liabilities		43,059	51,658	14,273	10,859
Total equity and liabilities		142,318	150,601	118,765	114,540

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

Statements of Comprehensive Income

Year ended 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Revenue	23	175,723	150,521	9,077	13,447
Cost of revenue		(137,391)	(114,625)	–	–
Gross profit		38,332	35,896	9,077	13,447
Other income	24	4,932	23,731	1,652	7,139
Distribution expenses		(15,832)	(14,901)	–	–
Administrative expenses		(15,453)	(17,521)	(2,821)	(2,633)
Research and development expenses		(1,117)	(2,275)	–	–
Other expenses		(2,274)	(3,820)	(1,653)	(2,244)
Results from operating activities	24	8,588	21,110	6,255	15,709
Finance income		104	79	199	118
Finance expenses		(422)	(625)	(163)	(263)
Net finance (expenses)/income	25	(318)	(546)	36	(145)
Share of results of associates (net of tax)		850	242	–	–
Share of results of joint ventures (net of tax)		(126)	32	–	–
Profit before income tax		8,994	20,838	6,291	15,564
Income tax credit/(expenses)	26	853	(517)	(379)	7
Profit for the year		9,847	20,321	5,912	15,571
Other comprehensive income					
Exchange differences on translation of financial statements of foreign operations		(5,612)	108	–	–
Exchange differences on monetary items forming part of net investments in foreign operations		1,182	(1,923)	–	–
Net change in fair value of available-for-sale financial assets, net of tax		514	251	514	251
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax		–	(14)	–	(14)
Other comprehensive income for the year, net of income tax		(3,916)	(1,578)	514	237
Total comprehensive income for the year		5,931	18,743	6,426	15,808

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

Statements of Comprehensive Income

Year ended 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Profit attributable to:					
Owners of the Company		10,344	20,708	5,912	15,571
Non-controlling interests		(497)	(387)	–	–
Profit for the year		9,847	20,321	5,912	15,571
Total comprehensive income attributable to:					
Owners of the Company		6,490	19,179	6,426	15,808
Non-controlling interests		(559)	(436)	–	–
Total comprehensive income for the year		5,931	18,743	6,426	15,808
Earnings per share	27				
– Basic earnings per share (cents)		1.91	4.05		
– Diluted earnings per share (cents)		1.87	3.85		

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

Consolidated Statement of Changes in Equity

Year ended 30 June 2011

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Exchange translation reserve $'000	Accumulated (losses)/ profits $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2009	129,578	(11,720)	–	464	(7,730)	(33,720)	76,872	2,614	79,486
Total comprehensive income for the year									
Profit/(Loss) for the year	–	–	–	–	–	20,708	20,708	(387)	20,321
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	157	–	157	(49)	108
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(1,923)	–	(1,923)	–	(1,923)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	251	–	–	–	251	–	251
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	–	–	(14)	–	–	–	(14)	–	(14)
Total other comprehensive income	–	–	237	–	(1,766)	–	(1,529)	(49)	(1,578)
Total comprehensive income for the year	–	–	237	–	(1,766)	20,708	19,179	(436)	18,743
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issuance of shares pursuant to the exercise of warrants	255	–	–	–	–	–	255	–	255
Capital reduction	(42,978)	–	–	–	–	42,978	–	–	–
Value of employee services received for issue of share options	–	–	–	554	–	–	554	–	554
Total contributions by and distributions to Owners	(42,723)	–	–	554	–	42,978	809	–	809
Arising from acquisition of remaining interest from non-controlling interest of a subsidiary	–	–	–	–	–	(133)	(133)	(84)	(217)
Capital contribution by non-controlling interest of subsidiary	–	–	–	–	–	–	–	122	122
Total transactions with Owners	(42,723)	–	–	554	–	42,845	676	38	714
Balance as at 30 June 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943

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

Consolidated Statement of Changes in Equity

Year ended 30 June 2011

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Exchange translation reserve $'000	Accumulated (losses)/ profits $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943
Total comprehensive income for the year									
Profit/(Loss) for the year	–	–	–	–	–	10,344	10,344	(497)	9,847
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(5,550)	–	(5,550)	(62)	(5,612)
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	1,182	–	1,182	–	1,182
Net change in fair value of available-for-sale financial assets, net of tax	–	–	514	–	–	–	514	–	514
Total other comprehensive income	–	–	514	–	(4,368)	–	(3,854)	(62)	(3,916)
Total comprehensive income for the year	–	–	514	–	(4,368)	10,344	6,490	(559)	5,931
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issuance of shares pursuant to the exercise of warrants	911	–	–	–	–	–	911	–	911
Issuance of shares pursuant to the exercise of share options									
– Exercise price	358	–	–	–	–	–	358	–	358
– Value of employee services received	116	–	–	(116)	–	–	–	–	–
Value of employee services received for issue of share options	–	–	–	1,144	–	–	1,144	–	1,144
Value of employee services received for issue of share awards	–	–	–	275	–	–	275	–	275
Final dividend of 0.15 cents per share in respect of 2010	–	–	–	–	–	(814)	(814)	–	(814)
Special dividend of 1.10 cents per share in respect of 2010	–	–	–	–	–	(5,969)	(5,969)	–	(5,969)
Interim dividend of 0.13 cents per share in respect of 2011	–	–	–	–	–	(706)	(706)	–	(706)
Special dividend of 0.15 cents per share in respect of 2011	–	–	–	–	–	(814)	(814)	–	(814)
Total contributions by and distributions to Owners	1,385	–	–	1,303	–	(8,303)	(5,615)	–	(5,615)
Total transactions with Owners	1,385	–	–	1,303	–	(8,303)	(5,615)	–	(5,615)
Balance as at 30 June 2011	88,240	(11,720)	751	2,321	(13,864)	31,874	97,602	1,657	99,259

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

Statement of Changes in Equity

Year ended 30 June 2011

Company	Share capital $'000	Fair value reserve $'000	Share-based compensa- tion reserve $'000	Accumulated (losses)/ profits $'000	Total equity $'000
Balance as at 1 July 2009	129,578	–	464	(42,978)	87,064
Total comprehensive income for the year					
Profit for the year	–	–	–	15,571	15,571
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	–	251	–	–	251
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	–	(14)	–	–	(14)
Total other comprehensive income	–	237	–	–	237
Total comprehensive income for the year	–	237	–	15,571	15,808
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	255	–	–	–	255
Capital reduction	(42,978)	–	–	42,978	–
Value of employee services received for issue of share options	–	–	554	–	554
Total transactions with Owners	(42,723)	–	554	42,978	809
Balance as at 30 June 2010	86,855	237	1,018	15,571	103,681
Balance as at 1 July 2010	86,855	237	1,018	15,571	103,681
Total comprehensive income for the year					
Profit for the year	–	–	–	5,912	5,912
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	–	514	–	–	514
Total other comprehensive income	–	514	–	–	514
Total comprehensive income for the year	–	514	–	5,912	6,426
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	911	–	–	–	911
Issuance of shares pursuant to the exercise of share options					
– Exercise price	358	–	–	–	358
– Value of employee services received	116	–	(116)	–	–
Value of employee services received for issue of share options	–	–	1,144	–	1,144
Value of employee services received for issue of share awards	–	–	275	–	275
Final dividend of 0.15 cents per share in respect of 2010	–	–	–	(814)	(814)
Special dividend of 1.10 cents per share in respect of 2010	–	–	–	(5,969)	(5,969)
Interim dividend of 0.13 cents per share in respect of 2011	–	–	–	(706)	(706)
Special dividend of 0.15 cents per share in respect of 2011	–	–	–	(814)	(814)
Total transactions with Owners	1,385	–	1,303	(8,303)	(5,615)
Balance as at 30 June 2011	88,240	751	2,321	13,180	104,492

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

Consolidated Statement of Cash Flows

Year ended 30 June 2011

	Group 2011 $'000	Group 2010 $'000
Operating activities		
Profit for the year	9,847	20,321
Adjustments for:		
(Reversal of allowance)/Allowance for:		
– doubtful debts from trade receivables	(5)	(123)
– inventory obsolescence	86	483
Amortisation of intangible assets	440	452
Bad debts written off	4	128
Depreciation of property, plant and equipment	3,504	4,645
Government grant – Jobs Credit Scheme	(8)	(539)
Gain on disposals of:		
– other financial assets	–	(14)
– property, plant and equipment	(64)	(174)
– asset classified as held for sale	(1,681)	–
Interest income	(104)	(79)
Interest expenses	422	625
Property, plant and equipment written off	7	15
Inventories written off	51	242
Impairment/(Reversal of impairment) losses on:		
– property, plant and equipment	596	128
– intangible assets	3	–
– investment in associate	(1,850)	–
– other financial assets	–	2,150
Impairment of goodwill	360	–
(Reversal of)/Provision for restructuring cost	(160)	577
(Reversal of)/Provision for retrenchment benefits	(20)	498
(Reversal of)/Provision for other liabilities arising from fire incident	(378)	115
Grant income	(150)	–
Insurance income	–	(22,344)
Share-based payment expense	1,419	554
Share of results of associates and joint ventures (net of tax)	(724)	(274)
Income tax (credit)/expenses	(853)	517
Operating profit before working capital changes	10,742	7,903

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

Consolidated Statement of Cash Flows

Year ended 30 June 2011

	Group 2011 $'000	Group 2010 $'000
Operating profit before working capital changes	10,742	7,903
Changes in working capital:		
Inventories	(19)	(1,135)
Project-in-progress	(1,622)	(1,652)
Trade and other receivables	(1,922)	(11,359)
Amounts due from related parties (trade)	(3)	113
Trade and other payables	(1,038)	5,167
Amounts due to related parties (trade)	(1)	1
Restructuring cost paid	(276)	(978)
Retrenchment cost paid	–	(559)
Other liabilities arising from fire incident paid	(223)	(321)
Insurance claim received	2,751	2,964
Pledged deposits with financial institutions	(7)	(555)
Cash generated from/(used in) operations	8,382	(411)
Interest received	104	79
Interest paid	(259)	(362)
Tax credit received	–	1,459
Income taxes paid	(1,995)	(899)
Cash flows generated from/(used in) operating activities	6,232	(134)
Investing activities		
Amounts due from related parties (non-trade)	(279)	(61)
Investment in a joint venture	–	(832)
Acquisition of additional interest in an associate	(149)	–
Additional capital injection in an associate	(196)	–
Proceeds from disposals of:		
– other financial assets	–	14
– property, plant and equipment	99	579
– asset classified as held for sale	4,359	–
Purchase of:		
– intangible assets	(1,148)	(186)
– other financial assets	–	(5,913)
– property, plant and equipment[(1)(2)(3)]	(1,255)	(1,071)
Insurance claim received	–	14,078
Cash flows generated from investing activities	1,431	6,608

