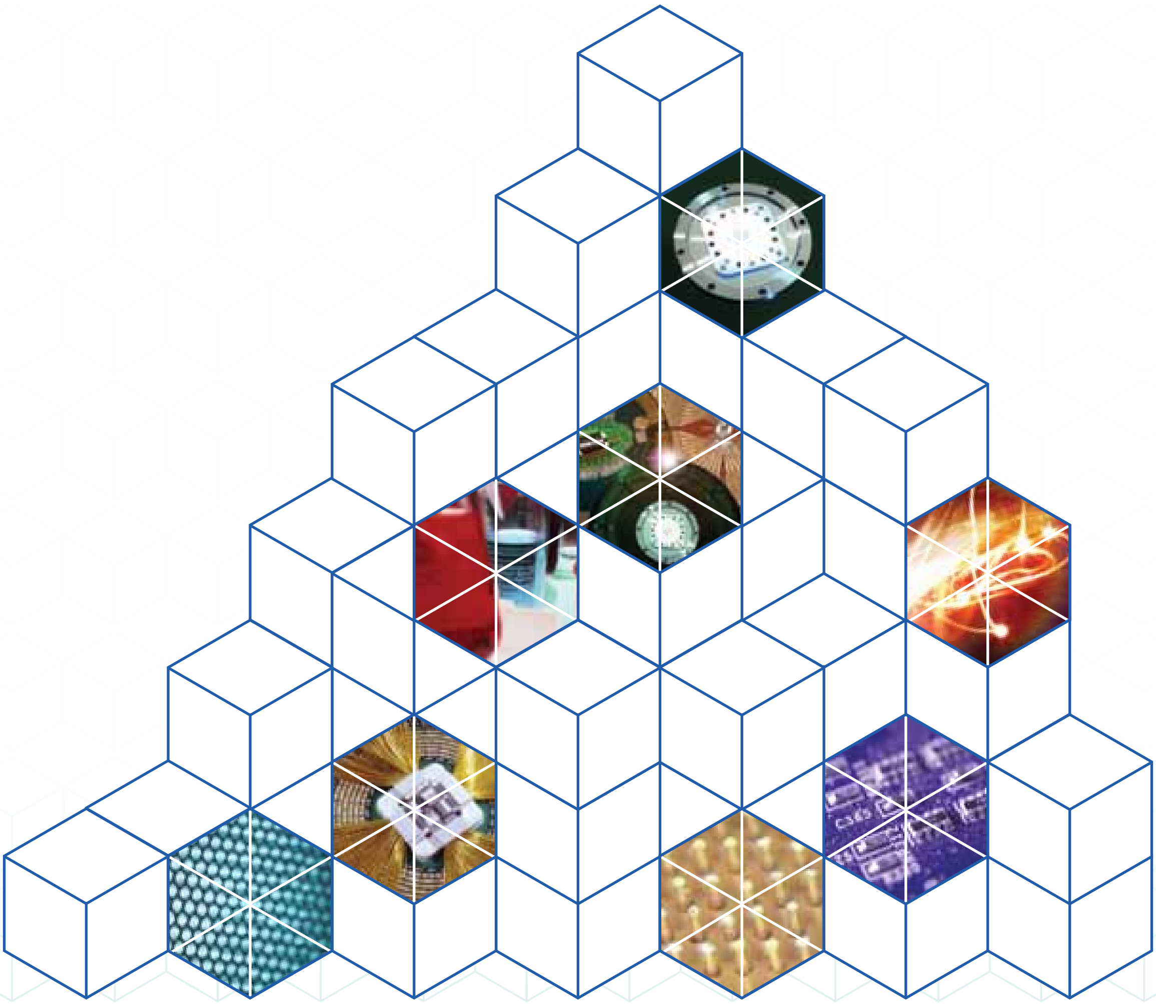
ellipsiz

forward solutions



REINFORCE

ANNUAL REPORT 2013

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.

CONTENTS

ELLIPSIZ WORK ETHOS

Maintaining a corporate culture that champions responsibility and camaraderie strengthens our team's commitment and diligence to perform.

RESPECT FOR THE INDIVIDUAL

- Treat each person with respect and courtesy
- Relationships based on mutual respect
- Listen to and share appropriate information
- Be considerate of each other's priorities and resources
- Recognise individual contributions
- Share the gain and the pain of each person who works with you

INTEGRITY

- Win and keep the trust of our customers and partners
- Trust is a pre-requisite for survival
- Even more crucial: the ability to trust each other

MERITOCRACY

- Recognise the best ideas, efforts or results
- Judge ideas and outcomes by objective measures, NOT by originator's rank, function, department, personal characteristics or history

ACHIEVEMENT ORIENTATION

- Always stretch to achieve
- Strive to exceed expectations
- Take pride in delivering excellent results both as an individual as well as part of a team

CUSTOMER FOCUS

- The customer is the reason why we are here
- Listen to their demands and be relevant to their needs

ENTREPRENEURSHIP

- Spot and act on growth prospects
- Everyone to look out for opportunities
- Build capability to recognise potential businesses
- Execute strategies faster than the competition

PROFIT & LIQUIDITY FOCUS

- Profitability in both short- and long-term is very important
- Spend within our means
  - take calculated risks that we can afford
  - watch costs and margins
  - match cost and investment to revenue and cash

OUR GEOGRAPHICAL FOOTPRINT

HEADQUARTER

MANUFACTURING FACILITIES

SALES/SERVICE CENTRES

PROBE CARD SOLUTIONS

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

Probe cards are used to electrically test semiconductor wafers before they are diced, packaged and installed into numerous consumer products such as smart phones, tablets, MP3 players and GPS units. According to VLSI Research, the 2012 global probe card market revenue (including spares and services) was approximately US$1.2 billion. It has projected the market to rebound in 2013 with a growth of 7% to US$1.3 billion, and to reach US$1.6 billion in 2017 with a five-year compounded annual growth rate of 5.5% (VLSI Research, April 2013).

SV offers a diversified product line supporting a wide range of IC manufacturers, with innovative solutions for high volume SOCs, Microcontrollers, 3D Packages, Copper Pillar, Through Silicon Via (TSV), CIS and LCD. SV has also expanded its portfolio to include products that target new, emerging device test technologies, WLCSP and direct dock testing. SV's global infrastructure allows the delivery of these quality, cost-competitive probing products efficiently and promptly while strong customer relationships enable SV to consistently develop cutting-edge probe card solutions for fine pitch, high parallelism and advanced testing applications.

DISTRIBUTION & SERVICES SOLUTIONS

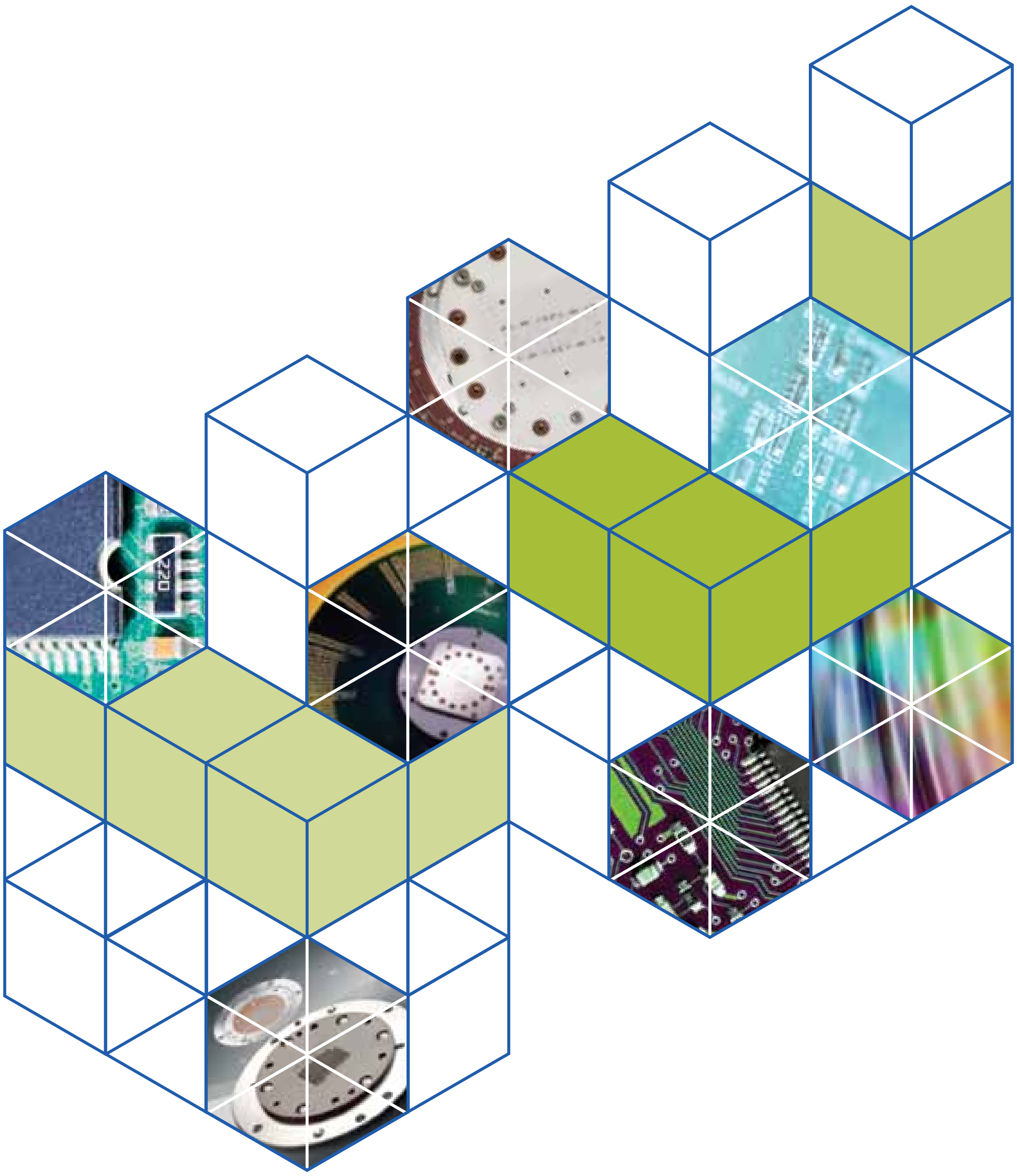
We distribute a wide range of manufacturing, testing and inspection/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries. Key equipment we distribute include lithography equipment, electronic test & measurement instruments and systems, communications test & measurement tools and systems as well as failure and reliability testing chambers.

We also provide an 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.

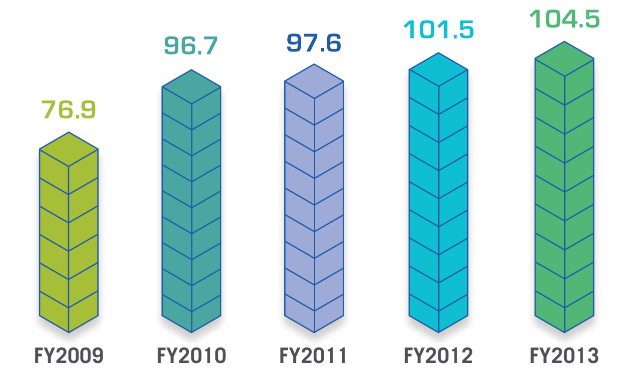
REINFORCING OUR PRINCIPLES

Our ability to harness our values, set priorities and strategise a sustainable platform for growth gives us the operational dexterity to tap into growth opportunities as they arise.

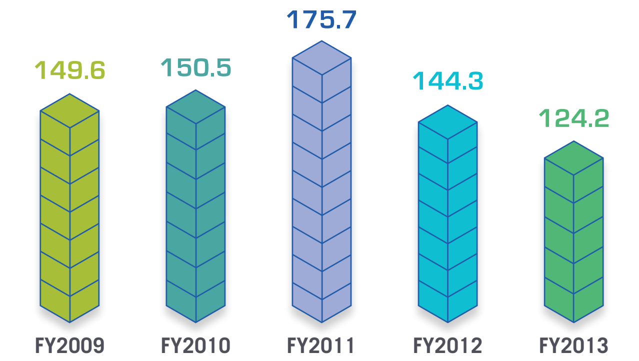


OUR FINANCIALS AT A GLANCE

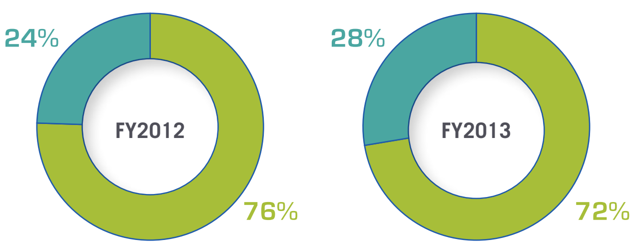
SHAREHOLDERS' EQUITY (S$ MILLION)



REVENUE (S$ MILLION)

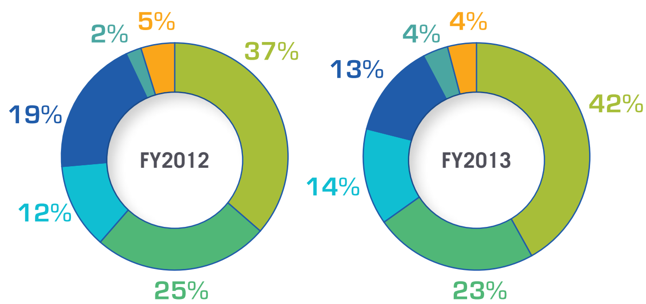


REVENUE BY BUSINESS DIVISION



Probe Card Solutions Distribution & Services Solutions

REVENUE BY REGION



Singapore China & Taiwan USA Other Asean Countries
Europe Other Regions

Financial year ended 30 June	2011	2012	2013
RESULTS			
Revenue ($ million)	175.7	144.3	**124.2**
Net Profits after tax and non-controlling interests ($ million)	10.3	2.2	**4.8**
Net Profits after tax and non-controlling interests excluding certain specific items[1] ($ million)	7.2	4.4	**5.0**
Basic earnings per share (cents)	1.91	0.41	**0.86**
Dividend per share (cents)	0.26	0.16	**0.20**
Special Dividend per share (cents)	0.30	–	**–**
FINANCIAL POSITION			
Shareholders' equity ($ million)	97.6	101.5	**104.5**
NAV per share (cents)	18.0	18.4	**18.9**

Financial year ended 30 June	2011	2012	2013
PROFITABILITY (%)			
Gross Profit Margin	21.8	20.4	**24.7**
Profit Before Tax Margin	5.1	1.1	**3.3**
Net Earnings Margin	5.9	1.6	**3.8**
Return on Equity	10.6	2.2	**4.6**
Return on Total Assets	7.3	1.5	**3.4**
LIQUIDITY (TIMES)			
Current ratio	2.2	2.0	**2.3**
Quick ratio	1.9	1.8	**2.0**
LEVERAGE (%)			
Gross Debt/Equity	9.9	9.1	**4.6**
EFFICIENCY (DAYS)			
Debtors turnover (days)	72	88	**98**

(1) Specific items refer to certain items that are identified to be excluded as they are not expected to recur. The specific item in FY2013 relates to the project cost of an acquisition project that was not completed as at 30 June 2013.

