HARNESSING OUR STRENGTHS

ANNUAL REPORT 2014

Optimising a wide-reaching and fully integrated global footprint to fulfill the evolving needs of our diverse markets.

GLOBAL.

Adopting a prudent and circumspect approach to maintain our financial resilience and reinforce our financial strength.

Leveraging our cross-border, complementary production facilities that ensure quality, efficiency and proximity with our markets.

INTEGRATED.

Capitalising on our state-of-the-art technological capabilities to innovate products of superior reliability and quality consistency.

ADVANCED.

STABLE.

VISION

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

MISSION

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

CONTENTS

WHAT MEASURES ARE WE TAKING TO BUILD ON OUR STRENGTHS AND DRIVE LONG-TERM GROWTH?

As we advance further towards long-term growth, our strategic combination of high-grade production capabilities, quality products and services puts us in a resilient position to weather challenges and seek new opportunities to grow.

01

OPTIMISING OUR RESOURCES TO DELIVER SUSTAINABLE PERFORMANCE

02

FULFILLING OUR CUSTOMERS' EVOLVING NEEDS

03

LEARNING FROM OUR BEST PRACTICES

04

PERFORMING RELIABLY

05

WORKING TOGETHER

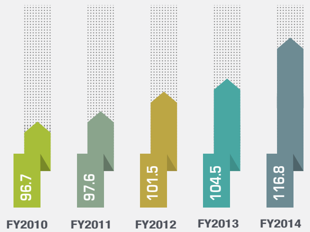
HARNESSING OUR STRENGTHS

As we strive and advance towards our goal of achieving robust and long-term growth, Ellipsiz continues to harness the core strengths that have always fortified our market position: our global presence, our technological edge, our proven production capabilities and our stable financial position.

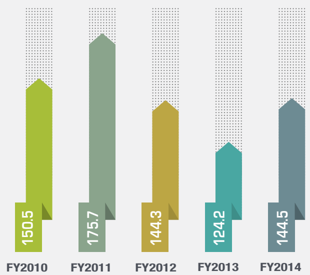
STABLE FINANCIAL POSITION

We have a strong financial base to support the activities of the Group.

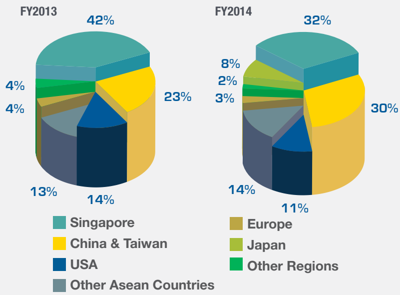
Shareholders' Equity (S$ Million)



Revenue (S$ Million)



Revenue By Region



Financial year ended 30 June	2012	2013	2014
1 RESULTS			
Revenue ($ million)	144.3	124.2	**144.5**
Net Profits after tax and non-controlling interests ($ million)	2.2	4.8	**13.5**
Net Profits after tax and non-controlling interests excluding certain specific items ($ million)	4.4	5.0	**6.4**
Basic earnings per share (cents)	0.41	0.86	**2.44**
Dividend per share – interim and final (cents)	0.16	0.20	**0.36**
Final special dividend per share (cents)	–	–	**0.18**
2 FINANCIAL POSITIONS			
Shareholders' equity ($ million)	101.5	104.5	**116.8**
NAV per share (cents)	18.4	18.9	**21.1**
3 PROFITABILITY (%)			
Gross Profit Margin	20.4	24.7	**26.9**
Profit Before Tax Margin	1.1	3.3	**9.6**
Net Earnings Margin	1.6	3.8	**9.4**
Return on Equity	2.2	4.6	**11.6**
Return on Total Assets	1.5	3.4	**8.8**
4 LIQUIDITY (TIMES)			
Current ratio	2.0	2.3	**2.2**
Quick ratio	1.8	2.0	**1.9**
5 LEVERAGE (%)			
Gross Debt/Equity	9.1	4.6	**8.2**
6 EFFICIENCY (DAYS)			
Debtors turnover (days)	88	98	**80**

LETTER TO SHAREHOLDERS

$144 MILLION
REVENUE

$13.5 MILLION
NET PROFITS AFTER TAX AND NON-CONTROLLING INTERESTS

0.54[(1)] CENTS
DIVIDEND PER SHARE FOR FY2014

Dear Shareholders,

It is our pleasure to present another consecutive year of positive results. Our net income after tax and minority interests (NPATMI) soared by 183% to $13.5 million and revenue grew by 16% to $144 million. It is with great pride and conviction that the Group braved uncertainties of the semiconductor and electronics manufacturing industries to sustain profits and strong financial position for the financial year ended 30 June 2014 (FY2014).

FY2014 was a challenging but fruitful year for our team. While working to strive for organic growth in our businesses, the team has placed efforts and resources to manage the integration and restructuring program to ensure execution success for our acquisition project that took place since early part of the fiscal year. Tough decisions were also made during the year to divest our investments in facilities and communication activities to enable focus of our resources on other core activities. We will continue to place efforts in building an optimum structure as well as strengthening our core competencies to support our growth and expansion program in the future.

Our Performance and Financial Position

The Group reported 16% growth in revenue from $124 million to $144 million for FY2014. Improvement came amidst the Group's resolve to streamline and consolidate business activities to enhance work efficiencies and excellence in prior years, and more recently, our decisive acquisition of the probe card business assets that was completed in early part of FY2014. This acquisition has brought scope and depth to our probe card activities and has also expedited the Group's entrance to Japan market.

The growth in consolidated revenue was contributed mainly by our probe card business, which reported 83% increase as a result of positive contribution from the newly acquired business as well as a 20% organic activity growth. Growth in our Probe Card solutions (PCS) was partly muted by 9% decline in our Distribution & Services solutions (DSS) revenue, whereby decrease was largely due to lower revenue from the facilities activities.

NPATMI for FY2014 was $13.5 million, growth of 183% compared with $4.8 million in the preceding year. Our basic as well as fully diluted earnings per share increased from 0.86 cents to 2.44 cents. During the year, the Group had one-time specific net gains of $7.1 million[(2)] mainly relating to the business acquisition. Excluding the specific items, net profits attributable to our shareholders for FY2014 improved by 28% to $6.4 million. Improvement came mainly from better revenue mix but was partly offset by additional expenses incurred by the newly acquired operations, the increase in research and development expenses and incurrence of net finance expenses.

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(1) Subject to approval of shareholders on recommended final dividend of 0.18 cents per share and final special dividend of 0.18 cents per share during the 19th Annual General Meeting.

(2) One-time specific net gains of $7.1 million includes negative goodwill income of $13.2 million less acquisition cost of $1.1 million, post-acquisition integration cost of $4.6 million, provision of retrenchment cost of $0.3 million and loss on disposals of subsidiaries of $0.1 million.

LETTER TO SHAREHOLDERS

Melvin Chan
Chief Executive Officer

Our financial position remains strong and stable. Resulting from positive results in FY2014, the shareholders' equity attributable to owners of the Company increased from $104 million to $117 million. Net assets value per share increased from 18.90 cents to 21.13 cents. Cash and cash equivalents has also remained stable at $32 million as at 30 June 2014.

Our Acquisition and Competitive Relevance

We would like to extend our warmest welcome and gratitude to the new members for joining, staying and working in their unique capacities to facilitate the restructuring and integration program following the acquisition of the probe card business assets announced in June 2013.

The acquisition was strategic and synergistic to scaling PCS to greater heights with strengthened technological roadmap and geographical reach. PCS could now offer an enriched range of quality products to our customers with advanced research & development (R&D) capabilities and engineering mix from Japan, in addition to our team in the US. The combined expertise aided by existing and acquired quality manufacturing facilities in the US, Japan, Vietnam, Taiwan, China and Singapore provide unmatched value proposition to our valued customers, in turn, our competitive position.

Meanwhile, the acquisition added impetus to expanding our geographical territories such as Japan and allowing deeper penetration into Taiwan, other part of Asia as well as Europe. The enhanced footprint of PCS was also complemented with the acquired distribution network that would harness our marketing efforts to garner greater total customer satisfaction, which our wholly-owned subsidiary, SV Probe, excelled particularly well in the Commitment and Partnering categories in the first-ever VLSIresearch Test Consumable Supplier Rankings. SV Probe was ranked second highest Supplier of Test Consumables and was also named as a member of VLSIresearch's THE BEST Subsystems suppliers.

To raise cost efficiency for our customers, the transferring of capabilities to produce advanced probe card in our Vietnamese facility has been on-going. Now, with the acquisition in place and integration program progressing on schedule, PCS would be focusing on the rationalisation of its manufacturing facilities and workflow to deliver greater cost-efficiency as well as synergies emanating from R&D in Japan, product technology and customer profile across applications.

As the industries and markets we operate in continue to undergo challenging changes, the Group would need to continue with our conscious efforts to streamline our activities.

As part of the continuous streamlining initiative, focus would be on achieving smart resource utilisation to maintain and grow our competitive relevance in the market niches that we are competing in. Hence, our resources would be focused, applied and channeled to productive activities that are generating positive contribution to the Group.

LETTER TO SHAREHOLDERS

Our Appreciation

Last but not least, we would like to express our deepest appreciation to all of our stakeholders – customers, principals, business partners, employees, Board members and loyal shareholders – for your support these past years. Specifically, we would also like to extend a thank you note to the team who has taken extra efforts to support the Group through the tough but yet fruitful integration and restructuring program.

To share the results with our shareholders, the Group is delighted to recommend a final cash dividend of 0.18 cents a share as well as a final special dividend of 0.18 cents a share (total proposed final dividend of 0.36 cents a share) for our shareholders' approval at the forth coming Annual General Meeting. The recommended dividends, if approved by shareholders, and the paid interim dividend of 0.18 cents a share would lift total dividend payout to 0.54 cents for FY2014.

In closing, we remain committed in building our core strengths – our geographical footprint; our products, technologies & services offerings; our well-positioned facilities; and our stable financial position – which we believe would sharpen and shape our competitive relevance into the future. Hereby, we invite your earnest support to take the Group through to the next phase of sustainable growth.

Xavier Chong
Non-Executive Chairman

Melvin Chan
Chief Executive Officer

Xavier Chong
Non-Executive Chairman

"We remain committed in building our core strengths."

GLOBAL FOOTPRINT

Probe Card Solutions

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

Probe cards are utilised to electrically test semiconductor wafers before they are diced, packaged and installed into a variety of consumer products such as smart phones, tablets, MP3 players, and GPS units. According to VLSIresearch, the 2013 global probe card market revenue (including spares and services) remained relatively flat at approximately US$1.2 billion. Although the semiconductor market rebounded in 2013, the probe card market declined slightly, mainly due to the weakness of Japanese Yen. The market is expected to grow 9.2% in 2014 to US$1.3 billion and reach a total value of almost US$1.5 billion in 2018 with a five-year compounded annual growth rate of 5.2%. (VLSIresearch, May 2014).

SV's product portfolio supports an extensive range of Integrated Circuit (IC) test applications for high volume System on Chip (SOC), Microprocessors, Wafer Level Chip Scale Packages (WLCSP), 3D packages, Copper Pillar, Through Silicon Via (TSV), Wireless, CMOS Image Sensors (CIS) and Liquid Crystal Display (LCD). SV also offers full turnkey services for probe cards, final test and direct dock applications as well as combining design, fabrication and assembly to create time and cost saving solutions. SV's quality solutions would not be possible without our extensive global infrastructure and experienced personnel. This, in combination with our strong customer relationships, perfectly positions SV to stay on the growth track into the future.

Distribution & Services Solutions

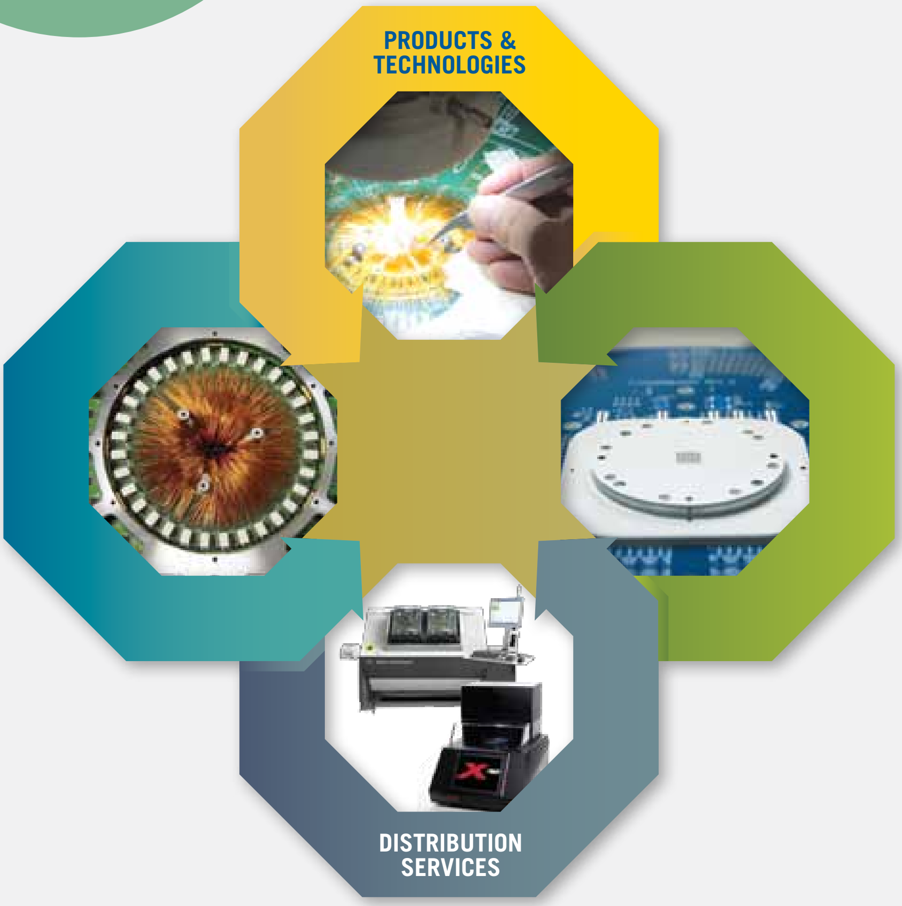
We provide a comprehensive range of solutions to the semiconductor and electronics manufacturing services industries. These include capital equipment distribution, cleanroom consumables, specialty chemicals and gases, manufacturing & test solutions as well as quality and reliability test and equipment solutions.

Amongst our extensive suite of complementary outsourcing services, we integrate, distribute and provide technical support for highly-specialised equipment and systems using the integrate-operate-transfer (IOT) model to enable our customers to compress the time getting the plant operational. We also provide storage solutions that widen our clients to include healthcare, food service and commercial markets.

We aspire to be our customer's key outsourced services provider, fulfilling both core and peripheral needs. While our focus remained largely on customers that include wafer fabs, electronics manufacturers as well as medical institutions in the Asia-Pacific region, efforts would be expended to expand and diversify our customer base across wider industries to achieve sustainable growth.

PRODUCTS, TECHNOLOGIES & SERVICES

We have innovative research and development as well as engineering teams serving our customers.