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

	Note	Group 2011 $'000	Group 2010 $'000
Financing activities			
Acquisition of non-controlling interest of a subsidiary		–	(217)
Amounts due to related parties (non-trade)		275	385
Capital injection from non-controlling interests of subsidiaries		–	122
Dividend paid		(8,303)	–
Government grant - Jobs Credit Scheme received		8	539
Interest paid		(163)	(263)
Issuance of shares		1,269	255
Repayment of bank loans		(17,700)	(12,858)
Repayment of hire purchase and finance lease creditors		(504)	(698)
Proceed from bank loans		15,319	11,414
Proceed from finance lease creditors		–	207
Cash flows used in financing activities		(9,799)	(1,114)
Net (decrease)/increase in cash and cash equivalents		(2,136)	5,360
Cash and cash equivalents at beginning of year		36,280	31,166
Effect of exchange rate fluctuations on cash held		(1,143)	(246)
Cash and cash equivalents at end of year	15	33,001	36,280

Significant non-cash transactions

(1) Property, plant and equipment amounting to $26,000 (2010: $Nil) were acquired through hire purchase arrangements and finance leases.

(2) In prior year, included in other income was $2,678,000 relating to an insurance claim for the restoration of a leasehold building damaged in a fire incident. The insurer paid $2,551,000 direct to the contractor that performed the restoration work.

(3) During the year, the Group accrued reinstatement cost of $192,000 (2010: $Nil) under property, plant and equipment.

The effect of acquiring additional non-controlling interest from minority shareholder of a subsidiary is set out below:

	Group 2011 $'000	Group 2010 $'000
Acquisition of non-controlling interest from minority shareholder of a subsidiary	–	84
Equity	–	133
Consideration paid, satisfied in cash	–	217

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 14 September 2011.

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, #04-03 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 2.9 and 3 – measurement of recoverable amounts of property, plant and equipment
- Note 2.9 and 4 – measurement of recoverable amounts of intangible assets
- Note 2.9 and 4 – measurement of recoverable amounts relating to goodwill impairment
- Note 2.2, 2.5 and 5 – valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 2.9 and 5 – measurement of recoverable amounts of subsidiaries
- Note 2.9 and 6 – measurement of recoverable amounts of associates
- Note 2.9 and 8 – measurement of recoverable amounts of financial assets
- Note 21 – measurement of provisions
- Note 28 – measurement of share-based payments

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy

(i) Adoption of new and revised FRS

With effect from 1 July 2010, the Group adopted all the new and revised FRS and INT FRS that are mandatory for financial years beginning on or after 1 July 2010. The adoption of these FRS and INT FRS has no significant effect on the financial statements of the Group for the financial year ended 30 June 2011.

(ii) New accounting standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations have been issued but not yet effective and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except for the adoption of FRS 24 *Related Party Disclosures* as described below.

The Revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationship and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. As this is a disclosure standard, it will have no significant impact on the financial position or financial performance of the Group when implemented in the financial year ending 30 June 2012.

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

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. 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. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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 profit or loss and other comprehensive income 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 that the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of the transactions.

Foreign currency differences arising on retranslation are recognised in profit or loss, 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 2.7), which are recognised in other comprehensive income.

Foreign operations

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currencies (continued)

Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed off; such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that disposed foreign operation is transferred to profit or loss, as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned or likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity. When the foreign operation is disposed off, the cumulative amount in equity is transferred to the profit or loss as an adjustment to the profit or loss arising on disposal.

2.4 Property, plant and equipment

Property, plant and equipment are measured 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 profit or loss as incurred.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

Assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the profit or loss 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets

Computer software

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

Computer software is amortised in the profit or loss 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 profit or loss 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 profit or loss as an expense when it is incurred. Amortisation is calculated on a straight-line method over the estimated useful life of 5 to 20 years, from the date on which they are available for use.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

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 intangible assets acquired in the business combination is their fair values at the date of acquisition. Technology licence and intellectual properties are amortised in the profit or loss on a straight-line basis over their estimated economic useful lives of 20 years from the date on which they are available for use.

Goodwill

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 represents the excess of:

– the fair value of the consideration transferred; plus
– the recognised amount of any non-controlling interests in the acquire; plus
– if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire,

over the net recognised amount (generally fair value) of the indentifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

2.6 Affiliates

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 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 assets

The Group initially recognises loans and receivables and deposits on the date that are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that 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. 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.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, amounts due from related parties and convertible loan receivable.

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 other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in other comprehensive income and presented within equity in the fair value reserve is transferred to profit or loss.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group has the following non-derivative financial liabilities: trade and other payables, amounts due to related parties and interest-bearing borrowings.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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 profit or loss 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' other comprehensive income. 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 profit or loss. When the hedged net investment is disposed off, the cumulative amount in equity is transferred to profit or loss 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 profit or loss as part of foreign currency gains and losses.

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, warrants and share options are recognised as a deduction from equity.

2.8 Leases

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss 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 2.4. Rental income is recognised on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment

Financial assets

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset is recognised by transferring the cumulative loss that has been recognised in other comprehensive income, to profit or loss.

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 profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in other comprehensive income.

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.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent from other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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 date is recognised in profit or loss. Subsequently, the loan is measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

2.11 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, except for those inventories relating to certain equipment, where costs are determined on first-in-first-out method.

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.

2.12 Project-in-progress

Project-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date.

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.

2.13 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

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 profit or loss 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 profit or loss as revenue on a systematic basis over the useful life of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Government grants (continued)

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 profit or loss in the periods during which services are rendered by employees.

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 has vested, the amount from the share-based 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 Provision

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. The unwinding of the discount is recognised as finance expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Provision (continued)

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 profit or loss 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 profit or loss when the right to receive payment is established.

2.18 Key management personnel

Key management personnel of the Company and the Group are those persons having the authority and responsibility for the planning, directing and controlling the activities of the Company and the Group respectively. These include the directors, chief executive officer, presidents, vice presidents and officers who hold equivalent position at the Company and 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 profit or loss 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that they 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.

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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief executive officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

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

2.23 Earnings per share

The Group presents basic and and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, share options and awards granted to directors and employees.

3 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $'000	Leasehold improvements $'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 2009	4,596	4,369	610	1,059	5,690	459	36,201	384	224	53,592
Additions	–	28	25	37	246	55	494	–	2,737	3,622
Disposals/Write off	(2,505)	(42)	(11)	(34)	(1,564)	(207)	(681)	(31)	–	(5,075)
Transfer to asset classified as held for sale	–	–	–	–	–	–	–	–	(2,678)	(2,678)
Reclassification	–	–	–	–	–	–	283	–	(283)	–
Translation difference on consolidation	(100)	(129)	(17)	(39)	(132)	(12)	(1,443)	–	–	(1,872)
At 30 June 2010	1,991	4,226	607	1,023	4,240	295	34,854	353	–	47,589
Additions	3	313	63	42	226	44	771	10	1	1,473
Disposals/Write off	–	(33)	(2)	(141)	(42)	(24)	(331)	(172)	–	(745)
Reclassification	–	–	–	–	205	–	(205)	–	–	–
Translation difference on consolidation	(217)	(268)	(40)	(35)	(309)	(16)	(2,998)	–	–	(3,883)
At 30 June 2011	1,777	4,238	628	889	4,320	299	32,091	191	1	44,434
Accumulated depreciation and impairment losses										
At 1 July 2009	2,598	3,117	508	861	4,954	392	27,288	214	–	39,932
Depreciation charge for the year	58	454	40	89	406	23	3,547	28	–	4,645
Impairment losses	–	–	–	–	–	–	29	99	–	128
Disposals/Write off	(2,505)	(32)	(5)	(25)	(1,562)	(165)	(347)	(14)	–	(4,655)
Translation difference on consolidation	(5)	(92)	(16)	(33)	(118)	(9)	(1,141)	–	–	(1,414)
At 30 June 2010	146	3,447	527	892	3,680	241	29,376	327	–	38,636
Depreciation charge for the year	54	442	35	65	333	30	2,544	1	–	3,504
Impairment losses	–	57	–	5	7	–	527	–	–	596
Disposals/Write off	–	(29)	(2)	(138)	(37)	(22)	(318)	(157)	–	(703)
Reclassification	–	–	–	–	198	–	(198)	–	–	–
Translation difference on consolidation	(19)	(222)	(36)	(35)	(280)	(12)	(2,614)	–	–	(3,218)
At 30 June 2011	181	3,695	524	789	3,901	237	29,317	171	–	38,815
Carrying amount										
At 1 July 2009	1,998	1,252	102	198	736	67	8,913	170	224	13,660
At 30 June 2010	1,845	779	80	131	560	54	5,478	26	-	8,953
At 30 June 2011	1,596	543	104	100	419	62	2,774	20	1	5,619

Leasehold land and building and plant and machinery of the Group with carrying amounts of $1,518,000 (2010: $1,782,000) and $589,000 (2010: $1,227,000), respectively, have been pledged to banks as securities for certain bank loans (Note 19).

The carrying amount of property, plant and equipment includes amounts totalling $308,000 (2010: $738,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 19).

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2009	62	47	1,462	1,571
Additions	–	–	8	8
Write off	–	–	(1,395)	(1,395)
At 30 June 2010	62	47	75	184
Write off	–	(11)	(5)	(16)
At 30 June 2011	62	36	70	168
Accumulated depreciation				
At 1 July 2009	62	45	1,456	1,563
Depreciation charge for the year	–	1	6	7
Write off	–	–	(1,395)	(1,395)
At 30 June 2010	62	46	67	175
Depreciation charge for the year	–	1	3	4
Write off	–	(11)	(5)	(16)
At 30 June 2011	62	36	65	163
Carrying amount				
At 1 July 2009	–	2	6	8
At 30 June 2010	–	1	8	9
At 30 June 2011	–	–	5	5

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cost of revenue	2,809	3,980	–	–
Distribution expenses	175	138	–	–
Administrative expenses	373	391	4	7
Research and development expenses	147	136	–	–
	3,504	4,645	4	7

Impairment losses

Having regard to the current economic conditions, the Group reviewed on the recoverable amounts of certain property, plant and equipment during the year. The review led to the recognition of impairment losses of $596,000 (2010: $128,000) on property, plant and equipment of the Distribution and Services solutions in profit or loss for the year.

