ellipsiz ON TRACK FOR PROGRESS...

Annual Report 2012

CONTENTS

At Ellipsiz, our forward strategy is
supported by 3 pillars that underpin our
ability to stay resilient amid trying conditions:
the strategic synergy of
our geographical **presence**, our **ties** with and
support from our partners and
our **perseverance** to exceed expectations.

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, Taiwan R.O.C, Thailand, U.S.A., and Vietnam.

our financials at a glance

Financial year	2010	2011	2012
Results			
Revenue ($ million)	150.5	175.7	144.3
Net profit after tax and non-controlling interests ($ million)	20.7	10.3	2.2
Net profit after tax and non-controlling interests exclude certain specific items[(1)] ($ million)	4.3	7.2	4.4
Basic earnings per share (cents)	4.05	1.91	0.41
Dividend per share (cents)	0.15	0.26	0.16
Special dividend per share (cents)	1.10	0.30	–
Financial position			
Shareholders' equity ($ million)	96.7	97.6	101.5
NAV per share (cents)	18.8	18.0	18.4

Financial year	2010	2011	2012
Profitability (%)			
Gross profit margin	23.8	21.8	20.4
Profit before tax margin	13.8	5.1	1.1
Net earnings margin	13.8	5.9	1.6
Return on equity	21.4	10.6	2.2
Return on total assets	13.8	7.3	1.5
Liquidity (times)			
Current ratio	2.0	2.2	2.0
Quick ratio	1.8	1.9	1.8
Leverage (%)			
Gross debt / equity	13.6	9.9	9.1
Efficiency (days)			
Debtors turnover	69	72	88

[(1)] Specific items refer to certain items that are identified to be excluded as they are not expected to recur. The specific items in FY2012 mainly relates to the expenses incurred as a result of the cessation of the pump refurbishment activities in Taiwan.

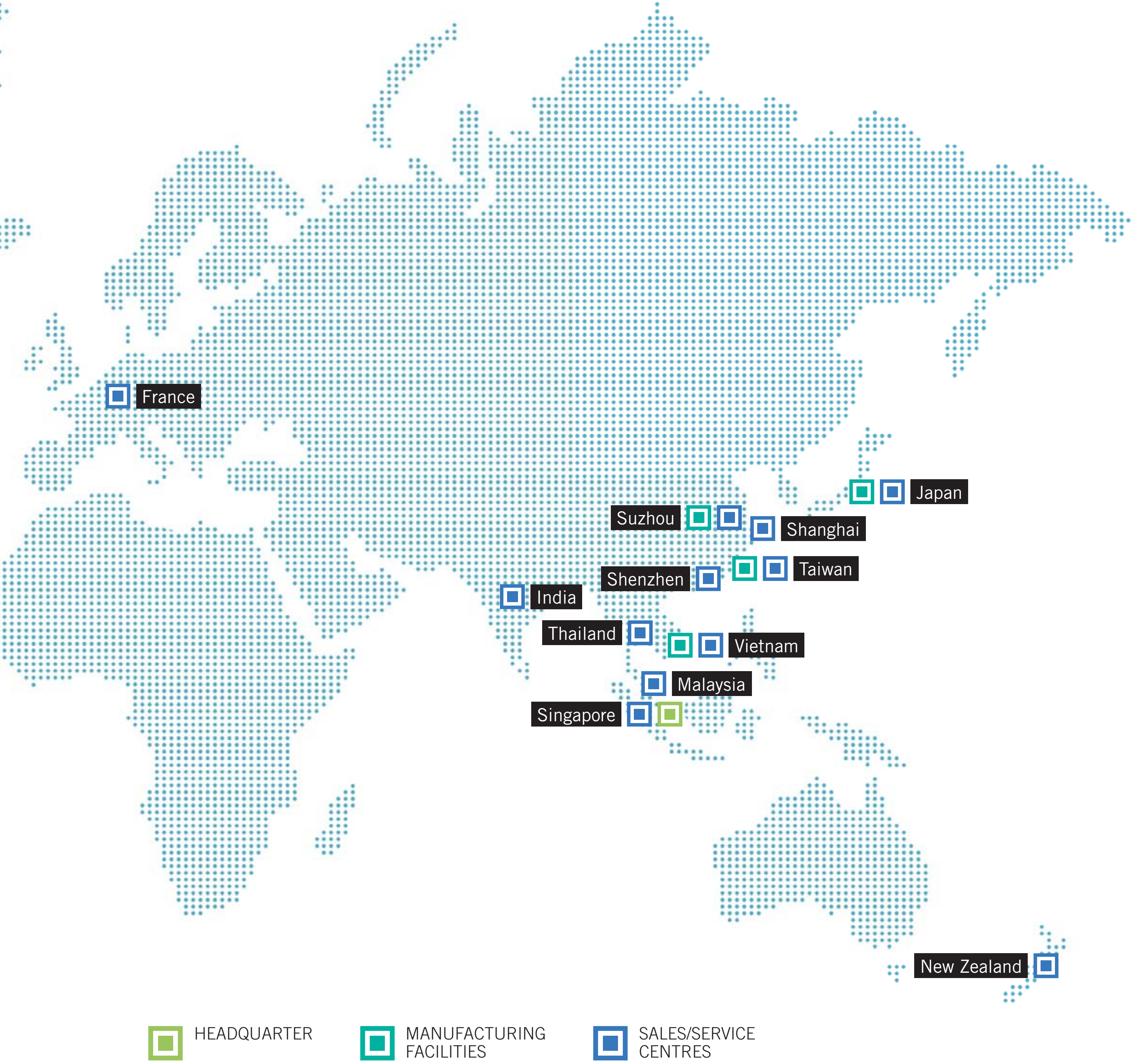
our geographical footprint

Probe Card Solutions

Our probe card business, operated through wholly-owned subsidiary, SV Probe, is one of the global leaders in the design and manufacture of custom, engineered-to-order probing solutions for the semiconductor industry.

Probe cards are used in the electrical testing of semiconductor wafers before they are diced, packaged and placed into products such as smart phones, tablets, MP3 players and global positioning systems. According to VLSI Research, global probe card market revenue (including spares and services) in 2011 was approximately US$1.2 billion. It is projected to grow at 4.5% a year to US$1.5 billion in 2016 with majority of the revenue from advanced probe cards such as vertical, MEMS-based and spring-pin (VLSI Research, May 2012).

SV Probe has a well-diversified portfolio of test solutions supporting a wide spectrum of Logic and Analog customers. Its ability to consistently deliver high-quality, cost-competitive and innovative turnkey probe solutions timely to our customers is one that has set SV apart from its competitors. Through the years, its customer-focused strategies, R&D strengths and global infrastructure have enabled SV to foster strong partnerships with its customers in developing innovative probe solutions for fine pad pitch applications, high parallelism and WLCSP. These application-specific products not only address the challenges of shrinking chip geometries, they achieve higher performance demands as well.



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, 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.

letter to shareholders

REVENUE

$144

million

NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

$2

million

TOTAL CASH DIVIDEND FOR FY2012

0.16

cents per share

Xavier Chong
Non-Executive Chairman

Dear Shareholders,

Financial year ended 30 June 2012 (FY2012) was a year of tireless strengthening of our business fundamentals. We are glad that the Group had persevered and harnessed the competitiveness of our business structure that is now ready for more challenges ahead.

Against the challenging macroeconomic environment and tough operating landscape of inflationary cost pressures and keen price competition, the Group reported net profits after tax and non-controlling interests of $2 million on revenues of $144 million for FY2012. These were lower compared with earnings of $10 million and revenues of $176 million in the previous financial year. The reduction in profits was due primarily to lower revenue achieved.

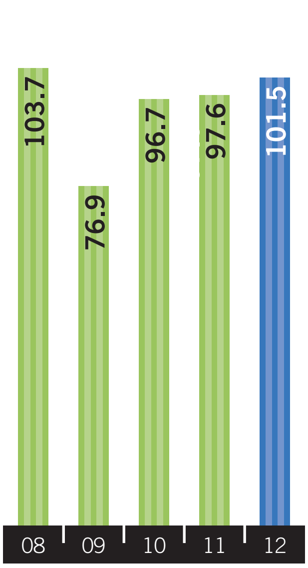
Global economic uncertainties coupled with excess inventories during the first half of FY2012 and the slow digestion of inventory during the second half of FY2012 affected the performance of the Group as some customers were conservative in their capital spending. Weak market demand, currency risks and declining average selling price led to the drop in revenue during the financial year.

Revenue from both Distribution & Services solutions (DSS) and Probe Card solutions (PCS) segments were lower during FY2012. Revenue from DSS declined by 18% to $109 million and accounted for 76% of the Group's revenue. PCS, meanwhile, saw its revenue contracted by 19% to $35 million, which accounted for 24% of the total revenue.

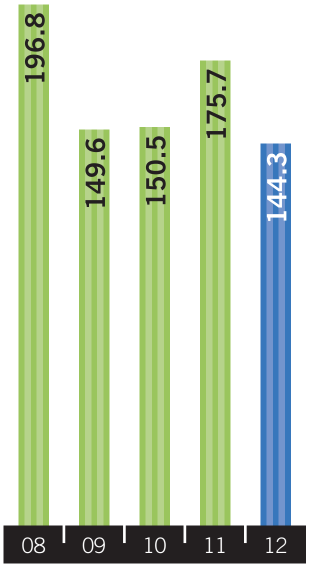
The decline in net profits was also attributable to the incurrence of one-time specific net charges of more than $2 million relating to the cessation of pump refurbishment activities during FY2012. This was in contrast with a one-time specific net income of over $3 million that arose largely from gains on disposal of assets held for sale as well as reversal of impairment of investments in associates a year ago. Net profits attributable to our shareholders excluding the specific net charges for FY2012 suffered a decline of 39% to $4 million. This was mainly due to the contraction in revenue, partially offset by the reduced operating expenses. The Group, nevertheless, sustained our third consecutive year of operational profitability as our proactive team earnestly re-engineered our business processes to conserve resources in view of weaknesses across markets, volatile foreign exchange movements and continued pricing and costing pressures.

Melvin Chan
Chief Executive Officer

SHAREHOLDERS' EQUITY
($ million)



REVENUE
($ million)



> “While the search for growth engines continues, the zealous focus to refine and redefine our operating and business structures remains a cornerstone strategy in staying relevant and nimble, particularly in the capturing of market ripening opportunities in existing, new and emerging industries.”

The Group continued to adopt prudent management of the balance sheet, and we were pleased to report a healthy balance sheet position with cash and cash equivalents balance of $32 million as at 30 June 2012. Current and debt-to-equity ratios were at 2.0 times and 9% compared with 2.2 times and 10% a year ago. Net assets value of the Group increased from 17.98 cents per share to 18.36 cents per share as at 30 June 2012.

Following years of streamlining, consolidation and integration efforts, not forgetting, the recent re-addressing of our business fundamentals exercise to building strong foundational structure, the Group is more confident and ready to make our timely trek beyond the conservative path. With an agile and versatile operating structure, the Group is stepping up our renewal process momentum and accelerating our prowl for new products and business opportunities to uplift our growth momentum.

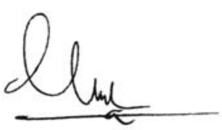
While the search for growth engines continues, the zealous focus to refine and redefine our operating and business structures remains a cornerstone strategy in staying relevant and nimble, particularly in the capturing of market ripening opportunities in existing, new and emerging industries.

In closing, we would like to express our appreciation to all of our stakeholders – customers, principals, business partners, employees, Board members and loyal shareholders. We could not have reaped the fruits of our labour without your utmost support, dedication and patience over the past years.

To share the returns with our shareholders, the Group is delighted to recommend for our shareholders' approval at the forthcoming Annual General Meeting a first and final cash dividend of 0.16 cent a share for FY2012.

Last but not least, the management and staff of Ellipsiz remain committed to delivering better value to all of our stakeholders. As we embarked on our journey for the new financial year, we look forward to another fulfilling year with you as we put our strategies to actions.

Xavier Chong
Non-Executive Chairman



Melvin Chan
Chief Executive Officer

operations review

1

“Our forward strategy for sustainable performance entails focusing on building cost efficient manufacturing capacity, continuing efforts on research and developments, expanding geographical networks and strengthening logistics capabilities.”

The uncertain global economic environment impacted consumer and business spending across the semiconductor, electronics and telecommunication industries, and in turn, the level of business activities at both our Probe Card solutions (PCS) and Distribution & Services solutions (DSS) segments during FY2012.

Market demand for our products and services declined as capacity utilisation and expansion plans at most of our customers were affected by the slower than expected rate of inventory depletion across the semiconductor, electronics manufacturing and telecommunication supply chain.

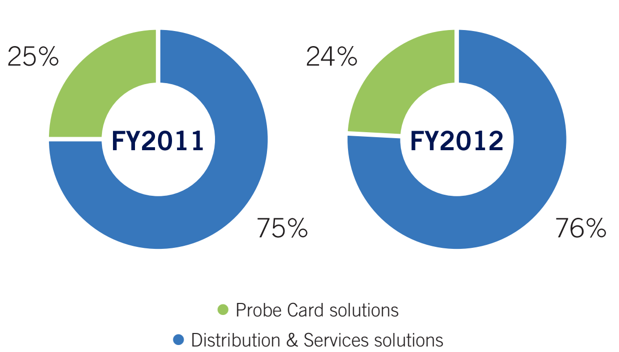
As a result of the above, the Group experienced a broad decline in revenues. Revenue for FY2012 decreased by 18% to $144 million compared with $176 million during the preceding financial year.

Probe Card Solutions

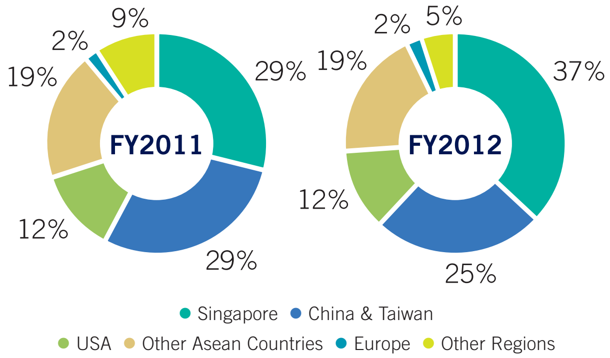
The PCS segment experienced a 19% decrease in revenue from $44 million in FY2011 to $35 million in FY2012. The decline was due mainly to the negative movement in the US dollar, market softness and the floods in Thailand that impacted several of our major customers in the region. Eliminating the impact of the currency movement, the revenue fell by 16%.