OPERATIONS REVIEW

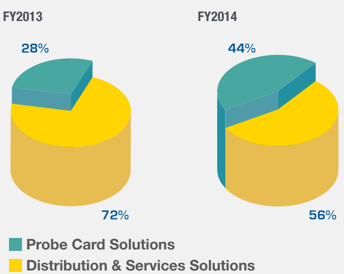
The operating environment of the Group remained challenging amidst unabated market uncertainties, keen competition, pricing as well as costing pressures. Efforts of the team to eliminate redundancies and inefficiencies, and the conviction to focus on core businesses and excellence had yielded fruits.

With a leaner and flexible operating structure, the Group is poised to sustain business relevancy in the immediate future and is well-positioned to develop business potentials in the evolving electronics and semiconductor industries into the longer term.

Probe Card Solutions

PCS reported an 83% increase in revenue from $34 million in FY2013 to $63 million in FY2014. The increase was driven mainly by strong demand for advanced vertical products and the asset acquisition from the Japanese probe card manufacturer, Tokyo Cathode Laboratory Co., Ltd (TCL), which allowed expansion into the Japanese market and additional product offerings.

Revenue By Business Division



Advanced probe cards contributed 47% of the total PCS sales for FY2014 compared with close to 40% in the preceding year. Our advanced product line includes fine pitch vertical, spring-pin and vertical probe cards. Cantilever revenue represented 47% of total sales largely due to steady growth in Liquid Crystal Display (LCD) sales, while blade cards contributed 2% during the year.

Overall, PCS shipped a total of 3.7 million points and 17,475 finished probe cards (excluding repairs) for FY2014. These were 117% and 38% higher compared with the previous year. Our flagship manufacturing facility in Vietnam produced and shipped 10,204 probe cards or about 58% of the total probe cards in FY2014 compared with 9,384 probe cards in FY2013. The number of advanced probe card points produced at the facility grew by almost 241% due to a continuing rise in technical capability and demand for lower-cost testing.

Key market drivers for the types of probe cards that PCS produces are primarily mobile devices. The growth of LTE in smart phones and communications networks, along with the growing popularity of Automotive Infotainment Systems are expanding our business opportunities. PCS would continue with the close working partnerships with our customers to develop new and innovative products, meeting the diverse probing requirements of the emerging device technologies. PCS would also continue to build on our capabilities, specifically Copper Pillar, Through Silicon Via (TSV) and Direct Dock as well as invest on capital expenditures such as advanced software system for design and simulation, manufacturing and metrology equipment and computers.

WELL-POSITIONED FACILITIES

We have well-positioned and connected facilities delivering our products and services to our customers in all parts of the world.

OPERATIONS REVIEW

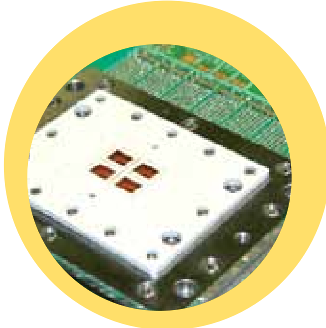
Meanwhile, our Total Test Solutions approach for turnkey design and assembly business is paying off with high customer loyalty as it assists customers with faster production ramps and supports their test subcontractors. Our turnkey design and assembly business grew rapidly in FY2014 as customers select suppliers who have the engineering resources and project management experience necessary to manage the complex probe card projects with Direct Dock and high pin count applications. In addition to its project management expertise, PCS turnkey offerings include feasibility, simulation, design, component assembly and advanced metrology. These capabilities, hence, relieved our customers from having to manage design and component integration issues.

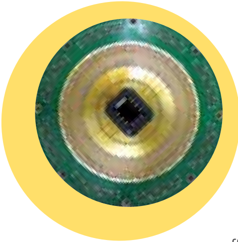
On 30 August 2013, our subsidiary, SV Probe (SV), completed the acquisition agreement with TCL and the teams from SV's operations and the newly acquired business have since been working together to share experience and knowhow as well as executing the post-acquisition integration and restructuring programs. This acquisition has not only brought broader range of products and technologies to PCS, it has also strengthened the manufacturing capacities and capabilities of PCS through the manufacturing facilities in Japan, Taiwan and Singapore.

With a broader range of products, stronger engineering and manufacturing capabilities and capacity as well as the support of retained key management and personnel of the acquired businesses, SV is gaining the confidence of its customers particularly in Japan. The teams fortify their foundational relationships with customers and translate it into further market share gains in the key Japan and Taiwan probe card markets.

As a mark of its diligence in customer relations building and management efforts to ensure a seamless transition after the acquisition, SV is honoured to have been recognised by VLSIresearch as a member of THE BEST Subsystems suppliers in May 2014. Each year, VLSIresearch conducts a survey of IC manufacturers rating vendors on factors such as customer service, supplier and product performance.

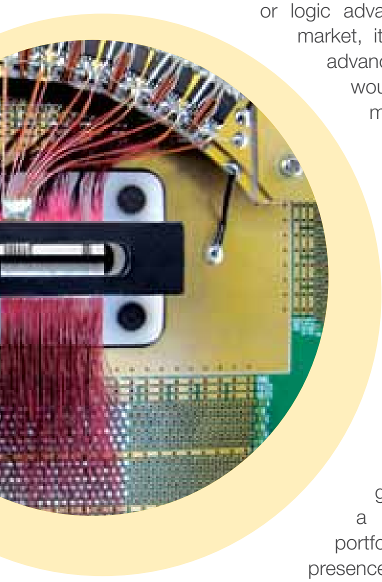
OPERATIONS REVIEW





Under VLSIresearch's Test Consumables category, PCS also moved up from the 5th place in 2013 to 2nd in 2014, scoring high marks for both partnering and commitment.

According to VLSIresearch's *Probe Card Market 2013 Survey Results and Forecast Update* in May 2014, the probe card market is expected to grow 9.2% in 2014 to US$1.3 billion and reach a total of $1.5 billion in 2018 with a five-year compounded annual growth rate of 5.2% after a decline of 2% in 2013 owing largely to the weakness in the Japanese Yen. PCS remains optimistic about its growth opportunities, especially in Advanced Vertical, LCD and CMOS imaging sensors. In the same report, VLSIresearch expects the advanced cards to remain a large revenue generator in the next few years and encompass a majority of the non-memory probe card market. While PCS works to gain greater market shares within the non-memory or logic advanced probe card market, it is confident that advanced probe cards would make up a major portion of its probe card revenue streams in 2014 and beyond.



PCS believes that our newly combined operations post recent acquisition transaction, have greater capabilities for growth aided by a diverse product portfolio and enlarged presence in Asia. With a high level of customer service, quality products that are cost-effective and competitive, PCS is positioned to align with the on-going evolution of the semiconductor industry to support the emerging applications of now and into the future.

Distribution & Services Solutions

DSS reported a 9% decrease in revenue from $90 million in FY2013 to $82 million in FY2014. Lower revenue from facilities activities was the main cause for the decline. DSS contributed 56% of the Group's total revenue compared with 72% a year ago.

Uncertain and cyclical demand, pricing pressures, intense competition, lack of product differentiation, availability of alternative solutions combined with deliberate focus on core businesses weighed on business activities of DSS during the financial year. Trading and distribution business witnessed limited capital expenditure opportunities at our customers. Recurring revenue too faced challenging growth though it had provided support to the overall revenue base.

Meanwhile, efforts undertook to streamline, consolidate and integrate various DSS business activities had built a stronger and more cohesive team that earnestly seeks business development opportunities to enhance revenue, relevancy and business potentials in the fast-changing industries DSS operates in.

OPERATIONS REVIEW

Amongst the array of exciting efforts harnessing business potentials of DSS included the search and evaluation of new business partners in terms of products, technologies and versatilities to market dynamics and trend to fortify our stronghold of partners, customers and solutions offerings.

Over at the semiconductor businesses, for instance, progress had been made with several new partners to accelerate product positioning with customers in terms of technological requirement for lithography, cleaning, wet solution and chemicals to improve our future competitiveness. For our general consumable trading business, we have identified and established a team to specifically focus on penetrating and diversifying beyond the cyclical semiconductor and electronics industries.

Operationally, DSS would continue with its consolidation and integration plans to effectively manage resources and expertise across the North and South Asia to achieve a lean, current and viable organisation responsive to market demand and dynamics.

While efforts would not be spared to invest in new feasible opportunities, DSS remains committed to diversify cautiously and to manage its businesses resourcefully with preference over recurring income streams, and towards a balanced mix of products and customers to strengthen performance growth and sustainability into the foreseeable future.

Although the Group closed FY2014 with promising results, the team remains vigilant in its efforts to position the businesses for future growth. We are committed to continue harnessing our core strengths, to create a robust business model and optimum cost structure that will deliver sustainable results regardless of the market cycle and to unlock and reap all business and growth opportunities and potentials that we have.

BOARD OF DIRECTORS

1 XAVIER CHONG FOOK CHOY

Non-Executive Chairman and Director

Xavier Chong Fook Choy is the Non-Executive Chairman and Director of Ellipsiz Ltd. Prior to him stepping down from his executive role on 1 January 2010, Mr. Chong was an Executive Chairman of the Company from January 2008 to December 2009 and the Chief Executive Officer of the Company from May 2002 to December 2007. Mr. Chong founded the Company, then called Excellent Scientific Instruments (ESI), in 1992 and he has since grown the company rapidly to become a leading solutions provider for the semiconductor and equipment industries. Under his stewardship, the company won recognition in 1999 as one of the top 50 most enterprising privately held companies in the Enterprise 50 (E50) award organised by The Business Times Singapore. He went on to lead the Company (then named "SingaTrust") to its successful initial public listing on the Mainboard of SGX in July 2000.

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

2 MELVIN CHAN WAI LEONG

Executive Director and Chief Executive Officer

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

BOARD OF DIRECTORS

3 JEFFREY STASZAK

Non-Executive and Lead Independent Director

Jeffrey Staszak is the Lead Independent Director from 1 May 2009 following his appointment as independent director on 17 April 2006. He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and a member of both the Audit and Remuneration committees. He was recently the President and Chief Executive Officer of Volterra Semiconductor Corporation, a leading provider of high-performance analog and mixed-signal power management semiconductors, since 1999 to October 2013. Earlier, 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.

4 PHOON WAI MENG

Non-Executive and Independent Director

Phoon Wai Meng is an Independent Director since 1 July 2004, and was appointed Chairman of the Remuneration Committee since 1 May 2009. He is also a member of the Audit and Nominating committees since 2013. 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.

5 AMOS LEONG HONG KIAT

Non-Executive and Independent Director

Amos Leong Hong Kiat is an Independent Director and was appointed as Chairman of the Audit Committee on 25 August 2011. Mr. Leong, who has accumulated considerable expertise in the electronics manufacturing industry, is the President & Chief Executive Officer of the Univac Group. He began his career in 1987 as a supply-chain engineer in the manufacturing operations of Hewlett-Packard Singapore and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. Subsequently, he was appointed as the Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the separation of the latter from Hewlett-Packard. In 2004, Mr. Leong moved to his current leadership role for the Univac Group.

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

KEY EXECUTIVES

ONG SUAT LIAN

Chief Financial Officer,
Corporate Office

Ong Suat Lian is the Chief Financial Officer of Ellipsiz Ltd. She joins Ellipsiz since June 2001 as Finance Manager and was promoted as Group Finance Director in 2004, before she moves to the current 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.

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.

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.

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.

KEY EXECUTIVES

KAREN LYNCH

Senior Vice President of Sales & Marketing, Probe Card Solutions

Karen Lynch is the Senior Vice President of Sales & Marketing of SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd. Karen has over 20 years of experience in the semiconductor and probe card industry and is responsible for the sales direction and marketing strategy of our Probe Card solutions (PCS) group. She oversees all sales, marketing and applications engineering personnel around the globe and her extensive expertise within the probe card industry has allowed PCS to grow market share in current as well as new and emerging markets. Prior to joining SV Probe, Karen was Vice President of Sales & Marketing at Cerprobe Corp., and Kulicke and Soffa (K&S) after K&S acquired Cerprobe in late 2000. She has also held various managerial positions in sales and marketing with Motorola, VLSI and ST Microelectronics. Karen holds a B.Sc in Materials Management and a Masters in Business Administration, both from Arizona State University, Tempe, Arizona, United States.

PETE ROGAN

Vice President of Engineering, Probe Card Solutions

Pete Rogan is the Vice President of Engineering for SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd. He oversees the global Engineering and R&D efforts of our Probe Card solutions (PCS) which encompasses design, process and product development. Pete's wide range of experience benefits PCS on the enhancement of its existing products and the capability to develop new and innovative products. An industry veteran, Pete has held positions of increasing responsibility in Engineering and Operations at Harris Corporation, Cerprobe, and Kulicke & Soffa (K&S) before joining SV Probe in 2004. He holds a B.Sc in Mechanical Engineering from Ohio State University and a Graduate Business Program Certificate from the University of Florida, United States.

LEE BOON HOCK

Vice President of Manufacturing, Probe Card Solutions

Lee Boon Hock is Vice President of Manufacturing for SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd. He manages all manufacturing operations in Asia for our Probe Card solutions (PCS), including Vietnam, Taiwan, Japan, Singapore and China. In his more than 17 years of working experience within the semiconductor industry, he has gained a wealth of knowledge and experience about the probe card manufacturing process. His expertise is a valuable capital that has contributed greatly to the enhancing of our operations and enabling our facilities to operate at optimal efficiency. Prior to joining SV Probe, Boon Hock was Asia Operations Manager at Cerprobe Corp. and Kulicke & Soffa (K&S) after K&S acquired Cerprobe in late 2000. Early on in his career, he held various supervisory positions in manufacturing, quality assurance and sales in the consumer electronics and hard-disk industries. Following completion of his high school education, Boon Hock has been relentless in upgrading his professional knowledge through various part-time courses including certificate courses in electronics servicing from the Institute of Technical Education and Management Studies from the Singapore Institute of Management.

CORPORATE INFORMATION

HEADQUARTER

Ellipsiz Ltd
(Reg. No. 199408329R)
54 Serangoon North Avenue 4
#05-02
Singapore 555854
Tel: (65) 6311 8500
Fax: (65) 6269 2638

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: Ms. Ang Fung Fung
(effective FY2014; 1st 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 & 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
Members : Mr. Phoon Wai Meng
Mr. Xavier Chong Fook Choy

REMUNERATION COMMITTEE

Chairman : Mr. Phoon Wai Meng
Members : Mr. Jeffrey Staszak
Mr. Xavier Chong Fook Choy

AUDIT COMMITTEE

Chairman : Mr. Amos Leong Hong Kiat
Members : 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 set out in the Code of Corporate Governance 2012 (the "Code").

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 include, 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, including safeguarding of shareholders' interests and Company's interests; setting standards and values (including ethical standards); ensuring that obligations to shareholders and other stakeholders are understood and met; and considering sustainability issues as part of its strategic formulation.

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees, which review and make recommendations to the Board on specific areas.

There are three sub-committees appointed by the Board, namely the Nominating Committee, the Remuneration Committee and the Audit Committee. Most of the members of the sub-committees are non-Executive and Independent Directors.