"Our commitment to eliminate redundancies and inefficiencies as well as to stay focused and be relevant to our business partners, particularly our customers, came to fruition."

Melvin Chan *Chief Executive Officer*

Xavier Chong *Non-Executive Chairman*

LETTER TO SHAREHOLDERS

Dear Shareholders,

Our Group persevered to reinforce the business fundamentals and proposition during the financial year ended 30 June 2013 (FY2013) amidst the challenges in the business environment due to the increasing maturity of the industry, the industry-wide consolidation and the uncertain macroeconomic environment.

Our commitment to eliminate redundancies and inefficiencies as well as to stay focused and be relevant to our business partners, particularly our customers, came to fruition. As the Group grappled with the volatile demands, rising costs of business and changing dynamism, we reported net profits after tax and non-controlling interests of $4.8 million despite the decrease in revenue to $124 million for FY2013.

$124.2 MILLION

REVENUE

$4.8 MILLION

NET PROFITS AFTER TAX AND NON-CONTROLLING INTERESTS

0.2 CENTS PER SHARE

DIVIDEND PER SHARE FOR FY2013

LETTER TO SHAREHOLDERS

Net profits after tax and non-controlling interests increased by more than double during FY2013 to $4.8 million as compared to the $2.2 million profits reported in the previous financial year. The improvement was largely supported by improved average gross margin on better revenue mix, incurrence of lower operating expenses resulting from synergistic effect of our continued integration exercise, and higher share of results from our associates. In FY2012, our Group's net profits was also affected by certain one-time negative financial impacts resulting from the cessation of our pump refurbishment activities in Taiwan.

Revenue declined by 14% from $144 million in FY2012 to $124 million in FY2013 as our businesses continued to experience keen price competition, adverse currency movements, conservative capital spending by our customers especially during the beginning of the financial year, as well as demand that was limited by component shortages across the supply chain. Revenue attained by our Distribution & Services solutions (DSS) segment decreased by 17% to $90 million to account for 72% of the Group's revenue. The Probe Card solutions (PCS) segment also reported a 3% fall in revenue to $34 million and accounted for 28% of the total revenue.

As the poor market conditions continued to affect our revenue performance, the reduction in revenue was partially our deliberate efforts to focus on more profitable revenue streams to maintain and sustain our profitability. We have, indeed, sustained operating profitability for four straight years.

Following years of simplification and reinforcement works in building our strengths and core competencies, the Group is positioned for growth with refined operational dexterity. We had announced the entering into a business transfer agreement to acquire the probe card business, technologies, intellectual property rights and assets of Tokyo Cathode Laboratory in June 2013. We believe the acquisition, upon completion of the agreement, will harness our product offerings, solidify our competitive position as well as provide opportunities in the large Japanese probe card market, specifically CMOS Image Sensor and Liquid Crystal Display which are used mainly in smart phones, tablets, digital cameras and other imaging devices. It will also likely be a market platform enabler unlocking further opportunities in Singapore, Taiwan, Guangzhou and Suzhou; thus expanding our presence in these regions.

Though hard work lies ahead in the integration of the businesses acquired into our PCS operations, our team remains committed to sharpening our competencies, adapting to customers' varying needs and responding promptly to our customers across the markets we operate in.

In a bid to ensure smooth operations and needs of our businesses growth, the Group has diligently continued with the prudent management of the balance sheet. We are pleased to report a healthy balance sheet position with cash and cash equivalents balance of $32 million as at 30 June 2013. Current and debt-to-equity ratios were at 2.3 times and 5% compared with 2.0 times and 9% a year ago. Net assets value of the Group increased from 18.36 cents per share to 18.90 cents per share as at 30 June 2013.

In closing, we would like to express our heartfelt appreciation to all of our stakeholders – customers, principals, business partners, employees, Board members and loyal shareholders – for your trust and patience over these past years.

To share the fruits of our labour, the Group is delighted to recommend for our shareholders' approval at the forthcoming Annual General Meeting a first and final cash dividend of 0.20 cent a share for FY2013.

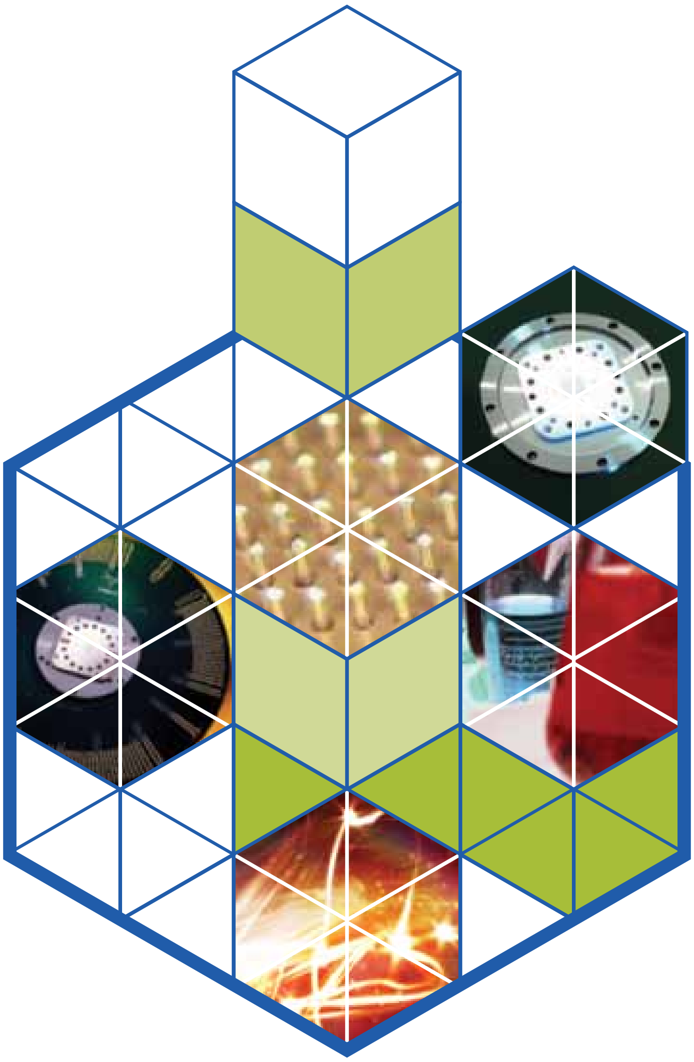
Last but not least, we remain committed to uphold our work ethos of discipline and diligence in the deliverance of sustainable performance and growth to all of our stakeholders in the new financial year.

Xavier Chong
Non-Executive Chairman

Melvin Chan
Chief Executive Officer

REINFORCING OUR CAPABILITIES

It is all about constantly sharpening our competence. The ability to adapt to our customer's varying needs and being able to deliver promptly – that will be our key differentiator.



> “Reinforcement of our business fundamentals and value proposition to our business partners across the supply chain during FY2013 had bolstered our efforts towards elimination of redundancies and inefficiencies, while staying relevant in the rapidly evolving operating landscape.”

OPERATIONS REVIEW

Uncertainty across the macroeconomic and business environment in which the Group operates in continued to impact our level of business activities.

The Group experienced a decline in activities at the semiconductor and electronics manufacturing services segment of our businesses as the fragile market conditions impacted demand and spending across the supply chain and end-user market.

Nevertheless, the Group’s diversification from semiconductor and related industries over the years had partially cushioned the impact. Reinforcement of our business fundamentals and value proposition to our business partners across the supply chain during FY2013 had bolstered our efforts towards elimination of redundancies and inefficiencies, while staying relevant in the rapidly evolving operating landscape.

PROBE CARD SOLUTIONS

The PCS segment reported a 3% decrease in revenue from $35 million in FY2012 to $34 million in FY2013. The continuing unpredictability of the global economy, market softness and increasing competition led to the decrease.

Besides the continuation of business streamlining and costs control efforts at PCS, we are proud to have secured qualifications at several of our key customers, and garnered significant new business for our advanced technologies that offer cost effectiveness and competitive quality.

We have, meanwhile, continued with our research and development (R&D) efforts on our existing probe card technologies and probe materials. For instance, we developed a radio frequency (RF) option for our SpringTouch™ technology; enhanced our copper pillar bump testing; and engineered a low-cost spring pin for 150µm flip chip applications to cater to emerging needs.

Specifically, our Modular Space Transformer “MST™” is rising swiftly as a key productive solution among our standard and advanced vertical technologies. The MST™ significantly lowers the cost of ownership for our customers’ test hardware and improves test signal quality.

Advanced probe cards continued to gain customer traction and contributed 40% of PCS sales in FY2013 compared with close to 30% in the preceding year. Our advanced product line includes the LogicTouch™ fine pitch vertical, the SpringTouch™ spring-pin and the Trio™ vertical. Cantilever remained the revenue leader at 45% of PCS sales, while blade cards contributed 6%.

Overall, we shipped a total of 1.7 million points and 12,713 finished probe cards during FY2013 (excluding repairs). These were 6% and 10% lower compared with the previous financial year. Aided by the improving production capability and competencies at our flagship facility in Vietnam, we effectively lowered our costs of production per pin count further and maintained our profitability despite the lower points shipped.

OPERATIONS REVIEW

The facility in Vietnam produced and shipped a total of 9,384 probe cards or about 74% of the total probe cards shipped during FY2013. This was a decrease from 11,071 probe cards from the Vietnamese facility for FY2012. Meanwhile, the number of advanced probe card points grew by 19% at the said facility owing to rising technical capability and intensifying demand for lower cost testing solutions.

In addition to the strides taken by PCS to augment our advanced products, we purchased and installed three direct dock type probe card analyzers in the United States, Taiwan and Vietnam, adding value to our offerings amidst customers' new emerging technologies needs. Direct dock style wafer probing supports higher bandwidth and increased pin density along with the capability to test more devices in parallel, also known as Multi-Device Under Test or Multi-DUT. With the installation, we can now offer a number of advanced probing solutions that support this new test paradigm for digital, SOC and RF applications.

PCS is committed to growth and we entered into a business transfer agreement to obtain probe card business, intellectual properties and assets of Tokyo Cathode Laboratory (TCL), a probe card manufacturer based in Japan, on 25 June 2013.

TCL has extensive experience in CMOS Image Sensor and Liquid Crystal Display (LCD) testing, ICs that are utilised extensively in smart phones, tablets, digital cameras and other imaging devices. The addition will create a stronger PCS portfolio and the new probe card technologies will align seamlessly with our current product lineup. This acquisition will also lend PCS a significant access edge to the Japanese probe card market. According to VLSI Research, the Japanese probe card consumption market is the third largest after Korea and North America (VLSI Research, April 2013).

With expansive worldwide manufacturing and customer service network that is backed by dedicated staff, continuous R&D and diverse product portfolio, PCS is diligently working to lift its market penetration rate in the advanced probe card market to meet IC testing challenges of the future.

DISTRIBUTION & SERVICES SOLUTIONS

Revenue contribution from the DSS segment reported a decline of 17% from $109 million in FY2012 to $90 million for FY2013. DSS remained the major contributor at 72% of the Group's total revenue.

Revenue declined as the uncertain business environment and keen competition continued to exert pricing pressures across our product portfolio. The deliberate decision to focus on recurring and sustainable revenue streams also impacted revenues.

Our trading and distribution businesses were affected by conservative capital spending by our customers during the beginning of FY2013. The constrained demand arising from shortages of certain components across the supply chain and inventory adjustment had also adversely impacted the business. Meanwhile, the rise of consumption for smart phone and tablet was insufficient in replacing the loss of market share at the sluggish personal computer/notebook market, thus, pressuring demand for semiconductor and its related components and services.

Business activities at our facilities business, on the other hand, had performed relatively well during FY2013. The performance negated the impact of revenue decline from other business activities.

During the financial year, the facilities team had intensified its project management business in Singapore, while scaling its competitiveness by procuring raw materials from its China sourcing centre. The unit had also been earnestly working on strategic partnerships that expanded its business opportunities as well as participations in valuable projects.

Despite the overall reduction in business activities and constant costing pressures, DSS emerged FY2013 stronger in terms of operations, costs and competitiveness, while team cohesiveness led to the scoring of another year of sustainable operating profits.

Aided by further integration at our North and South Asia operations, costs were streamlined and redundancies eradicated, hence, solidifying our position as a lean, viable and competitive partner to all of our principals and customers.

On the business and products fronts, DSS had continued with the building of our stronghold with current partners and customers, and are looking to continuously position our products and partners in terms of technology, market and customer trend in preparation of the future.

Amidst the changing market and customers' demand for lower cost alternatives, DSS is also industriously exploring collaboration with new partners to achieve our aspiration to position the Group as a forward solutions provider. The team will continue to sharpen our relevancy and response to existing as well as alternative industries to maintain our competitiveness and sustain our future performance.

Ellipsiz recognises CHANGE is a continuous journey and that being PREPARED is fundamental to unlock opportunities inherent in all challenges. Therefore, the Group will continuously reinforce its integration and business development.