Cantilever probe cards continued to be a major revenue contributor at 53% of PCS sales. Advanced probe cards, which contributed close to 30% of PCS revenue, enjoyed a growth of 6%. Our advanced product line includes the LogicTouch™ fine pitch vertical, the SpringTouch™ spring-pin and the Trio™ vertical. During the financial year, a total of 1.8 million points were produced and 14,114 finished probe cards were shipped. These were 18%

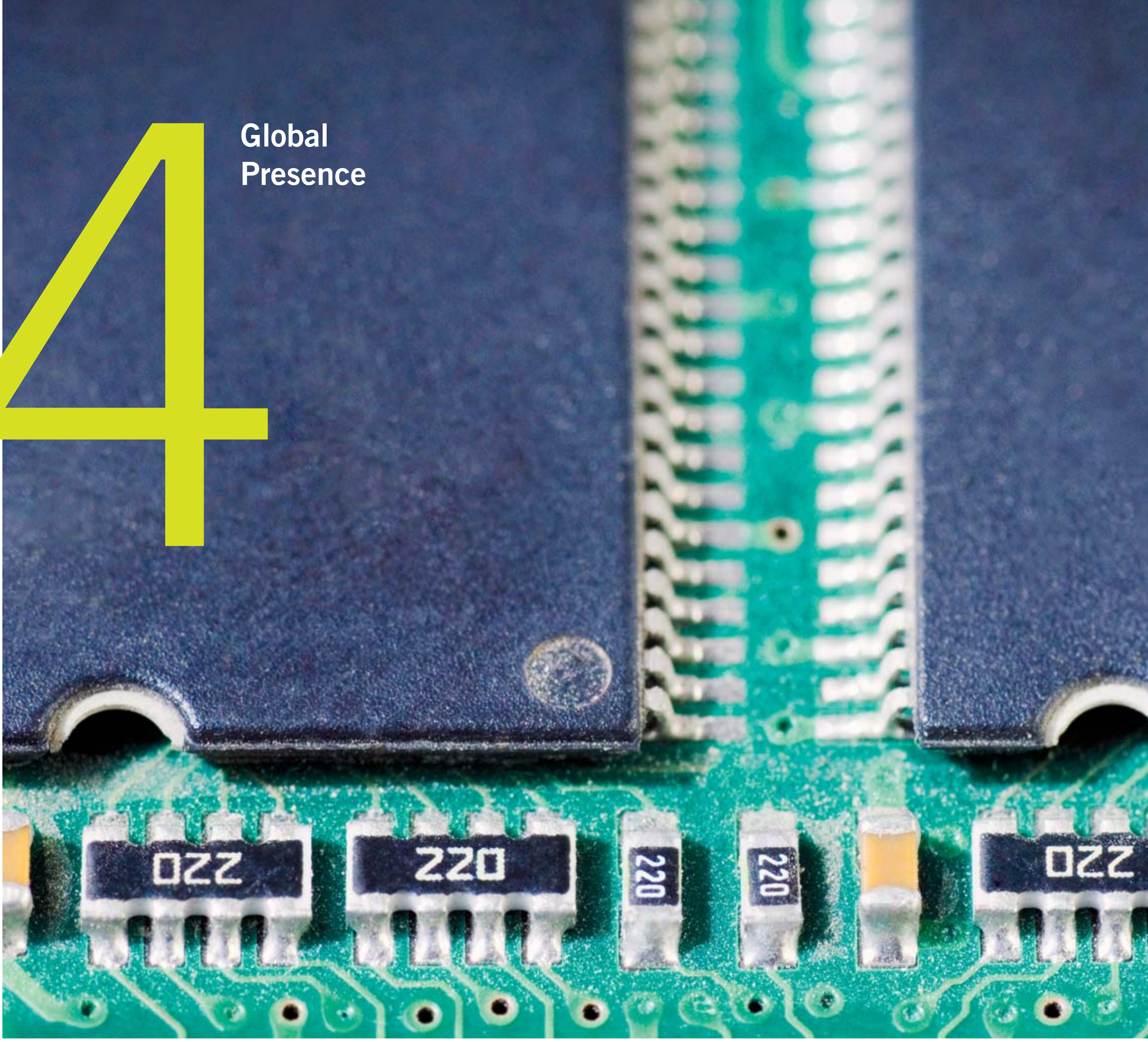
REVENUE BY BUSINESS DIVISION



REVENUE BY REGION



4 Global Presence



• • • by staying focused and

prudent.

Our focus is to optimise the synergies and efficiencies of our cross-border network, fully attentive to the demands of and developments in the markets where we operate.

operations review

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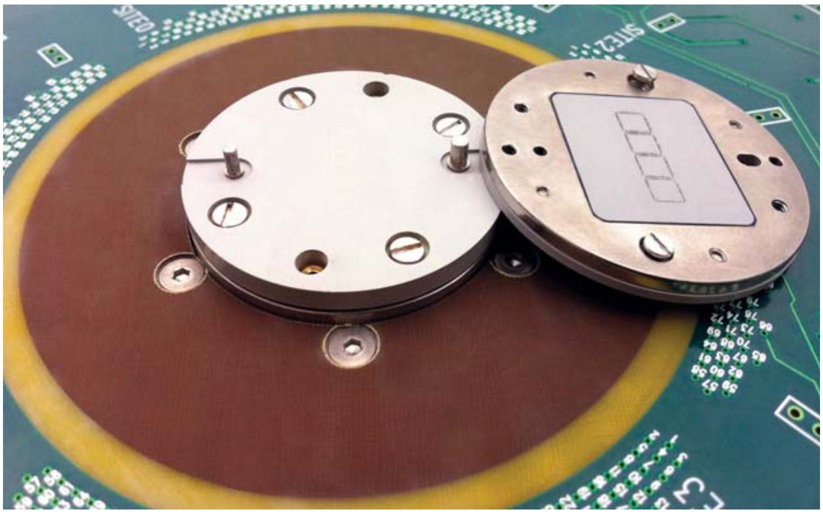

In spite of reduced revenue, we maintained consistent profitability with business streamlining, costs controlling and manufacturing ramp at our lower cost Asian manufacturing plants. Meanwhile, earnings were also affected by the additional costs incurred to relocate the corporate office to a lower cost facility in Arizona.

To revitalise and achieve sustainable growth of our cantilever products, we are looking for innovative ways to enhance probe materials, scrub control for small pad sizes, and improved signal performance of higher speed devices. With our advanced products segment, PCS is looking to ride on the growth of the WLCSP market and the trend towards better performance and finer pitch capabilities of copper pillars. We are looking to penetrate our presence in these two markets with the SpringTouch™ and LogicTouch™ probe card solutions. According to research company Yole Développement, the market for WLCSP devices (excluding 3D WLCSP) is estimated to be almost $1.4 billion in 2012 and is expected to grow at 7% annually to $1.7 billion in 2016 (Yole Développement, September 2011).

With a solid worldwide manufacturing and customer service network supported by a dedicated staff, continuous R&D and a diverse product portfolio, we are motivated and prepared to meet the IC testing challenges of the future.

lower compared with the previous financial year. Despite a reduction in production, total advanced product manufacturing witnessed a production ramp-up during the second half of FY2012. We have also successfully lowered our cost of production per pin count with the increasing shift of production to our flagship facility in Vietnam.

Our Vietnamese facility produced a total of 11,071 probe cards for FY2012. The number of advanced probe card points grew by almost 35% at the facility due mainly to a 29% increase in Trio™ vertical probe card production as well as the addition of the SpringTouch™ product line in Vietnam. We have also added manufacturing capabilities at our facilities in Taiwan and China to improve manufacturing proficiency in order to keep up with the IC test market, which is in a constant state of transition.

Specifically, the number of points produced for LogicTouch™ fine pitch vertical – ideal for high volume System-on-Chip (SoCs), copper pillar bumps, microcontrollers and 3D packages – increased by 1%. The number of points produced for SpringTouch™ – specifically designed for the testing of Wafer Level Chip Scale Package (WLCSP) devices that can be found in many popular end-products such as smart phones, GPS units and Wi-Fi – made its maiden point count contribution of 22,531 points from the second half of the financial year. Used in conjunction with the three advanced probe card products mentioned above, our latest innovation, the Modular Space Transformer™ (MST™), experienced an upturn. The space transformation product, which is capable of pitches down to 50μm, is gaining traction as key customers are beginning to realise the benefits of MST™ that allows the use of a common printed circuit board, thereby, reducing both test time and costs considerably. Our continued focus on and refinements to our advanced products to increase product versatility also yielded encouraging response. We have not only secured but are in the process of securing qualifications at several key customers during the second half of the financial year.

5 Production, Sales and Customer Support Centres

• • • by being

proactive

in adding value.

Market challenges underscore the importance of our ties with customers, business allies and shareholders. Crucial to our forward strategy – as it has been from the start – is to stay attentive to their expectations and work along shared ideas on sustainable growth.

operations review

Distribution & Services Solutions

Revenue contribution from DSS segment reported a decline of 18% from $132 million in FY2011 to $109 million for FY2012. DSS continued to be the major contributor at 76% of the Group's total revenue. The decline came amidst a weak business environment and keen competition, hence, deepening pricing pressures across our product portfolio. The disposal of our fixturing activities as well as the cessation of the pump refurbishment activities in Taiwan during the year had also contributed to the lower revenue.

Our trading and distribution businesses had been impacted by reduced market demand arising from overall softness in capital spending across the semiconductor, electronics manufacturing and telecommunication industries. Our facilities business, on the other hand, reported an increase in business activities. It had garnered more projects in alternative industries during the financial year, which helped to partially offset the impact on revenue decline.

Though revenue performance was less than optimal, DSS had progressively consolidated and diversified our businesses during FY2012 to achieve sustainable performance forward. The Group, for instance, identified and made tough decisions to cease pump refurbishment and fixturing activities with the evolving business environment. Excluding the impact of the cessation of the said businesses, revenue had decreased by 11% during the financial year. Conversely, DSS penetrated into new segments of institutions as well as research and development sectors for its trading and distribution portfolios. Diversification was timely and partly cushioned the reduction in our trading and distribution activities during the financial year.

While cyclicality remains inherent challenges that we have to grapple with, DSS has been focusing on the building of recurring businesses over the years to smoothen revenue streams and cash flows. Thus far, we have expanded our range of products and customer-listing that generated repeat sales for the Group.

With rising costs and increasing margin erosion pressures, costs alignment and control measures remained imperative in reining a productive costs structure, which is also skillfully balanced with a timely response system to customers' needs. In order to sharpen our ability to innovatively address customers' competitive concerns, DSS is aggressively looking to develop its product offerings with niche principals as well.

Apart from our suite of solutions offerings, DSS is exploring emerging as well as other market ripening opportunities through the leveraging of existing resources, infrastructure and networks, including the use of partnerships, to deliver enhanced sales and costs efficiencies, improve profitability and other synergies, in addition to our business process reengineering and integration efforts to bring about agility to our businesses.

Business environment across the industries and geographical markets that we are operating in are unlikely to see significant rebound amidst the on-going financial crisis in Europe and the economic slowdown of the US and emerging economies namely China and India. The Group will, thus, continue to be attentive to development in our market environment to better deliver value to all of our stakeholders.

Our forward strategy for sustainable performance entails focusing on building cost efficient manufacturing capacity, continuing efforts on research and developments, expanding geographical networks and strengthening logistics capabilities.

100

Staff Worldwide

• • • with a

persevering

work mindset that guides all our actions.

At Ellipsiz, our human capital is united by a commitment to continuously enhance our competitive edge and to improve our prospects of gaining increased market penetration.

board of directors


01


02


03


04


05

01 XAVIER CHONG FOOK CHOY

Non-Executive Chairman and Director

Xavier Chong Fook Choy is the Non-Executive Chairman and 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 electronics manufacturing industries.

02 MELVIN CHAN WAI LEONG

Executive Director and Chief Executive Officer

Melvin Chan Wai Leong is the Chief Executive Officer of Ellipsiz Ltd. He was appointed to the current position and as a member of the Board of Directors on 4 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.

03 JEFFREY STASZAK

Non-Executive and Lead Independent Director

Jeffrey Staszak is the Lead Independent Director from 1 May 2009 following his appointment as independent director on 17 April 2006. He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and 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.

04 PHOON WAI MENG

Non-Executive and Independent Director

Phoon Wai Meng is an Independent Director since 1 July 2004, and was appointed Chairman of the Remuneration Committee since 1 May 2009. He is also a member of the Audit and Nominating committees 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.

05 AMOS LEONG HONG KIAT

Non-Executive and Independent Director

Amos Leong Hong Kiat is an Independent Director and was appointed as Chairman of the Audit Committee on 25 August 2011. 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

ONG SUAT LIAN
Chief Financial Officer, Corporate Office

Ong Suat Lian is the Chief Financial Officer of Ellipsiz Ltd. She joins Ellipsiz since June 2001 as Finance Manager and was promoted as Group Finance Director in 2004, before she moves to the position recently. Her portfolio spans from operational and managerial accounting, treasury and risk management to financial reporting and compliance. With more than 20 years of experience in corporate accounting and finance, Suat Lian's knowledge and experience is invaluable to the Group in ensuring optimal use of financial resources. Previously, Suat Lian held numerous financial and accounting positions at Zagro Asia Limited, Sincere Watch Limited as well as United Leasing and Services Pte Ltd. Suat Lian holds a Bachelor's Degree in Accountancy from the National University of Singapore.

TONY GUNG KWUN YUAN
Vice President, Distribution and Services Solutions

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services solutions division in China and Taiwan. His business portfolio covers trading and distribution of electronics test and measurement tools, wafer fab equipment, consumables and the provision of Printed Circuit Board Assembly (PCBA) Test and Inspection services. Tony has accumulated considerable sales, engineering and business management expertise in the electronics manufacturing test industry, particularly in China and Taiwan. Prior to joining the Group, Tony held numerous engineering and managerial positions in Agilent Technologies, Hewlett Packard and one of IBM's strategically invested R&D company in Taiwan. Tony holds a Master's as well as Bachelor Degree in Control Engineering from the National CHIAO-TUNG University, Taiwan.

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. He oversees our Probe Card solutions (PCS) business and counts more than 20 years of experience in the probe card industry. The veteran brings with him knowledge and expertise that benefits and positions PCS towards sustainable growth. Prior to joining SV Probe, Kevin was Vice President at Cerprobe Corp., and 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, he held various positions in Sales and Marketing with Probe Technology Inc. Kevin holds a B.Sc in Business Administration from San Jose State 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 division for the telecommunications network assurance and support business in Southeast Asia, Taiwan and New Zealand. His portfolio comprises the trading and distribution of network assurances and monitoring systems as well as the provision of integration solutions undertaken by 70%-owned subsidiary, Ellipsiz Communications Pte Ltd. Possessing more than 20 years of experience in sales, business development and management in the electronics industry, Sam offers dynamism critical to the building of growth opportunities. Previously, Sam held numerous engineering, business development and sales positions with IBM Canada, Hewlett Packard and Agilent Technologies. Sam holds a Bachelor's Degree in Electrical & Electronics Engineering from Queen's University of Kingston, Canada.

LIM BENG LAM
Vice President, Distribution and Services Solutions

Lim Beng Lam is the Vice President for Distribution and Services solutions division in Singapore and Malaysia. He oversees the trading and distribution of wafer fab equipment, specialty chemicals and consumables, electronics measurement tools and the provision of reliability test services businesses. With more than 20 years of industry experience, Beng Lam possesses a good mix of expertise and foresight to drive performances at the respective product segments. He was recently the Vice President of Sales at SV Probe. Previously, he was Sales Director at Lam Research Corp., and served in various management positions 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.

JEFFREY KOH CHOON LENG
Vice President, Distribution and Services Solutions

Jeffrey Koh Choon Leng is the Vice President for our Distribution and Services solutions division for our facilities business. He has close to 30 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 prior to his partnership venture in HPS Engineering (S) Pte Ltd as an executive director. 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.

corporate information

HEADQUARTER

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Fax: (65) 6269 2628

STOCK LISTING

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

INDEPENDENT AUDITOR

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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; 4th 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

Mr. Xavier Chong Fook Choy
(Appointed on 1 September 2012)

AUDIT COMMITTEE

Chairman: Mr. Amos Leong Hong Kiat
(Appointed on 25 August 2011)

Member: Mr. Jeffrey Staszak

Mr. Phoon Wai Meng

corporate governance

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

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

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. Its roles includes, approval of the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing the Group's financial performance; ensuring the implementation of appropriate systems to manage the principal risks of the Group's businesses as well as setting standards and values, and ensuring that obligations to shareholders and others are understood and met.

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees 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 any recommendation is put forth to the Board for consideration and approval. To ensure alignment with the Group's strategic direction 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 2012, 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 2012 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	4	4	1	2
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	2
Phoon Wai Meng	4	4	1	2
Amos Leong Hong Kiat	4	4	1(1)	2(1)

(1) *In attendance.*

corporate governance

New Board members will undergo an orientation programme, which will include briefings by the Chairman of the Nominating Committee, Chief Executive Officer and management on the businesses and activities of the Group, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group. Board members receive updates on relevant developments on finance and corporate issues, and the Company will consider further training where necessary.