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

The Board currently holds four scheduled meetings each year. Pursuant to the Company's articles of association, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds 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 2014, four scheduled and one ad-hoc 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 2014 are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	5	4	1	2
Directors				
Xavier Chong Fook Choy	5	4[1]	1	2
Melvin Chan Wai Leong	5	4[1]	1[1]	1[1]
Jeffrey Staszak	5	4	1	2
Phoon Wai Meng	5	4	1	2
Amos Leong Hong Kiat	4	4	1[1]	2[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 developments in relevant new laws and regulations such as those relating to finance and corporate governance, 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 2014, the Board comprises the following members:

		Date of joining the Board	Last date of re-election as director
Mr. Xavier Chong Fook Choy	Non- Executive Chairman	6 July 2000 (Since Listing)	19 October 2011
Mr. Melvin Chan Wai Leong	Chief Executive Officer	4 January 2008	18 October 2013
Mr. Jeffrey Staszak	Lead Independent Director	17 April 2006	18 October 2013
Mr. Phoon Wai Meng	Independent Director	1 July 2004	18 October 2012
Mr. Amos Leong Hong Kiat	Independent Director	1 May 2009	18 October 2012

The Nominating Committee assesses the independence of the Directors on an annual basis, based on the guidelines on criteria of independence stated in the Code and a self-declaration assessment completed by each independent director. For the financial year ended 30 June 2014, the Nominating Committee has determined that save for the Non-Executive Chairman who is a substantial shareholder and Chief Executive Officer who is an executive Director, all the other three Directors namely, Mr. Phoon Wai Meng, Mr. Jeffrey Staszak and Mr. Amos Leong Hong Kiat, who are non-executive are also independent.

Although Mr. Phoon Wai Meng has served the Board for more than nine years, the Nominating Committee has evaluated and established that his independence is not affected for Mr. Phoon has not only satisfied all the criteria of being independent (that is, he does not have any relationship with the Company, its 10% shareholders or executives that could interfere or be reasonably perceived to interfere, with his independent business judgment; he does not have any relationship with customers, clients, principals or suppliers of the Group and he does not hold substantial interests in the Company and/or its subsidiaries), he has always been able to demonstrate his independence through constructive and objective participation in challenging and developing strategic plans of the Company with the rest of the board members and the senior management.

The Nominating Committee is also satisfied that the independent Directors have 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 and its committees 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 leadership of the Board and the executives managing the Company's business. No one individual should represent a considerable concentration of power.

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

Mr. Xavier Chong Fook Choy, being the Chairman, bears the primary responsibility for the workings of the Board and ensuring its effective function. He also ensures that the Board meetings are held as and when necessary; that Directors receive 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.

Mr. Jeffrey Staszak is the Lead Independent Director of the Board. Informal meetings amongst independent Directors are conducted by the Lead Independent Director and feedback provided to the Chairman of the Board accordingly.

Board Membership & Performance

Principle 4: Formal and transparent process for appointment and re-appointment of Directors

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

The independence and effectiveness of the Board and its committees are reviewed and assessed annually by the Nominating Committee for continual good governance and relevance 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

The 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. It reviews the Board's succession plans for Directors (in particular, the CEO and Chairman), as well as key executives of the Group.

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 has set objective criteria for evaluating the Board's as well as each individual Director's effectiveness during the financial year. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria. To ensure that each Director has sufficient and adequate time on affairs of the Company, the Board has set guidelines that each Director shall not have more than five listed company board representations unless prior consensus is obtained from the Chairman of the Board and the Nominating Committee, after considering the principal commitments of the Director.

The key information regarding Directors such as academic and professional qualifications and directorships are set out on pages 14 and 15.

Access to Information

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

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

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

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 on executive remuneration and fixing remuneration packages of Directors

Level and Mix of Remuneration

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

Disclosure on Remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix; and process for setting remuneration

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

The Committee has three members, out of which majority, including the Chairman of the Committee, are independent, non-executive 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 and obligations of the Group in the event of termination. The Committee reviews policies governing compensation and promotion of key executive officers of the Company and its subsidiaries to ensure that these are consistent with the Group's strategy and performance. The Committee's recommendations are made in consultation with the Chairman of the Board, and submitted for endorsement by the entire Board. The members of the Remuneration Committee do not decide on their own remuneration.

The Committee also oversees the implementation of the Ellipsiz Share Option Plan.

Remuneration Information

The sole Executive Director (i.e. Mr. Melvin Chan, CEO) has a written employment contract with the Company that can be terminated by either party serving the requisite prior notices. The Executive Director is assessed based on his individual performance and the performance of the Group.

The non-executive Directors have no written service contracts with the Company.

None of the Directors (including the CEO) and the top five key executives of the Group are entitled to any payment of compensation upon termination of service, retirement or any post-employment benefits.

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, performance based bonuses) 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 performance related elements in the CEO's bonus scheme are both quantitative and qualitative in nature. Part of the CEO's bonus is determined based on the net results of the Group and part is based on meeting certain performance indicators that are aligned with the strategic direction set by the Board for the Group. During FY2014, the Remuneration Committee is satisfied that most of the performance indicators for the CEO are met.

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

Director	Remuneration	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus and options exercised	Total
Xavier Chong Fook Choy	Below $250,000	100%	-	-	100%
Melvin Chan Wai Leong	$750,000 to $999,999	4%	44%	52%	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 each Director, CEO and 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 in bands of $250,000.

The top five key executives of the Group (who are not Directors) are Kevin Kurtz, Ong Suat Lian, Lim Beng Lam, Tony Gung Kwun Yuan and Karen Lynch. Their remuneration packages for the year ended 30 June 2014 are in the band of $250,000 to $499,999, and the total remuneration paid to them was approximately $1.8 million. The profiles of the Group's key management are set out on pages 16 and 17 of the Annual Report. The Company adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that is tied to business and individual performance. This framework enables the Company to align key executive compensation with the interests of shareholders and promotes the long-term success of the Company.

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.

Internal Controls

Principle 11: Sound system of risk management and 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 reports from the external and internal auditors, the self-assessment and actions taken by the management, the on-going review and continuing efforts at enhancing controls and processes, the Board, with the concurrence of Audit Committee, considers that the present framework of internal controls, including financial, operational, compliance and information technology controls and its risk management systems are adequate to provide reasonable assurance of the integrity and availability of information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with applicable rules and regulations. The Board, however, recognises that no cost effective system of internal controls could provide absolute assurance against the occurrence of errors and irregularities.

The Board had received assurance from the CEO and CFO of the Company (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and financial position; and (ii) regarding the effectiveness of the Company's risk management and internal control systems, as at 30 June 2014.

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 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.

Audit Committee

Principle 12: 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 of listed groups of companies.

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, has met periodically during the financial year 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 including reviewing any significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;

- 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 the internal audit and its effectiveness, the results of the internal auditors 'report;

- review and consider the adequacy and effectiveness of internal controls, addressing financial, operational, compliance and information technology controls after considering the internal auditors' report;

- review the adequacy and effectiveness of the internal audit function and recommend the appointment or re-appointment (as appropriate) of the internal audit firm to the Board on an annual basis;
- review the nature and extent of non-audit services provided by the external auditors of the Company;
- review the independence and objectivity of external auditors annually; and
- review interested person transactions between the Group and interested persons, if any.

The Committee is also tasked with advising the Board on the appointment and re-appointment of external auditors of the Company at each Annual General Meeting, and approving their remuneration and terms of engagement. In accordance with Chapter 12 of the Singapore Exchange Listing Manual, the Audit Committee also reviews the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors. Please refer to note 22 to the financial statements for a breakdown of fees paid and payable to the auditors of the Company for audit and non-audit services for the financial year.

Changes to accounting standards and issues which may have a direct impact on financial statements are highlighted to the Committee from time to time by the external auditors.

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 and internal auditors have unrestricted access to the Audit Committee. The auditors meet with, and the internal auditors will with effect from FY 2015, 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 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 Audit Committee approves the appointment, evaluation and compensation of the internal audit firm. It also reviews and approves the audit plan presented by the internal audit firm and the firm reports directly to the Audit Committee on its findings and conclusions. The internal audit firm is independent of the activities that it audits. It reviews the Group's material internal controls including financial, operational and compliance controls as well as risk management and has unfettered access to the Audit Committee.

SHAREHOLDER RIGHTS AND RESPONSIBILITY

Shareholder Rights

Principle 14: Recognise, protect and facilitate of shareholders' rights

Communication with Shareholders

Principle 15: Regular, effective and fair communication with shareholders

Conduct of Shareholder Meeting

Principle 16: Greater shareholder participation at Annual General Meetings.

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 opportunities 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 questions that shareholders may have concerning the Group. The external auditors are also present to answer any relevant queries from shareholders. It is at these meetings that the Company will solicit and understand the views and opinions of its 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 resolutions in general meetings are put to the vote on a show of hands. A poll will be conducted if demanded by shareholders in accordance with the articles of association of the Company. The Company will consider implementing polling for all resolutions if feedback from shareholders indicate a preference for such manner of voting.

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.

The Company has been declaring and paying dividends to its shareholders in the past few years. It aims to provide consistent cash returns to its shareholders and to share more returns through special dividend when there are better results. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the performance and financial position of the Group as well as projected levels of capital expenditure and other investment plans. The Group's policy aims to balance cash return to shareholders and investment for sustainable growth while maintaining an efficient capital structure.

CORPORATE GOVERNANCE

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 for short-term considerations and 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 2014, the total transactions with interested person are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Chan Wai Leong (Director)	$'000	$'000
Renovation and reinstatement expenses	597	–
Rental expenses	123	–

The total interested person transactions of $720,000 is approximately 1% of our audited consolidated net tangible assets of FY2013.

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 closed the year with revenue of $144.5 million, growth of 16% compared to the previous financial year. The growth in revenue was mainly contributed by our Probe Card solutions (PCS) which had 83% increase in revenue. The newly acquired business in PCS and 20% improvement in its original activities led to this overall growth. Since the completion of the acquisition transaction on 30 August 2013, the business segment has recorded ten-month revenue of $22.0 million from the newly acquired business. The significant growth in revenue from Japan and Taiwan was from the improved revenue in PCS.

Our Distribution and Services solutions (DSS) reported a drop of 9% in revenue. Lower revenue from facilities activities was the main cause for the decline in revenue for DSS and in Singapore.

Since the growth in revenue was from PCS that generally has higher gross profit margin than the average margin of the group, gross profit margin of the Group improved by 2% from 25% in FY2013 to 27% in FY2014.

Higher revenue coupled with improved consolidated gross profit margin led to the 26% increase in gross profits to $38.8 million in FY2014.

Other income

Other income increased significantly from $910,000 in FY2013 to $14.6 million in FY2014. The recording of negative goodwill of $13.2 million from its acquisition of businesses and dividend income of $0.4 million from its financial investment were the key reasons for the increase in other income. Details of other income is disclosed in note 22 to the financial statements.

Operating expenses

Total operating expenses increased by 41% from $28.1 million to $39.8 million. Included in other expenses were acquisition cost of $1.1 million, post-acquisition integration and restructuring costs of $4.6 million relating to the acquisition of businesses, loss on disposal of investments in subsidiaries of $0.1 million and certain severance cost of $0.3 million to streamline its operation structure. Excluding the one-time costs, operating expenses increased by 21%, mainly due to the additional expenses incurred by the newly acquired operations and the increase in research and development expenses.

Net finance income / (expenses)

Due to the lower finance income and the increase in finance expenses in FY2014, the Group had a net finance expenses of $116,000 instead of finance income of $145,000 a year ago.

Share of results of associates and joint ventures

The Group recorded profits of $665,000 from share of results from associates and had share of losses of $284,000 from its joint ventures for FY2014.

FINANCIALS REVIEW

Income taxes

In FY2014, the Group recorded tax expense of $1.1 million, mainly for the tax expense in the current financial year.

Net profit attributable to Owners of the Company

The Group had net profits after taxes and non-controlling interests of $13.5 million for FY2014, an improvement over FY2013's profits of $4.8 million. In FY2014, the Group recorded one-time negative goodwill of $13.2 million as well as post-acquisition integration and restructuring costs of $4.6 million, acquisition cost of $1.1 million, loss on disposal of investments in subsidiaries of $0.1 million and certain severance cost of $0.3 million to streamline its operation structure. Excluding the one-time income and expenses, the Group had profit of $6.4 million from its operating activities, an increase of 28% over FY2013's profits.

FINANCIAL CONDITIONS

Non-current assets

The non-current assets increased by 14% from $65.9 million to $75.2 million. Mainly attributing to the business acquisition during the year, property, plant and equipment and intangible assets increased by 93% and 11% respectively. A portion of trade and other receivables as at 30 June 2013 had been re-classified as current trade and other receivables as it becomes receivable within 12 months from 30 June 2014. This led to the 85% drop in non-current trade and other receivables. Due to the increase in market value of the financial assets during the year, the financial assets increased by 36% to $9.6 million. The decrease in the carrying amount of joint ventures was mainly due to the share of the losses from the joint ventures during the year.

Current assets

Total current asset as at 30 June 2014 was $79.0 million, an increase of 6% from $74.5 million as at 30 June 2013. Resulting primarily from the acquisition of businesses during the year, inventory increased by 77% to $12.8 million. The disposal of project-based subsidiaries in the last quarter of the year led to the 100% decrease in project-in-progress.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2014 stood at $37.0 million, a 9% increase from $33.9 million as at 30 June 2013. The higher interest-bearing borrowings and provisions led to the increase in total liabilities.

Non-controlling interests

The decrease in the non-controlling interests was primarily due to the disposal of subsidiaries during the financial year.

Liquidity and capital reserves

During the financial year, the Group had

(a) cash inflow of $3.7 million for operating activities;

(b) cash outflow of $6.4 million for investing activities; and

(c) cash inflow of $2.8 million for financing activities.

FINANCIALS REVIEW

The positive results in the year led to cash inflow of $9.9 million. However, this was partly offset by the added working capital requirement for some existing business activities and for establishing the new market, Japan. The net cash from operating activities was an inflow of $3.7 million in FY2014.

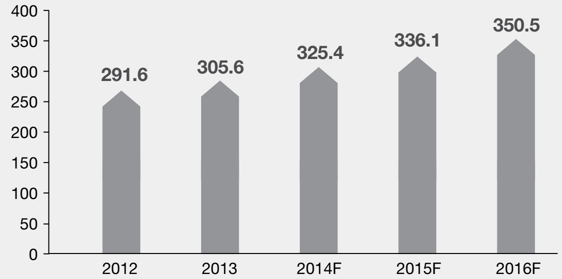
Purchase of property, plant and equipment and intangible assets, payment of acquisition costs incurred and net cash outflow from disposal of subsidiaries, partially offset by the cash inflow from acquisition of businesses and dividend received from other financial asset, led to the net cash outflow of $6.4 million from investing activities.

Net increase in interest-bearing borrowings, partially offset by the payment of dividend during the year, led to the net cash inflow from financing activities.

As at 30 June 2014, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $32.0 million.

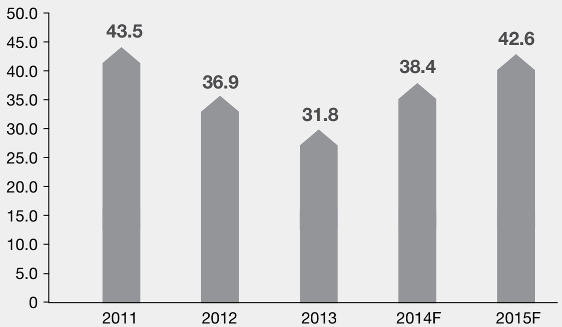
INDUSTRY OUTLOOK

CHART 1: GLOBAL SEMICONDUCTOR REVENUE FORECAST (US$ BILLIONS)



Source: World Semiconductor Trade Statistics (WSTS), June 2014

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



Source: Semiconductor Equipment and Materials International (SEMI), July 2014

Performance of the Ellipsiz Group is generally dependent on the overall health of the probe card, semiconductor and electronics industries, in which, we operate in though moves into other industries had been on-going to reduce such dependencies.