The recoverable amounts of the property, plant and equipment were based on their value-in-use, and the pre-tax discount rate used ranging from 11.9% to 19.8% (2010: 10.7% to 12.2%) for Distribution and Services solutions.

3 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group 2011 $'000	Group 2010 $'000
Cost of revenue	590	128
Administrative expenses	6	–
	596	128

4 INTANGIBLE ASSETS

Group	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Cost						
At 1 July 2009	2,252	2,262	6,572	–	29,034	40,120
Additions	19	–	167	–	–	186
Write off	(1,808)	–	–	–	–	(1,808)
Translation difference on consolidation	–	(108)	(318)	–	(602)	(1,028)
At 30 June 2010	463	2,154	6,421	–	28,432	37,470
Additions	132	–	88	928	–	1,148
Translation difference on consolidation	(4)	(235)	(704)	(47)	(1,303)	(2,293)
At 30 June 2011	591	1,919	5,805	881	27,129	36,325
Accumulated amortisation and impairment losses						
At 1 July 2009	2,142	448	983	–	384	3,957
Amortisation for the year	38	85	329	–	–	452
Write off	(1,808)	–	–	–	–	(1,808)
Translation difference on consolidation	1	(23)	(52)	–	–	(74)
At 30 June 2010	373	510	1,260	–	384	2,527
Amortisation for the year	51	78	311	–	–	440
Impairment losses for the year	3	–	–	–	360	363
Translation difference on consolidation	(3)	(59)	(153)	–	–	(215)
At 30 June 2011	424	529	1,418	–	744	3,115
Carrying amount						
At 1 July 2009	110	1,814	5,589	–	28,650	36,163
At 30 June 2010	90	1,644	5,161	–	28,048	34,943
At 30 June 2011	167	1,390	4,387	881	26,385	33,210

4 INTANGIBLE ASSETS (continued)

Company	**Computer software $'000**
Cost	
At 1 July 2009	1,829
Write off	(1,808)
At 30 June 2010 & 30 June 2011	21
Accumulated amortisation and impairment losses	
At 1 July 2009	1,820
Amortisation for the year	4
Write off	(1,808)
At 30 June 2010	16
Amortisation for the year	3
At 30 June 2011	19
Carrying amount	
At 1 July 2009	9
At 30 June 2010	5
At 30 June 2011	2

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

	Group		**Company**	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Cost of revenue	396	419	–	–
Distribution expenses	1	1	–	–
Administrative expenses	43	32	3	4
	440	452	3	4

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2011 $'000	**2010 $'000**
Probe Card solutions	10,991	12,293
Distribution and Services solutions	15,394	15,755
	26,385	28,048

4 INTANGIBLE ASSETS (continued)

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 %
2011		
Probe Card solutions	8.1	14.1
Distribution and Services solutions	0 – 15.5	11.9 – 19.8
2010		
Probe Card solutions	1.9 – 11.7	9.4
Distribution and Services solutions	1.0 – 10.0	10.7 – 12.2

The weighted average growth rates used are based on the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Cash flows beyond the periods covered by the financial budgets are projected on assumptions of constant revenue growth and gross margin.

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

Impairment losses for goodwill and other intangible assets

During the year, the Company recognised impairment losses of $360,000 on the goodwill of one of the businesses under Distribution and Services solutions to reflect its recoverable amount. The recoverable amount was based on its value-in-use and discount rate ranging from 11.9% to 19.8%.

Other intangible assets under Distribution and Services solutions were also impaired downward by $3,000 to its recoverable amount.

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

	Group	
	2011 $'000	2010 $'000
Cost of revenue	2	–
Administrative expenses	1	–
Other operating expenses	360	–
	363	–

5 SUBSIDIARIES

	Company 2011 $'000	Company 2010 $'000
Equity investments at cost	131,213	130,304
Quasi-equity loans to subsidiaries	5,563	6,183
Less: Impairment losses	(52,653)	(51,733)
	84,123	84,754

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 $920,000 (2010: Reversed impairment of $2,764,000) 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 2011 %	Effective equity held by the Group 2010 %
(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	100	100
(3)	Ellipsiz Taiwan Inc. and its subsidiary:	Dealers of scientific instruments, electronics equipment, commission agents and provision of technical services and support	Taiwan	78	78
	(4) CrystalTech Scientific Corp	Trading of scientific and electronic equipment	British Virgin Islands	78	78
(1)	Ellipsiz Testlab Pte Ltd	Provision of reliability testing services for semiconductor and electronics industry	Singapore	92	92
(15)	Factech Semiconductor Sdn. Bhd.	Inactive	Malaysia	–	100
(1)	Ellipsiz DSS Pte. Ltd.	Provision of management services	Singapore	100	100

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2011 %	2010 %
(1)	Ellipsiz Singapore Pte Ltd and its subsidiaries:	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(1)	E+HPS Pte. Ltd. (E+HPS) 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
(14)	Ellipsiz Semiconductor Technology (Shenzhen) Ltd	Inactive; Investment holding and provision of back-end services of integrated circuit designing in year 2010	China	100	100
(1)	Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	74	74
(4)	Ellipsiz Semilab (Shanghai) Co., Ltd.	Provision of integrated circuits testing services	China	74	74
(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.	Inactive; Polishing and reclamation of semiconductor wafers in year 2010	Singapore	100	100
(1)	FMB Industries Pte. Ltd.	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	100	100

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2011 %	2010 %
(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
(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
(1)	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
(7)	SV Probe Technology S.A.S.	Trading, sales and after sales support of probe cards	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	Inactive	Korea	100	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

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
(8) Oriental International Technology Limited	Provision of solutions for in-circuit and functional testing	Hong Kong	100	100
(4) iNETest (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. and its subsidiaries:	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Singapore	51	51
(9) ATE Technology (Shanghai) Inc.	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	51	51
(14) iNETest International Trading (Shanghai) Co., Ltd.	Inactive	China	51	51
(14) iNETest Resources HK Limited	Inactive	Hong Kong	100	100
(10) iNETest Resources (Thailand) Ltd	Provision of sales and service support activities	Thailand	100	100
(11) iNETest Technologies India Pvt. Ltd (iNETest India)	General trading and engineering services, provision of general constructional, hook up and building works	India	100	100
(1) Ellipsiz Communications Pte. Ltd. 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

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2011 %	2010 %
(12)(13) 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
(4)(13) Ellipsiz Communications (Australia) Pty Limited	Inactive; Trading of test and measurement equipment and the provision of related engineering and after sales support services in year 2010	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 Singapore Assurance PAC, Singapore.

(9) Audited by Grant Thornton, China.

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

(11) Audited by Chaturvedi & Company, India.

(12) Audited by HWI Limited, New Zealand.

(13) These entities are considered subsidiaries through de facto control.

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

(15) Liquidated during the year.

Additional interests in subsidiaries

On 26 January 2010, E+HPS, a 51% owned subsidiary of the Company, entered into an agreement to acquire the remaining 40% equity shareholding in iNETest India from the non-controlling interest, for an aggregate consideration of US$155,000 (approximately $217,000). Upon completion of this acquisition, Ellipsiz's effective equity in iNETest India increased from 60% to 80.4%.

The Group subsequently streamlined its business by transferring its entire 40% stake in iNETest India from E+HPS to iNETest Resources. As a result, iNETest India became a wholly-owned subsidiary of the Group. The aggregate consideration paid for the share transfer was US$155,000 (approximately $217,000).

6 ASSOCIATES

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Investments in associates	5,915	5,569	4,868	4,868
Share of post-acquisition reserves	1,150	300	–	–
Exchange translation reserve	852	673	–	–
	2,002	973	–	–
Less: Impairment losses	–	(1,850)	–	(1,652)
	7,917	4,692	4,868	3,216

During the year, the Group carried out a review on the carrying amount of an investment in an associate. The review led to the reversal of impairment losses of $1,850,000 (2010: $Nil) and $1,652,000 (2010: $198,000) to its recoverable amounts of the Group and the Company, respectively. The recoverable amount was based on their value-in-use and the pre-tax discount rate of 10%.

During the year, one of the associates, IRC Technologies Ltd, called for further capital injections from the shareholders. The Group through iNETest Resources injected cash of THB4,410,000 ($196,000) in the associate according to its proportionate interest in the associate. After the capital injection, the effective interest held by the Group in the associate remains unchanged.

In October 2010, iNETest Resources increased its shareholding in Advantech Corporation (Thailand) Co. Ltd. from 35% to 49% through the purchase of additional 14% equity interest, for a consideration of THB3,387,580 ($149,000). The consideration was paid in cash on completion.

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
[1][4] Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	49	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

[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] The associates are held through iNETest Resources.

6 ASSOCIATES (continued)

Summary financial information of the associates, not adjusted for the percentage ownership held by the Group:

	Group 2011 $'000	Group 2010 $'000
Results		
Revenue	39,571	30,163
Expenses	(37,345)	(29,833)
Profit before taxation	2,226	330
Taxation	(318)	218
Profit after taxation	1,908	548
Assets and liabilities		
Non-current assets	22,232	20,376
Current assets	24,496	22,616
Current liabilities	(16,458)	(18,472)
Non-current liabilities	(14,853)	(13,216)
Net assets	15,417	11,304

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

7 JOINT VENTURES

	Group 2011 $'000	Group 2010 $'000
Investments in joint ventures	670	670
Quasi-equity loan to a joint venture	831	831
	1,501	1,501
Share of post-acquisition reserves	(545)	(419)
Exchange translation reserve	(118)	(32)
	(663)	(451)
	838	1,050

Loan to a joint venture is unsecured and interest-free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, part of the Group's investment in a joint venture, it is stated at cost less impairment losses.