All new appointees to the Board will receive formal letters of appointment setting out their duties and obligations.

Board Composition and Guidance

Principle 2: Strong and independent Board

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

During the financial year ended 30 June 2012, the Board comprised 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	Independent Director
Mr. Amos Leong Hong Kiat	Independent Director

The Nominating Committee assesses the independence of the Directors on an annual basis. For the financial year ended 30 June 2012, the Nominating Committee has determined that save for the Non-Executive Chairman and Chief Executive Officer who are executive Directors, all the other three Directors who are non-executive are also independent.

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

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

Chairman and Chief Executive Officer

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

There is a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer as the roles are separately held by Mr. Xavier Chong Fook Choy and Mr. Melvin Chan Wai Leong. This is to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

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

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

corporate governance

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 annually 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 comprised:

- 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 will evaluate, amongst others, the skills and expertise of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. It also reviews and approves nominations for senior management positions in the Group, including that of the Chief Executive Officer and other senior executives.

In accordance with the Company's articles of association, one-third of the Board, including the Chief Executive Officer, is subject to retirement by rotation and re-election at Annual General Meetings. 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. To ensure that each Director has sufficient and adequate time on affairs of the Company, the Board has set guidelines that each Director shall not have more than five listed company board representations unless prior consensus is obtained from the Chairman of the Board and the Nominating Committee, after considering the principal commitments of the Director.

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 the Board meetings to provide the Board members with background and explanatory information relating to matters brought before the Board. Information presented to the Board includes explanatory information relating to matters to be discussed such as business plan, budgets, forecasts and quarterly internal financial statements. In respect of budgets, any material variances between projections and actual results are always disclosed and explained.

The Company Secretary attends all scheduled Board and Audit Committee meetings in the financial year. The Company Secretary advises the Company on procedures and relevant company legislation, rules and regulations, which are applicable to the Company.

corporate governance

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure on Remuneration

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

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

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

Remuneration Committee

The Remuneration Committee during the financial year comprised:

Mr. Phoon Wai Meng (Chairman)
Mr. Jeffrey Staszak

Mr. Xavier Chong was appointed as member of the Committee on 1 September 2012. With his appointment, the Committee has three members, out of which majority, including the Chairman of the Committee, 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 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.

Remuneration Information

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

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

In line with past practice, the Directors are paid director's 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 are 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.

corporate governance

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

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

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

The salient details of the ESOP and the details of the options granted are provided in the Directors' Report and Note 26 to the financial statements in the audited accounts.

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

The ESOP expired on 28 November 2011, without prejudice to the options that were previously granted under the Plan.

ACCOUNTABILITY & AUDIT

Accountability

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

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

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

corporate governance

Audit Committee

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

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

The Audit Committee comprises the following members:

Mr. Amos Leong Hong Kiat (Chairman)
Mr. Jeffrey Staszak
Mr. Phoon Wai Meng

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 also undertakes to review the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors.

The Company has complied with Listing Manual Rules 712 and 715 during this financial year. With regards to the Listing Manual Rule 716, the Committee is satisfied that the appointment of different auditors for its subsidiaries or 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.

corporate governance

Internal Controls

Principle 12: Sound system of internal controls

The Group has put in place a system of internal controls to ensure that proper accounting records are kept, information is reliable, the Group's assets are safeguarded and business risks identified and contained.

Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, self assessment and actions taken by the Group's management, its on-going reviews and continuing efforts at enhancing controls and processes, the Board, with the concurrence of Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2012.

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 assumes the supervisory 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 Company outsources its internal audit function to a professional internal audit firm. The internal audit firm reports directly to the Audit Committee and is independent of the activities that it audits. The internal audit firm reviews the Group's material internal controls including financial, operational and compliance controls as well as risk management.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at AGMs

To maintain a 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 annual general meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. Board members and management are present at these meetings to address any question that shareholders may have concerning the Group. The external auditors are also present to answer any relevant queries from shareholders.

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.

corporate governance

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 an annual general meeting will be given to shareholders upon request.

SECURITIES TRADING

In line with the SGX-ST Listing Rule 1207(19), the Group has issued guidelines on share dealings to all employees of the Group, setting out the implications of insider trading, prohibiting securities dealings by Directors and employees whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcements of full year results and two weeks before the announcement of quarterly results, and ending on the day after the said announcement of the relevant results. Under the guidelines, Directors and employees are not allowed to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate from shareholders for interested person transaction. All interested person transactions are subject to review by the Chairman of the Board and the Audit Committee to ensure that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. During the financial year ended 30 June 2012, there was no interested person transaction that requires disclosure or shareholders' approval under Chapter 9 of the Rules of the Listing Manual.

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

Revenue and gross profits

The Group had revenue of $144.3 million for the year ended 30 June 2012 (FY2012). This was a decline of 18% compared to the previous financial year (FY2011). Both business segments attained lower revenue in FY2012 with Probe Card solutions (PCS) experiencing a decrease of 19% and Distribution & Services solutions (DSS) had a decline of 18%.

The macroeconomic uncertainties, especially in the US and Europe; the excess inventories built up after the tight capacity situation in 2010; and the adoption of more conservative capital spending by some customers in view of the global uncertainties, had affected the performance of the Group and led to lower revenue from operations in most of the regions. Keen price competition and currency risk continue to pose challenges to the Group. Other than Singapore and Europe, most of the regions that the Group operates in experienced declines of more than 10%.

Gross profit attained in FY2012 was $29.4 million, a drop of 23% over $38.3 million in FY2011. Gross profit margin decreased by 2% to 20%. During the year, the Group made the decision to cease one of its less profitable activities, the pump refurbishment activities in Taiwan. This resulted in the recording of a one-time impairment expense of $2.0 million on the carrying amounts of related inventory as well as plant and equipment and the recording of warranty compensation and severance cost in the cost of sales. Excluding this one-time expense, the gross profit margin for the year was 22%, flat compared with the gross profit margin in FY2011.

Other income

Other income decreased by 77% from $4.9 million in FY2011 to $1.1 million in FY2012 mainly due to the non-recurrence of FY2011's gain of $1.7 million from the disposal of asset classified as held for sale and reversal of impairment of investment in an associate of $1.9 million.

Operating expenses

Total operating expenses decreased by 17% from $34.7 million to $28.7 million in FY2012. The lower expenses resulted from the disposal of fixturing businesses in December 2011 and the cessation of pump refurbishment activities in January 2012, the capitalisation of higher development costs, the incurrence of lower exchange losses (FY2012: $0.5 million and FY2011: $1.7 million) and lower share-based payment expenses.

Net finance expenses

Net finance expenses in FY2012 were $68,000, a decrease of 79% as compared to FY2011's net expenses of $318,000. The recording of higher finance income and the incurrence of lower finance expenses in FY2012 were the causes for the drop in net finance expenses.

Share of results of associates and joint ventures

The Group recorded profits of $0.3 million from share of results from associates and losses of $0.5 million from share of results from its joint ventures in FY2012.

Income taxes

In FY2012, the Group had tax credit of $0.7 million, which comprised mainly the deferred tax credit of $1.4 million, partially offset by tax expenses of $0.7 million.

financial review

Net profit attributable to Owners of the Company

The Group had net profit after taxes and non-controlling interests of $2.2 million for the year as compared to the net profits of $10.3 million in FY2011.

Current year's net profits included one-time expenses relating to the cessation of the Group's pump refurbishment activities in Taiwan that amounted to approximately $2.2 million. Excluding the one-time expenses, the Group's net profit was $4.4 million in FY2012. Net profits for the previous financial year was $7.2 million, after excluding certain one-time net income of $3.1 million, mainly from gain on disposal of asset classified as held for sale, reversal of impairment on investment in an associate, partially offset by impairment provision on carrying amounts of plant and machinery as well as goodwill. The lower gross profits mainly resulting from the decline in revenue, partially offset by the decrease in operating expenses, were the main causes that led to the negative variance of $2.8 million in net profits.

FINANCIAL CONDITIONS

Non-current assets

The non-current assets increased by 13% from $59.4 million to $67.0 million. This is attributable to share of results and translation gains relating to the Group's investment in associates, increase in trade and other receivables (non-current portion), additional investment in financial assets as well as increase in deferred tax assets of the Group during the financial year. The increase in trade and other receivables was caused mainly by the increase in sundry receivables. During the year, the Group disposed one of its 51% owned subsidiaries and consequentially the intercompany balances which were eliminated prior to the disposal of these subsidiary were now recorded as sundry receivables.

Current assets

Total current asset as at 30 June 2012 was $81.6 million, a marginal drop of 2% from $82.9 million as at 30 June 2011. Lower inventories (mainly due to the provision of stock obsolescence of inventory arising from the decision to cease the pump refurbishment activities) and the decreased cash and cash equivalents, partially offset by higher project-in-progress as of balance sheet date were the main causes for the 2% decline in current assets. The decrease in cash and cash equivalents was mainly due to the purchase of financial assets and payment of dividend.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2012 stood at $45.4 million, a 5% increase from $43.1 million as at 30 June 2011. The increase was mainly attributed to the increase in trade and other payables, partially offset by lower interest-bearing borrowings and current tax payable.

LIQUIDITY AND CAPITAL RESERVES

The net cash outflow of the Group for the year ended 30 June 2012 was $3.1 million. This can be accounted by:

(a) cash inflow of $4.5 million for operating activities;
(b) cash outflow of $5.6 million for investing activities; and
(c) cash outflow of $2.0 million for financing activities.

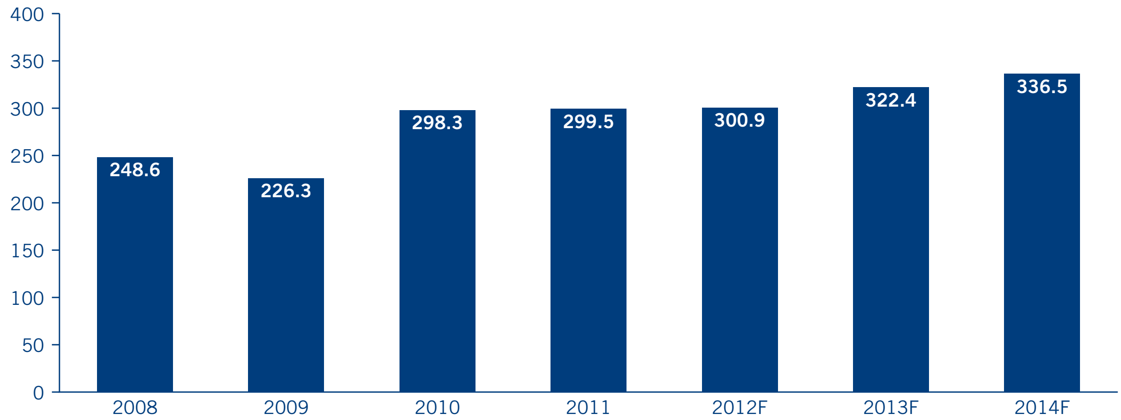
The operating profit before working capital changes in the year, coupled with the decrease in inventories and increase in payables, partially offset by the increase in project-in-progress and payment of tax during the year, led to the cash inflow from operating activities of $4.5 million.

The purchase of additional plant and equipment, intangible assets and financial assets were the key reasons for the negative cashflow of $5.6 million for investing activities, while payment of dividend during the year and net repayment of interest-bearing borrowings were the main reasons for the outflow of cash for financing activities.

As at 30 June 2012, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $32.3 million.

industry outlook

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



Source: World Semiconductor Trade Statistics (WSTS), June 2012

Following a tepid growth for 2011, the worldwide semiconductor industry is expected to record another year of uninspiring growth for 2012.

According to the World Semiconductor Trade Statistics (WSTS) Spring 2012 forecast, the global semiconductor revenue is expected to grow by a mere 0.4% to US$301 billion in 2012 as optimism continued to be tempered by macroeconomic factors. Regionally, growth rate of 3.2% is expected in the Americas, with projection of 1.7% in Japan, 0.1% in the Asia Pacific region and a slight downturn of 3.5% in Europe this year. The industry is, however, expected to grow healthily at 7.2% to US$322 billion in 2013 and 4.4% to US$337 billion in 2014.

In its August market report on global semiconductor market, IHS iSuppli had downgraded its forecast for 2012. It had cut its projection from a growth of 3% to a slight contraction of 0.1% to mark the first annual decline since 2009.

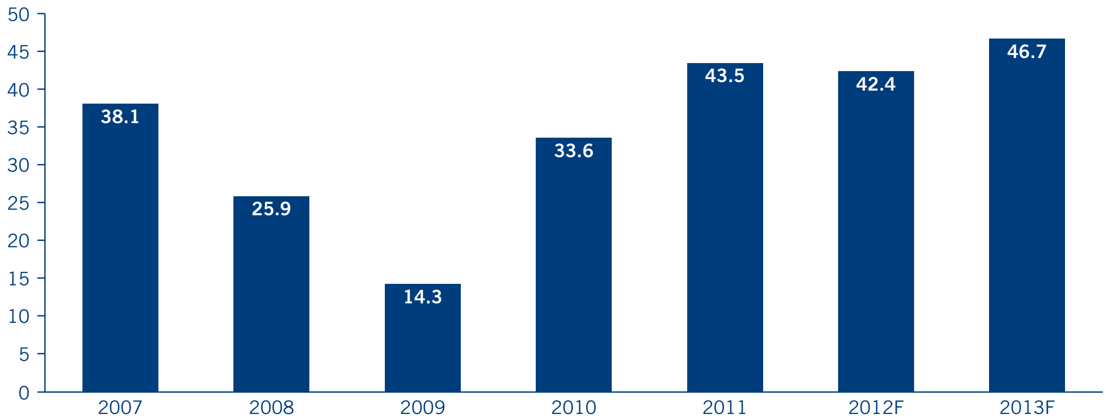
Downgrade was triggered by the weakening of economic conditions which are impacting demand for personal computers (PC) and related electronic components. The worsening deceleration of the PC semiconductor market is expected to outweigh semiconductor demand forecast for expanded wireless communications and the small industrial electronics segments. Similarly, IHS iSuppli expects growth to pick up in 2013 on better macroeconomic environment, positive spillover effects from the introduction and shipment of exciting new products like ultrabooks and other ultrathin PC platforms in the second half of 2012.

DSS BUSINESS OUTLOOK

The Distribution & Services solutions (DSS) business distributes a wide range of manufacturing, testing and inspection equipment, tools and consumables and provides complementary outsourcing services including facilities management service to the semiconductor, electronics contract manufacturing and telecommunication industries. Hence, the prospect of our DSS business is dependent on that of the semiconductor, electronics manufacturing and telecommunication industries.

industry outlook

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



Source: Semiconductor Equipment and Materials International (SEMI), August 2012

SEMICONDUCTOR EQUIPMENT MARKET OUTLOOK

Semiconductor Equipment and Materials International (SEMI) in its mid-year consensus forecast for 2012, had projected a contraction in the equipment market following a 9% increase in 2011.

The equipment market, according to SEMI, is expected to contract by 2.6% to US$42.4 billion in 2012 due mainly to 3.8% decrease in spending on wafer processing equipment at US$33 billion. With the exception of Korea and Taiwan, spending for the rest of the geographic regions is expected to fall.

Semiconductor equipment spending growth forecast for 2013 is, however, expected to accelerate by 10.2% to US$46.7 billion as spending across equipment types improved. Wafer processing equipment is projected to grow by 9.6% to US$36.2 billion with other front-end (comprising of fab facilities, mask/recticle and wafer manufacturing equipment) segment expected to increase by 38.5% to US$3 billion. The forecast for both test and assembly and packaging equipment are also expected to do better for 2013.