BOARD OF DIRECTORS

1 **XAVIER CHONG FOOK CHOY**
Non-Executive Chairman and Director

2 **MELVIN CHAN WAI LEONG**
Executive Director and Chief Executive Officer

3 **JEFFREY STASZAK**
Non-Executive and Lead Independent Director

4 **PHOON WAI MENG**
Non-Executive and Independent Director

5 **AMOS LEONG HONG KIAT**
Non-Executive and Independent Director

BOARD OF DIRECTORS

XAVIER CHONG FOOK CHOY

1

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.

MELVIN CHAN WAI LEONG

2

Executive Director and Chief Executive Officer

Melvin Chan Wai Leong is the Chief Executive Officer of Ellipsiz Ltd. He was appointed to the current position and as a member of the Board of Directors on 4 Janurary 2008. He is also a member at the Board of Directors at JEP Holdings Ltd, a SGX Catalist listed company, since 4 June 2010.

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

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

JEFFREY STASZAK

3

Non-Executive and Lead Independent Director

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

Mr. Staszak is the Chairman of the Company's Nominating Committee and a member of both the Audit and Remuneration committees. He is presently the President and Chief Executive Officer of Volterra Semiconductor Corporation (Nasdaq: VLTR), a leading provider of high-performance analog and mixed-signal power management semiconductors. Prior to joining Volterra in 1999, Mr. Staszak served as Senior Vice President in the Storage Product Group of Texas Instruments Inc. and as Senior Vice President and General Manager of the Storage Products Division of Silicon Systems, Inc.

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

PHOON WAI MENG

4

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.

AMOS LEONG HONG KIAT

5

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 in July 2012. 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.

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.

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 creativity and 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.

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 over 25 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.

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.

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

Ellipsiz Ltd
(Reg. No. 199408329R)
29 Woodlands Industrial Park E1
#04-03 NorthTech Lobby 1
Singapore 757716
Tel: (65) 6311 8500
Fax: (65) 6269 2628

STOCK LISTING

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

INDEPENDENT AUDITOR

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

Partner-in-charge: Mr. Ronald Tay
(effective FY2009; 5th year in-charge)

REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road
#05-01 Singapore 068902
Tel: (65) 6227 6660

JOINT COMPANY SECRETARIES

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

PRINCIPAL BANKERS

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

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

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 ("Code") 2005.

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 directions in the early stage of evaluation of investment and capital expenditure projects, an independent Director sits on each such committee as adviser to the management team.

The Company's internal guidelines stipulate that all strategic investments, divestments and acquisition projects must 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 2013, 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 2013 are as follows:

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

(1) In attendance.

New Board members will undergo an orientation programme, which 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 legal, finance, corporate and commercial 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 2013, the Board comprises the following members:

		Date of last re-appointment
Mr. Xavier Chong Fook Choy	Non- Executive Chairman	19 October 2011
Mr. Melvin Chan Wai Leong	Chief Executive Officer	20 October 2010
Mr. Jeffrey Staszak	Lead Independent Director	19 October 2011
Mr. Phoon Wai Meng	Independent Director	18 October 2012
Mr. Amos Leong Hong Kiat	Independent Director	18 October 2012

The Nominating Committee assesses the independence of the Directors on an annual basis. For the financial year ended 30 June 2013, the Nominating Committee has determined that save for the Non-Executive Chairman who is a substantial shareholder and the Chief Executive Officer who is an executive director, 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. The roles are separately held by Mr. Xavier Chong Fook Choy and Mr. Melvin Chan Wai Leong respectively. This is to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

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

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

Board Membership & Performance

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

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

The independence and effectiveness of the Board are reviewed and assessed 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 comprises

- Mr. Jeffrey Staszak (Chairman and Lead Independent Director)
- 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 11 and 12.

Access to Information

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

The Board receives relevant, complete and timely information prior to the Board meetings and on an on-going basis. Senior management is invited to participate at the Board meetings to provide the Board members with background and explanatory information relating to matters brought before the Board. Information presented to the Board includes explanatory information relating to matters to be discussed such as business plan, budgets, forecasts and quarterly internal financial statements. In respect of budgets, any material variances between projections and actual results are always disclosed and explained.

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

All Directors have separate and independent access to the senior management team and independent professional advisers such as lawyers, external auditors, and the Company Secretary at all times. Directors are entitled to request from senior management additional information as needed to make informed decisions and senior management is obliged to provide such information on a timely basis.

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 Fook Choy (appointed on 1 September 2012)

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

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 is bonuses and options exercised) form a significant proportion of the Executive Director's total remuneration. His performance was evaluated by the Remuneration Committee based on a formal employee evaluation process.

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

Director	Remuneration 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%	74%	22%	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 remuneration information in bands of $250,000.

Remuneration information of top five key executives of the Group (who are not Directors):

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 13 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 manager of the various business groups at these quarterly meetings.

The Singapore Exchange Securities Trading Limited requires Directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, confirming that nothing has come to the attention of the Board that may render the financial results to be false or misleading.

Audit Committee

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

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

The Audit Committee comprises the following members:

Mr. 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 and discuss with internal auditors the overall scope of work of the internal audit and its effectiveness, the results of the internal audits and the recommendations presented;
- review and consider the adequacy of internal controls, addressing financial, operational and compliance risks after considering the internal auditors' report;
- review the effectiveness of the internal audit services provided and recommending their appointment or re-appointment to the Board;
- 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 Audit 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 the 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.

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 2013.

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.

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.

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 2013, there was no interested person transaction that requires disclosure or shareholders' approval under Chapter 9 of the Rules of the Listing Manual.

FINANCIALS 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 $124.2 million for the year ended 30 June 2013 (FY2013). This was a decline of 14% compared to the previous financial year (FY2012). Both business segments attained lower revenue in FY2013 with Probe Card solutions (PCS) experiencing a decrease of 3% and Distribution & Services solutions (DSS) had a decline of 17%. The business segments continue to experience challenges from keen price competition and currency risk. Other than Singapore and Europe, all other regions that the Group operates in experienced weaker performance in FY2013. Our Singapore operations delivered a relatively flat growth in FY2013 revenue while our Europe activities attained 40% revenue growth.

Despite the 14% decrease in revenue, gross profit in FY2013 was 5% higher than FY2012, due mainly to the improved gross profit margin. Gross profit attained in FY2013 was $30.7 million (FY2012: $29.4 million) and gross profit margin was at 25% (FY2012: 20%). In FY2012, the Group ceased one of its less profitable business activities in Taiwan and recorded a one-time provision of $2.0 million for the impairment of the carrying amounts of related inventories as well as plant and equipment in the cost of sales. Excluding the one-time provisions, the gross profit margin in FY2012 was 22%. The exit from less profitable activities to focus on revenue streams that generate better margins and the change in certain revenue streams to be on a commission base, had improved the average gross profit margin of the Group.

Other income

Other income decreased by 20% from $1.1 million in FY2012 to $0.9 million in FY2013 mainly due to the lower gain on disposal of plant and equipment during the year. For details of other income, please refer to note 22 to the financial statements.

Operating expenses

Total operating expenses decreased by 2% from $28.7 million to $28.1 million. Included in the operating expenses of FY2012 was a one-time expense of $0.5 million comprised mainly employees severance cost and other related costs to cease the pump refurbishment activity in Taiwan while in FY2013, the Group incurred certain one-time acquisition cost of approximately $0.3 million for an acquisition project that has not been completed as at 30 June 2013. Without these one-time expenses, operating expenses in FY2013 and FY2012 were $27.9 million and $28.3 million, respectively.

In line with the lower revenue, distribution expenses decreased by 9%. The divestment of certain business activities as well as the synergy effect of our integration exercise had resulted in 3% savings in administrative expenses. The positive effects of the lower distribution and administrative expenses were partially offset by the incurrence of higher research and development expenses in the year.

Net finance income/(expenses)

The Group had net finance income of $145,000 in FY2013, an improvement over FY2012's net finance expenses of $68,000. The recording of higher finance income and lower finance expenses led to the positive variance.

Share of results of associates and joint ventures

The Group recorded profits of $598,000 from share of results from associates and had share of losses of $200,000 from its joint ventures for FY2013.

Income taxes

In FY2013, the Group had a net tax credit of $0.9 million, comprised mainly deferred tax credits of $1.3 million, partially offset by current year tax expenses of $0.4 million.

Net profit attributable to Owners of the Company

The Group had net profits after taxes and non-controlling interests of $4.8 million for FY2013, an improvement over the net profits of $2.2 million in FY2012. In FY2013, the Group recorded one-time acquisition cost of approximately $0.3 million for an acquisition project that has not been completed as at 30 June 2013, while FY2012's net profits considered certain one-time expenses relating to the cessation of the Group's pump refurbishment activity in Taiwan that amounted to approximately $2.2 million. Excluding these one-time expenses, the Group had net profits of $5.0 million and $4.4 million in FY2013 and FY2012, respectively.

The 14% increase in net profits from $4.4 million in FY2012 to $5.0 million in FY2013 was mainly attributable to the improved gross profit, the incurrence of lower operating expenses and higher share of results from associates, partially offset by lower other income.

FINANCIAL CONDITIONS

Non-current assets

The non-current assets decreased by 2% from $67.0 million to $65.9 million. A portion of non-current trade and other receivables as at 30 June 2012 had been re-classified to current as it became receivable within 12 months from 30 June 2013. This led to the 48% drop in trade and other receivables. The capital expenditure incurred during the year led to the 29% increase in the carrying amounts of property, plant and equipment. The translation losses during the year, partially offset by share of positive results from associates, led to the 10% decrease in investment in associates. Investment in joint ventures, on the other hand, had increased by 6% mainly due to the transfer of one of the Group's investment in subsidiaries to investment in joint ventures resulting from the divestment of the Group's interest in the subsidiary from 100% to 49%.

Current assets

Total current asset as at 30 June 2013 was $74.5 million, a decrease of 9% from $81.6 million as at 30 June 2012. The completion of projects leading to lower outstanding project-in-progress as at 30 June 2013 was the main reason for the decrease in current assets. Resulting from the divestment in a subsidiary to a joint venture, intercompany balances which were previously eliminated at consolidation level in FY2012 are now classified as amount due from related parties, thus leading to the increase of balances from $77,000 to $819,000.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2013 stood at $33.9 million, a 25% decrease from $45.4 million as at 30 June 2012. The $4.4 million decrease in interest-bearing borrowings and lower trade and other payables as at 30 June 2013 were the main causes for the decline in total liabilities.

Non-controlling interests

The increase in the non-controlling interests was due to the share of profits during the year.

Liquidity and Capital Reserves

The Group had a net cash inflow of $0.1 million for the year. This can be accounted by:

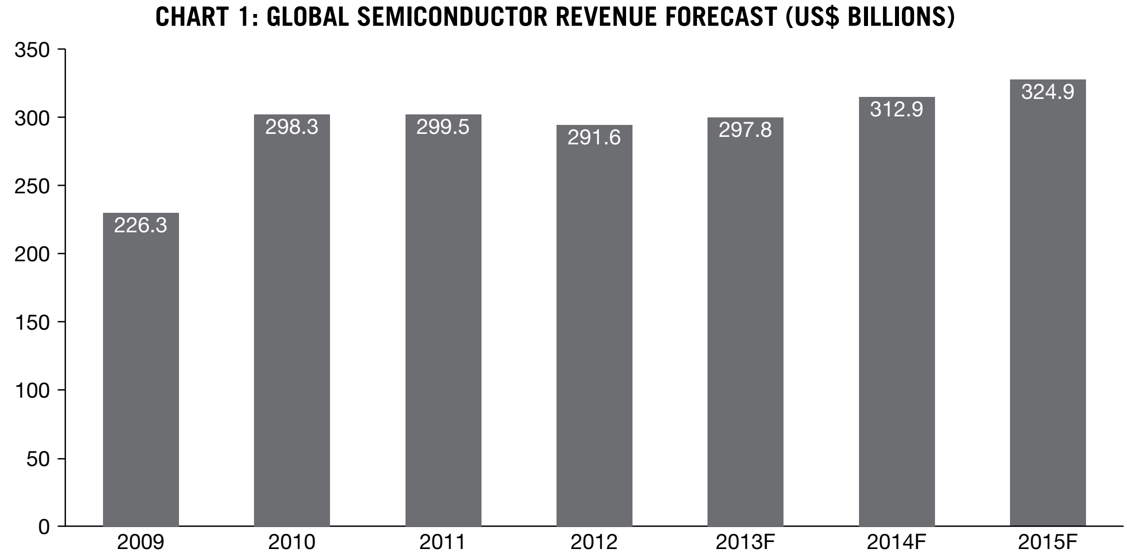
(a) cash inflow of $8.8 million for operating activities;
(b) cash outflow of $4.1 million for investing activities; and
(c) cash outflow of $4.6 million for financing activities.

The positive results during the year, coupled with the net positive movement in working capital led to the cash inflow from operating activities of $8.8 million in FY2013.

The purchase of additional plant and equipment and intangible assets were the main causes for the net cash outflow for investing activities, while the net repayments of interest-bearing borrowings and the payment of dividend during the financial year led to the outflow of cash for financing activities.

As at 30 June 2013, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $32.4 million.