7 JOINT VENTURES (continued)

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 2011 %	2010 %
(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)	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	46
(3)	Lucky City Group Company Limited	Investment holding	Hong Kong	26	26

(1) This joint venture is held through Ellipsiz Ventures Pte Ltd and 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, Vietnam.

(3) The joint venture is held through E+HPS and audited by Lui Siu Tang & Company, Hong Kong.

Summary financial information of the joint ventures, not adjusted for the percentage ownership held by the Group:

	Group 2011 $'000	2010 $'000
Results		
Revenue	2,922	1,826
Expenses	(3,174)	(1,756)
(Loss)/profit before and after taxation	(252)	70
Assets and liabilities		
Non-current assets	903	905
Current assets	2,678	1,247
Current liabilities	(3,355)	(1,797)
Net assets	226	355

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

8 FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Unquoted equity securities available-for-sale	2,313	2,313	2,313	2,313
Unquoted debt security available-for-sale	5,603	5,603	–	–
Quoted equity securities available-for-sale	6,960	6,446	6,960	6,446
	14,876	14,362	9,273	8,759
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)	(5,603)	–	–
Quoted equity securities available-for-sale	(2,446)	(2,446)	(2,446)	(2,446)
	(10,362)	(10,362)	(4,759)	(4,759)
Net carrying amount	4,514	4,000	4,514	4,000

In the prior financial year, the Group and the Company recognised impairment losses of $2,150,000 on financial assets due to uncertainty over the future business prospects of the investees.

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Loans to Subsidiaries	–	–	3,108	3,674
Amounts due from:				
Subsidiaries				
– trade	–	–	5,491	5,951
– non-trade	–	–	7,131	2,453
Less: Impairment loss	–	–	(1,593)	(1,593)
	–	–	11,029	6,811
Affiliates				
– trade	19	22	–	–
– non-trade	431	154	–	–
Less: Impairment loss	(154)	(154)	–	–
	296	22	–	–
Joint venture				
– trade	9	–	–	–
– non-trade	62	64	–	–
	71	64	–	–
Associate (trade)	18	21	–	–
	385	107	14,137	10,485

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES (continued)

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Amounts due from:				
Represented by:				
Current portion	385	107	13,704	9,427
Non-current portion	–	–	433	1,058
	385	107	14,137	10,485
Loans from:				
– affiliate	(135)	(135)	–	–
– non-controlling interest	(200)	–	–	–
	(335)	(135)	–	–
Amounts due to:				
Affiliate (trade)	(7)	–	–	–
Joint venture (trade)	–	(7)	–	–
Non-controlling interests (non-trade)	(350)	(320)	–	–
Subsidiaries (non-trade)	–	–	(10,335)	(3,927)
	(357)	(327)	(10,335)	(3,927)
Current portion	(692)	(462)	(10,335)	(3,927)

Loans to subsidiaries are unsecured and bear interest at a range from 5% to 5.5% (2010: 5% to 5.5%) per annum with fixed monthly repayments over a period of 3 months and 4 years.

Loan from an affiliate and non-controlling interest are unsecured and bears an interest of 2% plus SIBOR and 5.5% respectively (2010: 2% plus SIBOR and Nil%) per annum.

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

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

Group	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Not past due	287	–	22	–
Past due 0 – 30 days	–	–	–	–
Past due 31 – 120 days	24	–	–	–
Past due 121 – 365 days	33	–	–	–
More than one year	39	–	24	–
No credit term	156	(154)	215	(154)
	539	(154)	261	(154)

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES (continued)

Company	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Not past due	2,718	–	6,467	–
Past due 0 – 30 days	–	–	290	–
Past due 31 – 120 days	–	–	2,301	–
Past due 121 – 365 days	3,619	–	–	–
More than one year	212	–	567	–
No credit term	9,181	(1,593)	2,453	(1,593)
	15,730	(1,593)	12,078	(1,593)

The change in impairment losses in respect of the related party receivables is as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
At 1 July	154	154	1,593	1,551
Impairment losses recognised	–	–	–	42
At 30 June	154	154	1,593	1,593

Based on the management's collectability assessment, the Group believes that no further impairment is necessary in respect of the amounts due from related parties.

10 DEFERRED TAX

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 2010 $'000	Recognised in profit or loss (Note 26) $'000	Translation difference $'000	At 30 June 2011 $'000
Deferred tax assets				
Property, plant and equipment	379	83	(45)	417
Inventories	257	(42)	(14)	201
Trade and other receivables	19	36	(4)	51
Trade and other payables	579	(39)	(53)	487
Tax value of loss carry-forward	616	580	(73)	1,123
Other items	1,046	(447)	(88)	511
	2,896	171	(277)	2,790
Deferred tax liabilities				
Property, plant and equipment	(500)	379	23	(98)
Intangible assets	(683)	41	72	(570)
Inventories	(39)	38	1	–
Other items	(60)	(73)	10	(123)
	(1,282)	385	106	(791)

10 DEFERRED TAX (continued)

Recognised deferred tax assets and liabilities (continued)

Group	At 1 July 2009 $'000	Recognised in profit or loss (Note 26) $'000	Translation difference $'000	At 30 June 2010 $'000
Deferred tax assets				
Property, plant and equipment	187	205	(13)	379
Inventories	387	(120)	(10)	257
Trade and other receivables	66	(45)	(2)	19
Trade and other payables	554	46	(21)	579
Tax value of loss carry-forward	921	(281)	(24)	616
Other items	883	217	(54)	1,046
	2,998	22	(124)	2,896
Deferred tax liabilities				
Property, plant and equipment	(960)	433	27	(500)
Intangible assets	(763)	43	37	(683)
Inventories	–	(37)	(2)	(39)
Other items	(55)	(6)	1	(60)
	(1,778)	433	63	(1,282)

Company	At 1 July 2009 $'000	Recognised in profit or loss (Note 26) $'000	At 30 June 2010 $'000	Recognised in profit or loss (Note 26) $'000	At 30 June 2011 $'000
Deferred tax assets					
Other items	10	(4)	6	6	12
Deferred tax liabilities					
Property, plant and equipment	(3)	–	(3)	2	(1)

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred tax assets	2,653	2,221	11	3
Deferred tax liabilities	(654)	(607)	–	–
	1,999	1,614	11	3

10 DEFERRED TAX (continued)

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group 2011 $'000	Group 2010 $'000
Deductible temporary differences	2,365	2,850
Unutilised tax losses	32,733	32,973
	35,098	35,823

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 2011 $'000	Group 2010 $'000
Raw materials	3,827	4,171
Work-in-progress	1,102	960
Finished goods	4,755	4,559
Inventories-in-transit	236	733
	9,920	10,423

During the year, raw materials and consumables, and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $108,670,000 (2010: $87,632,000).

12 PROJECT-IN-PROGRESS

	Note	Group 2011 $'000	Group 2010 $'000
Cost incurred and attributable profits		28,352	11,823
Progress billings		(25,784)	(10,799)
		2,568	1,024
Comprising:			
Project-in-progress		4,085	2,904
Excess of progress billings over project-in-progress	20	(1,517)	(1,880)
		2,568	1,024

13 CONVERTIBLE LOAN RECEIVABLE

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Convertible loan receivable	–	1,598	–	1,598
Less: Impairment losses	–	(1,598)	–	(1,598)
	–	–	–	–

The unsecured convertible loan, denominated in US dollar, extended to a third party bore interest charged at 1% per annum. Pursuant to the terms of the agreement, the Company had 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 as there is uncertainty in the recoverability of the loan.

14 TRADE AND OTHER RECEIVABLES

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade receivables				
Trade receivables	35,906	34,301	–	–
Less: Impairment losses	(448)	(509)	–	–
Net trade receivables	35,458	33,792	–	–
Other receivables				
Tax receivables	42	54	–	–
Refundable deposits	1,003	1,024	20	20
Sundry receivables	1,144	3,850	339	375
Less: Impairment losses	(110)	(132)	–	(22)
Net sundry receivables	1,034	3,718	339	353
Prepayments	955	1,800	3	15
	38,492	40,388	362	388
Represented by:				
Current portion	33,797	40,388	362	388
Non-current portion	4,695	–	–	–
	38,492	40,388	362	388

Concentration of credit risk relating to trade and other 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.

In the prior financial year, the Group renegotiated the terms of a long outstanding trade receivable of $151,000. If it had not been for this renegotiation, the receivable would have been overdue more than 365 days in year 2010.

14 TRADE AND OTHER RECEIVABLES (continued)

Impairment losses

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

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Group				
Trade receivables				
Not past due	22,175	–	21,522	–
Past due 0 – 30 days	8,803	–	8,302	–
Past due 31 – 120 days	2,877	(9)	3,774	–
Past due 121 – 365 days	1,481	–	173	(1)
More than one year	570	(439)	530	(508)
	35,906	(448)	34,301	(509)
Other receivables[1]				
Not past due	135	–	2,823	–
Past due 0 – 30 days	17	–	6	–
Past due 31 – 120 days	7	–	45	–
Past due 121 – 365 days	8	–	1	–
More than one year	29	(19)	52	(41)
No credit term	1,951	(91)	1,947	(91)
	2,147	(110)	4,874	(132)
Company				
Other receivables[1]				
More than one year	–	–	23	(22)
No credit term	359	–	372	–
	359	–	395	(22)

[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 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
At 1 July	641	1,065	22	22
Impairment losses reversed	(5)	(123)	–	–
Impairment utilised	(60)	(303)	(22)	–
Translation difference on consolidation	(18)	2	–	–
At 30 June	558	641	–	22

Based on historical default rates, the Group believes that no further impairment is necessary in respect of the trade and other receivables. 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 and other receivables. If the financial conditions of the debtors were to deteriorate in the future, actual write-off would be higher than expected.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Cash at banks and in hand		28,673	30,352	6,440	6,176
Deposits with financial institutions		6,012	7,890	4,303	5,504
		34,685	38,242	10,743	11,680
Bank overdraft	19	–	(285)		
Deposits held as securities by financial institutions	19	(1,684)	(1,677)		
Cash and cash equivalents in the consolidated statement of cash flows		33,001	36,280		

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 the Company are 0.57% (2010: 0.43%) and 0.17% (2010: 0.22%) respectively. Interest rates reprice weekly, monthly and yearly.