According to the World Semiconductor Trade Statistics' June 2014 forecast, the global semiconductor industry grew 4.8% in 2013 to US$306 billion following a decline in 2012. The recovery was led by double-digit growth of memory product. All regions grew except Japan as the steep deprecation of the Japanese Yen negatively impacted sales in US dollar terms.

Growth for the worldwide semiconductor market is forecast to be 6.5% to US$325 billion in 2014 largely driven by smart phones, tablets and automotive. While all regions are expected to grow, Japan is again forecast to decline from 2013 due to the depreciation of the Japanese Yen.

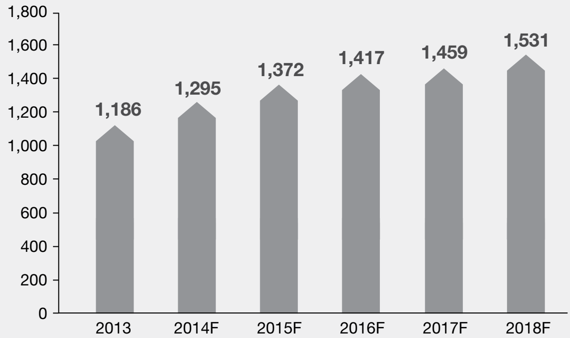
For 2015 and 2016, the market is predicted to grow 3.3% to US$336 billion and by 4.3% to US$350 billion respectively amidst solid growth for all product categories on the assumption of macro economy recovery. Automotive and communications, especially the wireless segment, are expected to grow stronger than the total market. Asia-Pacific is expected to be the fastest growing region to reach around US$207 billion in 2016, which is almost 60% of the total semiconductor market.

As for the worldwide semiconductor equipment sales, SEMI had projected back to back years of double-digit growth in its mid-year edition of the SEMI Capital Equipment Forecast. Growth came following two years of spending declines and the total semiconductor equipment market is projected to grow by 20.8% in 2014 to US$38 billion and to expand by another 10.8% in 2015 to US$43 billion.

According to SEMI, key drivers for equipment spending are investments by foundry and logic fabs for sub 20nm technology, NAND flashmakers for leading edge technology (including 3D NAND) and capacity,

INDUSTRY OUTLOOK

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



Source: VLSI Research, April 2014

DRAM technology upgrades for mobile applications, and expansion of advanced packaging capacity for flip chip, wafer bumping, and wafer-level packaging.

Specifically, front-end wafer processing equipment is forecast to surge 22.7% to US$31 billion in 2014 and by 11.9% to US$35 billion the following year. Test equipment and assembly and packaging equipment are forecast to expand 12.5% and 8.6% in 2014 to US$3 billion each respectively, followed by a slower growth of 1.6% and 1.2% in 2015.

With the exception of rest of the world (ROW) region, which includes Singapore, all regions are also projected to see an increase in equipment spending in 2014. For 2015, growth is forecast across all regions. Taiwan is forecast to continue its leading position with about US$12 billion spending each in 2014 and 2015. Fastest growth in spending is expected to be in China at 47.3%, North America at 35.7% and South Korea at 33% for 2014. For 2015, Europe is expected to expand by 47.8% followed by ROW at 23.5% and Japan at 15.6%.

Meanwhile, sales of probe cards, including service and support, fell by 1.9% to US$1.2 billion in 2013 despite the recovery in semiconductor sales (Source: VLSIresearch, April 2014). The decline was due mainly to the adverse exchange rate of the Japanese Yen.

Probe card revenue for 2014 is forecast to grow 9.2% to almost US$1.3 billion, and is expected to continue over the next five years at a compounded annual growth rate (CAGR) of 5.2% to US$1.5 billion by 2018. Positive growth is expected on the back of continuing growth at the semiconductor industry and stabilizing exchange rates.

Amidst stability in the overall semiconductor market as a result of caution capacity expansion, sales of epoxy/cantilever and advanced probe cards are expected to be stable at about 19% and 79% of total sales, respectively with the remaining sales for blade/tungsten probe cards.

Growth is expected to be fastest at the MEMS probe cards for non-memory applications with a CAGR of 6.3% to US$196 million in 2018. This is followed by MEMS probe cards for NAND flash at CAGR of 5.5% to US$117 million in 2018, and epoxy/cantilever probe cards for non-memory applications at CAGR of 5.5% to US$269 million by 2018. At the vertical probe cards segment, growth for non-memory application is forecast to reach US$324 million in 2018 with a CAGR of 5.4%.

With every efforts made to remain relevant to the industries and markets we operate in, the Group remained committed to building our core competencies to achieve sustainable growth into the near future.

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, 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 taxes 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 intellectual property and inventory and render them obsolete. Any inability to anticipate demand fluctuations could potentially lead to write off of intellectual property value, 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.

RISKS MANAGEMENT

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.

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 primarily on natural hedging between its sales and purchases, its trade receivables and trade payables and if need arises, the Group hedges its foreign currency exposure with close monitoring from management. 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 2014.

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 21/7/2014**
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	60,135,177	60,135,177
- deemed interest	22,459,272	–	–

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2014
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- 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
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 2014.

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 2014		Aggregate options granted since commencement to 30 June 2014		Aggregate options exercised since commencement to 30 June 2014		Aggregate options expired as at 30 June 2014		Aggregate options outstanding as at 30 June 2014	
	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:

Participant	Options granted for financial year ended 30 June 2014		Aggregate options granted since commencement to 30 June 2014		Aggregate options exercised since commencement to 30 June 2014		Aggregate options expired as at 30 June 2014		Aggregate options outstanding as at 30 June 2014	
	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 2014.

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 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 2012.

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.

DIRECTORS' REPORT

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.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

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

9 September 2014

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 48 to 130 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 2014 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

9 September 2014

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 2014, 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 48 to 130.

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 2014 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

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
9 September 2014

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2014

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current assets					
Property, plant and equipment	3	12,707	6,594	10	–
Intangible assets	4	39,711	35,901	–	–
Subsidiaries	5	–	–	86,426	89,810
Associates	6	8,039	7,889	4,868	4,868
Joint ventures	7	228	412	–	–
Financial assets	8	9,551	7,014	9,404	7,014
Trade and other receivables	9	495	3,253	–	–
Deferred tax assets	10	4,476	4,805	59	11
		75,207	65,868	100,767	101,703
Current assets					
Inventories	11	12,823	7,265	–	–
Project-in-progress	12	–	1,064	–	–
Trade and other receivables	9	33,835	32,936	698	223
Amounts due from related parties	13	338	819	7,532	8,002
Cash and cash equivalents	14	32,016	32,390	12,196	11,448
		79,012	74,474	20,426	19,673
Total assets		154,219	140,342	121,193	121,376
Equity attributable to Owners of the Company					
Share capital	15	88,773	88,773	88,773	88,773
Reserves	16	28,029	15,714	19,011	18,563
		116,802	104,487	107,784	107,336
Non-controlling interests		378	1,910	–	–
Total equity		117,180	106,397	107,784	107,336
Non-current liabilities					
Interest-bearing borrowings	17	651	904	–	–
Deferred tax liabilities	10	1,041	24	–	–
		1,692	928	–	–
Current liabilities					
Trade and other payables	18	23,730	27,384	1,352	932
Provisions	19	2,056	149	281	–
Amounts due to related parties	13	64	877	11,536	13,062
Interest-bearing borrowings	17	8,976	3,893	–	–
Redeemable convertible preference shares	20	–	78	–	–
Current tax payable		521	636	240	46
		35,347	33,017	13,409	14,040
Total liabilities		37,039	33,945	13,409	14,040
Total equity and liabilities		154,219	140,342	121,193	121,376

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Revenue	21	144,474	124,232	2,788	2,737
Cost of revenue		(105,671)	(93,506)	–	–
Gross profit		38,803	30,726	2,788	2,737
Other income		14,559	910	1,083	2,021
Distribution expenses		(13,697)	(11,732)	–	–
Administrative expenses		(16,964)	(13,761)	(2,420)	(2,328)
Research and development expenses		(2,389)	(1,754)	–	–
Other expenses		(6,721)	(885)	(1,220)	(114)
Results from operating activities	22	13,591	3,504	231	2,316
Finance income		248	387	24	62
Finance expenses		(364)	(242)	–	(17)
Net finance (expenses)/income	23	(116)	145	24	45
Share of results of associates (net of tax)		665	598	–	–
Share of results of joint ventures (net of tax)		(284)	(200)	–	–
Profit before income tax		13,856	4,047	255	2,361
Income tax (expenses)/credit	24	(1,070)	906	(96)	26
Profit for the year		12,786	4,953	159	2,387
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange difference on liquidation of a subsidiary reclassified to profit or loss		–	(18)	–	–
Exchange difference arising from disposal of subsidiaries reclassified to profit or loss		84	103	–	–
Exchange differences on monetary items forming part of net investments in foreign operations		(89)	(54)	–	–
Exchange differences on translation of financial statements of foreign operations		(1,547)	(1,373)	–	–
Net change in fair value of available-for-sale financial assets, net of tax		2,390	333	2,390	333
Other comprehensive income for the year, net of income tax		838	(1,009)	2,390	333
Total comprehensive income for the year		13,624	3,944	2,549	2,720

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Profit attributable to:					
Owners of the Company		13,513	4,767	159	2,387
Non-controlling interests		(727)	186	–	–
Profit for the year		12,786	4,953	159	2,387
Total comprehensive income attributable to:					
Owners of the Company		14,347	3,790	2,549	2,720
Non-controlling interests		(723)	154	–	–
Total comprehensive income for the year		13,624	3,944	2,549	2,720
Earnings per share	25				
- Basic earnings per share (cents)		2.44	0.86		
- Diluted earnings per share (cents)		2.44	0.86		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	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
Group									
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 are or 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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	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
Group									
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	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
Group									
Balance as at 1 July 2013	88,773	(11,720)	1,703	2,481	(13,225)	36,475	104,487	1,910	106,397
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	13,513	13,513	(727)	12,786
Other comprehensive income									
Items that are or may be reclassified subsequently to profit or loss									
Exchange difference arising from disposal of subsidiaries reclassified to profit or loss	–	–	–	–	96	–	96	(12)	84
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(89)	–	(89)	–	(89)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(1,563)	–	(1,563)	16	(1,547)
Net change in fair value of available-for-sale financial assets, net of tax	–	–	2,390	–	–	–	2,390	–	2,390
Total other comprehensive income	–	–	2,390	–	(1,556)	–	834	4	838
Total comprehensive income for the year	–	–	2,390	–	(1,556)	13,513	14,347	(723)	13,624

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	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
Group									
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 0.20 cents per share in respect of 2013	–	–	–	–	–	(1,105)	(1,105)	–	(1,105)
Interim dividend of 0.18 cents per share in respect of 2014	–	–	–	–	–	(996)	(996)	–	(996)
Total contributions by and distributions to Owners	–	–	–	–	–	(2,101)	(2,101)	–	(2,101)
Changes in ownership interests in subsidiaries									
Arising from disposal of subsidiaries reclassified to profit or loss	–	69	–	–	–	–	69	(914)	(845)
Acquisition of non-controlling interest of a subsidiary	–	–	–	–	–	–	–	10	10
Reclassification of preference shares from liability	–	–	–	–	–	–	–	95	95
Total changes in ownership interests in subsidiaries	–	69	–	–	–	–	69	(809)	(740)
Total transactions with Owners	–	69	–	–	–	(2,101)	(2,032)	(809)	(2,841)
Balance as at 30 June 2014	88,773	(11,651)	4,093	2,481	(14,781)	47,887	116,802	378	117,180

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
Company					
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 are or 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.

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
Company					
Balance as at 1 July 2013	88,773	1,703	2,481	14,379	107,336
Total comprehensive income for the year					
Profit for the year	–	–	–	159	159
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale financial assets, net of tax	–	2,390	–	–	2,390
Total other comprehensive income	–	2,390	–	–	2,390
Total comprehensive income for the year	–	2,390	–	159	2,549
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.20 cents per share in respect of 2013	–	–	–	(1,105)	(1,105)
Interim dividend of 0.18 cents per share in respect of 2014	–	–	–	(996)	(996)
Total transactions with Owners	–	–	–	(2,101)	(2,101)
Balance as at 30 June 2014	88,773	4,093	2,481	12,437	107,784

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000
Cash flows from operating activities			
Profit for the year		12,786	4,953
Adjustments for:			
Allowance for:			
- doubtful debts from trade and other receivables		924	–
- inventory obsolescence		73	62
Amortisation of intangible assets		868	556
Bad debts (recovered)/written off		(770)	68
Depreciation of property, plant and equipment		2,403	1,817
Dividend income from other financial asset		(351)	(175)
Gain on disposal of property, plant and equipment		(135)	(182)
Loss on disposal of subsidiaries		83	174
Loss on liquidation of a subsidiary		–	18
Gain on disposal of a joint venture		–	(46)
Interest income		(248)	(387)
Interest expenses		364	242
Inventories written off		181	84
Property, plant and equipment written off		24	–
Impairment losses on property, plant and equipment		115	–
Provision for/(Reversal of):			
- restructuring and retrenchment costs		342	(57)
Acquisition-related costs		1,127	–
Post-acquisition integration and restructuring costs		4,562	–
Negative goodwill on acquisition	5	(13,175)	–
Share-based payment expense		–	88
Share of results of associates and joint ventures (net of tax)		(381)	(398)
Income tax expenses/(credit)		1,070	(906)
Operating profit before working capital changes		9,862	5,911
Changes in working capital:			
Inventories		(1,535)	(255)
Project-in-progress		(2,484)	9,623
Trade and other receivables		(1,299)	1,260
Amounts due from related parties (trade)		52	(534)
Trade and other payables		3,383	(7,443)
Amounts due to related parties (trade)		(478)	500
Post-acquisition integration and restructuring costs paid		(2,961)	(102)
Released of pledged deposits with financial institutions		7	109
Cash generated from operations		4,547	9,069

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000
Cash generated from operations		4,547	9,069
Interest received		248	387
Interest paid		(364)	(225)
Income taxes paid		(762)	(439)
Net cash generated from operating activities		3,669	8,792
Cash flows from investing activities			
Acquisition-related costs paid		(1,088)	–
Acquisition of remaining non-controlling interest of a subsidiary		(5)	–
Amounts due from related parties (non-trade)		430	(661)
Net cash inflow on acquisition of subsidiaries	5	1,876	–
Net cash (outflow)/inflow from disposal of subsidiaries[3]		(2,972)	69
Proceeds from disposals of property, plant and equipment		314	304
Proceeds from disposal of joint ventures		–	1
Dividend received from other financial asset		351	175
Dividend received from an associate		59	255
Purchase of:			
- intangible assets		(1,387)	(845)
- property, plant and equipment[1][2]		(4,004)	(3,422)
Net cash used in investing activities		(6,426)	(4,124)
Cash flows from financing activities			
Amounts due to related parties (non-trade)		(333)	492
Dividend paid		(2,101)	(884)
Interest paid		–	(17)
Repayment of bank loans		(15,389)	(18,052)
Repayment of finance lease creditors		(149)	(49)
Proceeds from bank loans		20,742	13,980
Net cash generated from/(used in) financing activities		2,770	(4,530)
Net increase in cash and cash equivalents		13	138
Cash and cash equivalents at beginning of year		30,744	30,579
Effect of exchange rate fluctuations on cash held		(380)	27
Cash and cash equivalents at end of year	14	30,377	30,744

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

Significant non-cash transactions

(1) Property, plant and equipment amounting to $201,000 (2013: $26,000) was acquired through finance leases.