INDUSTRY OUTLOOK



Source: World Semiconductor Trade Statistics (WSTS), June 2013

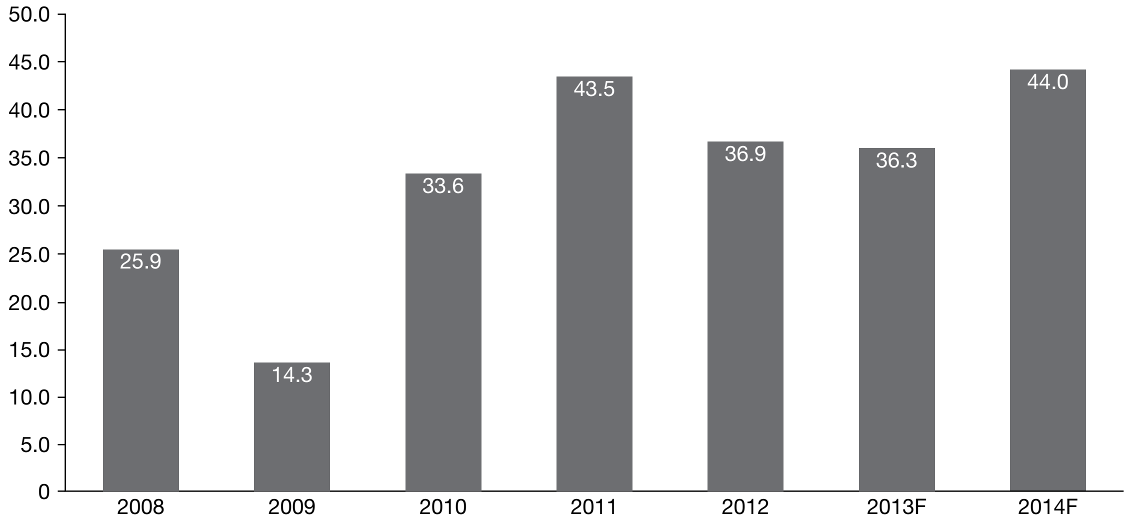
The worldwide semiconductor industry declined slightly in 2012 arising from the growing uncertainty of the world economy including the economic slowdown in China.

Following a contraction in 2012, the global semiconductor revenue is expected to grow by 2.1% to US$298 billion in 2013, according to the World Semiconductor Trade Statistics (WSTS) Spring 2013 forecast. The recovery is projected to be gradual amidst slight recovery of the global economy as well as stable growth of product categories related to smart phones, tablets and automotive. Meanwhile, product categories related to personal computers (PCs) are forecast to decrease from last year.

WSTS, however, forecast that the global semiconductor market would achieve historical high of US$313 billion in 2014 on a projected rate of growth of 5.1%. This would be followed by another forecast growth of 3.8% for 2015 to US$325 billion. Both years are expected to benefit from positive growth across all product categories and regions on the assumption of continuing global economic recovery.

INDUSTRY OUTLOOK

CHART 2: GLOBAL SEMICONDUCTOR EQUIPMENT SALES FORECAST (US$ BILLIONS)



Source: Semiconductor Equipment and Materials International (SEMI), July 2013

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 market conditions of the semiconductor, electronics manufacturing and telecommunication industries.

Chip equipment spending, according to the mid-year consensus forecast for 2013 by Semiconductor Equipment and Materials International (SEMI), is projected to decline slightly by 1.7% to US$36.3 billion for 2013 before rebounding with a 21% increase in 2014 to almost US$44 billion.

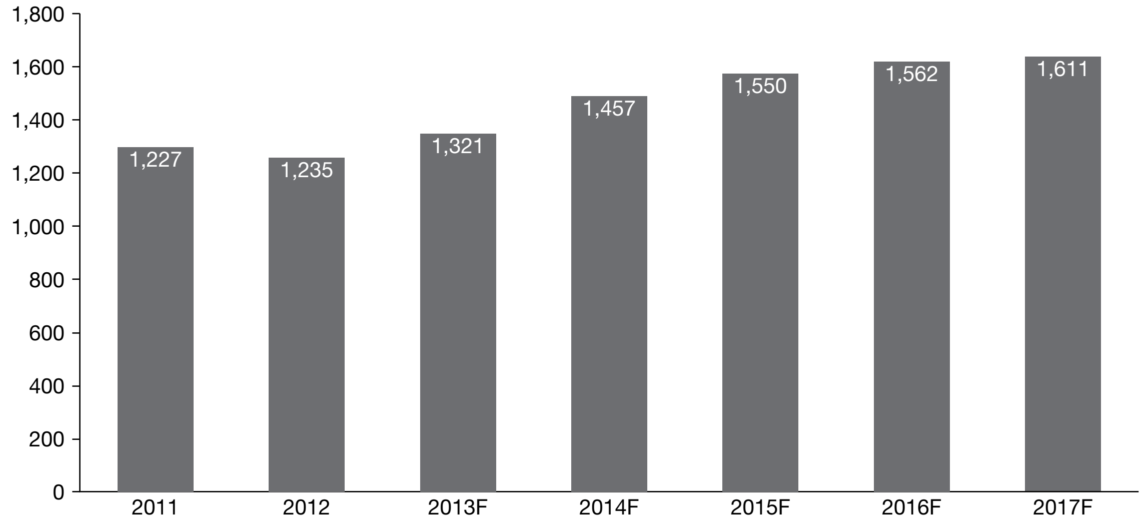
The improving capital equipment industry outlook for 2014 came after two years of conservative capital investment by major chip manufacturers. According to SEMI, continued strong demand for smart phones and tablet computers is driving chip manufacturers to expand capacity for memory, logic and wireless devices, especially for leading-edge devices. Front-end wafer processing equipment is forecast to grow by 1.9% in 2013 to US$28.7 billion, and is expected to experience strong growth of 24% to US$35.6 billion in 2014.

Meanwhile, test equipment is expected to experience growth of 6% in 2014 to US$3.2 billion following 15.5% decline in 2013 at US$3 billion. Similarly, assembly and packaging equipment is forecast to contract by 17.2% to US$2.6 billion in 2013 before growing by 13.7% to US$2.9 billion the following year. The forecast, therefore, indicates that 2014 would be the second largest spending year, after a record US$47.7 billion spending in 2000.

In a separate SEMI Word Fab Forecast report (Sep 2013), the capital expenditure for semiconductor fab equipment is projected to fall by 1% to US$32 billion before rebounding with a growth of 25% to a record US$39.8 billion in 2014. Growth is attributed to robust spending in DRAM and Flash by several large companies.

INDUSTRY OUTLOOK

CHART 3: GLOBAL PROBE CARD REVENUE FORECAST (US$ MILLIONS)



Source: VLSI Research, April 2013

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.

VLSI Research expects sales of semiconductor probe card, including service and support, to grow by 7% in 2013 to US$1,321 million from US$1,235 million in 2012. The better outlook for 2013 came following a contraction in the probe card market the year before.

Although the macroeconomic environment is expected to remain sluggish, VLSI Research expects a modest improvement in semiconductor sales in 2013 on improved visibility in the U.S. and China to drive probe card revenue this year.

The recovery, according to the research firm, is also expected to continue over the next five years, thus, lifting the worldwide probe card revenues by a compounded annual growth rate of 5.5% to $1,611 million in 2017. Over the long-term, it opined that the fastest growing segments to be vertical probe cards and MEMS probe cards for NAND flash, and MEMS probe cards for non-memory applications, which are expected to grow at high single-digit growth rates from 2012 to 2017.

Regionally, Japan remained the leading headquarters for semiconductor probe card vendors. It accounted for 34.5% of the total supply in 2012. Despite a 2.5 percentage points decline, Japan continued its lead over North America and Korea, which supplied 33.3% and 16.6% of the global semiconductor probe card respectively.

Japan was also the largest market for epoxy/cantilever probe cards. With a market share of 28.6% in 2012, Japan led the epoxy/cantilever probe card consumption market followed by Taiwan at 22.9% and North America at 15.2%.

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.

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, the Philippines, 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 will affect 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, 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 and cost cuts by semiconductor manufacturers. In the event of a prolong change, especially downturn, in the semiconductor industry, the Group's operating results could be materially affected.

The EMS industry is deemed to be less cyclical compared to the semiconductor industry, but it is highly seasonal with the second half of the calendar year typically stronger than the first. Pricing is also under constant pressure in this industry and product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers and under such event, there could be an 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

CONTENTS

DIRECTORS' REPORT

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 2013.

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

	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2013
Name of director and corporation in which interests are held			
Xavier Chong Fook Choy			
Ellipsiz Ltd			
– ordinary shares			
– interest held	56,456,448	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
Melvin Chan Wai Leong			
Ellipsiz Ltd			
– ordinary shares			
– interest held	27,592,905	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

	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2013
Name of director and corporation in which interests are held			
Phoon Wai Meng			
Ellipsiz Ltd			
– ordinary shares			
– interest held	561,333	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
Jeffrey Staszak			
Ellipsiz Ltd			
– ordinary shares			
– interest held	100,000	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
Amos Leong Hong Kiat			
Ellipsiz Ltd			
– ordinary shares			
– interest held	100,000	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

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

Except as disclosed in this report, no director who held office at the end of the financial year had any interest in shares, debentures, warrants, 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 2013.

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

Director	Options granted for financial year ended 30 June 2013		Aggregate options granted since commencement to 30 June 2013		Aggregate options exercised since commencement to 30 June 2013		Aggregate options expired as at 30 June 2013		Aggregate options outstanding as at 30 June 2013	
	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

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

Director	Options granted for financial year ended 30 June 2013		Aggregate options granted since commencement to 30 June 2013		Aggregate options exercised since commencement to 30 June 2013		Aggregate options expired as at 30 June 2013		Aggregate options outstanding as at 30 June 2013	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Kevin M. Kurtz	–	–	3,000,000	0.54	500,000	0.09	–	–	2,500,000	0.45

The percentage is computed based on the options granted, exercised or vested divided by the total number of ordinary shares issued by the Company as at 30 June 2013.

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.

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 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.

AUDIT 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 2005.

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

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

(f) review and discuss with internal auditors the overall scope of work of the internal audit and its effectiveness, the results of the internal audits and the recommendations presented;

(g) review and consider the adequacy of internal controls, addressing financial, operational and compliance risks after considering the internal auditors' report;

(h) review the effectiveness of the internal audit services provided and recommending their appointment or re-appointment to the Board; and

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

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

In accordance with Chapter 12 of the SGX-ST Listing Manual, the Audit Committee has undertaken a review of all non-audit services provided by the external auditors and is satisfied these services would not, in the Audit Committee's opinion, affect the independence of the external auditors.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

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

On behalf of the Board of Directors

Xavier Chong Fook Choy
Director

Melvin Chan Wai Leong
Director

4 September 2013

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 38 to 101 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 2013 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

4 September 2013

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 2013, the statements of comprehensive income and 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 38 to 101.

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 2013 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
Chartered Accountants

Singapore
4 September 2013

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	3	6,594	5,119	–	1
Intangible assets	4	35,901	35,735	–	–
Subsidiaries	5	–	–	89,810	83,313
Associates	6	7,889	8,780	4,868	4,868
Joint ventures	7	412	389	–	–
Financial assets	8	7,014	6,681	7,014	6,681
Trade and other receivables	9	3,253	6,204	–	–
Deferred tax assets	10	4,805	4,123	11	7
		65,868	67,031	101,703	94,870
Current assets					
Inventories	11	7,265	7,272	–	–
Project-in-progress	12	1,064	9,778	–	–
Trade and other receivables	9	32,936	32,164	223	264
Amounts due from related parties	13	819	77	8,002	13,034
Cash and cash equivalents	14	32,390	32,334	11,448	10,051
		74,474	81,625	19,673	23,349
Total assets		140,342	148,656	121,376	118,219
Equity attributable to Owners of the Company					
Share capital	15	88,773	88,773	88,773	88,773
Reserves	16	15,714	12,720	18,563	16,639
		104,487	101,493	107,336	105,412
Non-controlling interests		1,910	1,756	–	–
Total equity		106,397	103,249	107,336	105,412
Non-current liabilities					
Interest-bearing borrowings	17	904	3,595	–	–
Deferred tax liabilities	10	24	632	–	–
		928	4,227	–	–
Current liabilities					
Trade and other payables	18	27,384	34,070	932	850
Provisions	19	149	387	–	–
Amounts due to related parties	13	877	406	13,062	10,889
Interest-bearing borrowings	17	3,893	5,593	–	903
Redeemable convertible preference shares	20	78	78	–	–
Current tax payable		636	646	46	165
		33,017	41,180	14,040	12,807
Total liabilities		33,945	45,407	14,040	12,807
Total equity and liabilities		140,342	148,656	121,376	118,219

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Revenue	21	124,232	144,290	2,737	2,720
Cost of revenue		(93,506)	(114,901)	–	–
Gross profit		30,726	29,389	2,737	2,720
Other income		910	1,134	2,021	196
Distribution expenses		(11,732)	(12,836)	–	–
Administrative expenses		(13,761)	(14,251)	(2,328)	(244)
Research and development expenses		(1,754)	(1,014)	–	–
Other expenses		(885)	(635)	(114)	(1,271)
Results from operating activities	22	3,504	1,787	2,316	1,401
Finance income		387	273	62	144
Finance expenses		(242)	(341)	(17)	(81)
Net finance income/(expenses)	23	145	(68)	45	63
Share of results of associates (net of tax)		598	328	–	–
Share of results of joint ventures (net of tax)		(200)	(479)	–	–
Profit before income tax		4,047	1,568	2,361	1,464
Income tax credit/(expenses)	24	906	694	26	(239)
Profit for the year		4,953	2,262	2,387	1,225
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange difference on liquidation of a subsidiary reclassified to profit or loss		(18)	–	–	–
Exchange difference on disposal of subsidiaries reclassified to profit or loss		103	59	–	–
Exchange differences on monetary items forming part of net investments in foreign operations		(54)	(1,621)	–	–
Exchange differences on translation of financial statements of foreign operations		(1,373)	3,595	–	–
Net change in fair value of available-for-sale financial assets, net of tax		333	619	333	619
Other comprehensive income for the year, net of income tax		(1,009)	2,652	333	619
Total comprehensive income for the year		3,944	4,914	2,720	1,844

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2013

		Group		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		$'000	**$'000**	**$'000**	**$'000**
Profit attributable to:					
Owners of the Company		4,767	2,247	2,387	1,225
Non-controlling interests		186	15	–	–
Profit for the year		4,953	2,262	2,387	1,225
Total comprehensive income attributable to:					
Owners of the Company		3,790	4,815	2,720	1,844
Non-controlling interests		154	99	–	–
Total comprehensive income for the year		3,944	4,914	2,720	1,844
Earnings per share	25				
- Basic earnings per share (cents)		0.86	0.41		
- Diluted earnings per share (cents)		0.86	0.41		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

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 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									
Items that may be reclassified subsequently to profit or loss									
Exchange difference on disposal of subsidiaries reclassified to profit or loss	–	–	–	–	40	–	40	19	59
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(1,621)	–	(1,621)	–	(1,621)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	3,530	–	3,530	65	3,595
Net change in fair value of available-for-sale financial assets, net of tax	–	–	619	–	–	–	619	–	619
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

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 2012	88,773	(11,720)	1,370	2,393	(11,915)	32,592	101,493	1,756	103,249
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	4,767	4,767	186	4,953
Other comprehensive income									
Items that may be reclassified subsequently to profit or loss									
Exchange difference on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	(35)	–	(35)	17	(18)
Exchange difference on disposal of subsidiaries reclassified to profit or loss	–	–	–	–	103	–	103	–	103
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(54)	–	(54)	–	(54)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(1,324)	–	(1,324)	(49)	(1,373)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	333	–	–	–	333	–	333
Total other comprehensive income	–	–	333	–	(1,310)	–	(977)	(32)	(1,009)
Total comprehensive income for the year	–	–	333	–	(1,310)	4,767	3,790	154	3,944
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Value of employee services received for issue of share options	–	–	–	88	–	–	88	–	88
Final dividend of 0.16 cents per share in respect of 2012	–	–	–	–	–	(884)	(884)	–	(884)
Total contributions by and distributions to Owners	–	–	–	88	–	(884)	(796)	–	(796)
Total transactions with Owners	–	–	–	88	–	(884)	(796)	–	(796)
Balance as at 30 June 2013	88,773	(11,720)	1,703	2,481	(13,225)	36,475	104,487	1,910	106,397

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

Company	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
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					
Items that may be reclassified subsequently to profit or loss					
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
Final 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.