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

16 ASSET CLASSIFIED AS HELD FOR SALE

	Group 2011 $'000	Group 2010 $'000
Property, plant and equipment	–	2,678

In the prior financial year, Ellipsiz ISP Pte. Ltd., a wholly-owned subsidiary of the Company (within Distributions and Services solutions segment), entered into an agreement to sell its leasehold building to a third party for cash consideration of $4,400,000. The sale transaction was completed in the current financial year.

17 SHARE CAPITAL

	Group and Company 2011 No. of shares '000	Group and Company 2010 No. of shares '000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July	514,228	506,940
Issuance of shares pursuant to the exercise of warrants	26,032	7,288
Issuance of shares pursuant to the exercise of share options	2,650	–
At 30 June	542,910	514,228

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

Pursuant to this exercise of renounceable non-underwritten rights issue and warrants, the Company had on 28 January 2009 issued 41,874,000 warrants. Each warrant holder is entitled to subscribe 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, 8,517,000 (2010: 34,549,000) warrants were outstanding.

17 SHARE CAPITAL (continued)

Treasury shares

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 date (2010: Nil).

Capital reduction

On 21 October 2009, the Company obtained shareholders' approval on the capital reduction exercise to reduce and cancel the issued and paid-up share capital of the Company by $42,978,000, with a corresponding write off of the accumulated losses of the Company by the same amount.

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 non-controlling 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.

18 RESERVES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	(11,720)	(11,720)	–	–
Fair value reserve	751	237	751	237
Share-based compensation reserve	2,321	1,018	2,321	1,018
Exchange translation reserve	(13,864)	(9,496)	–	–
Accumulated profits	31,874	29,833	13,180	15,571
	9,362	9,872	16,252	16,826

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 share-based compensation reserve comprises the cumulative value of employee services received for the issue of share 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 profits of the Group includes profits of $605,000 (2010: losses of $119,000) attributable to associates and joint ventures.

19 INTEREST-BEARING BORROWINGS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current liabilities					
Secured bank loans		29	185	–	–
Unsecured bank loans[1]		4,127	2,974	903	2,204
Obligations under hire purchase agreements and finance leases		116	391	–	–
		4,272	3,550	903	2,204
Current liabilities					
Bank overdraft	15	–	285	–	–
Secured bank loans		305	1,905	–	–
Unsecured bank loans[1]		4,889	6,935	1,301	3,104
Obligations under hire purchase agreements and finance leases		229	481	–	–
		5,423	9,606	1,301	3,104

[1] The unsecured bank loans of the Company are guaranteed by certain subsidiaries of the Company.

Subsequent to the balance sheet date, a subsidiary under the Group did not satisfy a financial covenant of a banking facility relating to an unsecured short-term borrowing that amounted to $567,000 at the balance sheet date. The bank has been informed of the breach and is in the process of evaluating the facility extended to the subsidiary.

Maturity of liabilities (excluding finance lease liabilities)

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Within 1 year	5,194	9,125	1,301	3,104
After 1 year but within 5 years	4,156	3,159	903	2,204
	9,350	12,284	2,204	5,308

The secured bank loans are secured on the following assets:

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Leasehold land and building	3	1,518	1,782	–	–
Plant and machinery	3	589	1,227	–	–
Deposits with financial institutions	15	1,684	1,677	–	–
Total carrying amount		3,791	4,686	–	–

19 INTEREST-BEARING BORROWINGS (continued)

Obligations under hire purchase agreements and finance leases

Group	2011 Principal $'000	2011 Interest $'000	2011 Payments $'000	2010 Principal $'000	2010 Interest $'000	2010 Payments $'000
Payable within 1 year	229	13	242	481	34	515
Payable after 1 year but within 5 years	116	22	138	391	44	435
Total	345	35	380	872	78	950

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2011 $'000	2010 $'000
Group				
S$ floating rate loan	1.50% + bank's cost of fund	2011	–	1,866
S$ fixed rate loans	1.94% to 5.75%	2011 to 2013	3,919	4,894
US$ fixed rate loans	1.25% to 7.50%	2011 to 2012	1,148	4,010
MYR fixed rate loans	4.45%	2011 to 2012	1,384	1,229
NTD floating rate loan	2.75% + bank's cost of fund	2013	2,899	–
S$ finance lease liabilities	3.50%	2012	60	122
US$ finance lease liabilities	5.50% to 7.70%	2011 to 2012	116	549
MYR finance lease liability	4.00%	2015	149	201
NTD finance lease liability	6.70%	2013	20	–
Bank overdraft	1.50% + Prime lending rate	2011	–	285
			9,695	13,156
Company				
S$ floating rate loan	1.50% + bank's cost of fund	2011	–	1,866
S$ fixed rate loan	5.00%	2013	2,204	3,442
			2,204	5,308

19 INTEREST-BEARING BORROWINGS (continued)

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				
2011				
Non-derivative financial liabilities				
Variable interest rate loan	2,899	3,094	121	2,973
Fixed interest rate loans	6,451	6,613	5,358	1,255
Finance lease liabilities	345	380	242	138
Redeemable convertible preference shares	78	78	78	–
Trade and other payables[1]	27,537	27,537	27,537	–
Amounts due to related parties	692	736	570	166
	38,002	38,438	33,906	4,532
2010				
Non-derivative financial liabilities				
Variable interest rate loan	1,866	1,886	1,886	–
Fixed interest rate loans	10,133	10,527	7,350	3,177
Finance lease liabilities	872	950	515	435
Redeemable convertible preference shares	78	78	78	–
Trade and other payables[1]	29,516	29,516	29,516	–
Amounts due to related parties	462	507	507	–
Bank overdraft	285	285	285	–
	43,212	43,749	40,137	3,612
Company				
2011				
Non-derivative financial liabilities				
Fixed interest rate loans	2,204	2,302	1,382	920
Trade and other payables[1]	1,201	1,201	1,201	–
Amounts due to related parties	10,335	10,335	10,335	–
Recognised financial liabilities	13,740	13,838	12,918	920
Intra-group financial guarantee	–	20,329	20,329	–
	13,740	34,167	33,247	920
2010				
Non-derivative financial liabilities				
Variable interest rate loan	1,866	1,886	1,886	–
Fixed interest rate loans	3,442	3,684	1,382	2,302
Trade and other payables[1]	1,268	1,268	1,268	–
Amounts due to related parties	3,927	3,927	3,927	–
Recognised financial liabilities	10,503	10,765	8,463	2,302
Intra-group financial guarantee	–	9,860	9,860	–
	10,503	20,625	18,323	2,302

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

20 TRADE AND OTHER PAYABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade payables		16,154	11,896	–	–
Excess of progress billings over project-in-progress	12	1,517	1,880	–	–
Liability for short-term accumulating compensated absences		1,003	944	73	35
Accrued expenses		9,866	14,626	1,042	1,038
Other payables		1,517	2,994	159	230
Deferred income		428	209	–	–
		30,485	32,549	1,274	1,303

21 PROVISIONS

Group	Warranties $'000	Restructuring/ Retrenchment $'000	Others $'000	Total $'000
At 1 July 2010	207	681	641	1,529
Provision made/(reversed)	748	(180)	(378)	190
Provision utilised	(713)	(276)	(223)	(1,212)
Translation difference	–	(15)	–	(15)
At 30 June 2011	242	210	40	492

Warranties

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

Restructuring/Retrenchment

The restructuring provision relates to the rationalisation exercise carried out across the Group with the objective to improve efficiency in the production operations located in United States of America, France and Singapore. The retrenchment provision relates to the rationalisation exercise of the Group's production operations in Singapore and China, with the objective to achieve cost efficiency. The provisions relates mainly to severance payments and outplacement fees. The estimated costs were computed based on formal plans approved by management of the Group.

Others

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

22 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The redeemable convertible preference shares relate to preference shares of $1 each issued by a subsidiary to a non-controlling interest of the subsidiary 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.

23 REVENUE

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Sale of goods	133,352	116,853	–	–
Service income	35,924	30,129	–	–
Lease income	1,216	626	–	–
Commission income	5,231	2,913	–	–
Dividend income	–	–	5,500	9,788
Management fees	–	–	3,577	3,659
	175,723	150,521	9,077	13,447

24 RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group		Company	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Other income					
Rental income		112	321	–	–
Sundry income		500	339	–	–
Changes in fair value of financial derivatives		9	–	–	–
Grant income		150	–	–	–
Government grant – Jobs Credit Scheme		8	539	–	24
Gain on disposals of:					
– other financial assets		–	14	–	14
– property, plant and equipment		64	174	–	–
– asset classified as held for sale		1,681	–	–	–
Reversal of impairment of:					
– investments in subsidiaries	5	–	–	–	2,764
– investment in associate	6	1,850	–	1,652	198
Reversal of provision for:					
– liabilities for a subsidiary		–	–	–	1,120
– other liabilities arising from fire incident	21	378	–	–	–
– restructuring and retrenchment costs	21	180	–	–	–
Gain on liquidation of subsidiaries		–	–	–	3,019
Insurance income		–	22,344	–	–
		4,932	23,731	1,652	7,139
Staff costs and share-based payments					
Wages, salaries and other staff costs		40,634	44,582	1,542	1,528
Contributions to defined contribution plans		2,135	2,223	106	66
Increase/(Decrease) in liability for short-term accumulating compensated absences		173	(5)	38	(24)
Share-based payment expense		1,419	554	514	202
		44,361	47,354	2,200	1,772

24 RESULTS FROM OPERATING ACTIVITIES (continued)

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other expenses					
Non-audit fees paid/payable to auditors of the Company		114	41	20	8
Depreciation of property, plant and equipment	3	3,504	4,645	4	7
Amortisation of intangible assets	4	440	452	3	4
(Reversal of allowance)/Allowance for:					
– doubtful debts from trade receivables	14	(5)	(123)	–	–
– doubtful debts from subsidiaries	9	–	–	–	42
– inventory obsolescence		86	483	–	–
Loss on liquidation of a subsidiary		69	–	26	–
Impairment losses on investments in subsidiaries	5	–	–	920	–
Inventories written off		51	242	–	–
Bad debts written off		4	128	1	–
Property, plant and equipment written off	3	7	15	–	–
Impairment losses on:					
– property, plant and equipment	3	596	128	–	–
– intangible assets	4	3	–	–	–
– other financial assets	8	–	2,150	–	2,150
Impairment of goodwill	4	360	–	–	–
Provision for restructuring/retrenchment cost		–	577	–	–
Provision for other liabilities arising from fire incident		–	115	–	–
Retrenchment benefits expenses arising from fire incident		–	498	–	–
Share-based payment expense		1,419	554	514	202
Exchange loss, net		1,684	1,025	706	94
Operating lease expenses		3,643	4,643	15	8

