ellipsiz
forward solutions

THE ELLIPSIZ ADVANTAGE
Why Choose Ellipsiz?

A SUSTAINABLE STRATEGY
Our Aim to Stay Ahead

OVERCOMING THE CHALLENGE
Stepping Up Efforts to Reinforce Our Resilience

GEARING UP FOR THE FUTURE

STAYING RESILIENT WHILE MOVING WITH THE TIMES

ANNUAL REPORT 2017

ellipsiz
forward solutions

GEARING UP FOR THE FUTURE

IT IS THE EFFORT OF OUR TEAM IN HARNESSING THE FACTORS THAT HAVE ALLOWED THE GROUP TO STAY ON COURSE AND STAY RESILIENT OVER THE YEARS

At **ELLIPSIZ**, we strongly believe that realising our vision to achieve long-term growth requires harnessing the factors that have allowed us to stay on course and stay resilient over the years: our fundamental drive, our focused execution of strategies and our solutions-oriented work ethics.

GEARING UP FOR THE FUTURE

In the face of market challenges and competitive business landscape, Ellipsiz's strategy to remain resilient entails focusing on our core strengths, staying adaptable to change, and exercising prudence in managing our resources.

As we stride towards the future, we will look for more ways to grow and offer more value to our stakeholders.

ELLIPSIZ WORK ETHOS

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

R

RESPECT FOR THE INDIVIDUAL

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

I

INTEGRITY

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

C

CUSTOMER FOCUS

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

E

ENTREPRENEURSHIP

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

M

MERITOCRACY

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

A

ACHIEVEMENT ORIENTATION

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

P

PROFIT & LIQUIDITY FOCUS

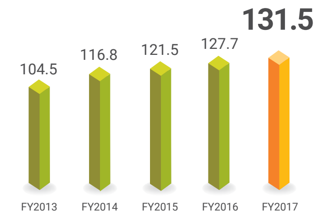
- Profitability in both short- and long-term is very important
- Spend within our means
  - take calculated risks that we can afford
  - watch costs and margins
  - match cost and investment to revenue and cash

THE ELLIPSIZ ADVANTAGE

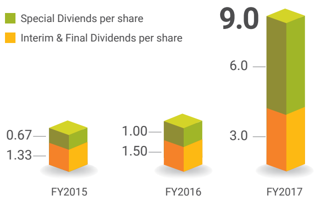
Our commitment is to deliver optimal value to our stakeholders through provision of creative solutions to customers, staying resilient while moving with times, and making timely and strategic decisions.

FINANCIAL HIGHLIGHTS

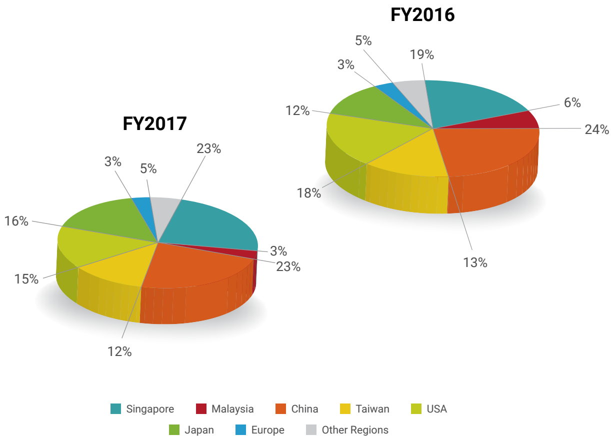
SHAREHOLDERS' EQUITY ($ MILLION)



TOTAL DIVIDEND PAYOUT (CENTS)



REVENUE BY REGION



FINANCIAL YEAR ENDED	2015	2016	2017
RESULTS			
Revenue ($ Million)	112.5	118.7	116.7
Net Profit After Tax And Non-controlling Interests ($ Million)	6.7	9.6	8.5
Net Profit After Tax And Non-controlling Interests Excluding Certain Specific Items ($ Million)	7.4	8.2	9.0
Basic Earnings per Share (Cents)	4.01	5.74	5.09
Interim Dividend per Share (Cents)	0.66	0.70	1.00
Final Dividend per Share (Cents)	0.67	0.80	2.00
Interim Special Dividend per Share (Cents)	–	–	1.50
Final Special Dividend per Share (Cents)	0.67	1.00	4.50
FINANCIAL POSITION			
Shareholders' Equity ($ Million)	121.5	127.7	131.5
NAV per Share (Cents)	72.67	76.43	78.67
PROFITABILITY (%)			
Gross Profit Margin	35.7	35.3	36.0
Profit Before Tax Margin	8.2	9.2	9.9
Net Earnings Margin	5.9	8.1	7.3
Return on Equity	5.5	7.5	6.5
Return on Total Assets	4.3	6.1	5.4
LIQUIDITY (TIMES)			
Current Ratio	2.7	3.2	3.8
Quick Ratio	2.3	2.9	3.5
LEVERAGE (%)			
Gross Debts/Equity	6.8	3.0	0.9
EFFICIENCY (DAYS)			
Debtors' Turnover	92	93	103