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

Company	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
Balance as at 1 July 2012	88,773	1,370	2,393	12,876	105,412
Total comprehensive income for the year					
Profit for the year	–	–	–	2,387	2,387
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale financial assets, net of tax	–	333	–	–	333
Total other comprehensive income	–	333	–	–	333
Total comprehensive income for the year	–	333	–	2,387	2,720
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Value of employee services received for issue of share options	–	–	88	–	88
Final dividend of 0.16 cents per share in respect of 2012	–	–	–	(884)	(884)
Total transactions with Owners	–	–	88	(884)	(796)
Balance as at 30 June 2013	88,773	1,703	2,481	14,379	107,336

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2013

	Group	
	2013	2012
	$'000	$'000
Cash flows from operating activities		
Profit for the year	4,953	2,262
Adjustments for:		
Allowance for:		
- doubtful debts from trade receivables	–	138
- inventory obsolescence	62	1,394
Amortisation of intangible assets	556	513
Bad debts written off	68	4
Depreciation of property, plant and equipment	1,817	1,930
Dividend income from other financial asset	(175)	–
Gain on disposal of property, plant and equipment	(182)	(340)
Loss/(Gain) on disposal of subsidiaries	174	(49)
Loss on liquidation of a subsidiary	18	–
Gain on disposal of a joint venture	(46)	–
Interest income	(387)	(273)
Interest expenses	242	341
Inventories written off	84	42
Impairment losses on:		
- property, plant and equipment	–	160
- intangible assets	–	2
(Reversal of)/Provision for:		
- restructuring cost	(45)	(12)
- retrenchments benefits	(12)	142
Share-based payment expense	88	347
Share of results of associates and joint ventures (net of tax)	(398)	151
Income tax credit	(906)	(694)
Operating profit before working capital changes	5,911	6,058
Changes in working capital:		
Inventories	(255)	708
Project-in-progress	9,623	(6,876)
Trade and other receivables	1,260	183
Amounts due from related parties (trade)	(534)	11
Trade and other payables	(7,443)	5,799
Amounts due to related parties (trade)	500	–
Restructuring cost paid	(102)	(24)
Retrenchment benefits paid	–	(142)
Other liabilities arising from fire incident paid	–	(40)
Released/(Placement) of pledged deposits with financial institutions	109	(71)
Cash generated from operations	9,069	5,606

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000
Cash generated from operations		9,069	5,606
Interest received		387	273
Interest paid		(225)	(156)
Income taxes paid		(439)	(1,158)
Net cash generated from operating activities		8,792	4,565
Cash flows from investing activities			
Amounts due from related parties (non-trade)		(661)	225
Additional capital injection in an associate[1]		–	(119)
Net cash inflow/(outflow) from disposal of subsidiaries[3]		69	(711)
Proceeds from disposals of property, plant and equipment		304	363
Proceeds from disposal of joint ventures		1	–
Dividend received from other financial asset		175	–
Dividend received from an associate		255	–
Purchase of:			
- intangible assets		(845)	(2,379)
- other financial assets		–	(1,548)
- property, plant and equipment[2]		(3,422)	(1,470)
Net cash used in investing activities		(4,124)	(5,639)
Cash flows from financing activities			
Amounts due to related parties (non-trade)		492	(191)
Dividend paid		(884)	(1,529)
Interest paid		(17)	(81)
Issuance of shares		–	258
Repayment of bank loans		(18,052)	(11,487)
Repayment of finance lease creditors		(49)	(221)
Proceeds from bank loans		13,980	11,237
Net cash used in financing activities		(4,530)	(2,014)
Net increase/(decrease) in cash and cash equivalents		138	(3,088)
Cash and cash equivalents at beginning of year		30,579	33,001
Effect of exchange rate fluctuations on cash held		27	666
Cash and cash equivalents at end of year	14	30,744	30,579

Significant non-cash transactions

(1) The capital injection in an associate in 2012 included a conversion of an 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.

(2) Property, plant and equipment amounting to $26,000 (2012: Nil) was acquired through finance leases.

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

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

	Group	
	2013	**2012**
	$'000	**$'000**
Property, plant and equipment	24	–
Inventories	91	582
Project-in-progress	162	–
Trade and other receivables	839	1,956
Amounts due from related parties	433	–
Cash and cash equivalents	84	712
Trade and other payables	(436)	(1,257)
Amounts due to related parties	(513)	(2,100)
Interest-bearing borrowings	(244)	–
Non-controlling interests	–	19
Net identifiable assets disposed	440	(88)
Realisation of exchange translation reserves	103	40
Transfer to investment in a joint venture	(216)	–
(Loss)/Gain on disposal of subsidiaries	(174)	49
Cash proceed from disposal of subsidiaries	153	1
Less: Cash and cash equivalents disposed	(84)	(712)
Net cash inflow/(outflow) from disposal of subsidiaries	69	(711)

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 4 September 2013.

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

Statement of compliance

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

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.

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.

Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 reporting 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, associates and joint ventures 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 intangible assets and the carrying amounts of property, plant and equipment, intangible assets, subsidiaries, associates and joint ventures are disclosed in notes 3 to 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Use of estimates and judgements (continued)

(i) *Key sources of estimation uncertainty (continued)*

Impairment of loans and receivables

The Group assesses at each reporting 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 reporting 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 reporting 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Use of estimates and judgements (continued)

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

Taxation **(continued)**

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 $4,805,000 (2012: $4,123,000), deferred tax liabilities are $24,000 (2012: $632,000), tax receivables are $144,000 (2012: $131,000) and current tax payable are $636,000 (2012: $646,000).

Changes in accounting policies

From 1 July 2012, the Company and the Group have applied the Amendments to FRS 1, *Presentation of items of Other Comprehensive Income* to present separately items of other comprehensive income that would be reclassified subsequently to profit or loss when specific conditions are met from those that would never be reclassified subsequently to profit or loss. The adoption of the revised standards affects only the disclosures in the financial statements.

There is no financial effect on the results, earnings per share and the financial position of the Company and the Group for the current and previous financial periods.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Business combinations (continued)

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. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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 and are recognised initially at cost.

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 statement of financial position at cost less accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 exchange 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 exchange translation reserve in equity. When the foreign operation is disposed off, the cumulative amount in equity is transferred to the profit or loss as an adjustment to the profit or loss arising on disposal.

2.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and when the Group has an obligation, 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 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/expenses in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

Assets under construction are not depreciated. Depreciation of other property, plant and equipment is recognised in 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 profit or loss on a straight-line basis over its estimated useful life of 1 to 5 years, from the date on which they are available for use.

Research and development expenditure

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the products or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

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 pre-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 they 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.

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.

Available-for-sale financial assets

The Group's investments in equity securities and debt security are classified as 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 the fair value reserve is transferred to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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, liability for short-term accumulating compensated absences and deferred income), amounts due to related parties, redeemable preference shares and interest-bearing borrowings. 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

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 profit or loss on disposal.

Economic hedges

The Group holds derivative financial instruments to hedge its foreign currency exposures should the need arise.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in property, plant and equipment and are accounted for as described in note 2.4. Rental income is recognised on a straight-line basis over the lease term.

2.9 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 and reflected in an allowance account against the financial asset.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

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. If in a subsequent period, the fair value of an impaired available-for-sale debt security increases and it can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed and is recognised in profit or loss.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent from other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories (continued)

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 statement of financial position.

2.12 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.

2.13 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 related 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 reporting 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 liability 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

Share-based payments (continued)

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.

2.14 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.

2.15 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.

2.16 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, chief financial officer, presidents, vice presidents and officers who hold equivalent positions at the Company and the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Finance income and expenses

Finance income comprises interest income on funds invested and the unwinding discount implicit in the interest-free third party receivable. Interest income is recognised as it accrues, using the effective interest method in profit or loss.

Finance expenses comprise interest expense on borrowings and the discount implicit in the interest-free third party receivable. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.18 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, associates 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.

2.19 Dividends

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

2.20 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.

2.21 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.

3 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Mechanical and electrical facilities $'000	Assets under construct-ion $'000	Total $'000
Cost										
At 1 July 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
Additions	–	81	1	55	327	–	1,338	–	1,646	3,448
Disposals/Write off	–	(4)	(12)	(22)	(206)	(65)	(1,226)	–	–	(1,535)
Arising from disposal of a subsidiary	–	–	–	(22)	(37)	–	(52)	–	–	(111)
Reclassification	–	–	–	(24)	–	–	24	–	–	–
Translation difference on consolidation	(17)	2	(1)	1	(15)	–	(190)	–	19	(201)
At 30 June 2013	2,006	2,961	507	798	4,230	148	29,801	–	1,665	42,116
Accumulated depreciation and impairment losses										
At 1 July 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
Depreciation charge for the year	73	229	24	25	269	13	1,184	–	–	1,817
Disposals/Write off	–	(4)	(12)	(10)	(196)	(65)	(1,126)	–	–	(1,413)
Arising from disposal of a subsidiary	–	–	–	(12)	(36)	–	(39)	–	–	(87)
Reclassification	–	–	–	(24)	–	–	24	–	–	–
Translation difference on consolidation	–	2	(1)	1	(15)	–	(178)	–	–	(191)
At 30 June 2013	333	2,725	461	701	3,787	132	27,383	–	–	35,522
Carrying amounts										
At 1 July 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
At 30 June 2013	1,673	236	46	97	443	16	2,418	–	1,665	6,594

Assets under construction of the Group with carrying amounts of $762,000 (2012: $Nil) has been pledged to banks as securities for certain bank loans (note 17).

The carrying amount of property, plant and equipment includes amounts totalling $81,000 (2012: $151,000) for the Group in respect of assets acquired under finance leases (note 17).

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2011 and 1 July 2012	62	36	70	168
Additions	–	1	–	1
Write off	–	(3)	(2)	(5)
At 30 June 2013	62	34	68	164
Accumulated depreciation				
At 1 July 2011	62	36	65	163
Depreciation charge for the year	–	–	4	4
At 30 June 2012	62	36	69	167
Depreciation charge for the year	–	1	1	2
Write off	–	(3)	(2)	(5)
At 30 June 2013	62	34	68	164
Carrying amounts				
At 1 July 2011	–	–	5	5
At 30 June 2012	–	–	1	1
At 30 June 2013	–	–	–	–

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cost of revenue	1,201	1,374	–	–
Distribution expenses	186	185	–	–
Administrative expenses	370	329	2	4
Research and development expenses	60	42	–	–
	1,817	1,930	2	4

Impairment losses

In the prior year, the Group had impaired $160,000 mainly due to the cessation of a business under the Distribution and Services solutions.

Impairment loss for the prior year was included in cost of revenue of the statement of comprehensive income.

4 INTANGIBLE ASSETS

Group	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Cost						
At 1 July 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
Additions – acquired	35	–	–	–	–	35
Additions – internally developed	3	–	55	752	–	810
Disposal	(11)	–	–	–	–	(11)
Arising from disposal of a subsidiary	(3)	–	–	–	–	(3)
Translation difference on consolidation	(7)	(15)	(47)	(10)	(85)	(164)
At 30 June 2013	644	1,972	6,102	3,989	27,423	40,130
Accumulated amortisation and impairment losses						
At 1 July 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
Amortisation for the year	38	343	78	97	–	556
Disposal	(11)	–	–	–	–	(11)
Arising from disposal of a subsidiary	(3)	–	–	–	–	(3)
Translation difference on consolidation	(6)	(15)	(12)	(8)	–	(41)
At 30 June 2013	559	979	1,846	101	744	4,229
Carrying amounts						
At 1 July 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
At 30 June 2013	85	993	4,256	3,888	26,679	35,901

4 INTANGIBLE ASSETS (continued)

Company	Computer software $'000
Cost	
At 1 July 2011, 30 June 2012 and 30 June 2013	21
Accumulated amortisation	
At 1 July 2011	19
Amortisation for the year	2
At 30 June 2012 and 30 June 2013	21
Carrying amounts	
At 1 July 2011	2
At 30 June 2012 and 30 June 2013	–

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cost of revenue	520	418	–	–
Distribution expenses	3	–	–	–
Administrative expenses	33	95	–	2
	556	513	–	2

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 segments as follows:

	Group	
	2013 $'000	2012 $'000
Probe Card solutions	11,284	11,370
Distribution and Services solutions	15,395	15,394
	26,679	26,764

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.