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 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Directors' remuneration				
Directors' fees:				
– directors of the Company	210	190	210	190
Staff costs and share-based payments:				
– directors of the Company	745	728	745	728
– other directors	3,694	2,483	–	–
	4,649	3,401	955	918

24 RESULTS FROM OPERATING ACTIVITIES (continued)

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

Company	2011 Number	2010 Number
$500,000 and above	1	1
$250,000 to $499,999	–	–
Below $250,000	4	4
	5	5

25 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Finance income				
Interest income from:				
– financial institutions	72	65	11	7
– subsidiaries	–	–	188	111
– associate	–	1	–	–
– third parties	32	13	–	–
	104	79	199	118
Finance expenses				
Interest expense to:				
– hire purchase arrangements and finance leases	(41)	(67)	–	–
– financial institutions	(352)	(550)	(163)	(263)
– affiliates	(24)	(8)	–	–
– non-controlling interest	(5)	–	–	–
	(422)	(625)	(163)	(263)
Net finance (expenses)/income recognised in profit or loss	(318)	(546)	36	(145)

26 INCOME TAX (CREDIT)/EXPENSES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current tax expenses				
Current year	1,230	1,678	250	212
Withholding tax	159	79	84	–
Refund of tax loss carry-back	–	(1,301)	–	–
(Over)/Under provision in prior years	(1,686)	516	53	(223)
	(297)	972	387	(11)
Deferred tax expenses				
Origination and reversal of temporary differences	(668)	(700)	(8)	4
Under provision in prior years	112	172	–	–
Change in tax rate	–	73	–	–
	(556)	(455)	(8)	4
Total income tax (credit)/expenses	(853)	517	379	(7)

26 INCOME TAX (CREDIT)/EXPENSES (continued)

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Reconciliation of effective tax rate				
Profit for the year	9,847	20,321	5,912	15,571
Total income tax (credit)/expenses	(853)	517	379	(7)
Profit before income tax	8,994	20,838	6,291	15,564
Income tax at 17% (2010: 17%)	1,529	3,542	1,069	2,646
Effect of changes in tax rates	–	73	–	–
Effect of different tax rates in other countries	(725)	(1,627)	–	–
Income not subject to tax	(1,727)	(3,970)	(1,241)	(3,077)
Expenses not deductible for tax purposes	1,267	1,500	414	647
Withholding tax	159	79	84	–
Deferred tax assets not recognised	459	232	–	–
Utilisation of previously unrecognised deferred tax assets	(241)	–	–	–
(Over)/Under provision in prior years	(1,574)	688	53	(223)
	(853)	517	379	(7)

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.

27 EARNINGS PER SHARE

Group	**2011 $'000**	**2010 $'000**
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	10,344	20,708
	No. of shares '000	**No. of shares '000**
Weighted average number of:		
– shares outstanding during the year	514,228	506,940
– shares issued during the year:		
– pursuant to the exercise of warrants	24,412	4,634
– pursuant to the exercise of share options	1,797	–
	540,437	511,574

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.

27 EARNINGS PER SHARE (continued)

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

Group	2011 No. of shares '000	2010 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	540,437	511,574
Dilutive effect of warrants	11,390	26,961
Dilutive effect of share awards	2,123	–
Weighted average number of ordinary shares (diluted)	553,950	538,535

As at 30 June 2011, 43,550,000 (2010: 26,300,000) share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

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

On 26 October 2009 and 25 August 2010, the Company approved and granted new options under the "Ellipsiz Share Options 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:

2011

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2010	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2011	Options exercisable at 1 July 2010	Options exercisable at 30 June 2011	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 2011	Exercise periods
26/10/2009	0.135	8,766,664	–	(2,649,664)	(100,000)	6,017,000	–	6,017,000	358	0.15 – 0.165	23	26/10/2010 to 25/10/2014
26/10/2009	0.135	8,766,666	–	–	(250,000)	8,516,666	–	–	–	–	32	26/10/2011 to 25/10/2014
26/10/2009	0.135	8,766,670	–	–	(250,000)	8,516,670	–	–	–	–	32	26/10/2012 to 25/10/2014
25/08/2010	0.140	–	10,250,000	–	–	10,250,000	–	–	–	–	41	25/08/2011 to 24/08/2015
25/08/2010	0.140	–	10,250,000	–	–	10,250,000	–	–	–	–	41	25/08/2012 to 24/08/2015
		26,300,000	20,500,000	(2,649,664)	(600,000)	43,550,336	–	6,017,000	358			

28 EQUITY COMPENSATION BENEFITS (continued)

2010

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2009	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2010	Options exercisable at 1 July 2009	Options exercisable at 30 June 2010	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 2010	Exercise periods
26/10/2009	0.135	–	9,066,664	–	(300,000)	8,766,664	–	–	–	–	34	26/10/2010 to 25/10/2014
26/10/2009	0.135	–	9,066,666	–	(300,000)	8,766,666	–	–	–	–	34	26/10/2011 to 25/10/2014
26/10/2009	0.135	–	9,066,670	–	(300,000)	8,766,670	–	–	–	–	34	26/10/2012 to 25/10/2014
		–	27,200,000	–	(900,000)	26,300,000	–	–	–			

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	26 October 2010	26 October 2011	26 October 2012	25 August 2011	25 August 2012
Fair value at measurement date	$0.044	$0.054	$0.062	$0.047	$0.056
Share price based on volume-weighted average share price on grant date	$0.125	$0.125	$0.125	$0.150	$0.150
Exercise price at grant date	$0.135	$0.135	$0.135	$0.140	$0.140
Expected volatility	68.08%	68.08%	68.08%	54.32%	54.32%
Expected option life	2.0 years	3.0 years	4.0 years	2.0 years	3.0 years
Expected dividend yield	0.00%	0.00%	0.00%	1.00%	1.00%
Risk-free interest rate	0.74%	0.92%	1.25%	0.74%	0.92%

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

On 25 August 2010, 2,500,000 new share awards under the Ellipsiz Restricted Stock Plan ("ERSP") were granted by the Company to qualified directors and employees. The awards vested on 30 June 2011 and were allotted on 1 July 2011. At the balance sheet date, there were 2,500,000 (2010: Nil) outstanding awards and number of outstanding award holders was 10 (2010: Nil).

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, which was $0.11 per share.

Since the commencement of ERSP to 30 June 2011, the aggregate number of awards granted was 5,238,600 (2010: 2,738,600).

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Sales to:				
– joint venture	9	1	–	–
– non-controlling interest of subsidiary	–	71	–	–
– other affiliates	549	83	–	–
Purchases from:				
– joint venture	(64)	–	–	–
– other affiliates	(35)	–	–	–
Management fee income from:				
– subsidiaries	–	–	3,577	3,659
Dividend income from:				
– subsidiaries	–	–	5,500	9,788
Service fee income from:				
– associate	145	83	–	–
Service fee expenses paid to:				
– subsidiary	–	–	–	(36)
Interest income from:				
– subsidiaries	–	–	188	111
Interest expenses paid to:				
– affiliate[1]	(24)	(8)	–	–
– non-controlling interest of subsidiary	(5)	–	–	–
Rental expenses paid to:				
– director	(117)	(125)	–	–
– associate	(38)	(33)	–	–
– non-controlling interest of subsidiary	(50)	(47)	–	–
– other affiliate	–	(33)	–	–
Services rendered by:				
– affiliate[1]	(151)	–	(151)	–
Plant and equipment purchased from:				
– affiliate[1]	(90)	–	(90)	–

[1] This relates to corporations 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.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Directors' fees	210	190	210	190
Short-term employee benefits	3,988	3,098	936	908
Post-employment benefits	133	113	23	26
Share-based payments	1,143	375	508	156
	5,474	3,776	1,677	1,280

30 COMMITMENTS

Lease commitments

At the 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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Receivable:				
Within 1 year	44	101	–	–
After 1 year but within 5 years	7	51	–	–
	51	152	–	–
Payable:				
Within 1 year	2,278	2,588	–	–
After 1 year but within 5 years	1,480	1,812	–	–
After 5 years	–	586	–	–
	3,758	4,986	–	–

Capital commitments

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Capital commitments contracted but not provided for	–	80	–	–

Corporate guarantees

At the balance sheet date, the Company provided corporate guarantees amounting to $19,859,000 (2010: $9,860,000) to banks for banking facilities of $18,959,000 (2010: $9,860,000) made available to its subsidiaries and joint venture, of which the subsidiaries and joint venture have utilised $8,636,000 (2010: $5,030,000).

31 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 the balance sheet date, the Group has unutilised credit facilities of $13,363,000 (2010: $11,939,000).

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.

31 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis

For the variable rate financial assets and liabilities, an increase of 100 basis points (2010: 100 basis points) in interest rate at the balance sheet date would increase (decrease) profit or loss for the year attributable to Owners of the Company by the amounts shown below. A decrease in 100 basis points (2010: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Profit or loss for the year attributable to Owners of the Company	(17)	(18)	–	(15)

There is no direct impact on the 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, Hong Kong dollar, Thai baht, New Zealand dollar and British pound. The Group hedges its foreign currency exposure should the need arise through close monitoring from management.