LETTER TO SHAREHOLDERS

GEARING UP FOR THE FUTURE

Staying resilient while moving with the times

Chng Hee Kok
Chairman and
Independent Director

LETTER TO SHAREHOLDERS

Melvin Chan
Director and
Chief Executive Officer

The Group has always been, and will continue to focus on creating value and delivering optimal returns to all of our valuable stakeholders.

Dear Shareholders,

We are pleased to present another year of positive results, with net income after tax and non-controlling interests (NPATNCI) of $8.5 million and consolidated revenue of $117 million for the financial year ended 30 June 2017 (FY2017).

It is the effort of our team in harnessing the factors that have allowed the Group to stay on course and stay resilient over the years; and in turn enable the Group to maintain this sustainable performance for eight consecutive years.

PERFORMANCE AND FINANCIAL POSITION

Consolidated revenue of $117 million was a decline of 2% compared to FY2016 as revenues from both the Probe Card solutions (PCS) and Distribution and Services solutions (DSS) saw marginal decreases of 2% and 1%, respectively.

Overall, the Group reported an NPATNCI of $8.5 million for FY2017, a decrease of 11%, compared with $9.6 million in the preceding year. This translated into earnings per share (EPS) of 5.09 cents over FY2016's EPS of 5.74 cents.

LETTER TO SHAREHOLDERS

In FY2017, the Group recorded provision for impairment loss of $1.5 million on the financial asset and incurred additional professional fee expenses of $0.2 million to manage the mandatory cash offer exercise. The impact of these one-time expenses was partially offset by gain on liquidation of subsidiaries amounted to $0.2 million, gain on disposal of an associate (net of related tax) of $0.6 million and compensation income of $0.4 million from an insurance claim.

In FY2016, the Group recorded one-time income from recovery of bad debts of $1.2 million (net of tax), dividend income from financial assets of $0.7 million, loss on disposal of jointly controlled entity of $0.1 million and impairment loss of $0.4 million on the carrying amount of one of its quoted investment.

Excluding the above one-time specific net losses or gains, the Group's FY2017 NPATNCI from operating activities improved by 10% from $8.2 million to $9.0 million. EPS from operating activities rose from 4.94 cents to 5.41 cents. The improvement in operating performance was mainly due to the lower operating expenses incurred during the financial year.

Our financial position remains stable and strong. Shareholders' equity attributable to owners of the Company increased from $127.7 million to $131.5 million, resulting from positive results in FY2017. Net assets value per share had also increased from 76.43 cents to 78.67 cents.

Cash and cash equivalents increased by 34% to $53.8 million as at 30 June 2017 mainly due to the collection of receivables during the year and the receipt of proceeds from disposal of an associate, partially offset by dividends payment and partial repayment of interest-bearing borrowings. Better receivable collection efforts as well as improved inventory management had led to a 6% drop in trade and other receivables and a 14% decline in inventory. During the year, the Group's net cash improved from $36.2 million to $52.6 million.

$117M
REVENUE

$8.5M
NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

9.0CENTS
TOTAL DIVIDEND PER SHARE

GEARING UP FOR THE FUTURE

The Group has always been, and will continue to focus in creating value and delivering optimal returns to all of our valuable stakeholders.

In the face of market challenges and competitive business landscape, Ellipsiz' strategy to remain resilient entails our adamant focus on our core strengths of entrepreneurship and foresight that propels our adaptability to change, while exercising prudence in the management of our resources. As we stride towards the future, we will look for more ways to grow and offer greater value to our stakeholders.

Over the past decades, we made various tough decisions including eliminating or divesting certain less profitable

LETTER TO SHAREHOLDERS

operations, right-sizing our activities, acquiring certain business assets with potentials but in financial distress, and turning them around with our unwavering consolidation, integration and reinvestment efforts that lifted efficiency and productivity of the businesses, thus, creating and polishing the underlying gems that deliver value to our stakeholders.

In our bid to deliver optimal returns to all of our valuable stakeholders, efforts were not spared to scout for growth opportunities that would value add to our businesses organically or scale our businesses meaningfully through accretive acquisitions.