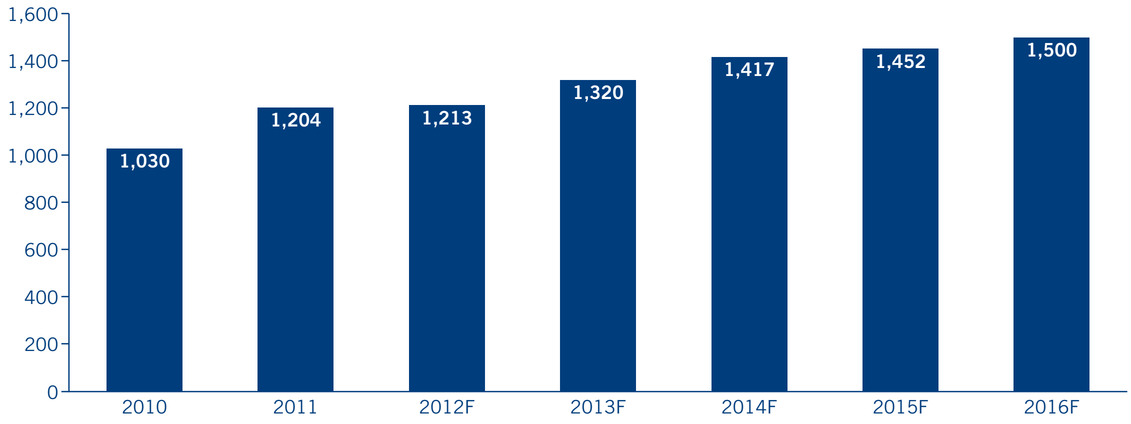
EMS & ODM MARKET OUTLOOK

The global electronics contract manufacturing business is expected to decline slightly in 2012 as continuing economic uncertainty in Europe and the United States constricts growth, according to IHS iSuppli. The decline came following 4.7% growth in 2011 at US$359.8 billion.

In its January 2012 report, the total contract manufacturing revenue this year is expected to decline by 0.8% to US$357 billion. Both the electronic manufacturing services (EMS) and original design manufacturing (ODM) segments of the industry are not projected to perform well. Specifically, revenue in the EMS sector for 2012 is expected to be flat at US$207.5 billion compared with US$206.8 billion in 2011, while that for the ODM sector is forecast to shrink by 2.3% to US$149.5 billion.

industry outlook

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



Source: VLSI Research, April 2012

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 (April 2012), sales of semiconductor probe cards, including service and support, had grown by 16.7% in 2011 to reach a total value of US$1,204 million driven mainly by advanced probe card for non-memory applications largely led by the migration towards advanced System-on-Chip (SoCs) test. Though it was one of the best in the industry's history, it was still short of the record US$1,390 million posted in 2007. According to the report, growth of semiconductor probe card market in 2011 came amidst a 2.5% growth in semiconductor revenues during the year.

With the semiconductor industry expected to move into a recovery phase following a tough second half of 2011 and on assumption that sales of semiconductors are expected to grow by 4.2% in 2012, the research outfit had forecasted a growth of 0.7% for the semiconductor probe card market. The forecast flat growth for 2012 for the probe card market, including service and support, would translate into about US$1,213 million revenue.

Despite a flat growth projected for 2012, the global probe card revenue is expected to grow at a compounded annual growth rate of 4.5% from US$1,204 million in 2011 to US$1,500 million in 2016. The growth is expected to be led by the continued growth in advanced probe cards segment across memory and non-memory applications especially for NAND Flash memory and the proliferation of mobile devices, in particular, tablets.

risks management

The Audit Committee assumes the supervisory responsibility for the Group's risk management function. The objective of risk management is to safeguard the Group's assets and our stakeholders' investment so as to steer the Group to the next level of growth whilst operating within the Group's risk parameters. The Committee works with the management team to identify the key risk areas and establishes the appropriate mitigating controls. Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. Together with on-going reviews and assessments by the Board, the Committee, management and internal auditors, continuing efforts will be made at enhancing controls and processes that need improvement. Note 29 to the financial statements provided further information on the management of the key financial risks.

Risks identified by the Group can broadly be categorised into strategic, operational, financial and compliance risks. During the year, the key risks faced by the Group are summarised as follows:

GEOPOLITICAL & MACROECONOMIC RISKS

We operate in, and sell our products and services to customers in various countries, including Singapore, Malaysia, China, Thailand, Taiwan R.O.C., Vietnam, India, Japan, New Zealand, Europe and the United States. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. Any change 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.

The uncertain global economic environment had affected the demand for and consumption of electronic gadgets, which in turn, led to uncertainties 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 technologies in the industries we operate in are subject to constant change and innovation, this might shorten the life span of our inventory and render them obsolete. Any 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 addition to obsolescence risk, the inability to obtain 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.

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 electronics manufacturing services ("EMS") industries, and provide unparalleled services to our customers through service contracts. Loss of key product distributorships and service contracts as well as the inability to boost our product and service offerings would have a material adverse impact on our businesses as well as financial results.

MANPOWER 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.

risks management

CYCLICALITY OF THE SEMICONDUCTOR AND EMS INDUSTRIES

We operate mainly in the semiconductor and EMS sectors. 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 due to continued intense competition. 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 the product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers and under such event, there could be adverse impact on our financial performance.

FOREIGN EXCHANGE RISK

As the Group is involved in international trading, it is exposed to foreign exchange risks 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 the US Dollar. Currently, the Group relies on natural hedging between its sales and purchases, its trade receivables and trade payables. However, there are still risks arising from foreign exchange exposure especially if there are sharp movements in exchange rates. Our financial performance could be adversely affected under those circumstances.

REGULATORY AND COMPLIANCE RISKS

The Group's global operations are subject to government laws and regulations of the countries it operates in. This may impact or limit our flexibility to respond to market conditions, competition, new technologies or changes in cost structures. The new government legislation, regulations and policies may also increase our compliance costs and in turn may adversely affect our operating results.

financial statements

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directors' report

Year ended 30 June 2012

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 2012.

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2012
Xavier Chong Fook Choy			
Ellipsiz Ltd			
– ordinary shares			
– interest held	56,356,448	56,456,448	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	300,000
– awards for ordinary shares[2]			
– vested on 30/06/2011	100,000	–	–
Melvin Chan Wai Leong			
Ellipsiz Ltd			
– ordinary shares			
– interest held	26,742,905	27,592,905	27,592,905
– deemed interest	22,459,272	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	2,100,000
– awards for ordinary shares[2]			
– vested on 30/06/2011	850,000	–	–
Testel Solutions Pte. Ltd.			
– ordinary shares			
– deemed interest	1,163,595	–	–

directors' report

Year ended 30 June 2012

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2012
Phoon Wai Meng			
Ellipsiz Ltd			
– ordinary shares			
– interest held	461,333	561,333	561,333
– deemed interest	293,333	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	300,000
– awards for ordinary shares(2)			
– vested on 30/06/2011	100,000	–	–
Jeffrey Staszak			
Ellipsiz Ltd			
– ordinary shares			
– interest held	–	100,000	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	300,000
– awards for ordinary shares(2)			
– vested on 30/06/2011	100,000	–	–
Amos Leong Hong Kiat			
Ellipsiz Ltd			
– ordinary shares			
– interest held	–	100,000	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	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.

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 2012.

directors' report

Year ended 30 June 2012

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

Except for salaries, bonuses, fees and those benefits that are disclosed in the notes 22 and 27 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" ("ESOP") enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" ("ERSP") 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 expired on 28 November 2011, without prejudice to the options and awards that were previously granted under the Plans.

There are no awards outstanding under the ERSP.

On 26 October 2009 and 25 August 2010, the Company approved and granted options under the ESOP. Details of outstanding options granted on the unissued ordinary shares of the Company during the financial year, are set out in note 26 to the financial statements.

The Plans are administered by the Remuneration Committee.

Other salient details regarding the ESOP are set out below:

(a) The total number of new shares over which options may be granted pursuant to the ESOP, when added to the number of new shares issued and issuable in respect of all options granted, and all awards granted under the ERSP, 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.

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 2012		Aggregate options granted since commencement to 30 June 2012		Aggregate options exercised since commencement to 30 June 2012		Aggregate options expired as at 30 June 2012		Aggregate options outstanding as at 30 June 2012	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Xavier Chong Fook Choy	–	–	3,840,000	0.69	165,200	0.03	74,800	0.01	3,600,000	0.65
Melvin Chan Wai Leong	–	–	5,250,000	0.95	–	–	–	–	5,250,000	0.95
Phoon Wai Meng	–	–	1,100,000	0.20	–	–	–	–	1,100,000	0.20
Jeffrey Staszak	–	–	1,100,000	0.20	–	–	–	–	1,100,000	0.20
Amos Leong Hong Kiat	–	–	950,000	0.17	–	–	–	–	950,000	0.17

directors' report

Year ended 30 June 2012

Director	Awards granted for financial year ended 30 June 2012 No. of share awards	%	Aggregate awards granted since commencement to 30 June 2012 No. of share awards	%	Aggregate awards vested since commencement to 30 June 2012 No. of share awards	%	Aggregate awards expired as at 30 June 2012 No. of share awards	%	Aggregate awards outstanding as at 30 June 2012 No. of share awards	%
Xavier Chong Fook Choy	–	–	203,000	0.04	203,000	0.04	–	–	–	–
Melvin Chan Wai Leong	–	–	850,000	0.15	850,000	0.15	–	–	–	–
Phoon Wai Meng	–	–	100,000	0.02	100,000	0.02	–	–	–	–
Jeffrey Staszak	–	–	100,000	0.02	100,000	0.02	–	–	–	–
Amos Leong Hong Kiat	–	–	100,000	0.02	100,000	0.02	–	–	–	–

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:

Director	Options granted for financial year ended 30 June 2012 No. of share options	%	Aggregate options granted since commencement to 30 June 2012 No. of share options	%	Aggregate options exercised since commencement to 30 June 2012 No. of share options	%	Aggregate options expired as at 30 June 2012 No. of share options	%	Aggregate options outstanding as at 30 June 2012 No. of share options	%
Kevin M. Kurtz	–	–	3,000,000	0.54	500,000	0.09	–	–	2,500,000	0.45

Director	Awards granted for financial year ended 30 June 2012 No. of share awards	%	Aggregate awards granted since commencement to 30 June 2012 No. of share awards	%	Aggregate awards vested since commencement to 30 June 2012 No. of share awards	%	Aggregate awards expired as at 30 June 2012 No. of share awards	%	Aggregate awards outstanding as at 30 June 2012 No. of share awards	%
Kevin M. Kurtz	–	–	250,000	0.05	250,000	0.05	–	–	–	–

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 2012.

Since the commencement of the ESOP, no option has been granted to the controlling shareholders of the Company or their associates.

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 ESOP.

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

directors' report

Year ended 30 June 2012

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 2011	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding as at 30 June 2012	Date of expiration
28 January 2009	8,516,528	–	7,384,393	1,132,135	–	20 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 7,384,393 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 26 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
- Phoon Wai Meng
- 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.

directors' report

Year ended 30 June 2012

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
11 September 2012

statement by directors

Year ended 30 June 2012

In our opinion:

(a) the financial statements set out on pages 42 to 105 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 2012 and the results, changes in equity of the Group and the Company and 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
11 September 2012

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 2012, 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 42 to 105.

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 2012 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
11 September 2012

statements of financial position

As at 30 June 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	3	5,119	5,619	1	5
Intangible assets	4	35,735	33,210	–	2
Subsidiaries	5	–	–	83,313	84,123
Associates	6	8,780	7,917	4,868	4,868
Joint ventures	7	389	838	–	–
Financial assets	8	6,681	4,514	6,681	4,514
Trade and other receivables	13	6,204	4,695	–	–
Amounts due from related parties	9	–	–	–	433
Deferred tax assets	10	4,123	2,653	7	11
		67,031	59,446	94,870	93,956
Current assets					
Inventories	11	7,272	9,920	–	–
Project-in-progress	12	9,778	4,085	–	–
Trade and other receivables	13	32,164	33,797	264	362
Amounts due from related parties	9	77	385	13,034	13,704
Cash and cash equivalents	14	32,334	34,685	10,051	10,743
		81,625	82,872	23,349	24,809
Total assets		148,656	142,318	118,219	118,765
Equity attributable to Owners of the Company					
Share capital	15	88,773	88,240	88,773	88,240
Reserves	16	12,720	9,362	16,639	16,252
		101,493	97,602	105,412	104,492
Non-controlling interests		1,756	1,657	–	–
Total equity		103,249	99,259	105,412	104,492
Non-current liabilities					
Interest-bearing borrowings	17	3,595	4,272	–	903
Deferred tax liabilities	10	632	654	–	–
		4,227	4,926	–	903
Current liabilities					
Trade and other payables	18	34,070	30,485	850	1,274
Provisions	19	387	492	–	–
Amounts due to related parties	9	406	692	10,889	10,335
Interest-bearing borrowings	17	5,593	5,423	903	1,301
Redeemable convertible preference shares	20	78	78	–	–
Current tax payable		646	963	165	460
		41,180	38,133	12,807	13,370
Total liabilities		45,407	43,059	12,807	14,273
Total equity and liabilities		148,656	142,318	118,219	118,765

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

statements of comprehensive income

Year ended 30 June 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Revenue	21	144,290	175,723	2,720	9,077
Cost of revenue		(114,901)	(137,391)	–	–
Gross profit		29,389	38,332	2,720	9,077
Other income		1,134	4,932	196	1,652
Distribution expenses		(12,836)	(15,832)	–	–
Administrative expenses		(14,251)	(15,453)	(244)	(2,821)
Research and development expenses		(1,014)	(1,117)	–	–
Other expenses		(635)	(2,274)	(1,271)	(1,653)
Results from operating activities	22	1,787	8,588	1,401	6,255
Finance income		273	104	144	199
Finance expenses		(341)	(422)	(81)	(163)
Net finance (expenses)/income	23	(68)	(318)	63	36
Share of results of associates (net of tax)		328	850	–	–
Share of results of joint ventures (net of tax)		(479)	(126)	–	–
Profit before income tax		1,568	8,994	1,464	6,291
Income tax credit/(expenses)	24	694	853	(239)	(379)
Profit for the year		2,262	9,847	1,225	5,912
Other comprehensive income					
Exchange differences on translation of financial statements of foreign operations		3,595	(5,612)	–	–
Exchange differences on monetary items forming part of net investments in foreign operations		(1,621)	1,182	–	–
Net change in fair value of available-for-sale financial assets, net of tax		619	514	619	514
Exchange difference on disposal of subsidiaries reclassified to profit or loss		59	–	–	–
Other comprehensive income for the year, net of income tax		2,652	(3,916)	619	514
Total comprehensive income for the year		4,914	5,931	1,844	6,426
Profit attributable to:					
Owners of the Company		2,247	10,344	1,225	5,912
Non-controlling interests		15	(497)	–	–
Profit for the year		2,262	9,847	1,225	5,912
Total comprehensive income attributable to:					
Owners of the Company		4,815	6,490	1,844	6,426
Non-controlling interests		99	(559)	–	–
Total comprehensive income for the year		4,914	5,931	1,844	6,426
Earnings per share	25				
– Basic earnings per share (cents)		0.41	1.91		
– Diluted earnings per share (cents)		0.41	1.87		

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

consolidated statement of changes in equity

Year ended 30 June 2012

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Exchange translation reserve $'000	Accumulated 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.