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	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
– British pound	125	237	125	237
Trade and other receivables				
– US dollar	14,797	14,664	–	–
– Japanese yen	248	743	–	–
– Malaysia ringgit	5	–	–	–
– Singapore dollar	200	81	–	–
– Euro	11	13	–	–
– Vietnamese dong	5	3	–	–
	15,266	15,504	–	–
Amounts due from related parties				
– US dollar	7,476	5,506	5,164	5,793
– Singapore dollar	3,423	979	–	–
– Malaysia ringgit	18	19	18	19
– Japanese yen	22	23	–	–
– Thai baht	45	48	–	–
– Euro	899	–	–	–
	11,883	6,575	5,182	5,812

31 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash and cash equivalents				
– US dollar	6,744	9,647	1,862	642
– Singapore dollar	1,257	173	–	–
– Japanese yen	326	5	–	–
– Euro	10	14	–	–
– Hong Kong dollar	8	9	–	–
– Vietnamese dong	25	47	–	–
– Malaysia ringgit	2	2	–	–
– Other	10	–	–	–
	8,382	9,897	1,862	642
Trade and other payables				
– US dollar	9,301	5,556	–	–
– Singapore dollar	324	587	–	–
– Thai baht	–	57	–	–
– Malaysia ringgit	142	161	–	–
– Vietnamese dong	30	55	–	–
– Euro	5	30	–	–
– British pound	13	61	–	–
– Other	132	–	–	–
	9,947	6,507	–	–
Amounts due to related parties				
– US dollar	6,414	3,936	–	–
– Singapore dollar	6,508	6,328	–	–
– Malaysia ringgit	18	19	–	–
– Chinese renminbi	1,868	2,570	13	14
– New Zealand dollar	–	244	–	–
– Japanese yen	22	23	–	–
– Thai baht	133	150	–	–
	14,963	13,270	13	14
Interest-bearing borrowings				
– US dollar	815	1,919	-	-
– Singapore dollar	385	568	-	-
	1,200	2,487	-	-
Redeemable convertible preference shares				
– Singapore dollar	78	78	–	–

31 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 1% (2010: 1%) appreciation 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 Owners of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Equity	1	2	1	2
Profit or loss for the year attributable to Owners of the Company	123	75	58	63

There is no direct impact on other components of equity.

A 1% (2010: 1%) depreciation 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 reporting date would increase (decrease) equity of the Group and the Company by $451,000 (2010: $400,000). 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 the Company.

Non-derivative financial liabilities

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

Other financial assets and liabilities

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

The quoted equity securities are carried at fair value and measured based on quoted prices (unadjusted) from active markets for identical financial instruments (i.e. Level 1).

32 FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an analysis of the Group's financial instruments:

	Note	Available-for-sale financial assets $'000	Loan and receivables $'000	Liabilities held at amortised cost $'000	Total $'000
Group					
2011					
Assets					
Financial assets	8	4,514	–	–	4,514
Amounts due from related parties	9	–	385	–	385
Convertible loan receivable	13	–	–	–	–
Trade and other receivables (excluding prepayments)	14	–	37,537	–	37,537
		4,514	37,922	–	42,436
Liabilities					
Amounts due to related parties	9	–	–	692	692
Interest-bearing borrowings	19	–	–	9,695	9,695
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	–	–	27,537	27,537
Redeemable convertible preference shares	22	–	–	78	78
		–	–	38,002	38,002
2010					
Assets					
Financial assets	8	4,000	–	–	4,000
Amounts due from related parties	9	–	107	–	107
Convertible loan receivable	13	–	–	–	–
Trade and other receivables (excluding prepayments)	14	–	38,588	–	38,588
		4,000	38,695	–	42,695
Liabilities					
Amounts due to related parties	9	–	–	462	462
Interest-bearing borrowings	19	–	–	13,156	13,156
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	–	–	29,516	29,516
Redeemable convertible preference shares	22	–	–	78	78
		–	–	43,212	43,212

32 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Note	Available-for-sale financial assets $'000	Loan and receivables $'000	Liabilities held at amortised cost $'000	Total $'000
Company					
2011					
Assets					
Financial assets	8	4,514	–	–	4,514
Amounts due from related parties	9	–	14,137	–	14,137
Convertible loan receivable	13	–	–	–	–
Trade and other receivables (excluding prepayments)	14	–	359	–	359
		4,514	14,496	–	19,010
Liabilities					
Amounts due to related parties	9	–	–	10,335	10,335
Interest-bearing borrowings	19	–	–	2,204	2,204
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	–	–	1,201	1,201
		–	–	13,740	13,740
2010					
Assets					
Financial assets	8	4,000	–	–	4,000
Amounts due from related parties	9	–	10,485	–	10,485
Convertible loan receivable	13	–	–	–	–
Trade and other receivables (excluding prepayments)	14	–	373	–	373
		4,000	10,858	–	14,858
Liabilities					
Amounts due to related parties	9	–	–	3,927	3,927
Interest-bearing borrowings	19	–	–	5,308	5,308
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	–	–	1,268	1,268
		–	–	10,503	10,503

33 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

33 OPERATING SEGMENTS (continued)

The following summary describes the operations in each of the Group's reportable 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; and provision of facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterisation services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs and trading of consumable products.
Probe Card solutions	:	Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results before income tax, net finance costs and share of results of associates and joint ventures, as included in the internal management reports that are reviewed by the Group's CEO. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Reportable segments

Group	Distribution and Services solutions 2011 $'000	Distribution and Services solutions 2010 $'000	Probe Card solutions 2011 $'000	Probe Card solutions 2010 $'000	Eliminations 2011 $'000	Eliminations 2010 $'000	Consolidated 2011 $'000	Consolidated 2010 $'000
Revenue and expense								
Total revenue from external customers	132,122	104,598	43,601	45,923	–	–	175,723	150,521
Inter-segment revenue	984	1,068	417	108	(1,401)	(1,176)	–	–
	133,106	105,666	44,018	46,031			175,723	150,521
Segment results	2,009	20,128	6,917	2,050	–	–	8,926	22,178
Unallocated corporate results							(338)	(1,068)
							8,588	21,110
Share of results of associates and joint ventures								
– allocated to reportable segments	489	255	355	19	–	–	844	274
– unallocated corporate & others							(120)	–
Profit before interest income/(expenses) and taxation							9,312	21,384
Interest income							104	79
Interest expenses							(422)	(625)
Income tax credit/(expenses)							853	(517)
Non-controlling interests							497	387
Profit for the year							10,344	20,708

33 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities								
Segment assets	71,638	76,900	42,391	48,505	–	–	114,029	125,405
Investments in associates								
– allocated to reportable segments	1,874	1,160	6,043	3,532	–	–	7,917	4,692
Investments in joint ventures								
– allocated to reportable segments	174	218	–	–	–	–	174	218
– unallocated corporate & others							664	832
Tax receivables	39	–	3	54	–	–	42	54
Deferred tax assets	125	139	2,517	2,079	–	–	2,642	2,218
Unallocated corporate assets							16,850	17,182
Total assets							142,318	150,601
Segment liabilities	26,291	26,990	4,168	6,312	–	–	30,459	33,302
Interest-bearing borrowings	6,657	4,641	834	3,207	–	–	7,491	7,848
Income tax liabilities	459	2,423	826	1,140	–	–	1,285	3,563
Unallocated corporate liabilities							3,824	6,945
Total liabilities							43,059	51,658
Capital expenditure								
– allocated to reportable segments	1,161	3,160	1,460	640	–	–	2,621	3,800
– unallocated corporate expenses							–	8
							2,621	3,808
Other non-cash items								
Depreciation of property, plant and equipment								
– allocated to reportable segments	733	722	2,767	3,916	–	–	3,500	4,638
– unallocated corporate expenses							4	7
							3,504	4,645
Amortisation of intangible assets								
– allocated to reportable segments	48	34	389	414	–	–	437	448
– unallocated corporate expenses							3	4
							440	452

33 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2011 $'000	Distribution and Services solutions 2010 $'000	Probe Card solutions 2011 $'000	Probe Card solutions 2010 $'000	Eliminations 2011 $'000	Eliminations 2010 $'000	Consolidated 2011 $'000	Consolidated 2010 $'000
Other non-cash items (continued)								
(Gain)/Loss on disposals of property, plant and equipment – allocated to reportable segments	(55)	(181)	(9)	7	–	–	(64)	(174)
Property, plant and equipment written off – allocated to reportable segments	7	9	–	6	–	–	7	15
Gain on disposal of asset classified as held for sale – allocated to reportable segments	(1,681)	–	–	–	–	–	(1,681)	–
(Reversal of allowance)/ Allowance for inventory obsolescence – allocated to reportable segments	(99)	156	185	327	–	–	86	483
Inventory written off – allocated to reportable segments	14	23	37	219	–	–	51	242
Reversal of allowance for doubtful trade receivables – allocated to reportable segments	–	(43)	(5)	(80)	–	–	(5)	(123)
Bad debts written off – allocated to reportable segments	4	128	–	–	–	–	4	128
Impairment losses on property, plant and equipment – allocated to reportable segments	596	128	–	–	–	–	596	128

33 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2011 $'000	Distribution and Services solutions 2010 $'000	Probe Card solutions 2011 $'000	Probe Card solutions 2010 $'000	Eliminations 2011 $'000	Eliminations 2010 $'000	Consolidated 2011 $'000	Consolidated 2010 $'000
Other non-cash items (continued)								
Impairment losses on intangible assets								
– allocated to reportable segments	3	–	–	–	–	–	3	–
Impairment of goodwill								
– allocated to reportable segments	360	–	–	–	–	–	360	–
Reversal of impairment loss on investment in an associate								
– allocated to reportable segments	–	–	(1,850)	–	–	–	(1,850)	–
Impairment loss on other financial assets								
– unallocated corporate expenses							–	2,150

Geographical segments

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

	Singapore 2011 $'000	Singapore 2010 $'000	Other Asean Countries 2011 $'000	Other Asean Countries 2010 $'000	China & Taiwan 2011 $'000	China & Taiwan 2010 $'000	USA 2011 $'000	USA 2010 $'000	Europe 2011 $'000	Europe 2010 $'000	Other Regions 2011 $'000	Other Regions 2010 $'000	Consolidated 2011 $'000	Consolidated 2010 $'000
Group														
Total revenue from external customers	51,780	48,764	32,546	32,512	51,016	29,556	21,091	26,248	3,508	4,075	15,782	9,366	175,723	150,521
Non-current segment assets	23,285	24,674	4,033	5,458	6,771	2,548	7,995	9,336	18	24	1,422	1,856	43,524	43,896
Investments in associates	–	–	1,874	1,160	–	–	–	–	–	–	6,043	3,532	7,917	4,692
Investments in joint ventures	–	–	174	218	664	832	–	–	–	–	–	–	838	1,050
Investments in other financial assets	4,389	3,763	–	–	–	–	–	–	125	237	–	–	4,514	4,000
Deferred tax assets													2,653	2,221
Total non-current assets	27,674	28,437	6,081	6,836	7,435	3,380	7,995	9,336	143	261	7,465	5,388	59,446	55,859
Capital expenditures	1,913	2,922	299	540	213	191	172	137	6	5	18	13	2,621	3,808

34 DIVIDENDS

Subsequent to the balance sheet date, the directors proposed dividends as follows:

Company	2011 $'000	2010 $'000
Final tax-exempt (one-tier) dividends of 0.13 cents per share (2010: 0.15 cents)	706	771
Special tax-exempt (one-tier) dividends of 0.15 cents per share (2010: 1.10 cents)	814	5,657
	1,520	6,428

The proposed dividends have not been provided for at the balance sheet date.