Recently, we made another tough but necessary and timely decision to sell our probe card business on recognition that the business needs a new and bigger platform to spring its next phase of growth. On 21 August 2017, we announced that the Group had entered into a conditional sale and purchase agreement with Nidec-Read Corporation, whom we believe, can provide the needed platform that secure a better and brighter future for the probe card business. The exit from this business activity will realise the value of this operation, that the Group built over the years, to our shareholders and stakeholders alike. The divestment will also provide additional resources for the Group to explore other opportunities and expand its existing businesses that enhance shareholder value.

At our DSS business, we will continue with our sustainable strategy of harnessing our product mix as well as collaborative efforts with our business partners to stay relevant and ahead of competition. To mitigate the cyclicality and seasonality of customers' spending, DSS will continue with its development efforts across products, markets and business partners to grow recurring sales, fortify revenue streams and seek new growth opportunities.

APPRECIATION

We would like to express our gratitude to all of our valuable stakeholders namely our customers, principals, business partners, employees, Board members and loyal shareholders for your strong and unwavering support these past years.

To share the results with our shareholders, the Group is delighted to recommend a final dividend of 2.00 cent a share as well as a final special dividend of 4.50 cents a share (total proposed final dividend of 6.50 cent a share) for our shareholders' approval at the 22nd Annual General Meeting. The recommended dividends, if approved by shareholders, and the paid interim dividend of 2.50 cent a share would lift total dividend payout to 9 cent a share for FY2017.

In closing, we invite you to continue with your valuable support to the Group's ongoing efforts gearing up for the future and staying resilient while moving with the times.

CHNG HEE KOK
Chairman and
Independent Director

MELVIN CHAN
Director and Chief
Executive Officer

A SUSTAINABLE STRATEGY

ELLIPSIZ IS TAKING PROACTIVE MEASURES TO DRIVE PRODUCT INNOVATION, OPTIMISE OUR OPERATIONS, AND LEVERAGE ON OUR TRACK RECORD, WHILE STAYING ALERT FOR POTENTIAL GROWTH OPPORTUNITIES.

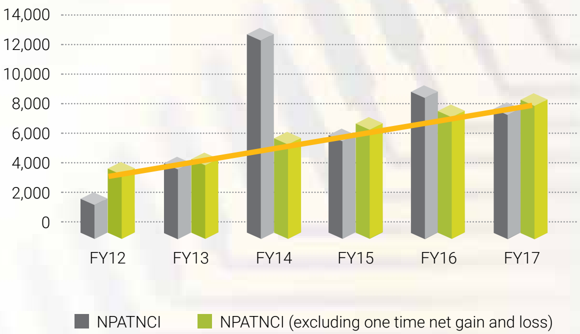
OPERATIONS REVIEW

OUR BUSINESS

The Group prided itself on maintaining a corporate culture championing responsibility and camaraderie that strengthen the team's commitment and diligence to perform in a constantly changing environment.

As we continue to develop and optimise our key strengths to sustain business efficiency, resiliency and relevancy, our operations achieved its eighth consecutive year of sustainable growth for the financial year ended 30 June 2017 (FY2017), a testament to our conscientious efforts over the years to streamline and restructure operations to bring better returns to the Group.

NPATNCI ($'000)



Probe Card Solutions PCS reported a marginal decrease of 2% in revenue to $75 million for FY2017, and this contributed to 64% of the Group's total revenue. Despite the slight decrease in revenue, its segment results improved by 29% from $9.1 million to $11.7 million in FY2017 arising from an overall improvement in operational efficiency over the years and the recording of gain on disposal of an associate.

Sales of non-memory (logic) advanced probe cards topped

WE CONTINUED TO DEVELOP AND OPTIMISE OUR KEY STRENGTHS TO SUSTAIN BUSINESS EFFICIENCY, RESILIENCY AND RELEVANCY...

OPERATIONS REVIEW

the contribution at 48% of PCS' total revenue for FY2017 compared with 49% in the preceding year. Advanced sales were followed by cantilever at 41%, while LCD driver, blade card and other revenue accounted for the remaining 11%.

PCS produced a total of 5.5 million points and shipped 21,282 completed probe cards (excluding repairs) during FY2017. Its flagship manufacturing facility in Vietnam produced over half of these points followed by Japan at 21% and Taiwan at 18%. The remaining points were manufactured in China, Singapore and the United States of America.

Currently, PCS maintains three worldwide product development teams in Japan, Taiwan and the USA. These enabled closer customer collaborations and reduced the time-to-market for new product development. Our team has been resolute in the evaluation of its operational productivity to provide a more integrated technological and capacity supports to better meet the cyclical demands of its customers worldwide.