consolidated statement of changes in equity

Year ended 30 June 2012

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensa-tion reserve $'000	Exchange translation reserve $'000	Accumulated profits $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2011	88,240	(11,720)	751	2,321	(13,864)	31,874	97,602	1,657	99,259
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	2,247	2,247	15	2,262
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	3,530	–	3,530	65	3,595
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(1,621)	–	(1,621)	–	(1,621)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	619	–	–	–	619	–	619
Exchange difference on disposal of subsidiaries reclassified to profit or loss	–	–	–	–	40	–	40	19	59
Total other comprehensive income	–	–	619	–	1,949	–	2,568	84	2,652
Total comprehensive income for the year	–	–	619	–	1,949	2,247	4,815	99	4,914
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issuance of shares pursuant to the exercise of warrants	258	–	–	–	–	–	258	–	258
Issuance of shares pursuant to the vesting of share awards – Value of employee services received	275	–	–	(275)	–	–	–	–	–
Value of employee services received for issue of share options	–	–	–	347	–	–	347	–	347
Final dividend of 0.13 cents per share in respect of 2011	–	–	–	–	–	(710)	(710)	–	(710)
Special dividend of 0.15 cents per share in respect of 2011	–	–	–	–	–	(819)	(819)	–	(819)
Total contributions by and distributions to Owners	533	–	–	72	–	(1,529)	(924)	–	(924)
Total transactions with Owners	533	–	–	72	–	(1,529)	(924)	–	(924)
Balance as at 30 June 2012	88,773	(11,720)	1,370	2,393	(11,915)	32,592	101,493	1,756	103,249

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

statement of changes in equity

Year ended 30 June 2012

Company	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
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
Balance as at 1 July 2011	88,240	751	2,321	13,180	104,492
Total comprehensive income for the year					
Profit for the year	–	–	–	1,225	1,225
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	–	619	–	–	619
Total other comprehensive income	–	619	–	–	619
Total comprehensive income for the year	–	619	–	1,225	1,844
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the exercise of warrants	258	–	–	–	258
Issuance of shares pursuant to the vesting of share awards					
– Value of employee services received	275	–	(275)	–	–
Value of employee services received for issue of share options	–	–	347	–	347
Interim dividend of 0.13 cents per share in respect of 2011	–	–	–	(710)	(710)
Special dividend of 0.15 cents per share in respect of 2011	–	–	–	(819)	(819)
Total transactions with Owners	533	–	72	(1,529)	(924)
Balance as at 30 June 2012	88,773	1,370	2,393	12,876	105,412

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

consolidated statement of cash flows

Year ended 30 June 2012

	Group 2012 $'000	Group 2011 $'000
Operating activities		
Profit for the year	2,262	9,847
Adjustments for:		
Allowance/(Reversal of allowance) for:		
– doubtful debts from trade receivables	138	(5)
– inventory obsolescence	1,394	86
Amortisation of intangible assets	513	440
Bad debts written off	4	4
Depreciation of property, plant and equipment	1,930	3,504
Government grant – Jobs Credit Scheme	–	(8)
Gain on disposals of:		
– property, plant and equipment	(340)	(64)
– asset classified as held for sale	–	(1,681)
Gain on disposal of subsidiaries	(49)	–
Interest income	(273)	(104)
Interest expenses	341	422
Property, plant and equipment written off	–	7
Inventories written off	42	51
Impairment/(Reversal of impairment) losses on:		
– property, plant and equipment	160	596
– intangible assets	2	3
– investment in associate	–	(1,850)
Impairment of goodwill	–	360
(Reversal of)/Provision for:		
– restructuring cost	(12)	(160)
– retrenchments benefits	142	(20)
– other liabilities arising from fire incident	–	(378)
Grant income	–	(150)
Share-based payment expense	347	1,419
Share of results of associates and joint ventures (net of tax)	151	(724)
Income tax credit	(694)	(853)
Operating profit before working capital changes	6,058	10,742
Changes in working capital:		
Inventories	708	(19)
Project-in-progress	(6,876)	(1,622)
Trade and other receivables	183	(1,922)
Amounts due from related parties (trade)	11	(3)
Trade and other payables	5,799	(1,038)
Amounts due to related parties (trade)	–	(1)
Restructuring cost paid	(24)	(276)
Retrenchment benefits paid	(142)	–
Other liabilities arising from fire incident paid	(40)	(223)
Insurance claim received	–	2,751
Placement of pledged deposits with financial institutions	(71)	(7)
Cash generated from operations	5,606	8,382
Interest received	273	104
Interest paid	(156)	(259)
Income taxes paid	(1,158)	(1,995)
Cash flows generated from operating activities	4,565	6,232

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

consolidated statement of cash flows

Year ended 30 June 2012

	Note	Group 2012 $'000	2011 $'000
Investing activities			
Amounts due from related parties (non-trade)		225	(279)
Acquisition of additional interest in an associate		–	(149)
Additional capital injection in an associate[3]		(119)	(196)
Net cash outflow on disposal of subsidiaries[4]		(711)	–
Proceeds from disposals of:			
– property, plant and equipment		363	99
– asset classified as held for sale		–	4,359
Purchase of:			
– intangible assets		(2,379)	(1,148)
– other financial assets		(1,548)	–
– property, plant and equipment[1][2]		(1,470)	(1,255)
Cash flows (used in)/generated from investing activities		(5,639)	1,431
Financing activities			
Amounts due to related parties (non-trade)		(191)	275
Dividend paid		(1,529)	(8,303)
Government grant – Jobs Credit Scheme received		–	8
Interest paid		(81)	(163)
Issuance of shares		258	1,269
Repayment of bank loans		(11,487)	(17,700)
Repayment of hire purchase and finance lease creditors		(221)	(504)
Proceed from bank loans		11,237	15,319
Cash flows used in financing activities		(2,014)	(9,799)
Net decrease in cash and cash equivalents		(3,088)	(2,136)
Cash and cash equivalents at beginning of year		33,001	36,280
Effect of exchange rate fluctuations on cash held		666	(1,143)
Cash and cash equivalents at end of year	14	30,579	33,001

Significant non-cash transactions

(1) Property, plant and equipment amounting to $Nil (2011: $26,000) were acquired through hire purchase arrangements and finance leases.

(2) The Group accrued reinstatement cost of $Nil (2011: $192,000) under property, plant and equipment.

(3) The capital injection in an associate in 2012 includes a conversion of inter-company balance of Thai baht 2,000,000 ($82,000). The balance of Thai baht 2,900,000 ($119,000) was paid in cash.

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

consolidated statement of cash flows

Year ended 30 June 2012

Significant non-cash transactions (continued)

(4) The effect of disposal of subsidiaries is set out below:

	Group	
	2012 $'000	2011 $'000
Inventories	582	–
Trade and other receivables	1,956	–
Cash and cash equivalents	712	–
Trade and other payables	(1,257)	–
Amounts due to related parties	(2,100)	–
Non-controlling interests	19	–
Net identifiable assets disposed	(88)	–
Realisation of exchange translation reserves	40	–
Gain on disposal of subsidiaries	49	–
Cash proceed from disposal of subsidiaries	1	–
Less: Cash and cash equivalents disposed	(712)	–
Net cash outflow on disposal of subsidiaries	(711)	–

notes to the financial statements

Year ended 30 June 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 September 2012.

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

(a) Statement of compliance

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

(b) Basis of measurement

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.

(c) Functional and presentation currency

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.

(d) Use of estimates and judgements

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.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indications exist. The other non-financial assets, such as property, plant and equipment, intangible assets (excluding goodwill), subsidiaries and associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit (CGU) and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessments of property, plant and equipment, intangible assets, subsidiaries and associates. The carrying amounts of property, plant and equipment, intangible assets, subsidiaries and associates are disclosed in notes 3, 4, 5 and 6.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(i) Key sources of estimation uncertainty (continued)

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan and receivables, at the balance sheet date is disclosed in note 30.

Provisions

Estimates of the Group's obligations arising from contracts that exist as at the reporting date may be affected by future events, which cannot be predicted with any certainty. The assumptions and best estimates are made based on the management's knowledge and experience and may vary from actual experience so that the actual liability could be higher or lower from best estimates. The carrying amounts of the Group's provisions, at the balance sheet date are disclosed in note 19.

Share-based payment

The Group has decided on certain principal assumptions, as detailed in note 26, in estimating the fair value of share options and awards as at the grant date. If there were changes to these assumptions, then the Group's recognition of the fair value of share options and share awards granted, as an employee expense, could be higher or lower.

Useful lives of property, plant and equipment and intangible assets (excluding goodwill)

Property, plant and equipment and intangible assets (excluding goodwill), are depreciated or amortised on a straight-line basis over the estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 46 years. The carrying amounts of these assets are disclosed in notes 3 and 4. Changes in the expected level of usage and technological developments could impact the economic of useful lives and the residual values of these assets, and therefore future depreciation or amortisation charges could be revised.

(ii) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Taxation

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(ii) Critical judgements made in applying accounting policies (continued)

In addition, certain subsidiaries of the Group have potential tax benefits arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

The carrying amounts of the Group's deferred tax assets are $4,123,000 (2011: $2,653,000), deferred tax liabilities are $632,000 (2011: $654,000), tax receivables are $131,000 (2011: $42,000) and current tax payable are $646,000 (2011: $963,000).

(e) Changes in accounting policies

(i) Measurement of non-controlling interests in business combinations

From 1 July 2011, the Group has adopted the amendments to FRS 103 *Business Combinations* to measure certain non-controlling interests at the acquisition date (see note 2.2). Non-controlling interests that are not present ownership interests and do not entitle their holders to share the acquiree's net assets proportionately in the event of liquidation, are to be measured at fair value. Previously, the Group measured such non-controlling interests at the non-controlling interests' proportionate share of the acquiree's recognised identifiable net assets at the acquisition date. This change in accounting policy has been applied prospectively from 1 July 2011 and has no impact on earnings per share.

(ii) Identification of related party relationships and related party disclosures

From 1 July 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Group. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 27 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

(iii) New 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. At the reporting date, none of these are expected to have a significant effect on the financial statements of the Group.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.1(e), which addresses changes in accounting policies.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Associates and joint ventures (continued)

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.

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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	46 years
Leasehold improvements	shorter of 3 to 46 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.

2.5 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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

Research and development expenditure (continued)

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, the recognised amount of any non-controlling interests in the acquiree and the fair value of the existing equity interest in the acquiree, if the business combination is achieved in stages, over the net recognised amount (generally fair value) of the identifiable 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.

2.7 Financial instruments

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.

The Group classifies its non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Non-derivative financial assets (continued)

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 (excluding prepayment), amounts due from related parties and cash and cash equivalents.

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. Available-for-sale financial assets are recognised initially at fair values plus any attributable transaction costs. 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 derecognises a financial liability when the contractual obligations are discharged, cancelled or expired.

The Group classifies its non-derivative financial liabilities into other financial liabilities, which comprise: trade and other payables (excluding excess of progress billings over project-in-progress, liabilities for short-term accumulated compensated absences and deferred income), amounts due to related parties, redeemable preference shares, interest-bearing borrowings and other financial liabilities. These 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.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position 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.

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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Derivative financial instruments and hedging activities (continued)

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

Financial guarantee contracts are accounted for as insurance contract and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment

Non-derivative 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.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group and economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

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. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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.

All impairment losses are recognised in profit or loss.

Impairment losses in respect of financial assets measured at amortised costs are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Available-for-sale financial assets

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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 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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

Non-financial assets (continued)

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.

2.10 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.

2.11 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.

2.12 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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Government grants

Government grants are recognised 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.

Government grant – Jobs Credit Scheme

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

2.14 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 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 reporting 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 share-based 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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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.

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.

2.16 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.

2.17 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.

2.18 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.

notes to the financial statements

Year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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 in respect of 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.

2.20 Dividends

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

2.21 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.

2.22 Earnings per share

The Group presents basic 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.

notes to the financial statements

Year ended 30 June 2012

3 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equip-ment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Mechanical and electrical facilities $'000	Assets under construct-ion $'000	Total $'000
Cost										
At 1 July 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
Additions	160	161	7	34	207	29	872	–	–	1,470
Disposals/Write off	–	(1,492)	(67)	(57)	(74)	(78)	(1,740)	(191)	(1)	(3,700)
Arising from disposal of subsidiaries	–	(107)	(62)	(56)	(115)	(43)	(2,280)	–	–	(2,663)
Reclassification to intangible assets	–	–	–	–	(266)	–	–	–	–	(266)
Translation difference on consolidation	86	82	13	–	89	6	964	–	–	1,240
At 30 June 2012	2,023	2,882	519	810	4,161	213	29,907	–	–	40,515
Accumulated depreciation and impairment losses										
At 1 July 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
Depreciation charge for the year	62	310	26	35	219	30	1,248	–	–	1,930
Impairment losses	–	28	–	2	–	3	127	–	–	160
Disposals/Write off	–	(1,503)	(51)	(49)	(63)	(48)	(1,792)	(171)	–	(3,677)
Arising from disposal of subsidiaries	–	(107)	(62)	(56)	(115)	(43)	(2,280)	–	–	(2,663)
Reclassification to intangible assets	–	–	–	–	(260)	–	–	–	–	(260)
Translation difference on consolidation	17	75	13	–	83	5	898	–	–	1,091
At 30 June 2012	260	2,498	450	721	3,765	184	27,518	–	–	35,396
Carrying amount										
At 1 July 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
At 30 June 2012	1,763	384	69	89	396	29	2,389	–	–	5,119

Leasehold land and building and plant and machinery of the Group with carrying amounts of $Nil (2011: $1,518,000) and $Nil (2011: $589,000), respectively, have been pledged to banks as securities for certain bank loans (note 17).

The carrying amount of property, plant and equipment includes amounts totalling $151,000 (2011: $308,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (note 17).

notes to the financial statements

Year ended 30 June 2012

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2010	62	47	75	184
Write off	–	(11)	(5)	(16)
At 30 June 2011 & 30 June 2012	62	36	70	168
Accumulated depreciation				
At 1 July 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
Depreciation charge for the year	–	–	4	4
At 30 June 2012	62	36	69	167
Carrying amount				
At 1 July 2010	–	1	8	9
At 30 June 2011	–	–	5	5
At 30 June 2012	–	–	1	1

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

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cost of revenue	1,374	2,809	–	–
Distribution expenses	185	175	–	–
Administrative expenses	329	373	4	4
Research and development expenses	42	147	–	–
	1,930	3,504	4	4

Impairment losses

Having regard to the current economic conditions, the Group reviewed the recoverable amounts of certain property, plant and equipment during the year. The Group has impaired $160,000 mainly due to the cessation of a business under the Distribution and Services solutions.

In the prior year, the impairment losses of $596,000 on property, plant and equipment of the Distribution and Services solutions was recognised in profit or loss. The recoverable amounts of the property, plant and equipment were based on their value-in-use and the pre-tax discount rate used ranged from 11.9% to 19.8% for the Distribution and Services solutions.

Impairment loss for the year was included in the following line items of the statement of comprehensive income:

	Group	
	2012 $'000	2011 $'000
Cost of revenue	160	590
Administrative expenses	–	6
	160	596

notes to the financial statements

Year ended 30 June 2012

4 INTANGIBLE ASSETS

Group	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Cost						
At 1 July 2010	463	2,154	6,421	–	28,432	37,470
Additions – acquired	132	–	88	–	–	220
Additions – internally developed	–	–	–	928	–	928
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
Additions – acquired	7	–	81	–	–	88
Additions – internally developed	–	–	–	2,291	–	2,291
Disposal	(1)	–	–	–	–	(1)
Arising from disposal of subsidiaries	(244)	–	–	–	–	(244)
Reclassification from property, plant and equipment	266	–	–	–	–	266
Translation difference on consolidation	8	68	208	75	379	738
At 30 June 2012	627	1,987	6,094	3,247	27,508	39,463
Accumulated amortisation and impairment losses						
At 1 July 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
Amortisation for the year	94	101	306	12	–	513
Impairment losses	2	–	–	–	–	2
Disposal	(1)	–	–	–	–	(1)
Arising from disposal of subsidiaries	(244)	–	–	–	–	(244)
Reclassification from property, plant and equipment	260	–	–	–	–	260
Translation difference on consolidation	6	21	56	–	–	83
At 30 June 2012	541	651	1,780	12	744	3,728
Carrying amount						
At 1 July 2010	90	1,644	5,161	–	28,048	34,943
At 30 June 2011	167	1,390	4,387	881	26,385	33,210
At 30 June 2012	86	1,336	4,314	3,235	26,764	35,735

notes to the financial statements

Year ended 30 June 2012

4 INTANGIBLE ASSETS (continued)

Company	Computer software $'000
Cost	
At 1 July 2010, 30 June 2011 and 30 June 2012	21
Accumulated amortisation	
At 1 July 2010	16
Amortisation for the year	3
At 30 June 2011	19
Amortisation for the year	2
At 30 June 2012	21
Carrying amount	
At 1 July 2010	5
At 30 June 2011	2
At 30 June 2012	–

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

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cost of revenue	418	396	–	–
Distribution expenses	–	1	–	–
Administrative expenses	95	43	2	3
	513	440	2	3

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2012 $'000	2011 $'000
Probe Card solutions	11,370	10,991
Distribution and Services solutions	15,394	15,394
	26,764	26,385

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.

notes to the financial statements

Year ended 30 June 2012

4 INTANGIBLE ASSETS (continued)

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 %
2012		
Probe Card solutions	6.6	13.7
Distribution and Services solutions	5.8	14.2
2011		
Probe Card solutions	8.1	14.1
Distribution and Services solutions	0 – 15.5	11.9 – 19.8

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 reasonable 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

In the prior year, the Company recognised impairment losses of $360,000 on the goodwill on 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 of 11.05%.