(2) The Group accrued reinstatement cost of $240,000 (2013: $Nil) under property, plant and equipment.

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

	Group	
	2014	**2013**
	$'000	**$'000**
Property, plant and equipment	89	24
Intangible assets	15	–
Deferred tax assets	54	–
Inventories	123	91
Project-in-progress	2,035	162
Trade and other receivables	7,375	839
Amounts due from related parties	710	433
Cash and cash equivalents	4,744	84
Trade and other payables	(8,778)	(436)
Provisions	(234)	–
Amounts due to related parties	(1,808)	(513)
Interest-bearing borrowings	(1,424)	(244)
Current tax payable	(216)	–
Non-controlling interests	(926)	–
Net identifiable assets disposed	1,759	440
Realisation of exchange translation reserves	96	103
Transfer to investment in a joint venture	–	(216)
Loss on disposal of subsidiaries	(83)	(174)
Cash proceeds from disposal of subsidiaries	1,772	153
Less: Cash and cash equivalents disposed	(4,744)	(84)
Net cash (outflow)/inflow from disposal of subsidiaries	(2,972)	69

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 9 September 2014.

1 DOMICILE AND ACTIVITIES

Ellipsiz Ltd (the "Company") is a company incorporated in Singapore and has its registered office at 54 Serangoon North Avenue 4 #05-02, Singapore 555854.

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 financial statements of the Group as at and for the year ended 30 June 2014 comprise 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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 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.

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 as at the grant date. If there were changes to these assumptions, then the Group's recognition of the fair value of share options 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 their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 39 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 economics of useful lives and the residual values of these assets, and therefore future depreciation or amortisation charges could be revised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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.

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 $4,476,000 (2013: $4,805,000), deferred tax liabilities are $1,041,000 (2013: $24,000), tax receivables are $545,000 (2013: $144,000) and current tax payable are $521,000 (2013: $636,000).

Changes in accounting policies

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosure about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participations at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 July 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. The Group does not plan to early adopt.

Applicable for the Group's 2015 financial statements

FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

FRS 111 *Joint Arrangements* establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interest in joint venture will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. When making this assessment, the Group considers the structure of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

FRS 112 *Disclosures of Interest in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structure entities. FRS 112 requires the disclosures of information about the nature, risk and financial effects of these interests.

Under the amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group anticipates that the adoption of these standards in financial year 2015 will not have a material impact 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 in accordance with FRS 103 *Business Combination* 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Business combinations (continued)

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.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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 or joint 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 dollars at exchange rates at the end of the reporting date. The income and expenses of foreign operations are translated to Singapore dollars 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. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. 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 Group disposes off only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 profit or loss as part of the gain or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and 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.

Freehold land and assets under construction are not depreciated. Depreciation of 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:

Freehold building	8 to 39 years
Leasehold land and building	34 years
Leasehold improvements	Shorter of 3 to 15 years and remaining lease period
Furniture and fittings	3 to 15 years
Office equipment	1 to 10 years
Computers	1 to 10 years
Motor vehicles	4 to 6 years
Plant and machinery	1 to 15 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets

Computer software

Computer software which has a finite 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 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 property

Technology licence and intellectual property 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 property 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 property 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.

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is included within the carrying amounts of 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, debt security and fund 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Non-derivative financial liabilities (continued)

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

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, net of any tax effect.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

Non-derivative financial assets (continued)

Loans and receivables (continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

Non-financial assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, except for those inventories relating to certain equipment, where costs are determined on first-in-first-out method.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Project-in-progress

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

Project-in-progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Project-in-progress (continued)

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

A defined contribution plan is a post-employment benefit plan under which an entity pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

Share-based payments (continued)

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. When the Group revised its estimates of the number of options and awards that are expected to become exercisable at each reporting date, it recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue recognition (continued)

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 ("CEO"), chief financial officer, presidents, vice presidents and officers who hold equivalent positions at the Company and the Group.

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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income tax expense (continued)

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 the Group is able to control the timing of the reversal of the temporary difference and it is probable 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 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 Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2014

3 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building $'000	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	Assets under construction $'000	Total $'000
Cost										
At 1 July 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
Additions	1,614	–	943	95	640	463	32	656	2	4,445
Disposals/Write off	–	–	(498)	(122)	(216)	(694)	(20)	(3,180)	–	(4,730)
Acquisition of businesses	1,473	–	157	142	16	8	–	2,954	–	4,750
Arising from disposal of subsidiaries	–	–	(24)	(45)	(65)	(142)	–	(108)	–	(384)
Reclassification	–	–	–	–	–	(5)	–	1,663	(1,658)	–
Translation difference on consolidation	(119)	(31)	(44)	(11)	(6)	(63)	(2)	(499)	(7)	(782)
At 30 June 2014	2,968	1,975	3,495	566	1,167	3,797	158	31,287	2	45,415

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and building $'000	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	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment losses										
At 1 July 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
Depreciation charge for the year	64	51	380	61	120	283	10	1,434	–	2,403
Impairment charge for the year	–	–	–	–	–	–	–	115	–	115
Disposals/Write off	–	–	(427)	(106)	(214)	(680)	(18)	(3,082)	–	(4,527)
Arising from disposal of subsidiaries	–	–	(23)	(35)	(27)	(103)	–	(107)	–	(295)
Reclassification	–	–	–	–	–	(5)	–	5	–	–
Translation difference on consolidation	(1)	(6)	(41)	(5)	(4)	(48)	(2)	(403)	–	(510)
At 30 June 2014	63	378	2,614	376	576	3,234	122	25,345	–	32,708
Carrying amounts										
At 1 July 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
At 30 June 2014	2,905	1,597	881	190	591	563	36	5,942	2	12,707

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction, leasehold land and building and plant and machinery of the Group with carrying amounts of $Nil (2013: $762,000), $1,451,000 (2013: $Nil) and $696,000 (2013: $Nil) respectively have been pledged to banks as securities for certain bank loans (note 17).

The carrying amount of property, plant and equipment includes amounts totalling $59,000 (2013: $81,000) for the Group in respect of assets acquired under finance leases (note 17).

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2012	62	36	70	168
Additions	–	1	–	1
Write off	–	(3)	(2)	(5)
At 30 June 2013	62	34	68	164
Additions	–	–	13	13
Write off	(53)	(27)	(60)	(140)
At 30 June 2014	9	7	21	37
Accumulated depreciation				
At 1 July 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
Depreciation charge for the year	–	–	3	3
Write off	(53)	(27)	(60)	(140)
At 30 June 2014	9	7	11	27
Carrying amounts				
At 1 July 2012	–	–	1	1
At 30 June 2013	–	–	–	–
At 30 June 2014	–	–	10	10

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

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Cost of revenue	1,725	1,201	–	–
Distribution expenses	220	186	–	–
Administrative expenses	430	370	3	2
Research and development expenses	28	60	–	–
	2,403	1,817	3	2

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment losses

During the year, the Group impaired $115,000 (2013: $Nil) of certain plant and machinery under the Distribution and Services solutions as those assets are no longer generating cash flows. The impairment loss was included in cost of revenue in 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 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
Additions – acquired	3	–	–	–	–	3
Additions – internally developed	134	–	31	1,219	–	1,384
Disposal	(10)	–	–	–	–	(10)
Acquisition of businesses	3	–	3,715	–	–	3,718
Arising from disposal of subsidiaries	(50)	–	–	–	–	(50)
Translation difference on consolidation	(5)	(31)	(183)	(75)	(175)	(469)
At 30 June 2014	719	1,941	9,665	5,133	27,248	44,706
Accumulated amortisation and impairment losses						
At 1 July 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

4 INTANGIBLE ASSETS (continued)

Group	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Accumulated amortisation and impairment losses						
At 30 June 2013	559	979	1,846	101	744	4,229
Amortisation for the year	72	101	315	380	–	868
Disposal	(10)	–	–	–	–	(10)
Arising from disposal of subsidiaries	(35)	–	–	–	–	(35)
Reclassification	–	(232)	232	–	–	–
Translation difference on consolidation	(3)	(14)	(35)	(5)	–	(57)
At 30 June 2014	583	834	2,358	476	744	4,995
Carrying amounts						
At 1 July 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
At 30 June 2014	136	1,107	7,307	4,657	26,504	39,711

Company	Computer software $'000
Cost	
At 1 July 2012 and 30 June 2013	21
Write off	(10)
At 30 June 2014	11
Accumulated amortisation	
At 1 July 2012 and 30 June 2013	21
Write off	(10)
At 30 June 2014	11
Carrying amounts	
At 1 July 2012, 30 June 2013 and 30 June 2014	–

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

	Group 2014 $'000	Group 2013 $'000
Cost of revenue	830	520
Distribution expenses	5	3
Administrative expenses	33	33
	868	556

4 INTANGIBLE ASSETS (continued)

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	
	2014	**2013**
	$'000	**$'000**
Probe Card solutions	11,112	11,284
Distribution and Services solutions	15,392	15,395
	26,504	26,679

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 of one to five years.

Key assumptions used for value-in-use calculations

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

	Group	
	Growth rate	**Discount rate**
	%	**%**
2014		
Probe Card solutions	5.2	14.8
Distribution and Services solutions	5.7	13.7
2013		
Probe Card solutions	6.4	13.2
Distribution and Services solutions	4.6	15.3

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. No growth has been projected on the cash flows beyond the five-year period covered by the financial budget and projection.

The values assigned to the key assumptions represent management's assessment of future trends in the industries that the CGUs operate in. No sensitivity analysis was disclosed for the Probe Card solutions CGU as 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 CGUs, if the growth rate decreased by 0.8% (2013: 1.0%), the estimated recoverable amount would be equal to the carrying amount.

5 SUBSIDIARIES

	Company 2014 $'000	2013 $'000
Equity investments at cost	134,034	137,572
Quasi-equity loans to subsidiaries	5,121	5,203
Less: Impairment losses	(52,729)	(52,965)
	86,426	89,810

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.

Increase in investments in subsidiaries

In the prior 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 was 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 remained unchanged at 100%.

Incorporation of subsidiaries

During the year, SV Probe Pte Ltd ("SV Probe"), a subsidiary of the Company, established a wholly-owned subsidiary, SV TCL Kabushiki Kaisha ("SV TCL") in Japan with an initial paid up capital of JPY 100,000 (approximately US$1,000). Subsequent to the incorporation, the paid up capital of SV TCL was increased to JPY 350,000,000 (approximately US$3,500,000). The principal activities of SV TCL are those relating to business of design, manufacturing, sales and after sales support of probe cards. The company is incorporated to carry out the Japan activities of the acquired business from Tokyo Cathode Laboratory Co., Ltd ("TCL").

In the prior year, the Company's wholly-owned subsidiary, iNETest Resources, had also in December 2012 established a wholly-owned subsidiary, Ellipsiz iNETest Co., Ltd. in Taiwan with a registered capital of NTD5,000,000 (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.

5 SUBSIDIARIES (continued)

Acquisition of businesses and subsidiaries

i) On 25 June 2013, SV Probe entered into a business transfer agreement with TCL to acquire:

(a) certain subsidiaries of TCL in Singapore, Taiwan, Guangzhou and Hong Kong; and

(b) certain probe card businesses, technologies, intellectual property rights and assets in Japan.

This acquisition will allow the Group to expand its products offerings and improve its competitive position, particularly in Japan probe card market.

On 30 August 2013, the business transfer agreement was modified with

- the acquisition to:
  - (a) include the purchase of 100% shares in one of TCL's subsidiaries in Japan instead of certain assets of that subsidiary;
  - (b) replace the purchase of 100% shares in TCL's subsidiary in Guangzhou with the purchase of certain assets and business of the Guangzhou subsidiary; and

- the final aggregate cash purchase price for the acquisition was reduced to US$2,855,000 (equivalent to $3,652,000), from the initial consideration of US$3,500,000.

The purchase consideration was fully paid on 30 August 2013.

Other than the transfer of business and certain assets of the Guangzhou subsidiary, the closing for the acquisition was completed on 30 August 2013. Pending completion of certain documentation requirement locally, the transfer of assets from TCL Guangzhou subsidiary to SV Probe has been deferred.

This acquisition has added four 100% owned subsidiaries, namely Hokko Electronics Co. Ltd, TCL Yamaichi Taiwan Inc., Tokyo Cathode Laboratory (Singapore) Pte Ltd and Tokyo Cathode Laboratory (HK) Co Ltd to the Group.

The fair value of identifiable assets acquired and liabilities assumed and effect of business acquisition were determined and disclosed below:

	Note	Group $'000
Property, plant and equipment		4,750
Intangible assets		3,718
Financial assets		152
Inventories		4,556
Trade and other receivables		5,370
Tax recoverable		44
Cash and cash equivalents		5,528
Trade and other payables		(5,237)
Interest-bearing borrowings		(967)
Deferred tax liabilities		(1,087)
Net identifiable assets and liabilities acquired		16,827
Negative goodwill on business combination	22	(13,175)
Consideration satisfied in cash		3,652
Cash acquired from business combination		(5,528)
Net cash inflow		(1,876)

5 SUBSIDIARIES (continued)

Acquisition of businesses and subsidiaries (continued)

As the Group has negotiated a bargain purchase price for the businesses and assets acquired, a negative goodwill of $13,175,000 was determined to have arisen from the acquisition. The negative goodwill was included in the other income in the statements of comprehensive income.

Revenue generated from the acquired business for the ten months ended 30 June 2014 was $22,044,000. As the newly acquired operations are integrated as part of the operations of SV Probe and its subsidiaries, it is not practical to determine the profit or loss generated in the financial period.

Had the acquisition occurred at the beginning of the year, the consolidated revenue would have been $147,204,000. As the newly acquired operations are integrated as part of the operations of SV Probe and its subsidiaries, it is not practical to determine the consolidated profit or loss generated for the year.

Acquisition-related costs

The Group incurred acquisition-related costs of $1,127,000 (note 22) relating to external legal and consultant fees, travelling expenses and due diligence costs. Acquisition-related cost was included in the other expenses in the statements of comprehensive income.

Post-acquisition integration and restructuring costs

The Group incurred during the year, integration and restructuring costs of $4,562,000 for the post-acquisition integration programme (note 22). The integration costs include costs incurred to execute the approved programme that forms part of this acquisition project, to integrate and restructure offices, engineering teams and facilities of SV Probe and the newly acquired businesses. Post-acquisition integration and restructuring costs was included in the other expenses in the statements of comprehensive income.

Acquired receivables

The trade and other receivables comprise the gross contractual amount of $8,995,000, of which $3,625,000 is estimated to be uncollectible.

ii) The Company, through its wholly-owned subsidiary, iNETest Resources, acquired the remaining interest of 8.11% in another subsidiary, Ellipsiz Testlab Pte Ltd ("ETL") from the non-controlling shareholder for a cash consideration of $5,000. After the transaction, the Group has 100% equity interest in ETL. The objective of the transaction is to consolidate the shareholding of ETL under common shareholder for ease of liquidation. ETL was placed under members' voluntary liquidation in June 2014.