4 INTANGIBLE ASSETS (continued)

Annual impairment tests for cash-generating units containing goodwill (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 %
2013		
Probe Card solutions	6.4	13.2
Distribution and Services solutions	4.6	15.3
2012		
Probe Card solutions	6.6	13.7
Distribution and Services solutions	5.8	14.2

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

The values assigned to the key assumptions represent management's assessment of future trends in the industries that the CGUs operate in. The Group believes that any reasonable possible change in the above key assumptions for the Probe Card solutions CGU is not likely to materially cause the recoverable amount to be lower than its carrying amount. For the Distribution and Services solutions CGU, if the growth rate decreased by 1.0% (2012: Nil), the estimated recoverable amount would be equal to the carrying amount.

Impairment losses for goodwill and other intangible assets

In the prior year, certain intangible assets under the Distribution and Services solutions were impaired by $2,000 to their recoverable amounts.

Impairment loss for the prior year was included in cost of revenue of the statement of comprehensive income.

5 SUBSIDIARIES

	Company	
	2013 $'000	2012 $'000
Equity investments at cost	137,572	131,493
Quasi-equity loans to subsidiaries	5,203	5,744
Less: Impairment losses	(52,965)	(53,924)
	89,810	83,313

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.

5 SUBSIDIARIES (continued)

During the year, 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 Pte Ltd ("iNETest Resources") by transferring the Company's 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, the Company's interests in EDSS and IMSB remain unchanged at 100%.

Incorporation of subsidiaries

The Company's wholly-owned subsidiary, iNETest Resources, has also in December 2012 established a wholly-owned subsidiary, Ellipsiz iNETest Co., Ltd. ("Ellipsiz iNETest Taiwan") in the laws of the Republic of China (Taiwan) with a registered capital of NTD 5 million (equivalent to $210,000). The principal activities of the subsidiary are those relating to the sales and marketing of scientific and industrial products, provision of solutions for in-circuit and functional testing, engineering and service support as well as trading and distribution of equipment and consumables in Taiwan.

Disposal of subsidiaries

(a) During the year, the Group divested part of its investment in its wholly-owned subsidiary, iNETest India Pvt. Ltd. ("iNETest India") through disposal of the 100% interest in iNETest India to a newly incorporated joint venture. The Group's indirect interest in iNETest India is 49% after the completion of the transaction.

(b) In the prior year, iNETest Resources 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.

Liquidation of subsidiaries

In December 2012, Ellipsiz Communications (Australia) Pty Limited ("ECAU"), an inactive subsidiary in Australia, submitted an application for voluntary de-registration under the applicable local laws. On 9 April 2013, ECAU completed the de-registration and has ceased to be a subsidiary of the Group on the said date.

On 26 March 2013 and 5 June 2013, the Company's wholly-owned subsidiaries, Ellipsiz ISP Pte. Ltd. and FMB Industries Pte. Ltd. were placed under members' voluntarily liquidation, respectively.

Impairment of subsidiaries

During the year, the Company reversed net impairment losses on certain subsidiaries amounting to $959,000 to its recoverable amounts, which is estimated to approximate the net worth of these subsidiaries.

In the prior 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.

The reversal of impairment losses (2012: impairment losses recognised) was included in other income (2012: other expenses) of the statement of comprehensive income.

5 SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2013 %	2012 %
(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 Testlab Pte Ltd	Provision of reliability testing services for semiconductor and electronics industry	Singapore	92	92
(1) Ellipsiz Singapore Pte Ltd	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(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 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
(4) Ellipsiz (Shanghai) International Ltd	Sales representation services and distribution of consumable products, failure analysis equipment and optical equipment	China	100	100
(4) Ellipsiz Second Source Inc., Taiwan	Trading of original equipment and manufacturer parts	Taiwan	100	100
(13) Ellipsiz ISP Pte. Ltd.	Inactive	Singapore	100	100
(13) FMB Industries Pte. Ltd.	Inactive	Singapore	100	100

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2013 %	2012 %
(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 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
(8)	SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	100	100
(13)	SV Probe Korea Co., Ltd	Inactive	Korea	100	100
(1)	iNETest Resources Pte. Ltd. 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
(8)	Ellipsiz iNETest (Suzhou) Co., Ltd. (Formerly known as iNETest (Suzhou) Co., Ltd)	Provision of solutions for in-circuit and functional testing	China	100	100
(8)	Ellipsiz iNETest (Shanghai) Co., Ltd. (Formerly known as iNETest Resources (China) Co., Ltd)	Provision of solutions for in-circuit and functional testing	China	100	100
(4)	Ellipsiz iNETest Co., Ltd	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	–
(13)	iNETest Resources HK Limited	Inactive	Hong Kong	100	100

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(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
(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
(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 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
(14)(12) Ellipsiz Communications (Australia) Pty Limited	Inactive	Australia	–	36

(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, Republic of 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 was de-registered during the year.

6 ASSOCIATES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Investments in associates	6,116	6,116	4,868	4,868
Share of post-acquisition reserves	1,821	1,478	–	–
Exchange translation reserve	(48)	1,186	–	–
	1,773	2,664	–	–
	7,889	8,780	4,868	4,868

In the prior year, upon a capital call by IRC Technologies Ltd, iNETest Resources injected capital of Thai baht 4,900,000 ($201,000) in the associate according to its proportionate interest in the associate. 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 remained unchanged.

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
(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.

6 ASSOCIATESS (continued)

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

	Group	
	2013 $'000	2012 $'000
Results		
Revenue	46,496	41,100
Expenses	(44,837)	(39,365)
Profit before taxation	1,659	1,735
Taxation	(394)	(992)
Profit after taxation	1,265	743
Assets and liabilities		
Non-current assets	16,224	21,577
Current assets	19,752	28,448
Total assets	35,976	50,025
Current liabilities	(9,142)	(16,882)
Non-current liabilities	(11,294)	(15,921)
Total liabilities	(20,436)	(32,803)

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

7 JOINT VENTURES

	Group	
	2013 $'000	2012 $'000
Investments in joint ventures	885	670
Quasi-equity loan to a joint venture	–	831
	885	1,501
Share of post-acquisition reserves	(408)	(1,024)
Exchange translation reserve	(65)	(88)
	(473)	(1,112)
	412	389

Loan to a joint venture was unsecured and interest-free. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, part of the Group's investment in a joint venture, it was stated at cost less impairment losses. During the year, the Group disposed an investment in joint venture and its quasi-equity loan to a non-controlling interest for a total cash consideration of HK$5,000.

7 JOINT VENTURES (continued)

Details of the joint ventures are as follows:

	Name of joint venture	Principal activities	Country of incorporation and business	Effective equity held by the Group 2013 %	2012 %
(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
(4)	Global Technosoft Pte. Ltd.	General trading and investments	Singapore	49	–

(1) This joint venture is held through Ellipsiz Ventures Pte Ltd and is 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) On 7 February 2013, the Company's 51% subsidiary, E+HPS entered into an agreement with the minority shareholder of E+HPS, to sell its entire 50% interest in the joint venture, Lucky City Group Company Limited, for a total cash consideration of HKD5,000 (approximately $1,000).

(4) On 25 March 2013, the Company's wholly-owned subsidiary, iNETest Resources, incorporated a joint venture company in Singapore. Its investment in iNETest India was subsequently transferred to the joint venture company (see note 5).

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

	Group 2013 $'000	Group 2012 $'000
Results		
Revenue	852	2,200
Expenses	(1,252)	(3,100)
Loss before and after taxation	(400)	(900)
Assets and liabilities		
Non-current assets	812	837
Current assets	1,101	1,569
Current liabilities	(1,153)	(3,012)
Net assets/(liabilities)	760	(606)

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

8 FINANCIAL ASSETS

	Group		Company	
	2013	2012	2013	2012
	$'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	9,460	9,127	9,460	9,127
	17,376	17,043	11,773	11,440
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)
	7,014	6,681	7,014	6,681

In the prior year, 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 was approximately 18.9%.

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables				
Trade receivables	32,673	34,557	–	–
Less: Impairment losses	(228)	(250)	–	–
Net trade receivables	32,445	34,307	–	–
Other receivables				
Tax receivables	144	131	–	–
Refundable deposits	511	918	18	21
Sundry receivables	1,680	1,713	201	239
Prepayments	1,409	1,299	4	4
Total other receivables	3,744	4,061	223	264
	36,189	38,368	223	264
Represented by:				
Current portion	32,936	32,164	223	264
Non-current portion	3,253	6,204	–	–
	36,189	38,368	223	264

Concentration of credit risk relating to trade and other receivables is limited due to the Group's varied customer base. The Group's customers are globally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets.

9 TRADE AND OTHER RECEIVABLES (continued)

Impairment losses

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

	Gross 2013 $'000	Impairment losses 2013 $'000	Gross 2012 $'000	Impairment losses 2012 $'000
Group				
Trade receivables				
Not past due	22,005	–	22,647	–
Past due 0 - 30 days	7,834	–	6,973	–
Past due 31 - 120 days	2,336	–	3,051	–
Past due 121 - 365 days	264	–	1,484	(6)
More than one year	234	(228)	402	(244)
	32,673	(228)	34,557	(250)
Other receivables[(1)]				
Not past due	1,060	–	1,114	–
Past due 31 - 120 days	221	–	–	–
Past due 121 - 365 days	–	–	1	–
More than one year	9	–	17	–
No credit term	901	–	1,499	–
	2,191	–	2,631	–
Company				
Other receivables[(1)]				
No credit term	219	–	260	–

(1) Excludes tax receivables and prepayments.

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 July	250	558	–	–
Impairment losses made	–	138	–	–
Impairment utilised	(16)	(449)	–	–
Translation difference on consolidation	(6)	3	–	–
At 30 June	228	250	–	–

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.

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
2013				
Deferred tax assets				
Property, plant and equipment	217	(153)	–	64
Inventories	221	(128)	(5)	88
Trade and other payables	517	(79)	(6)	432
Tax value of loss carry-forward	2,865	1,991	6	4,862
Other items	520	(6)	(3)	511
	4,340	1,625	(8)	5,957
Deferred tax liabilities				
Property, plant and equipment	(99)	48	8	(43)
Intangible assets	(618)	(508)	(7)	(1,133)
Other items	(132)	127	5	–
	(849)	(333)	6	(1,176)
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)

Company	At 1 July 2011 $'000	Recognised in profit or loss (note 24) $'000	At 30 June 2012 $'000	Recognised in profit or loss (note 24) $'000	At 30 June 2013 $'000
Deferred tax asset					
Other items	12	(5)	7	4	11
Deferred tax liability					
Property, plant and equipment	(1)	1	–	–	–

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax assets	4,805	4,123	11	7
Deferred tax liabilities	(24)	(632)	–	–
	4,781	3,491	11	7

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2013 $'000	2012 $'000
Deductible temporary differences	1,033	2,603
Unutilised tax losses and tax credits	14,313	22,057
	15,346	24,660

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	
	2013 $'000	2012 $'000
Raw materials	1,996	1,699
Work-in-progress	1,015	707
Finished goods	4,057	4,696
Inventories-in-transit	197	170
	7,265	7,272

During the year, raw materials and consumables and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $62,094,000 (2012: $82,833,000).

12 PROJECT-IN-PROGRESS

	Note	Group 2013 $'000	Group 2012 $'000
Costs incurred and attributable profits		42,477	43,350
Progress billings		(42,899)	(33,939)
		(422)	9,411
Comprising:			
Project-in-progress		1,064	9,778
Excess of progress billings over project-in-progress	18	(1,486)	(367)
		(422)	9,411

13 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Loans to subsidiaries	–	–	425	1,508
Amounts due from:				
Subsidiaries				
- trade	–	–	4,233	5,080
- non-trade	–	–	3,344	6,446
	–	–	7,577	11,526
Affiliates				
- trade	32	–	–	–
- non-trade	154	154	–	–
Less: Impairment loss	(154)	(154)	–	–
	32	–	–	–
Joint ventures				
- loan	425	–	–	–
- trade	95	2	–	–
- non-trade	242	31	–	–
	762	33	–	–
Associates				
- trade	13	34	–	–
- non-trade	12	10	–	–
	25	44	–	–
	819	77	8,002	13,034

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

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts due to:				
Joint ventures				
- trade	(373)	(7)	–	–
- non-trade	(73)	(1)	–	–
	(446)	(8)	–	–
Associates (trade)	(124)	–	–	–
Non-controlling interests (non-trade)	(307)	(398)	–	–
Subsidiaries (non-trade)	–	–	(13,062)	(10,889)
	(877)	(406)	(13,062)	(10,889)

Loans to subsidiaries are unsecured and bear interest at 5.5% (2012: 5% to 5.5%) per annum with fixed monthly repayments over a period of 3 months (2012: 3 months and 4 years).

Loan to a joint venture is unsecured, bear interest at LIBOR + 1.5% per annum and is repayable on demand.

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 reporting date is:

	Gross 2013 $'000	Impairment losses 2013 $'000	Gross 2012 $'000	Impairment losses 2012 $'000
Group				
Not past due	53	–	–	–
Past due 31 - 120 days	5	–	36	–
Past due 121 - 365 days	71	–	–	–
More than one year	11	–	–	–
No credit term	833	(154)	195	(154)
	973	(154)	231	(154)
Company				
Not past due	533	–	212	–
Past due 31 - 120 days	512	–	619	–
Past due 121 - 365 days	1,215	–	2,652	–
More than one year	1,973	–	1,597	–
No credit term	3,769	–	7,954	–
	8,002	–	13,034	–

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

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At 1 July	154	154	–	1,593
Reversal of impairment losses	–	–	–	(1,593)
At 30 June	154	154	–	–

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

14 CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Cash at banks and in hand		25,187	25,039	5,932	4,544
Deposits with financial institutions		7,203	7,295	5,516	5,507
		32,390	32,334	11,448	10,051
Deposits held as securities by financial institutions	17	(1,646)	(1,755)		
Cash and cash equivalents in the consolidated statement of cash flows		30,744	30,579		

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 0.22% (2012: 0.36%) and 0.12% (2012: 0.12%), 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	
	2013	2012
	No. of shares	No. of shares
	'000	'000
Fully paid ordinary shares, with no par value:		
At 1 July	552,794	542,910
Issuance of shares pursuant to the exercise of warrants	–	7,384
Issuance of shares pursuant to the exercise of share awards	–	2,500
At 30 June	552,794	552,794

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.