Certain intangible assets under Distribution and Services solutions were also impaired by $2,000 (2011: $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	
	2012 $'000	2011 $'000
Cost of revenue	2	2
Administrative expenses	–	1
Other operating expenses	–	360
	2	363

notes to the financial statements

Year ended 30 June 2012

5 SUBSIDIARIES

	Company 2012 $'000	Company 2011 $'000
Equity investments at cost	131,493	131,213
Quasi-equity loans to subsidiaries	5,744	5,563
Less: Impairment losses	(53,924)	(52,653)
	83,313	84,123

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 cessation of the pump refurbishment activities and certain integration exercise within the Group resulted in the Company recognising impairment losses of $1,271,000 on its investments in certain subsidiaries to reflect its recoverable amounts.

In the prior year, the Company recognised impairment losses of $920,000 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 2012 %	Effective equity held by the Group 2011 %
(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

notes to the financial statements

Year ended 30 June 2012

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2012 %	2011 %
(1)	Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100
(1)	Ellipsiz Singapore Pte Ltd and its subsidiaries:	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(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
(13)	Ellipsiz Semiconductor Technology (Shenzhen) Ltd	Inactive	China	100	100
(1)	Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	74	74
(4)	Ellipsiz Semilab (Shanghai) Co., Ltd.	Provision of integrated circuits testing services	China	74	74
(4)	Ellipsiz (Shanghai) International Ltd	Sales representation services and distribution of consumable products, failure analysis equipment and optical equipment	China	100	100
(3)(14)	Ellipsiz Second Source Inc., Taiwan	Trading of original equipment and manufacturer parts	Taiwan	100	100
(1)	Ellipsiz ISP Pte. Ltd.	Inactive	Singapore	100	100

notes to the financial statements

Year ended 30 June 2012

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2012 %	2011 %
(1)	FMB Industries Pte. Ltd.	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	100	100
(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
(3)	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	USA	100	100
(6)	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
(7)	Oriental International Technology Limited	Provision of solutions for in-circuit and functional testing	Hong Kong	100	100

notes to the financial statements

Year ended 30 June 2012

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2012 %	2011 %
(4) iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(8) iNETest Resources (China) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
Testel Solutions Pte. Ltd. and its subsidiaries:	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Singapore	–	51
ATE Technology (Shanghai) Inc.	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	–	51
iNETest International Trading (Shanghai) Co., Ltd.	Inactive	China	–	51
(13) iNETest Resources HK Limited	Inactive	Hong Kong	100	100
(9) iNETest Resources (Thailand) Ltd	Provision of sales and service support activities	Thailand	100	100
(10) iNETest Technologies India Pvt. Ltd	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
(11)(12) 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)(12) Ellipsiz Communications (Australia) Pty Limited	Inactive	Australia	36	36

5 SUBSIDIARIES (continued)

(1) Audited by KPMG LLP.

(2) Audited by ACT Partners, 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 In Extenso, France.

(7) Audited by Singapore Assurance PAC, Singapore.

(8) Audited by Grant Thornton, China.

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

(10) Audited by Chaturvedi & Company, India.

(11) Audited by HWI Limited, New Zealand.

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

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

(14) The subsidiary ceased the pump refurbishment activities during the year.

Disposal of subsidiaries

A wholly owned subsidiary, iNETest Resources Pte. Ltd., disposed all its interests in Testel Solutions Pte Ltd ("Testel") and Testel's subsidiaries to a third party for a cash consideration of $1,000 in December 2011.

6 ASSOCIATES

	Group		Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Investments in associates	6,116	5,915	4,868	4,868
Share of post-acquisition reserves	1,478	1,150	–	–
Exchange translation reserve	1,186	852	–	–
	2,664	2,002	–	–
	8,780	7,917	4,868	4,868

In the prior 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 and $1,652,000 to its recoverable amount for the Group and the Company, respectively. The recoverable amount was based on their value-in-use and the pre-tax discount rate of 10%.

Upon a capital call by IRC Technologies Ltd, iNETest Resources injected capital of Thai baht 4,900,000 ($201,000) (2011: Thai baht 4,410,000 ($196,000)) in the associate according to its proportionate interest in the associate. In the current year, the total consideration of Thai baht 4,900,000 was paid by way of a conversion of inter-company balance of Thai baht 2,000,000 and the balance of Thai baht 2,900,000 was paid in cash. After the capital injection, the effective interest held by the Group in the associate remains unchanged at each of the balance sheet dates.

In the prior year, iNETest Resources increased its shareholding in Advantech Corporation (Thailand) Co., Ltd. from 35% to 49% through the purchase of an additional 14% equity interest, for a consideration of Thai baht 3,387,580 ($149,000). The consideration was paid in cash on completion.

notes to the financial statements

Year ended 30 June 2012

6 ASSOCIATES (continued)

Details of the associates are as follows:

	Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2012 %	2011 %
[(1)(4)]	Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	49	49
[(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.

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

	Group 2012 $'000	2011 $'000
Results		
Revenue	41,100	39,571
Expenses	(39,365)	(37,345)
Profit before taxation	1,735	2,226
Taxation	(992)	(318)
Profit after taxation	743	1,908
Assets and liabilities		
Non-current assets	21,577	22,232
Current assets	28,448	24,496
Current liabilities	(16,882)	(16,458)
Non-current liabilities	(15,921)	(14,853)
Net assets	17,222	15,417

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

notes to the financial statements

Year ended 30 June 2012

7 JOINT VENTURES

	Group 2012 $'000	Group 2011 $'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	(1,024)	(545)
Exchange translation reserve	(88)	(118)
	(1,112)	(663)
	389	838

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.

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 2012 %	Effective equity held by the Group 2011 %
(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 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 Trinity CPA Limited, Hong Kong.

notes to the financial statements

Year ended 30 June 2012

7 JOINT VENTURES (continued)

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

	Group	
	2012	2011
	$'000	$'000
Results		
Revenue	2,200	2,922
Expenses	(3,100)	(3,174)
Loss before and after taxation	(900)	(252)
Assets and liabilities		
Non-current assets	837	903
Current assets	1,569	2,678
Current liabilities	(3,012)	(3,355)
Net (liabilities)/assets	(606)	226

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

8 FINANCIAL ASSETS

	Group		Company	
	2012	2011	2012	2011
	$'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	9,127	6,960	9,127	6,960
	17,043	14,876	11,440	9,273
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)
	6,681	4,514	6,681	4,514

In October 2011, the Company purchased additional 49,948,000 shares in JEP Holding Ltd ("JEP") for a total consideration of $1,548,000. This resulted in the Company's interest in JEP to increase to 175,365,000 shares. As at 30 June 2012, the Company's interest in JEP is approximately 18.9%.

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Loans to Subsidiaries	–	–	1,508	3,108
Amounts due from:				
Subsidiaries				
– trade	–	–	5,080	5,491
– non-trade	–	–	6,446	7,131
Less: Impairment loss	–	–	–	(1,593)
	–	–	11,526	11,029

notes to the financial statements

Year ended 30 June 2012

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

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Affiliates				
– trade	–	19	–	–
– non-trade	154	431	–	–
Less: Impairment loss	(154)	(154)	–	–
	–	296	–	–
Joint ventures				
– trade	2	9	–	–
– non-trade	31	62	–	–
	33	71	–	–
Associates				
– trade	34	18	–	–
– non-trade	10	–	–	–
	44	18	–	–
	77	385	13,034	14,137
Amounts due from:				
Represented by:				
Current portion	77	385	13,034	13,704
Non-current portion	–	–	–	433
	77	385	13,034	14,137
Loans from:				
– affiliate	–	(135)	–	–
– non-controlling interest	–	(200)	–	–
	–	(335)	–	–
Amounts due to:				
Affiliates (trade)	–	(7)	–	–
Joint ventures				
– trade	(7)	–	–	–
– non-trade	(1)	–	–	–
	(8)	–	–	–
Non-controlling interests (non-trade)	(398)	(350)	–	–
Subsidiaries (non-trade)	–	–	(10,889)	(10,335)
Current portion	(406)	(692)	(10,889)	(10,335)

notes to the financial statements

Year ended 30 June 2012

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

Loans to subsidiaries are unsecured and bear interest at a range from 5% to 5.5% (2011: 5% to 5.5%) per annum with fixed monthly repayments over a period of 3 months and 4 years (2011: 3 months and 4 years).

Loans from an affiliate and non-controlling interest were unsecured and bore interest of 2% plus SIBOR and 5.5% per annum.

The non-trade amounts due from/(to) subsidiaries, joint ventures, associates, 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:

	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Group				
Not past due	–	–	287	–
Past due 31 – 120 days	35	–	24	–
Past due 121 – 365 days	–	–	33	–
More than one year	–	–	39	–
No credit term	196	(154)	156	(154)
	231	(154)	539	(154)
Company				
Not past due	645	–	2,718	–
Past due 31 – 120 days	619	–	–	–
Past due 121 – 365 days	2,652	–	3,619	–
More than one year	1,597	–	212	–
No credit term	7,521	–	9,181	(1,593)
	13,034	–	15,730	(1,593)

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

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 July	154	154	1,593	1,593
Reversal of impairment losses	–	–	(1,593)	–
At 30 June	154	154	–	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.

notes to the financial statements

Year ended 30 June 2012

10 DEFERRED TAX

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

Group	At 1 July $'000	Recognised in profit or loss (Note 24) $'000	Translation difference $'000	At 30 June $'000
2012				
Deferred tax assets				
Property, plant and equipment	417	(222)	22	217
Inventories	201	18	2	221
Trade and other receivables	51	(52)	1	–
Trade and other payables	487	15	15	517
Tax value of loss carry-forward	1,123	1,697	45	2,865
Other items	511	(4)	13	520
	2,790	1,452	98	4,340
Deferred tax liabilities				
Property, plant and equipment	(98)	1	(2)	(99)
Intangible assets	(570)	(28)	(20)	(618)
Other items	(123)	(4)	(5)	(132)
	(791)	(31)	(27)	(849)
2011				
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)

Company	At 1 July 2010 $'000	Recognised in profit or loss (Note 24) $'000	At 30 June 2011 $'000	Recognised in profit or loss (Note 24) $'000	At 30 June 2012 $'000
Deferred tax asset					
Other items	6	6	12	(5)	7
Deferred tax liability					
Property, plant and equipment	(3)	2	(1)	1	–

notes to the financial statements

Year ended 30 June 2012

10 DEFERRED TAX (continued)

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax assets	4,123	2,653	7	11
Deferred tax liabilities	(632)	(654)	–	–
	3,491	1,999	7	11

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2012 $'000	2011 $'000
Deductible temporary differences	3,179	2,365
Unutilised tax losses	22,446	32,733
	25,625	35,098

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	
	2012 $'000	2011 $'000
Raw materials	1,699	3,827
Work-in-progress	707	1,102
Finished goods	4,696	4,755
Inventories-in-transit	170	236
	7,272	9,920

During the year, raw materials and consumables and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $82,833,000 (2011: $108,670,000).

12 PROJECT-IN-PROGRESS

	Group	
	2012 $'000	2011 $'000
Cost incurred and attributable profits	43,350	28,352
Progress billings	(33,939)	(25,784)
	9,411	2,568

notes to the financial statements

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12 PROJECT-IN-PROGRESS (continued)

	Note	Group 2012 $'000	Group 2011 $'000
Comprising:			
Project-in-progress		9,778	4,085
Excess of progress billings over project-in-progress	18	(367)	(1,517)
		9,411	2,568

13 TRADE AND OTHER RECEIVABLES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade receivables				
Trade receivables	34,557	35,906	–	–
Less: Impairment losses	(250)	(448)	–	–
Net trade receivables	34,307	35,458	–	–
Other receivables				
Tax receivables	131	42	–	–
Refundable deposits	918	1,003	21	20
Sundry receivables	1,713	1,144	239	339
Less: Impairment losses	–	(110)	–	–
Net sundry receivables	1,713	1,034	239	339
Prepayments	1,299	955	4	3
	38,368	38,492	264	362
Represented by:				
Current portion	32,164	33,797	264	362
Non-current portion	6,204	4,695	–	–
	38,368	38,492	264	362

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.

Impairment losses

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

	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Group				
Trade receivables				
Not past due	22,647	–	22,175	–
Past due 0 – 30 days	6,973	–	8,803	–
Past due 31 – 120 days	3,051	–	2,877	(9)
Past due 121 – 365 days	1,484	(6)	1,481	–
More than one year	402	(244)	570	(439)
	34,557	(250)	35,906	(448)

notes to the financial statements

Year ended 30 June 2012

13 TRADE AND OTHER RECEIVABLES (continued)

	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Other receivables[(1)]				
Not past due	1,114	–	135	–
Past due 0 – 30 days	–	–	17	–
Past due 31 – 120 days	–	–	7	–
Past due 121 – 365 days	1	–	8	–
More than one year	17	–	29	(19)
No credit term	1,499	–	1,951	(91)
	2,631	–	2,147	(110)
Company				
Other receivables[(1)]				
No credit term	260	–	359	–

(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		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 July	558	641	–	22
Impairment losses made/(reversed)	138	(5)	–	–
Impairment utilised	(449)	(60)	–	(22)
Translation difference on consolidation	3	(18)	–	–
At 30 June	250	558	–	–

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.

14 CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash at banks and in hand		25,039	28,673	4,544	6,440
Deposits with financial institutions		7,295	6,012	5,507	4,303
		32,334	34,685	10,051	10,743
Deposits held as securities by financial institutions	17	(1,755)	(1,684)		
Cash and cash equivalents in the consolidated statement of cash flows		30,579	33,001		

notes to the financial statements

Year ended 30 June 2012

14 CASH AND CASH EQUIVALENTS (continued)

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 0.36% (2011: 0.57%) and 0.12% (2011: 0.17%), 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.

15 SHARE CAPITAL

	Group and Company	
	2012	**2011**
	No. of shares	**No. of shares**
	'000	**'000**
Fully paid ordinary shares, with no par value:		
At 1 July	542,910	514,228
Issuance of shares pursuant to the exercise of warrants	7,384	26,032
Issuance of shares pursuant to the exercise of share options	–	2,650
Issuance of shares pursuant to the exercise of share awards	2,500	–
At 30 June	552,794	542,910

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 an 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. The warrants expired on 20 January 2012, 5.00 pm and de-listed from SGX-ST on 25 January 2012.

At the balance sheet date, Nil (2011: 8,517,000) warrants were outstanding.

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 (2011: Nil).