Disposal of subsidiaries

During the year, the Group disposed its 51% interest in E+HPS Pte Ltd and 70% interest in Ellipsiz Communications Pte Ltd ("ECPL") for cash considerations of $772,000 and $1,000,000, respectively.

In the prior 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.

The loss on disposal of subsidiaries was included in the other expenses in the statements of comprehensive income.

5 SUBSIDIARIES (continued)

Liquidation of subsidiaries

During the year,

i) the Company's subsidiaries, Ellipsiz Ventures Pte Ltd, Ellipsiz Semilab Holdings Pte. Ltd., Ellipsiz Singapore Pte Ltd and Ellipsiz (Shanghai) International Ltd. were placed under members' voluntary liquidation;

ii) an application for striking off an inactive subsidiary, iNETest Resources HK Limited, was submitted to the Registry of Companies in Hong Kong; and

iii) the wholly-owned subsidiaries, Ellipsiz Semiconductor Technology (Shenzhen) Ltd and FMB Industries Pte Ltd which were placed under liquidation previously, were dissolved.

In the prior year,

i) Ellipsiz Communications (Australia) Pty Limited, an inactive subsidiary in Australia completed its voluntary de-registration under the applicable local laws and ceased to be a subsidiary of the Group; and

ii) the Company's wholly-owned subsidiary, Ellipsiz ISP Pte. Ltd. was placed under members' voluntary liquidation.

Impairment of subsidiaries

The Company reversed net impairment losses on certain subsidiaries amounting to $236,000 (2013: $959,000) to the carrying value of its net assets, which is estimated to approximate the fair value less costs to sell of these subsidiaries. The net assets of these subsidaries mainly comprise net monetary assets.

The reversal of impairment losses was included in other income of the statement of comprehensive income.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group	
			2014	2013
			%	%
[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

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
(1)(13) Ellipsiz Testlab Pte Ltd	Provision of reliability testing services for semiconductor and electronics industry	Singapore	100	92
(1)(13) Ellipsiz Singapore Pte Ltd	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
(1)(13) Ellipsiz Ventures Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
(14) Ellipsiz Semiconductor Technology (Shenzhen) Ltd	Inactive	China	–	100
(1)(13) Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	80	80
(4) Ellipsiz Semilab (Shanghai) Co., Ltd	Provision of integrated circuits testing services	China	80	80
(4) Ellipsiz Taiwan Inc. and its subsidiary:	Inactive; Dealers of scientific instruments, electronics equipment, commission agents and provision of technical services and support in FY2013	Taiwan	78	78
(4) CrystalTech Scientific Corp	Inactive; Trading of scientific and electronic equipment in FY2013	British Virgin Islands	78	78
(4)(13) 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	Inactive; Trading of original equipment and manufacturer parts in FY2013	Taiwan	100	100

5 SUBSIDIARIES (continued)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
(13)	Ellipsiz ISP Pte. Ltd.	Inactive	Singapore	100	100
(14)	FMB Industries Pte. Ltd.	Inactive	Singapore	–	100
(1)	SV Probe Pte. Ltd. and its subsidiaries:	Provision of probe card designing, manufacturing, repair and distribution and engineering solutions to the semiconductor industry through its applications engineering team, and provides repair and maintenance support	Singapore	100	100
(4)	SV Technology Inc.	Provision of technology services, including technology transfer, training, technical and consultancy services, expert advice and technical assistance	Republic of Mauritius	100	100
(5)	SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(3)	SV Probe Vietnam Co., Ltd	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100
(1)	SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards	USA	100	100
(6)	SV Probe Technology S.A.S.	Trading, sales and after sales support of probe cards	France	100	100
(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

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2014 %	2013 %
[1] Tokyo Cathode Laboratory (Singapore) Pte Ltd	Manufacturing and trading, sales and after sales support of probe cards	Singapore	100	–
[11] Tokyo Cathode Laboratory (HK) Co Ltd	Inactive	Hong Kong	100	–
[5] TCL Yamaichi Taiwan Inc.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	–
[3] Hokko Electronics Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Japan	100	–
[3] SV TCL Kabushiki Kaisha	Design, manufacturing, sales and after sales support of probe cards	Japan	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	Inactive	Hong Kong	100	100
[8] Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
[4] Ellipsiz iNETest (Shanghai) 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	100
[13] iNETest Resources HK Limited	Inactive	Hong Kong	100	100
[9] iNETest Resources (Thailand) Ltd	Inactive; Provision of sales and service support activities in FY2013	Thailand	100	100

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %
(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
(4) HPS Engineering (Suzhou) Co., Ltd.	Provision of general constructional, hook up and building works	China	–	51
(4) E+HPS Engineering (Suzhou) Co., Ltd.	Provision of general constructional, hook up and building works	China	–	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
(3) Ellipsiz Communications Taiwan Ltd	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Taiwan	–	70
(10)(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

(1) Audited by KPMG LLP, Singapore.
(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.
(6) Audited by In Extenso, France.
(7) Audited by Sky Trend CPA Limited, Hong Kong.
(8) Audited by Grant Thornton, China.

5 SUBSIDIARIES (continued)

(9) Audited by Tsedeq Accounting and Tax Co., Ltd., Thailand.
(10) Audited by HWI Limited, New Zealand.
(11) Audited by P. L. Au & Co, Hong Kong.
(12) This entity was considered as a subsidiary through de facto control.
(13) These subsidiaries are in the process of liquidation or being struck off.
(14) These subsidiaries were dissolved during the year.

6 ASSOCIATES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Investments in associates	6,116	6,116	4,868	4,868
Share of post-acquisition reserves	2,427	1,821	–	–
Exchange translation reserve	(504)	(48)	–	–
	1,923	1,773	–	–
	8,039	7,889	4,868	4,868

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2014 %	2013 %
(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 ASSOCIATES (continued)

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

	Group 2014 $'000	Group 2013 $'000
Results		
Revenue	34,197	46,496
Expenses	(32,025)	(44,837)
Profit before taxation	2,172	1,659
Taxation	(652)	(394)
Profit after taxation	1,520	1,265
Assets and liabilities		
Non-current assets	15,778	16,224
Current assets	19,720	19,752
Total assets	35,498	35,976
Current liabilities	(4,963)	(9,142)
Non-current liabilities	(14,436)	(11,294)
Total liabilities	(19,399)	(20,436)

The Group received dividends of $59,000 (2013: $255,000) from its investment in associate.

At the reporting date, an associate has capital commitments of $1,443,000 (2013: $Nil) and contingent liabilities of $Nil (2013: $Nil).

In August 2014, iNETest Resources entered into an agreement to dispose its entire 49% interest in an associate, IRC Technologies Ltd, for a total cash consideration of Thai Baht 31,000,000 (approximately $1,210,000). The divestment is expected to complete by 30 September 2014 and does not have a material impact to the Group for the year ending 30 June 2015.

7 JOINT VENTURES

	Group 2014 $'000	Group 2013 $'000
Investments in joint ventures	885	885
Share of post-acquisition reserves	(692)	(408)
Exchange translation reserve	35	(65)
	(657)	(473)
	228	412

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 2014 %	Effective equity held by the Group 2013 %
(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) Global Technosoft Pte. Ltd.	General trading and investments	Singapore	49	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) The joint venture is held through iNETest Resources and audited by Singapore Assurance PAC, Singapore.

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

	Group 2014 $'000	Group 2013 $'000
Results		
Revenue	6,012	852
Expenses	(6,583)	(1,252)
Loss before and after taxation	(571)	(400)
Assets and liabilities		
Non-current assets	720	812
Current assets	2,526	1,101
Current liabilities	(2,835)	(1,153)
Net assets	411	760

At the reporting date, the joint ventures have no capital commitments and contingent liabilities (2013: $Nil).

8 FINANCIAL ASSETS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'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	–	–
Unquoted investment fund available-for-sale	143	–	–	–
Quoted equity securities available-for-sale	11,854	9,460	11,850	9,460
	19,913	17,376	14,163	11,773
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)
	9,551	7,014	9,404	7,014

9 TRADE AND OTHER RECEIVABLES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade receivables				
Trade receivables	31,039	32,673	–	–
Less: Impairment losses	(252)	(228)	–	–
Net trade receivables	30,787	32,445	–	–
Other receivables				
Tax receivables	545	144	–	–
Refundable deposits	650	511	10	18
Sundry receivables	2,218	1,680	684	201
Less: Impairment losses	(900)	–	–	–
Net sundry receivables	1,318	1,680	684	201
Prepayments	1,030	1,409	4	4
Total other receivables	3,543	3,744	698	223
	34,330	36,189	698	223
Represented by:				
Current portion	33,835	32,936	698	223
Non-current portion	495	3,253	–	–
	34,330	36,189	698	223

9 TRADE AND OTHER RECEIVABLES (continued)

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.

Impairment losses

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

	Gross 2014 $'000	Impairment losses 2014 $'000	Gross 2013 $'000	Impairment losses 2013 $'000
Group				
Trade receivables				
Not past due	24,591	–	22,005	–
Past due 0 - 30 days	3,803	–	7,834	–
Past due 31 - 120 days	1,859	(6)	2,336	–
Past due 121 - 365 days	526	(19)	264	–
More than one year	260	(227)	234	(228)
	31,039	(252)	32,673	(228)
Other receivables[(1)]				
Not past due	253	–	1,060	–
Past due 0 - 30 days	20	–	–	–
Past due 31 - 120 days	25	–	221	–
Past due 121 - 365 days	38	–	–	–
More than one year	1,229	(900)	9	–
No credit term	1,303	–	901	–
	2,868	(900)	2,191	–
Company				
Other receivables[(1)]				
No credit term	694	–	219	–

(1) Excludes tax receivables and prepayments.

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

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
At 1 July	228	250	–	–
Impairment losses made	924	–	–	–
Impairment utilised	–	(16)	–	–
Translation difference on consolidation	*	(6)	–	–
At 30 June	1,152	228	–	–

* less than $1,000.

9 TRADE AND OTHER RECEIVABLES (continued)

At the reporting date, an impairment loss of $900,000 made in respect of sundry receivables relates to a debtor that encountered financial difficulties and had defaulted on its instalment payment due to the Group during the year.

Apart from above, 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	Acquisition of businesses $'000	Disposal of subsidiaries $'000	Recognised in profit or loss (note 24) $'000	Translation difference $'000	At 30 June $'000
2014						
Deferred tax assets						
Property, plant and equipment	64	–	–	22	(1)	85
Inventories	88	–	–	109	(3)	194
Trade and other payables	432	–	(54)	130	(7)	501
Tax value of loss carry-forward	4,862	–	–	(254)	(49)	4,559
Other items	511	–	–	(259)	(1)	251
	5,957	–	(54)	(252)	(61)	5,590
Deferred tax liabilities						
Property, plant and equipment	(43)	(455)	–	57	13	(428)
Intangible assets	(1,133)	(632)	–	53	28	(1,684)
Other items	–	–	–	(43)	–	(43)
	(1,176)	(1,087)	–	67	41	(2,155)

10 DEFERRED TAX (continued)

Group	At 1 July $'000	Acquisition of businesses $'000	Disposal of subsidiaries $'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)

Company	At 1 July 2012 $'000	Recognised in profit or loss (note 24) $'000	At 30 June 2013 $'000	Recognised in profit or loss (note 24) $'000	At 30 June 2014 $'000
Deferred tax asset					
Other items	7	4	11	50	61
Deferred tax liability					
Property, plant and equipment	–	–	–	(2)	(2)

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 statements of financial position as follows:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Deferred tax assets	4,476	4,805	59	11
Deferred tax liabilities	(1,041)	(24)	–	–
	3,435	4,781	59	11

10 DEFERRED TAX (continued)

As at 30 June 2014, deferred tax liabilities amounting to $108,000 (2013: $Nil) have not been recognised for taxes that would be payable on the undistributed earnings of certain overseas subsidiaries as it would not be distributed in the foreseeable future.

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2014	**2013**
	$'000	**$'000**
Deductible temporary differences	933	1,033
Unutilised tax losses and tax credits	17,747	14,313
	18,680	15,346

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	
	2014	**2013**
	$'000	**$'000**
Raw materials	5,307	1,996
Work-in-progress	1,199	1,015
Finished goods	5,538	4,057
Inventories-in-transit	779	197
	12,823	7,265

During the year, raw materials and consumables and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $75,528,000 (2013: $62,094,000).

12 PROJECT-IN-PROGRESS

		Group	
	Note	**2014**	**2013**
		$'000	**$'000**
Costs incurred and attributable profits		–	42,477
Progress billings		–	(42,899)
		–	(422)
Comprising:			
Project-in-progress		–	1,064
Excess of progress billings over project-in-progress	18	–	(1,486)
		–	(422)

13 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Loans to subsidiaries	–	–	–	425
Amounts due from:				
Subsidiaries				
- trade	–	–	4,236	4,233
- non-trade	–	–	3,271	3,344
	–	–	7,507	7,577
Affiliates				
- trade	–	32	–	–
- non-trade	154	154	–	–
Less: Impairment loss	(154)	(154)	–	–
	–	32	–	–
Joint ventures				
- loan	203	425	–	–
- trade	1	95	–	–
- non-trade	10	242	–	–
	214	762	–	–
Associates				
- trade	88	13	–	–
- non-trade	36	12	25	–
	124	25	25	–
	338	819	7,532	8,002
Amounts due to:				
Joint ventures				
- trade	(13)	(373)	–	–
- non-trade	(44)	(73)	–	–
	(57)	(446)	–	–
Associates (trade)	(7)	(124)	–	–
Non-controlling interests (non-trade)	–	(307)	–	–
Subsidiaries (non-trade)	–	–	(11,536)	(13,062)
	(64)	(877)	(11,536)	(13,062)

In the prior year, loans to subsidiaries were unsecured and bore interest at 5.5% per annum with fixed monthly repayments over a period of 3 months.

The loan to a joint venture is unsecured, bears interest at 5% (2013: LIBOR + 1.5%) per annum and is repayable over a period of 24 months.

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

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 2014 $'000	Impairment losses 2014 $'000	Gross 2013 $'000	Impairment losses 2013 $'000
Group				
Not past due	87	–	53	–
Past due 31 - 120 days	–	–	5	–
Past due 121 - 365 days	–	–	71	–
More than one year	2	–	11	–
No credit term	403	(154)	833	(154)
	492	(154)	973	(154)
Company				
Not past due	480	–	533	–
Past due 31 - 120 days	458	–	512	–
Past due 121 - 365 days	1,536	–	1,215	–
More than one year	1,762	–	1,973	–
No credit term	3,296	–	3,769	–
	7,532	–	8,002	–

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

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Cash at banks and in hand		28,328	25,187	10,196	5,932
Deposits with financial institutions		3,688	7,203	2,000	5,516
		32,016	32,390	12,196	11,448
Deposits held as securities by financial institutions	17	(1,639)	(1,646)		
Cash and cash equivalents in the consolidated statement of cash flows		30,377	30,744		

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 0.42% (2013: 0.22%) and 0.11% (2013: 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 No. of shares '000
Fully paid ordinary shares, with no par value:	
At 1 July 2012, 30 June 2013 and 30 June 2014	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.