15 SHARE CAPITAL (continued)

Treasury shares

The Group had not acquired any treasury shares during the year. Hence, there were no treasury shares held by the Group at the reporting date (2012: Nil).

Capital management

Capital consists of share capital, reserves and equity from non-controlling interest of the Group.

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.

16 RESERVES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Capital reserve	(11,720)	(11,720)	–	–
Fair value reserve	1,703	1,370	1,703	1,370
Share-based compensation reserve	2,481	2,393	2,481	2,393
Exchange translation reserve	(13,225)	(11,915)	–	–
Accumulated profits	36,475	32,592	14,379	12,876
	15,714	12,720	18,563	16,639

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		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current liabilities				
Secured bank loans	312	–	–	–
Unsecured bank loans	540	3,520	–	–
Obligations under finance leases	52	75	–	–
	904	3,595	–	–
Current liabilities				
Secured bank loans	89	–	–	–
Unsecured bank loans[1]	3,755	5,544	–	903
Obligations under finance leases	49	49	–	–
	3,893	5,593	–	903

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

Maturity of liabilities (excluding finance lease liabilities)

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within 1 year	3,844	5,544	–	903
After 1 year but within 5 years	852	3,520	–	–
	4,696	9,064	–	903

The borrowings are secured on the following assets:

	Note	Group		Company	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Assets under construction	3	762	–	–	–
Deposits with financial institutions	14	1,646	1,755	–	–
		2,408	1,755	–	–

Obligations under finance leases

		2013			2012	
Group	Principal $'000	Interest $'000	Total $'000	Principal $'000	Interest $'000	Total $'000
Within 1 year	49	5	54	49	7	56
After 1 year but within 5 years	52	3	55	75	5	80
Total	101	8	109	124	12	136

17 INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2013 $'000	2012 $'000
Group				
S$ fixed rate loans	2.05% to 5.75%	2013 to 2014	1,322	2,616
US$ fixed rate loans	1.29% to 3.20%	2013 to 2016	1,791	1,346
MYR fixed rate loans	5.66% to 5.85%	2013 to 2014	1,182	1,354
INR fixed rate loans	12.75% to 13.00%	2013	–	247
NTD fixed rate loan	2.50%	2018	401	–
NTD floating rate loan	2.75% + bank's cost of fund	2013	–	3,501
S$ finance lease liability	3.00%	2018	26	–
MYR finance lease liability	4.00%	2015	75	116
NTD finance lease liability	7.04%	2013	–	8
			4,797	9,188
Company				
S$ fixed rate loan	5.00%	2013	–	903

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

		Cash flows		
Group	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Between 1 to 5 years $'000
2013				
Non-derivative financial liabilities				
Fixed interest rate loans	4,696	4,776	3,894	882
Finance lease liabilities	101	109	54	55
Redeemable convertible preference shares	78	78	78	–
Trade and other payables(1)	23,346	23,346	23,346	–
Amounts due to related parties	877	877	877	–
	29,098	29,186	28,249	937
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

17 INTEREST-BEARING BORROWINGS (continued)

Company	Carrying amount $'000	Cash flows: Contractual cash outflows $'000	Cash flows: Within 1 year $ '000
2013			
Non-derivative financial liabilities			
Trade and other payables[1]	866	866	866
Amounts due to related parties	13,062	13,062	13,062
Recognised financial liabilities	13,928	13,928	13,928
Intra-group financial guarantees	–	13,383	13,383
	13,928	27,311	27,311
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 guarantees	–	17,886	17,886
	12,595	30,498	30,498

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

18 TRADE AND OTHER PAYABLES

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade payables		14,172	21,663	–	–
Excess of progress billings over project-in-progress	12	1,486	367	–	–
Liability for short-term accumulating compensated absences		1,006	898	66	47
Accrued expenses		7,606	8,570	795	747
Other payables		1,568	2,271	71	56
Deferred income		1,546	301	–	–
		27,384	34,070	932	850

19 PROVISIONS

Group	Warranties $'000	Restructuring/ Retrenchment $'000	Total $'000
At 1 July 2012	230	157	387
Provision made	221	–	221
Provision reversed	(2)	(57)	(59)
Provision utilised	(295)	(102)	(397)
Translation difference	(5)	2	(3)
At 30 June 2013	149	–	149

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.

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 the preference shares are entitled to redeem the preference shares based on a formula in the Memorandum of Articles of the subsidiary.

21 REVENUE

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Sale of goods	82,411	101,241	–	–
Service income	38,108	39,433	–	–
Commission income	3,713	3,616	–	–
Dividend income	–	–	600	580
Management fees	–	–	2,137	2,140
	124,232	144,290	2,737	2,720

22 RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Other income					
Rental income		–	53	–	–
Sundry income		450	680	19	9
Gain on disposal of property, plant and equipment		182	340	–	–
Gain on disposal of subsidiaries		–	49	868	–
Gain on disposal of a joint venture		46	–	–	–
Reversal of impairment of subsidiaries	5	–	–	959	–
Reversal of provision for restructuring cost	19	45	12	–	–
Reversal of provision for retrenchment benefits	19	12	–	–	–
Dividend income from other financial asset		175	–	175	–
Exchange gain, net		–	–	–	187
		910	1,134	2,021	196
Staff costs and share-based payments					
Wages, salaries and other staff costs		32,502	35,959	1,268	1,001
Contributions to defined contribution plans		1,681	1,841	54	38
Increase/(Decrease) in liability for short-term accumulating compensated absences		113	113	19	(26)
Share-based payment expense		88	347	32	150
		34,384	38,260	1,373	1,163
Other expenses					
Audit fees paid/payable to:					
- auditors of the Company		348	364	58	56
- other auditors		89	107	–	–
Non-audit fees paid/payable to:					
- auditors of the Company		83	85	38	38
- other auditors		45	37	–	–
Depreciation of property, plant and equipment	3	1,817	1,930	2	4
Amortisation of intangible assets	4	556	513	–	2
Allowance for/(reversal of):					
- doubtful debts from trade receivables	9	–	138	–	–
- doubtful debts from subsidiaries	13	–	–	–	(1,593)
- inventory obsolescence		62	1,394	–	–
Impairment losses on investments in subsidiaries	5	–	–	–	1,271
Inventories written off		84	42	–	–
Bad debts written off		68	4	141	–
Impairment losses on:					
- property, plant and equipment	3	–	160	–	–
- intangible assets	4	–	2	–	–
Loss on disposal of investment in a subsidiary		174	–	–	–
Retrenchment benefits		–	142	–	–
Exchange loss, net		282	516	70	–
Operating lease expenses		2,447	2,621	8	9

22 RESULTS FROM OPERATING ACTIVITIES (continued)

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		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	210	210	210	210
Staff costs and share-based payments:				
- directors of the Company	549	535	549	535
- other directors	2,638	2,613	–	–
	3,397	3,358	759	745

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

	2013 Number	2012 Number
Company		
$500,000 and above	1	1
Below $250,000	4	4
	5	5

23 NET FINANCE INCOME/(EXPENSES)

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Finance income				
Interest income from:				
- financial institutions	45	44	9	6
- subsidiaries	–	–	53	138
- third parties	105	8	–	–
Interest income arising from the unwinding discount implicit in the interest-free third party receivables	237	221	–	–
	387	273	62	144
Finance expenses				
Interest expense to:				
- finance leases	(7)	(23)	–	–
- financial institutions	(233)	(201)	(17)	(81)
- affiliates	–	(4)	–	–
- non-controlling interest	(2)	(9)	–	–
Interest expense arising from the discount implicit in the interest-free third party receivables	–	(104)	–	–
	(242)	(341)	(17)	(81)
Net finance income/(expenses)	145	(68)	45	63

24 INCOME TAX (CREDIT)/EXPENSES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current tax expenses/(credit)				
Current year	438	460	23	85
Withholding tax	155	343	–	83
(Over)/Under provision in prior years	(207)	(76)	(45)	67
	386	727	(22)	235
Deferred tax (credit)/expenses				
Origination and reversal of temporary differences	65	(49)	(4)	4
Under provision in prior years	(218)	(172)	–	–
Recognition of previously unrecognised tax losses and credits	(1,139)	(1,200)	–	–
	(1,292)	(1,421)	(4)	4
	(906)	(694)	(26)	239
Reconciliation of effective tax rate				
Profit for the year	4,953	2,262	2,387	1,225
Income tax (credit)/expenses	(906)	(694)	(26)	239
Profit before income tax	4,047	1,568	2,361	1,464
Income tax at 17% (2012: 17%)	688	267	401	249
Effect of different tax rates in other countries	39	(123)	–	–
Tax incentives	(207)	(1,048)	–	–
Income not subject to tax	(336)	(198)	(466)	(427)
Expenses not deductible for tax purposes	485	564	84	267
Withholding tax	155	343	–	83
Deferred tax assets not recognised	260	1,626	–	–
Recognition of previously unrecognised tax losses and credits	(1,139)	(1,200)	–	–
Utilisation of previously unrecognised deferred tax assets	(426)	(677)	–	–
(Over)/Under provision in prior years	(425)	(248)	(45)	67
	(906)	(694)	(26)	239

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	
	2013	2012
	$'000	$'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	4,767	2,247

	No. of shares '000	No. of shares '000
Weighted average number of:		
- shares outstanding during the year	552,794	542,910
- shares issued during the year:		
- pursuant to the exercise of warrants	–	5,976
- pursuant to the exercise of share awards	–	2,500
	552,794	551,386

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.

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

	Group	
	2013	2012
	No. of shares '000	No. of shares '000
Weighted average number of shares issued, used in the calculation of diluted earnings per share	552,794	551,386

As at 30 June 2013, 37,606,000 (2012: 38,500,000) 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.

26 EQUITY COMPENSATION BENEFITS (continued)

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:

2013

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2012	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2013	Options exercisable at 1 July 2012	Options exercisable at 30 June 2013	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 2013	Exercise periods
26/10/2009	0.135	5,350,330	–	–	(150,000)	5,200,330	5,350,330	5,200,330	–	–	18	26/10/2010 to 25/10/2014
26/10/2009	0.135	7,400,001	–	–	(150,000)	7,250,001	7,400,001	7,250,001	–	–	24	26/10/2011 to 25/10/2014
26/10/2009	0.135	7,400,004	–	–	(150,000)	7,250,004	–	7,250,004	–	–	24	26/10/2012 to 25/10/2014
25/08/2010	0.140	9,175,000	–	–	(221,875)	8,953,125	9,175,000	8,953,125	–	–	32	25/08/2011 to 24/08/2015
25/08/2010	0.140	9,175,000	–	–	(221,875)	8,953,125	–	8,953,125	–	–	32	25/08/2012 to 24/08/2015
		38,500,335	–	–	(893,750)	37,606,585	21,925,331	37,606,585	–			

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	–			

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.

26 EQUITY COMPENSATION BENEFITS (continued)

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 30 June 2012, there were no outstanding awards and no outstanding award holders.

The vesting of awards was based on fulfilment of employment or directorship services with the Group from the date of grant to the vesting date.

The fair value of the services received in return for share awards vested was 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 2013, the aggregate number of awards granted was 5,238,600 (2012: 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Sales and service income to:				
- joint venture	89	211	–	–
- associate	124	131	–	–
- other affiliates	452	914	–	–
Service fee paid to an associate	(383)	(207)	–	–
Rental expenses paid to:				
- director	(121)	(125)	–	–
- associate	–	(3)	–	–
- non-controlling interest of subsidiary	(58)	(50)	–	–
- other affiliate	(160)	(147)	–	–
Services rendered by an affiliate[1]	(1)	(10)	(1)	(10)

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Directors' fees	210	210	210	210
Short-term employee benefits	3,319	3,154	869	793
Post-employment benefits	143	136	26	27
Share-based payments	68	310	16	147
	3,740	3,810	1,121	1,177

Staff costs paid to close members of key management personnel were $71,000 (2012: $53,000).

28 COMMITMENTS

Lease commitments

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Receivable:				
Within 1 year	2	2	–	–
After 1 year but within 5 years	2	5	–	–
	4	7	–	–
Payable:				
Within 1 year	1,581	1,390	–	–
After 1 year but within 5 years	1,416	1,126	–	–
	2,997	2,516	–	–

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $13,383,000 (2012: $17,886,000) to banks for banking facilities of $21,507,000 (2012: $23,717,000) made available to its subsidiaries, of which the subsidiaries have utilised $6,480,000 (2012: $9,145,000).

Acquisition agreement

A wholly-owned subsidiary, SV Probe Pte Ltd, entered into a business transfer agreement on 25 June 2013 to acquire certain probe card business, technologies, intellectual property rights and assets from Tokyo Cathode Laboratory Co., Ltd. The acquisition will allow the Group to expand its activities in Japan, Taiwan, Singapore, Guangzhou and Hong Kong. The purchase consideration is US$3,500,000 and is payable in cash. As at 30 June 2013, the completion of the agreement is still outstanding.

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 costs of risks occurring and the costs of managing the risks. Management continually monitors the Group's risk management processes 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 reporting 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 reporting 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 receivables and amounts due from related parties. The main components of this allowance are a specific loss component that relates to individually significant exposures.

29 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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 reporting date, the Group has unutilised credit facilities of $15,270,000 (2012: $15,176,000).

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.

The Group's exposure to interest rates risk is not significant.