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.

notes to the financial statements

Year ended 30 June 2012

16 RESERVES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Capital reserve	(11,720)	(11,720)	–	–
Fair value reserve	1,370	751	1,370	751
Share-based compensation reserve	2,393	2,321	2,393	2,321
Exchange translation reserve	(11,915)	(13,864)	–	–
Accumulated profits	32,592	31,874	12,876	13,180
	12,720	9,362	16,639	16,252

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.

17 INTEREST-BEARING BORROWINGS

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current liabilities				
Secured bank loans	–	29	–	–
Unsecured bank loans[1]	3,520	4,127	–	903
Obligations under hire purchase agreements and finance leases	75	116	–	–
	3,595	4,272	–	903
Current liabilities				
Secured bank loans	–	305	–	–
Unsecured bank loans[1]	5,544	4,889	903	1,301
Obligations under hire purchase agreements and finance leases	49	229	–	–
	5,593	5,423	903	1,301

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

notes to the financial statements

Year ended 30 June 2012

17 INTEREST-BEARING BORROWINGS (continued)

Maturity of liabilities (excluding finance lease liabilities)

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Within 1 year	5,544	5,194	903	1,301
After 1 year but within 5 years	3,520	4,156	–	903
	9,064	9,350	903	2,204

The borrowings are secured on the following assets:

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Leasehold land and building	3	–	1,518	–	–
Plant and machinery	3	–	589	–	–
Deposits with financial institutions	14	1,755	1,684	–	–
Total carrying amount		1,755	3,791	–	–

Obligations under hire purchase agreements and finance leases

Group	2012 Principal $'000	2012 Interest $'000	2012 Payments $'000	2011 Principal $'000	2011 Interest $'000	2011 Payments $'000
Payable within 1 year	49	7	56	229	13	242
Payable after 1 year but within 5 years	75	5	80	116	22	138
Total	124	12	136	345	35	380

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2012 $'000	2011 $'000
Group				
S$ fixed rate loans	1.94% to 5.75%	2011 to 2013	2,616	3,919
US$ fixed rate loans	1.25% to 7.50%	2011 to 2013	1,346	1,148
MYR fixed rate loans	4.45% to 5.66%	2011 to 2013	1,354	1,384
INR fixed rate loans	12.75% to 13.00%	2013	247	–
NTD floating rate loan	2.75% + bank's cost of fund	2014	3,501	2,899
S$ finance lease liabilities	3.50%	2012	–	60
US$ finance lease liabilities	5.50% to 7.70%	2011 to 2012	–	116
MYR finance lease liability	4.00%	2015	116	149
NTD finance lease liability	7.04%	2013	8	20
			9,188	9,695
Company				
S$ fixed rate loan	5.00%	2013	903	2,204

notes to the financial statements

Year ended 30 June 2012

17 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**	**Between 1 to 5 years $'000**
Group				
2012				
Non-derivative financial liabilities				
Variable interest rate loan	3,501	3,647	135	3,512
Fixed interest rate loans	5,563	5,646	5,628	18
Finance lease liabilities	124	136	56	80
Redeemable convertible preference shares	78	78	78	–
Trade and other payables[1]	32,504	32,504	32,504	–
Amounts due to related parties	406	406	406	–
	42,176	42,417	38,807	3,610
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	736	–
	38,002	38,438	34,072	4,366
Company				
2012				
Non-derivative financial liabilities				
Fixed interest rate loans	903	920	920	–
Trade and other payables[1]	803	803	803	–
Amounts due to related parties	10,889	10,889	10,889	–
Recognised financial liabilities	12,595	12,612	12,612	–
Intra-group financial guarantee	–	23,717	23,717	–
	12,595	36,329	36,329	–
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

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

notes to the financial statements

Year ended 30 June 2012

18 TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables		21,663	16,154	–	–
Excess of progress billings over project-in-progress	12	367	1,517	–	–
Liability for short-term accumulating compensated absences		898	1,003	47	73
Accrued expenses		8,570	9,866	747	1,042
Other payables		2,271	1,517	56	159
Deferred income		301	428	–	–
		34,070	30,485	850	1,274

19 PROVISIONS

Group	Warranties $'000	Restructuring/ Retrenchment $'000	Others $'000	Total $'000
At 1 July 2011	242	210	40	492
Provision made	417	142	–	559
Provision reversed	–	(12)	–	(12)
Provision utilised	(429)	(166)	(40)	(635)
Translation difference	–	(17)	–	(17)
At 30 June 2012	230	157	–	387

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 and retrenchment provision relates to the rationalisation exercise carried out across the Group with the objective to improve efficiency in the production operations and achieve cost efficiency. The provisions relate mainly to severance payments and outplacement fees.

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.

20 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.

notes to the financial statements

Year ended 30 June 2012

21 REVENUE

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Sale of goods	101,241	133,352	–	–
Service income	39,433	35,924	–	–
Lease income	–	1,216	–	–
Commission income	3,616	5,231	–	–
Dividend income	–	–	580	5,500
Management fees	–	–	2,140	3,577
	144,290	175,723	2,720	9,077

22 RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group		Company	
		2012 $'000	2011 $'000	2012 $'000	2011 $'000
Other income					
Rental income		53	112	–	–
Sundry income		680	500	9	–
Changes in fair value of financial derivatives		–	9	–	–
Grant income		–	150	–	–
Government grant – Jobs Credit Scheme		–	8	–	–
Gain on disposals of:					
– property, plant and equipment		340	64	–	–
– asset classified as held for sale		–	1,681	–	–
Gain on disposal of subsidairies		49	–	–	–
Reversal of impairment of investment in associate	6	–	1,850	–	1,652
Reversal of provision for other liabilities arising from fire incident		–	378	–	–
Reversal of provision for restructuring and retrenchment costs	19	12	180	–	–
Exchange gain, net		–	–	187	–
		1,134	4,932	196	1,652
Staff costs and share-based payments					
Wages, salaries and other staff costs		35,959	40,634	1,001	1,542
Contributions to defined contribution plans		1,841	2,135	38	106
Increase/(Decrease) in liability for short-term accumulating compensated absences		113	173	(26)	38
Share-based payment expense		347	1,419	150	514
		38,260	44,361	1,163	2,200

notes to the financial statements

Year ended 30 June 2012

22 RESULTS FROM OPERATING ACTIVITIES (continued)

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Other expenses					
Audit fees paid/payable to:					
– auditors of the Company		364	373	56	59
– other auditors		107	126	–	–
Non-audit fees paid/payable to:					
– auditors of the Company		85	87	38	37
– other auditors		37	7	–	–
Depreciation of property, plant and equipment	3	1,930	3,504	4	4
Amortisation of intangible assets	4	513	440	2	3
Allowance/(Reversal of allowance) for:					
– doubtful debts from trade receivables	13	138	(5)	–	–
– doubtful debts from subsidiaries	9	–	–	(1,593)	–
– inventory obsolescence		1,394	86	–	–
Loss on liquidation of a subsidiary		–	69	–	26
Impairment losses on investments in subsidiaries	5	–	–	1,271	920
Inventories written off		42	51	–	–
Bad debts written off		4	4	–	1
Property, plant and equipment written off	3	–	7	–	–
Impairment losses on:					
– property, plant and equipment	3	160	596	–	–
– intangible assets	4	2	3	–	–
Impairment of goodwill	4	–	360	–	–
Retrenchment benefits		142	–	–	–
Share-based payment expense		347	1,419	150	514
Exchange loss, net		516	1,684	–	706
Operating lease expenses		2,621	3,643	9	15

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 and its subsidiaries are summarised below:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Directors' remuneration				
Directors' fees:				
– directors of the Company	210	210	210	210
Staff costs and share-based payments:				
– directors of the Company	535	745	535	745
– other directors	2,613	3,694	–	–
	3,358	4,649	745	955

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Year ended 30 June 2012

22 RESULTS FROM OPERATING ACTIVITIES (continued)

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

Company	**2012 Number**	**2011 Number**
$500,000 and above	1	1
Below $250,000	4	4
	5	5

23 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Finance income				
Interest income from:				
– financial institutions	44	72	6	11
– subsidiaries	–	–	138	188
– third parties	8	32	–	–
Interest income arising from the unwinding discount implicit in the interest-free third parties receivable	221	–	–	–
	273	104	144	199
Finance expenses				
Interest expense to:				
– hire purchase arrangements and finance leases	(23)	(41)	–	–
– financial institutions	(201)	(352)	(81)	(163)
– affiliates	(4)	(24)	–	–
– non-controlling interest	(9)	(5)	–	–
Interest expense arising from the discount implicit in the interest-free third party receivable	(104)	–	–	–
	(341)	(422)	(81)	(163)
Net finance (expenses)/income recognised in profit or loss	(68)	(318)	63	36

24 INCOME TAX (CREDIT)/EXPENSES

	Group		Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Current tax expenses/(credit)				
Current year	460	1,230	85	250
Withholding tax	343	159	83	84
(Over)/Under provision in prior years	(76)	(1,686)	67	53
	727	(297)	235	387
Deferred tax (credit)/expenses				
Origination and reversal of temporary differences	(49)	(668)	4	(8)
(Under)/Over provision in prior years	(172)	112	–	–
Recognition of previously unrecognised tax losses	(1,200)	–	–	–
	(1,421)	(556)	4	(8)
Total income tax (credit)/expenses	(694)	(853)	239	379

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Year ended 30 June 2012

24 INCOME TAX (CREDIT)/EXPENSES (continued)

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Reconciliation of effective tax rate				
Profit for the year	2,262	9,847	1,225	5,912
Total income tax (credit)/expenses	(694)	(853)	239	379
Profit before income tax	1,568	8,994	1,464	6,291
Income tax at 17% (2011: 17%)	267	1,529	249	1,069
Effect of different tax rates in other countries	(123)	(725)	–	–
Tax incentives	(1,048)	–	–	–
Income not subject to tax	(198)	(1,727)	(427)	(1,241)
Expenses not deductible for tax purposes	564	1,267	267	414
Withholding tax	343	159	83	84
Deferred tax assets not recognised	1,626	459	–	–
Recognition of previously unrecognised tax losses	(1,200)	–	–	–
Utilisation of previously unrecognised deferred tax assets	(677)	(241)	–	–
(Over)/Under provision in prior years	(248)	(1,574)	67	53
	(694)	(853)	239	379

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.

25 EARNINGS PER SHARE

	Group	
	2012	2011
	$'000	$'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	2,247	10,344
	No. of shares '000	**No. of shares '000**
Weighted average number of:		
– shares outstanding during the year	542,910	514,228
– shares issued during the year:		
– pursuant to the exercise of warrants	5,976	24,412
– pursuant to the exercise of share options	–	1,797
– pursuant to the exercise of share awards	2,500	–
	551,386	540,437

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, warrants and awards with the potential ordinary shares weighted for the period outstanding.

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Year ended 30 June 2012

25 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 2012 No. of shares '000	Group 2011 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	551,386	540,437
Dilutive effect of warrants	–	11,390
Dilutive effect of share awards	–	2,123
Weighted average number of ordinary shares (diluted)	551,386	553,950

As at 30 June 2012, 38,500,335 (2011: 43,550,336) share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

26 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 expired on 28 November 2011, without prejudice to the options and awards that were previously granted under the Plans.

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:

2012

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2011	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2012	Options exercisable at 1 July 2011	Options exercisable at 30 June 2012	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 2012	Exercise periods
26/10/2009	0.135	6,017,000	–	–	(666,670)	5,350,330	6,017,000	5,350,330	–	–	19	26/10/2010 to 25/10/2014
26/10/2009	0.135	8,516,666	–	–	(1,116,665)	7,400,001	–	7,400,001	–	–	25	26/10/2011 to 25/10/2014
26/10/2009	0.135	8,516,670	–	–	(1,116,666)	7,400,004	–	–	–	–	25	26/10/2012 to 25/10/2014
25/08/2010	0.140	10,250,000	–	–	(1,075,000)	9,175,000	–	9,175,000	–	–	34	25/08/2011 to 24/08/2015
25/08/2010	0.140	10,250,000	–	–	(1,075,000)	9,175,000	–	–	–	–	34	25/08/2012 to 24/08/2015
		43,550,336	–	–	(5,050,001)	38,500,335	6,017,000	21,925,331	–			

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Year ended 30 June 2012

26 EQUITY COMPENSATION BENEFITS (continued)

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 to 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			

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	$0.041	$0.048
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%	48.23%	48.23%
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%	1.87%	1.87%
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 Nil (2011: 2,500,000) outstanding awards and the number of outstanding award holders was Nil (2011: 10).

notes to the financial statements

Year ended 30 June 2012

26 EQUITY COMPENSATION BENEFITS (continued)

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 2012, the aggregate number of awards granted was 5,238,600 (2011: 5,238,600).

27 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Sales and service income to:				
– joint venture	211	9	–	–
– associate	131	145	–	–
– other affiliates	914	549	–	–
Purchases from:				
– joint venture	–	(64)	–	–
– other affiliates	–	(35)	–	–
Service fee paid to associate	(207)	–	–	–
Management fee income from subsidiaries	–	–	2,140	3,577
Management fee paid to other affiliate	–	(23)	–	–
Dividend income from subsidiaries	–	–	580	5,500
Interest income from subsidiaries	–	–	138	188
Interest expenses paid to:				
– affiliate(1)	(4)	(24)	–	–
– non-controlling interest of a subsidiary	(9)	(5)	–	–
Rental expenses paid to:				
– director	(125)	(117)	–	–
– associate	(3)	(38)	–	–
– non-controlling interest of subsidiary	(50)	(50)	–	–
– other affiliate	(147)	(143)	–	–

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Year ended 30 June 2012

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Services rendered by an affiliate[1]	(10)	(151)	(10)	(151)
Plant and equipment purchased from:				
– affiliate[1]	–	(90)	–	–

[1] These relate to corporations which a director of the Company had an interest during the year.

Key management personnel compensation

Key management personnel compensation comprised:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Directors' fees	210	210	210	210
Short-term employee benefits	3,154	3,988	793	936
Post-employment benefits	136	133	27	23
Share-based payments	310	1,143	147	508
	3,810	5,474	1,177	1,677

Staff costs paid to close members of key management personnel were $53,000 (2011: $47,000).

28 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 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Receivable:				
Within 1 year	2	44	–	–
After 1 year but within 5 years	5	7	–	–
	7	51	–	–
Payable:				
Within 1 year	1,390	2,278	–	–
After 1 year but within 5 years	1,126	1,480	–	–
	2,516	3,758	–	–

Corporate guarantees

At the balance sheet date, the Company provided corporate guarantees amounting to $17,886,000 (2011: $19,859,000) to banks for banking facilities of $23,717,000 (2011: $18,959,000) made available to its subsidiaries and joint venture, of which the subsidiaries and joint venture have utilised $9,145,000 (2011: $8,636,000).

notes to the financial statements

Year ended 30 June 2012

29 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the 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 loans and 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 and amounts due from related parties. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account 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 $15,176,000 (2011: $13,363,000).