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 (2013: 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Capital reserve	(11,651)	(11,720)	–	–
Fair value reserve	4,093	1,703	4,093	1,703
Share-based compensation reserve	2,481	2,481	2,481	2,481
Exchange translation reserve	(14,781)	(13,225)	–	–
Accumulated profits	47,887	36,475	12,437	14,379
	28,029	15,714	19,011	18,563

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.

16 RESERVES (continued)

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	
	2014	**2013**
	$'000	**$'000**
Non-current liabilities		
Secured bank loans	331	312
Unsecured bank loans	273	540
Obligations under finance leases	47	52
	651	904
Current liabilities		
Secured bank loans	177	89
Unsecured bank loans[(1)]	8,718	3,755
Obligations under finance leases	81	49
	8,976	3,893

(1) One of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loans at 30 June 2014. The breach involves two term loans for a total amount of JPY 200,000,000. As at 30 June 2014, the outstanding amounts of the loans were JPY 40,360,000 (approximately $497,000). The subsidiary had applied to the bank for the waiver of breach and amendment to the covenant. The bank had responded that it is not a practice in Japan to amend covenants on borrowings. There was no demand from the bank on immediate settlement of the outstanding borrowings, provided the subsidiary continues to service the loan instalments. The Group and the subsidiary have the funds to fulfil the obligation if the bank requires immediate repayments of the loans.

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	2014	**2013**
	$'000	**$'000**
Within 1 year	8,895	3,844
After 1 year but within 5 years	604	852
	9,499	4,696

17 INTEREST-BEARING BORROWINGS (continued)

The borrowings are secured on the following assets:

	Note	Group 2014 $'000	Group 2013 $'000
Assets under construction	3	–	762
Leasehold land and building	3	1,451	–
Plant and machinery	3	696	–
Deposits with financial institutions	14	1,639	1,646
		3,786	2,408

Obligations under finance leases

	2014 Principal $'000	2014 Interest $'000	2014 Total $'000	2013 Principal $'000	2013 Interest $'000	2013 Total $'000
Group						
Within 1 year	81	5	86	49	5	54
After 1 year but within 5 years	41	3	44	52	3	55
After 5 years	6	*	6	–	–	–
Total	128	8	136	101	8	109

* less than $1,000.

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2014 $'000	2013 $'000
Group				
S$ fixed rate loans	2.05% to 5.75%	2014	–	1,322
US$ fixed rate loans	1.29% to 3.20%	2014 to 2015	1,363	1,791
MYR fixed rate loans	5.66% to 5.85%	2014 to 2015	968	1,182
JPY fixed rate loans	2.00% to 2.05%	2016	497	–
NTD fixed rate loan	2.50% to 3.07%	2015	1,260	401
US$ floating rate loan	1 month cost of funds + 3.20%	2016	531	–
US$ floating rate loan	Bank's cost of funds + 2.25%	2015	4,372	–
US$ floating rate loan	6.50%	2016	200	–
NTD floating rate loan	Bank's cost of funds + 1.25%	2018	308	–
S$ finance lease liability	3.00%	2014	–	26
MYR finance lease liability	4.00%	2014	–	75
JPY finance lease liabilities	0.93% to 3.50%	2015 to 2021	128	–
			9,627	4,797

17 INTEREST-BEARING BORROWINGS (continued)

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

Group	Carrying amount $'000	Cash flows: Contractual cash outflows $'000	Within 1 year $'000	Between 1 to 5 years $'000	After 5 years $'000
2014					
Non-derivative financial liabilities					
Fixed interest rate loans	4,088	4,105	4,009	96	–
Variable interest rate loans	5,411	5,481	4,958	523	–
Finance lease liabilities	128	136	86	44	6
Trade and other payables[(1)]	21,846	21,846	21,846	–	–
Amounts due to related parties	64	64	64	–	–
	31,537	31,632	30,963	663	6
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	–

Company	Carrying amount $'000	Cash flows: Contractual cash outflows $'000	Within 1 year $'000
2014			
Non-derivative financial liabilities			
Trade and other payables[(1)]	1,274	1,274	1,274
Amounts due to related parties	11,536	11,536	11,536
Recognised financial liabilities	12,810	12,810	12,810
Intra-group financial guarantees	–	14,434	14,434
	12,810	27,244	27,244
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

(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 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade payables		11,628	14,172	–	–
Excess of progress billings over project-in-progress	12	–	1,486	–	–
Liability for short-term accumulating compensated absences		1,408	1,006	78	66
Accrued expenses		8,581	7,606	1,161	795
Other payables		1,637	1,568	113	71
Deferred income		476	1,546	–	–
		23,730	27,384	1,352	932

19 PROVISIONS

	Warranties $'000	Retrenchment $'000	Post-acquisition integration and restructuring costs $'000	Total $'000
Group				
At 1 July 2013	149	–	–	149
Arising from disposal of subsidiaries	(234)	–	–	(234)
Provision made	421	342	4,562	5,325
Provision reversed	(57)	–	–	(57)
Provision utilised	(92)	–	(2,961)	(3,053)
Translation difference	2	–	(76)	(74)
At 30 June 2014	189	342	1,525	2,056
Company				
At 1 July 2013	–	–	–	–
Provision made	–	281	–	281
At 30 June 2014	–	281	–	281

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.

Retrenchment

The retrenchment provision relates to the rationalisation exercise carried out by the Group with the objective to integrate existing businesses, improve efficiency in the production operations and achieve cost efficiency. The provisions relate mainly to severance payments and outplacement fees, which are expected to incur over the next one year.

Post-acquisition integration and restructuring costs

The provision relates to the integration and restructuring costs as part of the post-acquisition integration programme arising from the acquisition of TCL businesses and subsidiaries (note 5). The Group expects to incur the liability over the next one year.

20 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The redeemable convertible preference shares ("RCPS") 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. Since the right for repayment of RCPS by holders had lapsed, the RCPS were reclassified to equity. This subsidiary was placed under members' voluntary liquidation in March 2014.

21 REVENUE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods	103,867	82,411	–	–
Service income	36,244	38,108	–	–
Commission income	4,363	3,713	–	–
Dividend income	–	–	747	600
Management fees	–	–	2,041	2,137
	144,474	124,232	2,788	2,737

22 RESULTS FROM OPERATING ACTIVITIES

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

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Other income					
Rental income		10	–	–	–
Sundry income		770	450	437	19
Gain on disposal of property, plant and equipment		135	182	–	–
Gain on disposal of subsidiaries		–	–	–	868
Gain on disposal of a joint venture		–	46	–	–
Negative goodwill on business combination	5	13,175	–	–	–
Reversal of impairment of subsidiaries	5	–	–	236	959
Reversal of provision for restructuring and retrenchment costs	19	–	57	–	–
Dividend income from an associate		–	–	59	–
Dividend income from other financial asset		351	175	351	175
Exchange gain, net		118	–	–	–
		14,559	910	1,083	2,021

22 RESULTS FROM OPERATING ACTIVITIES (continued)

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Staff costs and share-based payments					
Wages, salaries and other staff costs		40,073	32,502	1,902	1,268
Contributions to defined contribution plans		2,307	1,681	74	54
Increase in liability for short-term accumulating compensated absences		424	113	12	19
Share-based payment expense		–	88	–	32
		42,804	34,384	1,988	1,373
Other expenses					
Audit fees paid/payable to:					
- auditors of the Company		348	348	60	58
- other auditors		149	89	–	–
Non-audit fees paid/payable to:					
- auditors of the Company		62	83	38	38
- other auditors		16	45	–	–
Depreciation of property, plant and equipment	3	2,403	1,817	3	2
Amortisation of intangible assets	4	868	556	–	–
Allowance for:					
- doubtful debts from trade and other receivables	9	924	–	–	–
- inventory obsolescence		73	62	–	–
Property, plant and equipment written off		24	–	–	–
Inventories written off		181	84	–	–
Bad debts (recovered)/written off		(770)	68	–	141
Impairment losses on property, plant and equipment	3	115	–	–	–
Loss on disposal of subsidiaries		83	174	849	–
Post-acquisition integration and restructuring costs	19	4,562	–	–	–
Acquisition-related costs	5	1,127	–	–	–
Provision for retrenchment costs		342	–	281	–
Exchange loss, net		–	282	90	70
Operating lease expenses		2,821	2,447	8	8

22 RESULTS FROM OPERATING ACTIVITIES (continued)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	230	210	230	210
Staff costs and share-based payments:				
- directors of the Company	927	549	927	549
- other directors	2,998	2,638	–	–
	4,155	3,397	1,157	759

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

	2014	2013
	Number	Number
Company		
$750,000 to $1,000,000	1	1
Below $250,000	4	4
	5	5

23 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Finance income				
Interest income from:				
- financial institutions	31	45	4	9
- subsidiaries	–	–	19	53
- third parties	108	105	1	–
- joint venture	5	–	–	–
Interest income arising from the unwinding discount implicit in the interest-free third party receivables	104	237	–	–
	248	387	24	62
Finance expenses				
Interest expense to:				
- finance leases	(13)	(7)	–	–
- financial institutions	(260)	(233)	–	(17)
- non-controlling interest	(91)	(2)	–	–
	(364)	(242)	–	(17)
Net finance (expenses)/income	(116)	145	24	45

24 INCOME TAX EXPENSES/(CREDIT)

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current tax expenses/(credit)				
Current year	799	438	132	23
Withholding tax	162	155	12	–
Overprovision in prior years	(76)	(207)	–	(45)
	885	386	144	(22)
Deferred tax expenses/(credit)				
Origination and reversal of temporary differences	257	65	(48)	(4)
Overprovision in prior years	(72)	(218)	–	–
Recognition of previously unrecognised tax losses and credits	–	(1,139)	–	–
	185	(1,292)	(48)	(4)
	1,070	(906)	96	(26)
Reconciliation of effective tax rate				
Profit for the year	12,786	4,953	159	2,387
Income tax expenses/(credit)	1,070	(906)	96	(26)
Profit before income tax	13,856	4,047	255	2,361
Income tax at 17% (2013: 17%)	2,356	688	43	401
Effect of different tax rates in other countries	141	39	–	–
Tax incentives	(172)	(207)	–	–
Income not subject to tax	(2,908)	(336)	(139)	(466)
Expenses not deductible for tax purposes	1,565	485	180	84
Withholding tax	162	155	12	–
Deferred tax assets not recognised	1,053	260	–	–
Recognition of previously unrecognised tax losses and credits	–	(1,139)	–	–
Utilisation of previously unrecognised deferred tax assets	(979)	(426)	–	–
Overprovision in prior years	(148)	(425)	–	(45)
	1,070	(906)	96	(26)

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 SHARES

	Group 2014 $'000	Group 2013 $'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	13,513	4,767

	No. of shares '000	No. of shares '000
Weighted average number of:		
- shares outstanding during the year	552,794	552,794

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.

After considering the dilutive effect in computing diluted earnings per share, the weighted average number of ordinary shares in issue is as follows:

	Group 2014 No. of shares '000	Group 2013 No. of shares '000
Weighted average number of shares issued, used in the calculation of diluted earnings per share	552,794	552,794

As at 30 June 2014, 32,663,000 (2013: 37,606,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2014

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:

2014

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2013	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2014	Options exercisable at 1 July 2013	Options exercisable at 30 June 2014	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 2014	Exercise periods
26/10/2009	0.135	5,200,330	–	–	–	5,200,330	5,200,330	5,200,330	–	–	18	26/10/2010 to 25/10/2014
26/10/2009	0.135	7,250,001	–	–	(400,000)	6,850,001	7,250,001	6,850,001	–	–	23	26/10/2011 to 25/10/2014
26/10/2009	0.135	7,250,004	–	–	(400,000)	6,850,004	7,250,004	6,850,004	–	–	23	26/10/2012 to 25/10/2014
25/08/2010	0.140	8,953,125	–	–	(2,071,875)	6,881,250	8,953,125	6,881,250	–	–	26	25/08/2011 to 24/08/2015
25/08/2010	0.140	8,953,125	–	–	(2,071,875)	6,881,250	8,953,125	6,881,250	–	–	26	25/08/2012 to 24/08/2015
		37,606,585	–	–	(4,943,750)	32,662,835	37,606,585	32,662,835	–			

26 EQUITY COMPENSATION BENEFITS (continued)

Ellipsiz Share Option Plan (continued)

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	–			

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.

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Sales and service income to:				
- joint venture	–	89	–	–
- associate	186	124	–	–
- other affiliates	30	452	–	–
Purchase from/Service fee paid to an associate	(405)	(383)	–	–

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Rental expenses paid to:				
- director	(123)	(121)	–	–
- non-controlling interest of subsidiary	(55)	(58)	–	–
- other affiliate	(159)	(160)	–	–
Services rendered by an affiliate[1]	(597)	(1)	–	(1)

[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	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Directors' fees	230	210	230	210
Short-term employee benefits	4,392	3,319	1,380	869
Post-employment benefits	123	143	26	26
Share-based payments	–	68	–	16
	4,745	3,740	1,636	1,121

28 COMMITMENTS

Lease commitments

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

	Group	
	2014	**2013**
	$'000	**$'000**
Receivable:		
Within 1 year	2	2
After 1 year but within 5 years	–	2
	2	4
Payable:		
Within 1 year	1,666	1,581
After 1 year but within 5 years	1,743	1,416
	3,409	2,997

28 COMMITMENTS (continued)

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $14,434,000 (2013: $13,383,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised $8,868,000 (2013: $6,480,000).

On 30 June 2014, the Company disposed its 70% interest in subsidiary, ECPL. Under the sales agreement, ECPL is granted a 3-month period to arrange for the discharge and release of the corporate guarantee by the Company on ECPL and its subsidiary's existing banking facilities. As at the reporting date, the banking facilities utilised amounted to $2,031,000.

Capital commitments

As at 30 June 2014, the Group has capital commitments of $902,000 (2013: $Nil) to purchase plant and equipment.

29 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure on the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

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 relate to individually significant exposures.

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

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

29 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 $8,815,000 (2013: $15,270,000).

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, Taiwan dollar and British pound. The Group primarily relies on natural hedging between its sales and purchases, its trade receivables and trade payables. Should the need arise, the Group hedges its foreign currency exposure 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial assets				
- British pound	285	174	285	174
Trade and other receivables				
- US dollar	12,875	12,646	–	–
- Japanese yen	509	361	–	–
- Singapore dollar	6	127	–	–
- Euro	16	113	–	–
- Vietnamese dong	22	10	–	–
- Other	–	27	–	–
	13,428	13,284	–	–

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Amounts due from related parties				
- US dollar	6,959	4,387	5,594	5,227
- Singapore dollar	163	293	–	–
- Japanese yen	68	–	25	–
- Taiwan dollar	1,997	–	–	–
- Thai baht	245	151	–	–
- Euro	–	3	–	–
	9,432	4,834	5,619	5,227
Cash and cash equivalents				
- US dollar	7,763	5,790	1,037	69
- Singapore dollar	288	634	–	–
- Japanese yen	77	10	–	–
- Euro	77	108	–	–
- Vietnamese dong	57	6	–	–
	8,262	6,548	1,037	69
Trade and other payables				
- US dollar	5,092	5,966	–	4
- Singapore dollar	355	118	–	–
- Malaysia ringgit	–	142	–	–
- Chinese renminbi	281	–	281	–
- Vietnamese dong	309	368	–	–
- Euro	9	40	–	–
- British pound	3	24	–	–
- Other	–	74	–	–
	6,049	6,732	281	4
Amounts due to related parties				
- US dollar	16,043	8,300	–	6
- Singapore dollar	618	1,546	–	–
- Japanese yen	1,977	–	–	–
- Chinese renminbi	1,032	1,761	13	14
- Thai baht	114	128	–	–
	19,784	11,735	13	20
Interest-bearing borrowings				
- US dollar	1,363	891	–	–
- Singapore dollar	–	18	–	–
	1,363	909	–	–

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Redeemable convertible preference shares				
- Singapore dollar	–	78	–	–

Sensitivity analysis

A 1% (2013: 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Equity	3	2	3	2
Profit or loss for the year attributable to Owners of the Company	39	46	53	44

A 1% (2013: 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% (2013: 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 $940,000 (2013: $701,000). This analysis assumes that all other variables remain constant.