Statistics of Shareholders

As at 9 September 2011

Number of Shares Issued	:	545,611,823		
Issued and Paid Up Capital	:	S$88,734,777.17		
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 9 SEPTEMBER 2011

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	34	0.71	13,761	0.00
1,000 to 10,000	1,920	40.24	9,595,149	1.76
10,001 to 1,000,000	2,767	57.98	231,347,739	42.40
1,000,001 and above	51	1.07	304,655,174	55.84
Total	4,772	100.00	545,611,823	100.00

Based on information available to the Company as at 9 September 2011, approximately 76.65% 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 9 SEPTEMBER 2011

No.	Name of shareholders	Number of shares	% of issued share capital
1	Chong Fook Choy	56,456,448	10.35
2	Phillip Securities Pte Ltd	40,267,853	7.38
3	Chan Wai Leong	27,592,905	5.06
4	Teem Holding Pte Ltd	22,459,272	4.11
5	OCBC Securities Private Ltd	13,731,431	2.52
6	Tan Tai Wei	11,245,000	2.06
7	Tan Chong Gin	10,733,333	1.97
8	DBS Nominees Pte Ltd	8,928,400	1.64
9	Kim Eng Securities Pte. Ltd.	8,391,000	1.54
10	Ip Yuen Kwong	6,686,000	1.23
11	Lim & Tan Securities Pte Ltd	6,507,000	1.19
12	Chew Shit Fun	6,502,000	1.19
13	AmFraser Securities Pte Ltd	6,251,000	1.15
14	United Overseas Bank Nominees (Pte) Ltd	6,132,600	1.12
15	OCBC Nominees Singapore Private Limited	5,365,760	0.98
16	CIMB Securities (Singapore) Pte Ltd	5,061,600	0.93
17	Lu Zu Liang	4,932,000	0.90
18	UOB Kay Hian Pte Ltd	4,332,600	0.79
19	Teo Choon Hiang	3,992,000	0.73
20	DBS Vickers Securities (Singapore) Pte Ltd	3,386,200	0.62
Total		258,954,402	47.46

SUBSTANTIAL SHAREHOLDERS AS AT 9 SEPTEMBER 2011

Name of shareholders	Direct interests	Deemed interests	Total	% of issued share capital
Chong Fook Choy	56,456,448	–	56,456,448	10.35
Chan Wai Leong	27,592,905	*22,459,272	50,052,177	9.17

* Mr. Chan is deemed to be interested in 22,459,272 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 9 September 2011.

Statistics of Warrantholders

As at 9 September 2011

DISTRIBUTION OF WARRANTHOLDERS AS AT 9 SEPTEMBER 2011

Range of warrantholdings	Number of warrantholders	% of warrantholders	Number of warrants	% of issued warrants
1 to 999	180	25.86	88,003	1.06
1,000 to 10,000	387	55.60	1,494,385	17.97
10,001 to 1,000,000	129	18.54	6,732,140	80.97
1,000,001 and above	–	–	–	–
Total	696	100.00	8,314,528	100.00

TOP 20 WARRANTHOLDERS AS AT 9 SEPTEMBER 2011

No.	Name of warrantholders	Number of warrants	% of warrants
1	Kim Eng Securities Pte. Ltd.	878,999	10.57
2	Eio Hock Chuar	485,000	5.83
3	DBS Vickers Securities (Singapore) Pte Ltd	392,533	4.72
4	Low Chin Yee	337,000	4.05
5	Phillip Securities Pte Ltd	294,831	3.55
6	Chew Lee Chin	160,000	1.93
7	DBS Nominees Pte Ltd	153,967	1.85
8	CIMB Securities (Singapore) Pte Ltd	152,666	1.84
9	UOB Kay Hian Pte Ltd	128,133	1.54
10	Xulin Construction & Engineering Pte Ltd	126,666	1.52
11	Tan Sock Keow	120,000	1.44
12	United Overseas Bank Nominees (Pte) Ltd	115,936	1.40
13	Koo Wee Khiat Alvin	103,000	1.24
14	Lee Kok Beng	100,000	1.20
15	Sng Cheng Ngiap	80,000	0.96
16	Tan Kong Sin	70,000	0.84
17	See Beng Lian Janice	67,333	0.81
18	Tan Chee Wee	66,500	0.80
19	Neo Thua Tee	63,600	0.77
20	Chua Cheng Hock	63,333	0.76
Total		3,959,497	47.62

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-03, NorthTech, Singapore 757716 on 19 October 2011 at 4.00 p.m. to transact the following businesses.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2011, together with the Auditors' Report thereon.

(Resolution 1)

2. (i) To re-elect Mr. Chong Fook Choy (non-executive Chairman) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election.

(Resolution 2)

(ii) To re-elect Mr. Jeffrey Staszak (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 approve directors' fees of S$210,000 for the financial year ended 30 June 2011 (2010: S$190,000).

(Resolution 4)

4. To approve a second and final (tax-exempt one-tier) dividend of 0.13 cents per ordinary share for the financial year ended 30 June 2011.

(Resolution 5)

5. To approve a second and special (tax-exempt one-tier) dividend of 0.15 cents per ordinary share for the financial year ended 30 June 2011.

(Resolution 6)

6. To re-appoint KPMG LLP as the Company's auditors and to authorise the directors of the Company to fix their remuneration.

(Resolution 7)

AS SPECIAL BUSINESS

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

7. "That 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) options, 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 ALWAYS 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) does not exceed 50 per cent of the total number of issued shares, excluding treasury shares, (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a pro-rata basis to members of the Company (including shares to be issued in pursuance of Instruments made or to be made pursuant to this Resolution) does not exceed 20 per cent of the total number of shares, excluding treasury shares, of the Company (as calculated in accordance with sub-paragraph (2) below):

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) 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:

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

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

(3) 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

(4) (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 8)

8. "That authority be and is hereby given to directors of the Company to 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 Ellipsiz Share Option Plan ("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 Ellipsiz Restricted Stock Plan ("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 15 per cent of the issued share capital of the Company from time to time."

[See Explanatory note(ii)]

(Resolution 9)

9. "That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (the "Companies Act") the exercise by the directors of the Company ("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") 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 in their absolute discretion, 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 in the case of a Market Purchase, 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 of shares, 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 10 per cent 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, stamp duty, clearance fees, and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase of a share, 105 per cent 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, 110 per cent 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 10)

ANY OTHER BUSINESS

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 28 October 2011 (Friday) after 5.00 p.m. to determine the members' entitlements to the proposed second final dividend and second special dividend to be paid on 16 November 2011 (Wednesday), subject to and contingent upon members' approval for the proposed dividends being obtained at the forthcoming 16th Annual General Meeting of the Company. In respect of shares deposited in securities accounts with The Central Depository (Pte) Limited ("CDP"), the dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the dividends to CDP account holders in accordance with its normal practice.

Duly completed registrable transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M&C Services Private Limited, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 28 October 2011 (Friday), will be registered to determine members' entitlements to the second final dividend and second special dividend.

Dated: 30 September 2011
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/she shall specify the proportion of the shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no 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. 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, #04-03, 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 8 proposed in item 7 above is to enable the directors of the Company 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, up to an amount not exceeding in total 50 per cent of the total number of issued shares excluding treasury shares of the Company with a sub-limit of 20 per cent for issues other than on a pro-rata basis to members. 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 that Resolution 8 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 8 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will enable the directors of the Company, from the date of the above meeting until the next Annual General Meeting to allot and issue shares in the Company of up to a number not exceeding in total 15 per cent of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Ellipsiz Share Option Plan and the vesting of awards under the Ellipsiz Restricted Stock Plan.

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will renew the mandate approved by members of the Company on 20 October 2010 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 members dated 30 September 2011 for details.

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

Proxy Form

16th Annual General Meeting

IMPORTANT

1 For investors who have used their CPF monies to buy shares ("CPF Investors") in the capital of Ellipsiz Ltd, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ________________________________ (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 the person 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 29 Woodlands Industrial Park E1, Lobby 1, #04-03, NorthTech, Singapore 757716 on 19 October 2011 at 4.00 p.m. and at any adjournment thereof.

(If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "✕" or "✓" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below. In the absence of specific directions, your proxy/proxies will save as otherwise provided in the Notice of the 16th Annual General Meeting and in this Proxy Form, vote or abstain from voting as the proxy/proxies may think fit, as the proxy/proxies will on any other matter arising at the 16th Annual General Meeting and any adjournment thereof.)

No.	Resolution	Please indicate your vote for or against with a "✕" or "✓"	
		For	Against
	Ordinary Business		
1	Adoption of the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2011, together with the Auditors' Report thereon.		
2	Re-election of Mr Chong Fook Choy as director.		
3	Re-election of Mr Jeffrey Staszak as director.		
4	Approval of directors' fees of S$210,000 for the financial year ended 30 June 2011 (2010: S$190,000).		
5	Approval of second and final (tax exempt one-tier) dividend of 0.13 cents per share.		
6	Approval of second and special (tax exempt one-tier) dividend of 0.15 cents per share.		
7	Re-appointment of KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
	Special Business		
8	Authority to allot and issue new shares and convertible securities.		
9	Authority to issue shares under the Ellipsiz Share Option Plan and the Ellipsiz Restricted Stock Plan.		
10	Authority to purchase or acquire the Company's issued ordinary shares.		
11	Any other business.		

* *Please delete accordingly.*

Total Number of Ordinary Shares Held:	

Dated this ________ day of ________________________ 2011.

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

** *Delete as appropriate.*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

3. Where a member appoints two proxies, the member shall specify the proportion of the 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, #04-03, 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/her attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

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

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

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

Corporate Directory

SINGAPORE
Ellipsiz Ltd - Headquarters
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SV Probe Pte Ltd
29 Woodlands Industrial Park E1
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