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.

notes to the financial statements

Year ended 30 June 2012

29 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis

For the variable rate financial assets and liabilities, an increase of 100 basis points (2011: 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 (2011: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Profit or loss for the year attributable to Owners of the Company	(20)	(17)	–	–

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets				
– British pound	193	125	193	125
Trade and other receivables				
– US dollar	11,286	14,797	–	–
– Japanese yen	264	248	–	–
– Malaysia ringgit	–	5	–	–
– Singapore dollar	84	200	–	–
– Euro	10	11	–	–
– Vietnamese dong	6	5	–	–
– Other	15	–	–	–
	11,665	15,266	–	–
Amounts due from related parties				
– US dollar	12,601	7,476	5,346	5,164
– Singapore dollar	2,114	3,423	–	–
– Malaysia ringgit	18	18	18	18
– Japanese yen	–	22	–	–
– Thai baht	49	45	–	–
– Euro	–	899	–	–
	14,782	11,883	5,364	5,182

notes to the financial statements

Year ended 30 June 2012

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash and cash equivalents				
– US dollar	6,016	6,744	229	1,862
– Singapore dollar	302	1,257	–	–
– Japanese yen	14	326	–	–
– Euro	11	10	–	–
– Hong Kong dollar	8	8	–	–
– Vietnamese dong	42	25	–	–
– Malaysia ringgit	–	2	–	–
– Other	–	10	–	–
	6,393	8,382	229	1,862
Trade and other payables				
– US dollar	8,620	9,301	–	–
– Singapore dollar	400	324	–	–
– Malaysia ringgit	141	142	–	–
– Vietnamese dong	288	30	–	–
– Euro	41	5	–	–
– British pound	22	13	–	–
– Other	58	132	–	–
	9,570	9,947	–	–
Amounts due to related parties				
– US dollar	14,015	6,414	–	–
– Singapore dollar	3,741	6,508	–	–
– Malaysia ringgit	1	18	–	–
– Chinese renminbi	2,426	1,868	13	13
– Japanese yen	–	22	–	–
– Thai baht	56	133	–	–
	20,239	14,963	13	13
Interest-bearing borrowings				
– US dollar	1,346	815	–	–
– Singapore dollar	191	385	–	–
	1,537	1,200	–	–
Redeemable convertible preference shares				
– Singapore dollar	78	78	–	–

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Year ended 30 June 2012

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 1% (2011: 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Equity	2	1	2	1
Profit or loss for the year attributable to Owners of the Company	16	123	46	58

There is no direct impact on other components of equity.

A 1% (2011: 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.

Equity price risk

The Group is exposed to investment risks from the available-for-sale assets held. These available-for-sale equity securities are mainly concentrated in the aerospace industry. The market values of these investments are subject to fluctuations due to volatility of the equity markets.

The primary goal of the Group's investment strategy is to maximise returns on capital to shareholders. The Group mitigates this risk through stringent selection of investment opportunities and proper structuring of the investment transactions. Changes in the share prices of the listed investments are also monitored for divestment decision-making as well as provision for any potential impairment loss.

Sensitivity analysis

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 $668,000 (2011: $451,000). 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 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 or are repriced frequently. All other financial assets and liabilities are discounted to determine their fair values.

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

notes to the financial statements

Year ended 30 June 2012

30 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group					
2012					
Assets					
Financial assets	8	6,681	–	–	6,681
Amounts due from related parties	9	–	77	–	77
Trade and other receivables (excluding prepayments)	13	–	37,069	–	37,069
Cash and cash equivalents	14	–	32,334	–	32,334
		6,681	69,480	–	76,161
Liabilities					
Amounts due to related parties	9	–	–	406	406
Interest-bearing borrowings	17	–	–	9,188	9,188
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	32,504	32,504
Redeemable convertible preference shares	20	–	–	78	78
		–	–	42,176	42,176
2011					
Assets					
Financial assets	8	4,514	–	–	4,514
Amounts due from related parties	9	–	385	–	385
Trade and other receivables (excluding prepayments)	13	–	37,537	–	37,537
Cash and cash equivalents	14	–	34,685	–	34,685
		4,514	72,607	–	77,121
Liabilities					
Amounts due to related parties	9	–	–	692	692
Interest-bearing borrowings	17	–	–	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)	18	–	–	27,537	27,537
Redeemable convertible preference shares	20	–	–	78	78
		–	–	38,002	38,002

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Year ended 30 June 2012

30 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company					
2012					
Assets					
Financial assets	8	6,681	–	–	6,681
Amounts due from related parties	9	–	13,034	–	13,034
Trade and other receivables (excluding prepayments)	13	–	260	–	260
Cash and cash equivalents	14	–	10,051	–	10,051
		6,681	23,345	–	30,026
Liabilities					
Amounts due to related parties	9	–	–	10,889	10,889
Interest-bearing borrowings	17	–	–	903	903
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	803	803
		–	–	12,595	12,595
2011					
Assets					
Financial assets	8	4,514	–	–	4,514
Amounts due from related parties	9	–	14,137	–	14,137
Trade and other receivables (excluding prepayments)	13	–	359	–	359
Cash and cash equivalents	14	–	10,743	–	10,743
		4,514	25,239	–	29,753
Liabilities					
Amounts due to related parties	9	–	–	10,335	10,335
Interest-bearing borrowings	17	–	–	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)	18	–	–	1,201	1,201
		–	–	13,740	13,740

31 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.

notes to the financial statements

Year ended 30 June 2012

31 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; 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 are 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 2012 $'000	Distribution and Services solutions 2011 $'000	Probe Card solutions 2012 $'000	Probe Card solutions 2011 $'000	Eliminations 2012 $'000	Eliminations 2011 $'000	Consolidated 2012 $'000	Consolidated 2011 $'000
Revenue and expense								
Total revenue from external customers	108,970	132,122	35,320	43,601	–	–	144,290	175,723
Inter-segment revenue	391	984	264	417	(655)	(1,401)	–	–
	109,361	133,106	35,584	44,018			144,290	175,723
Segment results	(16)	2,009	1,497	6,917	–	–	1,481	8,926
Unallocated corporate results							306	(338)
							1,787	8,588
Share of results of associates and joint ventures								
– allocated to reportable segments	65	489	162	355	–	–	227	844
– unallocated corporate & others							(378)	(120)
Profit before finance income/(expenses) and taxation							1,636	9,312
Finance income							273	104
Finance expenses							(341)	(422)
Income tax credit							694	853
Non-controlling interests							(15)	497
Profit for the year attributable to Owners of the Company							2,247	10,344

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Year ended 30 June 2012

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2012 $'000	Distribution and Services solutions 2011 $'000	Probe Card solutions 2012 $'000	Probe Card solutions 2011 $'000	Eliminations 2012 $'000	Eliminations 2011 $'000	Consolidated 2012 $'000	Consolidated 2011 $'000
Assets and liabilities								
Segment assets	73,831	71,638	43,034	42,391	–	–	116,865	114,029
Investments in associates								
– allocated to reportable segments	2,234	1,874	6,546	6,043	–	–	8,780	7,917
Investments in joint ventures								
– allocated to reportable segments	75	174	–	–	–	–	75	174
– unallocated corporate & others							314	664
Tax receivables	131	39	–	3	–	–	131	42
Deferred tax assets	1,245	125	2,871	2,517	–	–	4,116	2,642
Unallocated corporate assets							18,375	16,850
Total assets							148,656	142,318
Segment liabilities	29,810	26,291	4,235	4,168	–	–	34,045	30,459
Interest-bearing borrowings	8,094	6,657	191	834	–	–	8,285	7,491
Income tax liabilities	270	459	843	826	–	–	1,113	1,285
Unallocated corporate liabilities							1,964	3,824
Total liabilities							45,407	43,059
Capital expenditure								
– allocated to reportable segments	280	1,161	3,569	1,460	–	–	3,849	2,621
Other items								
Depreciation of property, plant and equipment								
– allocated to reportable segments	576	733	1,350	2,767	–	–	1,926	3,500
– unallocated corporate expenses							4	4
							1,930	3,504
Amortisation of intangible assets								
– allocated to reportable segments	84	48	427	389	–	–	511	437
– unallocated corporate expenses							2	3
							513	440
Gain on disposals of property, plant and equipment								
– allocated to reportable segments	(293)	(55)	(47)	(9)	–	–	(340)	(64)

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Year ended 30 June 2012

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2012 $'000	Distribution and Services solutions 2011 $'000	Probe Card solutions 2012 $'000	Probe Card solutions 2011 $'000	Eliminations 2012 $'000	Eliminations 2011 $'000	Consolidated 2012 $'000	Consolidated 2011 $'000
Other items (continued)								
Property, plant and equipment written off – allocated to reportable segments	–	7	–	–	–	–	–	7
Gain on disposal of asset classified as held for sale – allocated to reportable segments	–	(1,681)	–	–	–	–	–	(1,681)
Allowance/(Reversal of allowance) for inventory obsolescence – allocated to reportable segments	1,130	(99)	264	185	–	–	1,394	86
Inventory written off – allocated to reportable segments	–	14	42	37	–	–	42	51
Allowance/(Reversal of allowance) for doubtful trade receivables – allocated to reportable segments	148	–	(10)	(5)	–	–	138	(5)
Bad debts written off – allocated to reportable segments	4	4	–	–	–	–	4	4
Impairment losses on property, plant and equipment – allocated to reportable segments	160	596	–	–	–	–	160	596
Impairment losses on intangible assets – allocated to reportable segments	2	3	–	–	–	–	2	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)

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Year ended 30 June 2012

31 OPERATING SEGMENTS (continued)

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		Other Asean Countries		China & Taiwan		USA		Europe		Other Regions		Consolidated	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Group														
Total revenue from external customers	52,508	51,780	27,915	32,546	36,105	51,016	17,598	21,091	3,200	3,508	6,964	15,782	144,290	175,723
Non-current segment assets	28,075	23,285	3,710	4,033	6,292	6,771	7,577	7,995	17	18	1,387	1,422	47,058	43,524
Investments in associates	–	–	2,234	1,874	–	–	–	–	–	–	6,546	6,043	8,780	7,917
Investments in joint ventures	–	–	75	174	314	664	–	–	–	–	–	–	389	838
Investments in other financial assets	6,488	4,389	–	–	–	–	–	–	193	125	–	–	6,681	4,514
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	4,123	2,653
Total non-current assets	34,563	27,674	6,019	6,081	6,606	7,435	7,577	7,995	210	143	7,933	7,465	67,031	59,446
Capital expenditures	2,519	1,913	351	299	162	213	738	172	5	6	74	18	3,849	2,621

32 PROPOSED DIVIDENDS

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

Company	**2012 $'000**	**2011 $'000**
Final tax-exempt (one-tier) dividends of 0.16 cents per share (2011: 0.13 cents)	884	706
Special tax-exempt (one-tier) dividends of Nil cents per share (2011: 0.15 cents)	–	814
	884	1,520

These proposed dividends have not been provided for at the respective balance sheet dates.

33 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Company increased its investments in two wholly-owned subsidiaries:

(a) Ellipsiz DSS Pte Ltd ("EDSS") by subscribing for new shares at an aggregate subscription price of $4,500,000. The share subscription consideration is settled by way of capitalising inter-company trade and non-trade debts due to the Company; and

(b) iNETest Resources by transferring its legal and beneficial interests in its wholly-owned subsidiary, iNETest Malaysia Sdn Bhd ("IMSB"), to iNETest Resources in exchange of 2,200,000 new shares in iNETest Resources.

Upon completion of the above exercises, the Company's interests in EDSS and IMSB remain unchanged at 100%.

statistics of shareholders

As at 7 September 2012

Number of Shares Issued	:	552,794,216		
Issued and Paid Up Capital	:	S$88,986,161.50		
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 7 SEPTEMBER 2012

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	36	0.77	15,783	0.00
1,000 to 10,000	1,859	39.89	9,158,975	1.66
10,001 to 1,000,000	2,710	58.16	226,549,326	40.98
1,000,001 and above	55	1.18	317,070,132	57.36
Total	4,660	100.00	552,794,216	100.00

Based on information available to the Company as at 7 September 2012, approximately 77.87% 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 7 SEPTEMBER 2012

No.	Name of shareholders	Number of shares	% of issued share capital
1	Chong Fook Choy	56,456,448	10.21
2	Phillip Securities Pte Ltd	38,405,686	6.95
3	Chan Wai Leong	27,592,905	4.99
4	Teem Holding Pte Ltd	22,459,272	4.06
5	OCBC Securities Private Ltd	16,651,333	3.01
6	Tan Tai Wei	12,022,500	2.17
7	Tan Chong Gin	10,733,333	1.94
8	Maybank Kim Eng Securities Pte Ltd	8,842,999	1.60
9	Lim & Tan Securities Pte Ltd	8,737,000	1.58
10	DBS Nominees Pte Ltd	8,490,733	1.54
11	Ip Yuen Kwong	6,686,000	1.21
12	Chew Shit Fun	6,502,000	1.18
13	United Overseas Bank Nominees Pte Ltd	6,448,930	1.17
14	AmFraser Securities Pte Ltd	5,800,000	1.05
15	Lu Zu Liang	5,408,000	0.98
16	OCBC Nominees Singapore Pte Ltd	5,318,593	0.96
17	CIMB Securities (Singapore) Pte Ltd	5,121,600	0.93
18	Wang Liang Horng	4,145,000	0.75
19	Teo Choon Hiang	3,992,000	0.72
20	UOB Kay Hian Pte Ltd	3,638,533	0.66
Total		263,452,865	47.66

SUBSTANTIAL SHAREHOLDERS AS AT 7 SEPTEMBER 2012

Name of shareholders	Direct interests	Deemed interests	Total	% of issued share capital
Chong Fook Choy	56,456,448	–	56,456,448	10.21
Chan Wai Leong	27,592,905	*22,459,272	50,052,177	9.05

* Mr. Chan is deemed to be interested in 22,459,272 shares held by Teem Holding Pte Ltd by virtue of his 100% interest in Teem Holding Pte Ltd.

There are no treasury shares held as at 7 September 2012.

notice of annual general meeting

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

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-03, NorthTech, Singapore 757716 on 18 October 2012 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 2012, together with the Auditors' Report thereon.

(Resolution 1)

2. (i) To re-elect Mr. Phoon Wai Meng (independent and non-executive director) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election.

(Resolution 2)

(ii) To re-elect Mr. Amos Leong Hong Kiat (independent and 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 2012 (2011: S$210,000).

(Resolution 4)

4. To approve a first and final (tax-exempt one-tier) dividend of 0.16 cents per ordinary share for the financial year ended 30 June 2012.

(Resolution 5)

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

(Resolution 6)

AS SPECIAL BUSINESS

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

6. "That 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,

notice of annual general meeting

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 7)

7. "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 previously granted under the Ellipsiz Share Option Plan ("ESOP"), PROVIDED ALWAYS that the aggregate number of additional ordinary shares allotted and issued pursuant to the ESOP and the previous Ellipsiz Restricted Stock Plan shall not exceed 15 per cent of the issued share capital of the Company from time to time."

[See Explanatory note(ii)]

(Resolution 8)

8. "That:

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

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

notice of annual general meeting

(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 9)

ANY OTHER BUSINESS

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

notice of 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 29 October 2012 after 5.00 p.m. to determine the members' entitlements to the proposed first and final dividend to be paid on 15 November 2012 (Thursday), subject to and contingent upon members' approval for the proposed dividends being obtained at the forthcoming 17th 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 29 October 2012 (Monday), will be registered to determine members' entitlements to the first and final dividend.

Dated: 2 October 2012
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 7 proposed in item 6 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 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 7 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 proposed in item 7 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 options under the Ellipsiz Share Option Plan and the vesting of awards under the Ellipsiz Restricted Stock Plan.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will renew the mandate approved by members of the Company on 19 October 2011 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 2 October 2012 for details.

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

proxy form

17TH 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 18 October 2012 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 17th 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 17th 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 2012, together with the Auditors' Report thereon.		
2	Re-election of Mr Phoon Wai Meng as director.		
3	Re-election of Mr Amos Leong Hong Kiat as director.		
4	Approval of directors' fees of S$210,000 for the financial year ended 30 June 2012 (2011: S$210,000).		
5	Approval of first and final (tax exempt one-tier) dividend of 0.16 cents per share.		
6	Re-appointment of KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
	Special Business		
7	Authority to allot and issue new shares and convertible securities.		
8	Authority to issue shares pursuant to exercise of options granted under the Ellipsiz Share Option Plan.		
9	Authority to purchase or acquire the Company's issued ordinary shares.		
10	Any other business.		

* *Please delete accordingly.*

Total Number of Ordinary Shares Held:	

Dated this __________ day of October 2012.

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

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

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

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

corporate directory

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