29 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the specific notes to that asset or liability.

(1) Property, plant and equipment

Fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition, between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plants, equipment, fixtures and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and replacement costs when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(2) Intangibles assets

The fair value of patents and intellectual property acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.

(3) Inventories

The fair value of inventories of work-in-progress and finished goods acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. The fair value of other inventories acquired, such as raw materials, is determined based on the latest market purchase price.

(4) Equity securities and investment fund

The fair value of equity securities is determined by reference to their quoted last dealt price at the reporting date. The fair value of investment fund acquired in a business combination is determined based on the latest net return from the investment fund.

(5) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(6) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes at each annual reporting date, 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.

29 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

Determination of fair values (continued)

(7) 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.

Fair values hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 – input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – unobservable inputs for the asset or liability.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Financial assets				
Unquoted fund available-for-sale	–	143	–	143
Quoted equity securities available-for-sale	9,408	–	–	9,408
	9,408	143	–	9,551
2013				
Financial assets				
Quoted equity securities available-for-sale	7,014	–	–	7,014
Company				
2014				
Financial assets				
Quoted equity securities available-for-sale	9,404	–	–	9,404
2013				
Financial assets				
Quoted equity securities available-for-sale	7,014	–	–	7,014

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
2014					
Assets					
Financial assets	8	9,551	–	–	9,551
Trade and other receivables (excluding prepayments)	9	–	33,300	–	33,300
Amounts due from related parties	13	–	338	–	338
Cash and cash equivalents	14	–	32,016	–	32,016
		9,551	65,654	–	75,205
Liabilities					
Amounts due to related parties	13	–	–	64	64
Interest-bearing borrowings	17	–	–	9,627	9,627
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	21,846	21,846
		–	–	31,537	31,537
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

30 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2014					
Assets					
Financial assets	8	9,404	–	–	9,404
Trade and other receivables (excluding prepayments)	9	–	694	–	694
Amounts due from related parties	13	–	7,532	–	7,532
Cash and cash equivalents	14	–	12,196	–	12,196
		9,404	20,422	–	29,826
Liabilities					
Amounts due to related parties	13	–	–	11,536	11,536
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	18	–	–	1,274	1,274
		–	–	12,810	12,810
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

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 mutually agreed terms.

31 OPERATING SEGMENTS (continued)

Reportable segments

Group	Distribution and Services solutions 2014 $'000	Distribution and Services solutions 2013 $'000	Probe Card solutions 2014 $'000	Probe Card solutions 2013 $'000	Eliminations 2014 $'000	Eliminations 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue and expense								
Total revenue from external customers	81,551	89,903	62,923	34,329	–	–	144,474	124,232
Inter-segment revenue	326	303	20	–	(346)	(303)	–	–
	81,877	90,206	62,943	34,329			144,474	124,232
Segment results	(1,411)	2,744	15,289	661	–	–	13,878	3,405
Unallocated corporate results							(287)	99
							13,591	3,504
Share of results of associates and joint ventures								
- allocated to reportable segments	258	423	355	97	–	–	613	520
- unallocated corporate & others							(232)	(122)
Profit before finance income/(expenses) and taxation							13,972	3,902
Finance income							248	387
Finance expenses							(364)	(242)
Income tax (expenses)/credit							(1,070)	906
Non-controlling interests							727	(186)
Profit for the year attributable to Owners of the Company							13,513	4,767

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2014

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2014 $'000	Distribution and Services solutions 2013 $'000	Probe Card solutions 2014 $'000	Probe Card solutions 2013 $'000	Eliminations 2014 $'000	Eliminations 2013 $'000	Consolidated 2014 $'000	Consolidated 2013 $'000
Assets and liabilities								
Segment assets	45,567	64,351	73,208	44,156	–	–	118,775	108,507
Investments in associates								
- allocated to reportable segments	2,657	2,545	5,382	5,344	–	–	8,039	7,889
Investments in joint ventures								
- allocated to reportable segments	228	283	–	–	–	–	228	283
- unallocated corporate & others							–	129
Tax receivables	419	144	126	–	–	–	545	144
Deferred tax assets	1,656	1,862	2,761	2,932	–	–	4,417	4,794
Unallocated corporate assets							22,215	18,596
Total assets							154,219	140,342
Segment liabilities	10,268	23,089	13,950	4,453	–	–	24,218	27,542
Interest-bearing borrowings	3,591	3,478	6,036	1,319	–	–	9,627	4,797
Income tax liabilities	118	460	1,204	154	–	–	1,322	614
Unallocated corporate liabilities							1,872	992
Total liabilities							37,039	33,945
Capital expenditure								
- allocated to reportable segments	938	631	4,881	3,661	–	–	5,819	4,292
- unallocated corporate & others							13	1
							5,832	4,293

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other items								
Depreciation of property, plant and equipment								
- allocated to reportable segments	479	533	1,921	1,282	–	–	2,400	1,815
- unallocated corporate expenses							3	2
							2,403	1,817
Amortisation of intangible assets								
- allocated to reportable segments	38	34	830	522	–	–	868	556
Gain on disposals of property, plant and equipment								
- allocated to reportable segments	(64)	(25)	(71)	(157)	–	–	(135)	(182)
Allowance/(Reversal of allowance) for inventory obsolescence								
- allocated to reportable segments	272	(48)	(199)	110	–	–	73	62
Inventory written off								
- allocated to reportable segments	105	1	76	83	–	–	181	84
Allowance for doubtful trade and other receivables								
- allocated to reportable segments	898	–	26	–	–	–	924	–
Bad debts written off/(recovered)								
- allocated to reportable segments	9	30	(779)	38	–	–	(770)	68

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2014

31 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other items (continued)								
Impairment loss on property, plant and equipment								
- allocated to reportable segments	115	–	–	–	–	–	115	–
Loss on disposal of subsidiaries								
- allocated to reportable segments	83	174	–	–	–	–	83	174
Property, plant and equipment written off								
- allocated to reportable segments	–	–	24	–	–	–	24	–
Post-acquisition integration and restructuring costs								
- allocated to reportable segments	–	–	4,562	–	–	–	4,562	–
Provision for retrenchment costs								
- allocated to reportable segments	342	–	–	–	–	–	342	–
Acquisition-related costs								
- allocated to reportable segments	–	–	1,127	–	–	–	1,127	–
Negative goodwill on business combination								
- allocated to reportable segments	–	–	(13,175)	–	–	–	(13,175)	–

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		Japan		Other Regions		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Group																
Total revenue from external customers	46,655	52,062	20,175	16,571	43,356	28,920	16,526	17,066	4,603	4,488	11,171	472	1,988	4,653	144,474	124,232
Non-current segment assets	32,898	28,537	3,347	3,307	3,656	4,706	7,599	7,948	49	20	4,258	–	1,106	1,230	52,913	45,748
Investments in associates	–	–	2,657	2,545	–	–	–	–	–	–	5,382	5,344	–	–	8,039	7,889
Investments in joint ventures	164	216	64	67	–	129	–	–	–	–	–	–	–	–	228	412
Investments in other financial assets	9,119	6,840	–	–	–	–	–	–	285	174	147	–	–	–	9,551	7,014
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,476	4,805
Total non-current assets	42,181	35,593	6,068	5,919	3,656	4,835	7,599	7,948	334	194	9,787	5,344	1,106	1,230	75,207	65,868
Capital expenditures	2,138	1,207	640	1,010	377	1,066	382	1,005	42	2	2,253	–	–	3	5,832	4,293

32 PROPOSED DIVIDENDS

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

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Final (tax exempt one-tier) dividends of 0.18 cents per share (2013: 0.20 cents)	995	1,105
Final special (tax exempt one-tier) dividend of 0.18 cents per share (2013: $Nil)	995	–
	1,990	1,105

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

STATISTICS OF SHAREHOLDERS

As at 8 September 2014

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 8 SEPTEMBER 2014

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	44	0.98	17,750	0.00
1,000 to 10,000	1,758	39.13	8,587,703	1.55
10,001 to 1,000,000	2,638	58.71	239,800,587	43.38
1,000,001 and above	53	1.18	304,388,176	55.07
Total	4,493	100.00	552,794,216	100.00

Based on information available to the Company as at 8 September 2014, approximately 77.96% 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 8 SEPTEMBER 2014

No.	Name of shareholders	Number of shares	% of issued share capital
1	Chan Wai Leong	60,135,177	10.88
2	Chong Fook Choy	56,456,448	10.21
3	Phillip Securities Pte Ltd	21,101,186	3.82
4	OCBC Securities Private Ltd	16,012,333	2.90
5	Tan Tai Wei	12,616,000	2.28
6	Maybank Kim Eng Securities Pte Ltd	10,558,666	1.91
7	DBS Nominees Pte Ltd	9,367,133	1.69
8	Lim & Tan Securities Pte Ltd	9,096,000	1.64
9	UOB Kay Hian Pte Ltd	7,286,000	1.32
10	Chew Shit Fun	5,317,000	0.96
11	Lu Zu Liang	5,138,000	0.93
12	OCBC Nominees Singapore Pte Ltd	5,028,593	0.91
13	United Overseas Bank Nominees Pte Ltd	4,593,937	0.83
14	Ip Yuen Kwong	4,257,000	0.77
15	CIMB Securities (Singapore) Pte Ltd	4,200,000	0.76
16	Teo Choon Hiang	3,992,000	0.72
17	Amfraser Securities Pte. Ltd.	3,900,000	0.71
18	Raffles Nominees (Pte) Ltd	3,586,000	0.65
19	Maybank Nominees (Singapore) Pte Ltd	3,520,000	0.64
20	Bank of Singapore Nominees Pte Ltd	3,388,666	0.61
	Total	249,550,139	45.14

SUBSTANTIAL SHAREHOLDERS AS AT 8 SEPTEMBER 2014

	Shareholdings registered in the name of the substantial shareholders	% of issued share capital
Chan Wai Leong	60,135,177	10.88
Chong Fook Choy	56,456,448	10.21

There are no treasury shares held as at 8 September 2014.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Company will be held at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 on 17 October 2014 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 2014, together with the Auditors' Report thereon. **(Resolution 1)**

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

   [See Explanatory note (i)] **(Resolution 2)**

   (ii) To re-elect Mr. Amos Leong Hong Kiat (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.

   [See Explanatory note (i)] **(Resolution 3)**

3. To approve directors' fees of S$230,000 for the financial year ended 30 June 2014 (2013: S$210,000). **(Resolution 4)**

4. To approve a final (tax exempt one-tier) dividend of 0.18 cents per ordinary share for the financial year ended 30 June 2014. **(Resolution 5)**

5. To approve a final special (tax exempt one-tier) dividend of 0.18 cents per ordinary share for the financial year ended 30 June 2014. **(Resolution 6)**

6. To re-appoint KPMG LLP as the Company's auditors and to authorize the directors of the Company to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

7. “That authority be and is hereby given to the directors of the Company ("Directors") to:

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

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

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

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

PROVIDED ALWAYS that:

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

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

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

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

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

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

[See Explanatory note (ii)] **(Resolution 8)**

8. "That authority be and is hereby given to directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options 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 (iii)] **(Resolution 9)**

9. "That:

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

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

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

and otherwise in accordance with all laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby 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 (iv)] **(Resolution 10)**

ANY OTHER BUSINESS

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 27 October 2014 after 5.00 p.m. to determine the members' entitlements to the proposed dividends to be paid on 13 November 2014, subject to and contingent upon members' approval of the proposed dividends being obtained at the forthcoming 19th 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 27 October 2014 will be registered to determine members' entitlements to the proposed dividends.

Dated: 2 October 2014
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/her 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 or corporate representative must be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 not less than 48 hours before the time appointed for the meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(xies) and/or personal representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(xies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(xies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(xies) and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) **Resolution 2 and 3:** Detailed information on Mr. Xavier Chong Fook Choy and Mr. Amos Leong Hong Kiat these directors can be found under "Board of Directors" and "Corporate Governance" sections of the Company's Annual Report 2014. There are no relationships including immediate family relationships between each of these directors and other directors of the Company or its 10% shareholders. Mr. Xavier Chong Fook Choy will, upon re-appointment, continue to serve as non-executive Chairman and member of the nominating and remuneration committees. Mr. Amos Leong Hong Kiat will, upon re-appointment, continue to serve as chairman of the audit committee.

(ii) **Resolution 8:** This ordinary resolution is to enable the directors of the Company to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares excluding treasury shares of the Company with a sub-limit of 20 per cent for issues other than on a *pro-rata* basis to members. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the Company's total number of issued shares, excluding treasury shares, at the time that Resolution 8 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 8 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) **Resolution 9:** This ordinary resolution 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 pursuant to the exercise of outstanding options under the Ellipsiz Share Option Plan. The total number of shares that may be issued under this Plan and the previous Ellipsiz Restricted Stock Plan must not in total exceed 15 per cent of the issued share capital of the Company from time to time.

(iv) **Resolution 10:** This ordinary resolution if passed, will renew the mandate approved by members of the Company on 18 October 2013 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 2014 for details.

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

PROXY FORM

19TH 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.
4. By submitting an instrument appointing a proxy(xies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 October 2014.

*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 54 Serangoon North Avenue 4, #05-02, Singapore 555854 on 17 October 2014 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 "X" 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 19th 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 19th Annual General Meeting and any adjournment thereof.)

No.	Resolution	Please indicate your vote for or against with a "X" or "✓"	
		For	Against
	Ordinary Business		
1	Adoption of the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2014, together with the Auditors' Report thereon.		
2	Re-election of Mr. Xavier Chong Fook Choy as director.		
3	Re-election of Mr. Amos Leong Hong Kiat as director.		
4	Approval of directors' fees of S$230,000 for the financial year ended 30 June 2014 (2013: S$210,000).		
5	Approval of final (tax exempt one-tier) dividend of 0.18 cents per ordinary share.		
6	Approval of final special (tax exempt one-tier) dividend of 0.18 cents per ordinary share.		
7	Re-appointment of KPMG LLP as auditors and to authorize the directors to fix their remuneration.		
	Special Business		
8	Authority to allot and issue new shares and convertible securities.		
9	Authority to issue shares pursuant to exercise of options granted under the Ellipsiz Share Option Plan.		
10	Authority to purchase or acquire the Company's issued ordinary shares.		
11	Any other business.		

* *Please delete accordingly.*

Dated this __________ day of October 2014.

____

**Signature(s) of Member(s) or 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 54 Serangoon North Avenue 4, #05-02, Singapore 555854 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.

9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/passport numbers, addresses and number of shares held. The list, signed by an authorized signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, at least 48 hours before the time appointed for the Annual General Meeting.

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