Foreign currency risk

The Group has exposures 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets				
- British pound	174	193	174	193
Trade and other receivables				
- US dollar	12,646	11,286	–	–
- Japanese yen	361	264	–	–
- Singapore dollar	127	84	–	–
- Euro	113	10	–	–
- Vietnamese dong	10	6	–	–
- Other	27	15	–	–
	13,284	11,665	–	–
Amounts due from related parties				
- US dollar	4,387	12,601	5,227	5,346
- Singapore dollar	293	2,114	–	–
- Malaysia ringgit	–	18	–	18
- Thai baht	151	49	–	–
- Euro	3	–	–	–
	4,834	14,782	5,227	5,364

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Cash and cash equivalents				
- US dollar	5,790	6,016	69	229
- Singapore dollar	634	302	–	–
- Japanese yen	10	14	–	–
- Euro	108	11	–	–
- Hong Kong dollar	–	8	–	–
- Vietnamese dong	6	42	–	–
	6,548	6,393	69	229
Trade and other payables				
- US dollar	5,966	8,620	4	–
- Singapore dollar	118	400	–	–
- Malaysia ringgit	142	141	–	–
- Vietnamese dong	368	288	–	–
- Euro	40	41	–	–
- British pound	24	22	–	–
- Other	74	58	–	–
	6,732	9,570	4	–
Amounts due to related parties				
- US dollar	8,300	14,015	6	–
- Singapore dollar	1,546	3,741	–	–
- Malaysia ringgit	–	1	–	–
- Chinese renminbi	1,761	2,426	14	13
- Thai baht	128	56	–	–
	11,735	20,239	20	13
Interest-bearing borrowings				
- US dollar	891	1,346	–	–
- Singapore dollar	18	191	–	–
	909	1,537	–	–
Redeemable convertible preference shares				
- Singapore dollar	78	78	–	–

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 1% (2012: 1%) appreciation of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase 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	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Equity	2	2	2	2
Profit or loss for the year attributable to Owners of the Company	46	16	44	46

A 1% (2012: 1%) depreciation of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would have had the equal but opposite effect on the above currencies to the amounts mentioned above, on the basis that all other variables remain constant.

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% (2012: 10%) increase (decrease) in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase (decrease) equity of the Group and the Company by $701,000 (2012: $668,000). 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 are carried at fair value and measured based on quoted prices (unadjusted) from active markets for identical financial instruments (i.e. Level 1).

30 FINANCIAL INSTRUMENTS BY CATEGORY

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

Group	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2013					
Assets					
Financial assets	8	7,014	–	–	7,014
Trade and other receivables (excluding prepayments)	9	–	34,780	–	34,780
Amounts due from related parties	13	–	819	–	819
Cash and cash equivalents	14	–	32,390	–	32,390
		7,014	67,989	–	75,003
Liabilities					
Amounts due to related parties	13	–	–	877	877
Interest-bearing borrowings	17	–	–	4,797	4,797
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	23,346	23,346
Redeemable convertible preference shares	20	–	–	78	78
		–	–	29,098	29,098
2012					
Assets					
Financial assets	8	6,681	–	–	6,681
Trade and other receivables (excluding prepayments)	9	–	37,069	–	37,069
Amounts due from related parties	13	–	77	–	77
Cash and cash equivalents	14	–	32,334	–	32,334
		6,681	69,480	–	76,161
Liabilities					
Amounts due to related parties	13	–	–	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

30 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2013					
Assets					
Financial assets	8	7,014	–	–	7,014
Trade and other receivables (excluding prepayments)	9	–	219	–	219
Amounts due from related parties	13	–	8,002	–	8,002
Cash and cash equivalents	14	–	11,448	–	11,448
		7,014	19,669	–	26,683
Liabilities					
Amounts due to related parties	13	–	–	13,062	13,062
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	866	866
		–	–	13,928	13,928
2012					
Assets					
Financial assets	8	6,681	–	–	6,681
Trade and other receivables (excluding prepayments)	9	–	260	–	260
Amounts due from related parties	13	–	13,034	–	13,034
Cash and cash equivalents	14	–	10,051	–	10,051
		6,681	23,345	–	30,026
Liabilities					
Amounts due to related parties	13	–	–	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

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. 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 hook-up, 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

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
Group	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Revenue and expense								
Total revenue from external customers	89,903	108,970	34,329	35,320	–	–	124,232	144,290
Inter-segment revenue	303	391	–	264	(303)	(655)	–	–
	90,206	109,361	34,329	35,584			124,232	144,290
Segment results	2,744	(16)	661	1,497	–	–	3,405	1,481
Unallocated corporate results							99	306
							3,504	1,787
Share of results of associates and joint ventures								
- allocated to reportable segments	423	65	97	162	–	–	520	227
- unallocated corporate & others							(122)	(378)
Profit before finance income/(expenses) and taxation							3,902	1,636
Finance income							387	273
Finance expenses							(242)	(341)
Income tax credit							906	694
Non-controlling interests							(186)	(15)
Profit for the year attributable to Owners of the Company							4,767	2,247

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2013 $'000	Distribution and Services solutions 2012 $'000	Probe Card solutions 2013 $'000	Probe Card solutions 2012 $'000	Eliminations 2013 $'000	Eliminations 2012 $'000	Consolidated 2013 $'000	Consolidated 2012 $'000
Assets and liabilities								
Segment assets	64,351	73,831	44,156	43,034	–	–	108,507	116,865
Investments in associates								
- allocated to reportable segments	2,545	2,234	5,344	6,546	–	–	7,889	8,780
Investments in joint ventures								
- allocated to reportable segments	283	75	–	–	–	–	283	75
- unallocated corporate & others							129	314
Tax receivables	144	131	–	–	–	–	144	131
Deferred tax assets	1,862	1,245	2,932	2,871	–	–	4,794	4,116
Unallocated corporate assets							18,596	18,375
Total assets							140,342	148,656
Segment liabilities	23,089	29,810	4,453	4,235	–	–	27,542	34,045
Interest-bearing borrowings	3,478	8,094	1,319	191	–	–	4,797	8,285
Income tax liabilities	460	270	154	843	–	–	614	1,113
Unallocated corporate liabilities							992	1,964
Total liabilities							33,945	45,407
Capital expenditure								
- allocated to reportable segments	631	280	3,661	3,569	–	–	4,292	3,849
- unallocated corporate & others							1	–
							4,293	3,849
Other items								
Depreciation of property, plant and equipment								
- allocated to reportable segments	533	576	1,282	1,350	–	–	1,815	1,926
- unallocated corporate expenses							2	4
							1,817	1,930
Amortisation of intangible assets								
- allocated to reportable segments	34	84	522	427	–	–	556	511
- unallocated corporate expenses							–	2
							556	513
Gain on disposals of property, plant and equipment								
- allocated to reportable segments	(25)	(293)	(157)	(47)	–	–	(182)	(340)

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2013 $'000	Distribution and Services solutions 2012 $'000	Probe Card solutions 2013 $'000	Probe Card solutions 2012 $'000	Eliminations 2013 $'000	Eliminations 2012 $'000	Consolidated 2013 $'000	Consolidated 2012 $'000
Other items (continued)								
(Reversal of allowance)/ Allowance for inventory obsolescence								
- allocated to reportable segments	(48)	1,130	110	264	–	–	62	1,394
Inventory written off								
- allocated to reportable segments	1	–	83	42	–	–	84	42
Allowance/(Reversal of allowance) for doubtful trade receivables								
- allocated to reportable segments	–	148	–	(10)	–	–	–	138
Bad debts written off								
- allocated to reportable segments	30	4	38	–	–	–	68	4
Impairment loss on property, plant and equipment								
- allocated to reportable segments	–	160	–	–	–	–	–	160
Impairment loss on intangible assets								
- allocated to reportable segments	–	2	–	–	–	–	–	2
Loss/(Gain) on disposal of subsidiaries								
- allocated to reportable segments	174	(49)	–	–	–	–	174	(49)

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Group														
Total revenue from external customers	52,062	52,508	16,571	27,915	28,920	36,105	17,066	17,598	4,488	3,200	5,125	6,964	124,232	144,290
Non-current segment assets	28,537	28,075	3,307	3,710	4,706	6,292	7,948	7,577	20	17	1,230	1,387	45,748	47,058
Investments in associates	–	–	2,545	2,234	–	–	–	–	–	–	5,344	6,546	7,889	8,780
Investments in joint ventures	216	–	67	75	129	314	–	–	–	–	–	–	412	389
Investments in other financial assets	6,840	6,488	–	–	–	–	–	–	174	193	–	–	7,014	6,681
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	4,805	4,123
Total non-current assets	35,593	34,563	5,919	6,019	4,835	6,606	7,948	7,577	194	210	6,574	7,933	65,868	67,031
Capital expenditures	1,207	2,519	1,010	351	1,066	162	1,005	738	2	5	3	74	4,293	3,849

32 PROPOSED DIVIDENDS

Subsequent to the reporting date, the directors proposed dividends as follows:

	Group and Company	
	2013 $'000	2012 $'000
Final tax-exempt (one-tier) dividends of 0.20 cents per share (2012: 0.16 cents)	1,106	884

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

33 SUBSEQUENT EVENT

On 1 September 2013, the Group announced the completion of the first closing relating to the business transfer agreement entered between its wholly-owned subsidiary, SV Probe Pte Ltd ("SV Probe"), and Tokyo Cathode Laboratory Co., Ltd ("TCL") (note 28) with the following modification to the original agreement:

(a) SV Probe instead of

 (i) acquiring share capital in TCL's Guangzhou subsidiary, will purchase the business and certain assets of the TCL's Guangzhou subsidiary; and

 (ii) purchasing certain assets and business of a TCL subsidiary, Hokko Electronics Co., Ltd. ("Hokko"), will purchase all the share capital of Hokko.

(b) The final aggregated cash purchase price for the purchase of the TCL group business and assets, including the shares of Hokko, is US$2.855 million (reduced from the previously announced total of US$3.5 million). The aggregated purchase price was fully paid at the date the financial statements were authorised for issue by the Board of Directors.

The closing for the acquisition (including the purchase of shares of Hokko) was completed on 30 August 2013 ("first closing"). Following the completion of the first closing, other than acquiring the business and certain assets of TCL in Japan and of its subsidiary in Guangzhou, the Group has also acquired 100% equity interest of TCL's subsidiaries in Japan, Taiwan, Singapore and Hong Kong. The transfer of the business and assets relating to the Guangzhou subsidiary is expected to complete on or before 30 November 2013.

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

STATISTICS OF SHAREHOLDERS

As at 9 September 2013

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 9 SEPTEMBER 2013

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	38	0.83	15,468	0.00
1,000 to 10,000	1,810	39.70	8,903,678	1.61
10,001 to 1,000,000	2,659	58.33	231,795,786	41.93
1,000,001 and above	52	1.14	312,079,284	56.46
Total	4,559	100.00	552,794,216	100.00

Based on information available to the Company as at 9 September 2013, approximately 77.98% of the issued share capital of the Company is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

TOP 20 SHAREHOLDERS AS AT 9 SEPTEMBER 2013

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	32,790,686	5.93
3	Chan Wai Leong	27,592,905	4.99
4	Teem Holding Pte Ltd	22,459,272	4.06
5	Tan Tai Wei	12,576,000	2.28
6	OCBC Securities Private Ltd	12,134,333	2.20
7	Maybank Kim Eng Securities Pte Ltd	11,465,999	2.07
8	Tan Chong Gin	10,383,333	1.88
9	UOB Kay Hian Pte Ltd	10,206,533	1.85
10	DBS Nominees Pte Ltd	8,814,133	1.60
11	Lim & Tan Securities Pte Ltd	7,745,000	1.40
12	United Overseas Bank Nominees Pte Ltd	6,482,930	1.17
13	Lu Zu Liang	6,464,000	1.17
14	Amfraser Securities Pte Ltd	5,800,000	1.05
15	Chew Shit Fun	5,317,000	0.96
16	CIMB Securities (Singapore) Pte Ltd	4,845,000	0.88
17	OCBC Nominees Singapore Pte Ltd	4,370,593	0.79
18	Ip Yuen Kwong	4,257,000	0.77
19	Teo Choon Hiang	3,992,000	0.72
20	Wang Liang Horng	3,545,000	0.64
	Total	257,698,165	46.62

SUBSTANTIAL SHAREHOLDERS AS AT 9 SEPTEMBER 2013

Name of shareholders	Shareholdings registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Total	% of issued share capital
Chong Fook Choy	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 9 September 2013.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 18th 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 2013 at 9.30 a.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 2013, together with the Auditors' Report thereon. **(Resolution 1)**

2. (i) To re-elect Mr. Melvin Chan Wai Leong (Chief Executive Officer) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election. **(Resolution 2)**

   (ii) To re-elect Mr. Jeffrey Staszak (Lead Independent 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 2013 (2012: S$210,000). **(Resolution 4)**

4. To approve a first and final (tax-exempt one-tier) dividend of 0.20 cents per ordinary share for the financial year ended 30 June 2013. **(Resolution 5)**

5. To re-appoint KPMG LLP as the Company's auditors and to authorize 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,

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

(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 authorized 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 authorized 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 authorized 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 2013 after 5.00 p.m. to determine the members' entitlements to the proposed first and final dividend to be paid on 14 November 2013 (Thursday), subject to and contingent upon members' approval for the proposed dividends being obtained at the forthcoming 18th 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 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 29 October 2013 (Tuesday), will be registered to determine members' entitlements to the first and final dividend.

Dated: 2 October 2013
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 authorized 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 authorized. 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.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will renew the mandate approved by members of the Company on 18 October 2012 authorizing 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 2013 for details.

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

PROXY FORM

18TH 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.
3 CPF Investors who wish to attend the annual general meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified and bring along their CPF statements for verification at the annual general meeting. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*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 2013 at 9.30 a.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 18th 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 18th 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 2013, together with the Auditors' Report thereon.		
2	Re-election of Mr. Melvin Chan Wai Leong as director.		
3	Re-election of Mr. Jeffrey Staszak as director.		
4	Approval of directors' fees of S$210,000 for the financial year ended 30 June 2013 (2012: S$210,000).		
5	Approval of first and final (tax exempt one-tier) dividend of 0.20 cents per share.		
6	Re-appointment of KPMG LLP as auditors and to authorize 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 2013.

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

6. A corporation which is a member may also authorize 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.

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