Meanwhile, new and innovative vertical products were developed and launched to broaden PCS' advanced probe card portfolio to meet the stringent wafer test requirements of increasingly complex devices. SmartTouch™, the newest vertical option, was developed to address a wide range of applications. It is ideally suited for tight pitch, small pad and Multi-DUT (Device Under Test) wafer testing applications.

WE BELIEVE OUR ELLIPSIZ ADVANTAGE - THE COMMITMENT TO DELIVER OPTIMAL VALUE TO OUR STAKEHOLDERS - IS CORNERSTONE TO OUR PROACTIVITY AND ENTREPRENEURIAL FORESIGHT

Market-broadening efforts for PCS' vertical probe card solutions were also invested to take its advanced technology beyond the market of Japan. Its B3™ vertical probe card, for instance, is generating significant customer interest as an economical solution for customers transitioning from lower pin count cantilever cards to a vertical probe card solution without high hardware costs typically associated with vertical technologies. Similarly, the patented Multiplexer™ probe card for CMOS Image Sensor Devices (CIS) was marketed as a lower cost alternative to the current MEMS/vertical technologies with its improved test efficiency where an increased number of DUTs can be probed.

PCS was recognised by its customers for the fifth consecutive year in 2017 as a VLSIresearch THE BEST Subsystems supplier, and for the fourth straight year, a high-ranking Test Connectivity Systems supplier. It has received its highest scores in Support After Sales, Recommended Supplier and Trust in Supplier categories. PCS has again proven its value proposition that by working closely with customers and continuing that supportive corroboration before and

OPERATIONS REVIEW

after the sale fosters strong customer relationships and, in turn, its competitive edge.

Distribution & Services Solutions DSS reported a 1% decline in revenue at $42 million for FY2017, and contributed 36% to the Group's total revenue. DSS remained a profitable business unit, contributing positively to the net results of the Group. Its segment results improved 69% to $2.9 million for FY2017.

The improvement in DSS' operating performance was attributable to the team's entrepreneurial foresight in stepping up efforts to reinforce resiliency of its businesses over the years. Its new and collaborative initiatives across markets, products and distribution network were stirring interests and activities across the regions DSS participates in.

During the year, DSS made successful penetration into the expanding market of China. Business development and sales efforts were gaining momentum and translating into nascent market for DSS' new and existing products including tools, equipment, services as well as consumables that could potentially level up the revenue and customer mix in North Asia.

DSS had, meanwhile, continued to gain traction with key OEMs and foundry players in Taiwan, Malaysia, Singapore and other Southeast Asian markets where trading, chemicals, outsourced and servicing activities could potentially sustain its future revenue growth and recurring sales in particular.

In a continuous bid to remain relevant in the volatile and cyclical environment, DSS would persist to consolidate and integrate but strengthen its relationship with its core business partners. DSS is looking to deepen cross-regional, cross-marketing and cross-leveraging opportunities with key partners across its leaner and nimble North and Southeast Asia operations to reap synergies integral to sustainable growth.

Overall, the business environment across the industries and geographical markets the Group operates in continue to be challenged by macroeconomic and geo-political uncertainties. We, however, believe our Ellipsiz advantage - the commitment to deliver optimal value to our stakeholders - is cornerstone to our proactivity and entrepreneurial foresight to optimising returns on our operating assets, while staying alert for potential growth opportunities to staying ahead of competition and moving resiliently with times.

> CONSTANTLY STAYING ALERT FOR POTENTIAL GROWTH OPPORTUNITIES TO STAYING AHEAD OF COMPETITION AND MOVING RESILIENTLY WITH TIMES

BOARD OF DIRECTORS

1

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CHNG HEE KOK [1]

Chairman and Independent Director

Chng Hee Kok was appointed to Ellipsiz's Board on 1 September 2015 as Independent Director and non-Executive Chairman. He is also a member of the Company's Audit, Nominating and Remuneration committees.

Mr. Chng was recently the Managing Director of SGX Mainboard listed company, LH Group Limited. Previously, he was also the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Ltd and HG Metals Manufacturing Ltd. Mr. Chng was a Member of Parliament of Singapore from 1984 to 2001 and held past directorships at Public Utilities Board, Sentosa Development Corporation and Singapore Institute of Directors.

Mr. Chng holds independent directorships at SGX Mainboard listed companies that include Luxking Group Holdings Ltd, Samudera Shipping Line Ltd, Full Apex Holdings Ltd, and United Food Holdings Ltd. He is also an independent director of Infinio Group Ltd, an SGX catalist listed company and an advisor to the board of directors of China Flexible Packaging Holdings Ltd.

Mr. Chng graduated from University of Singapore with a Bachelor of Engineering (Mechanical), First Class Honours degree and was awarded Institute of Engineers Singapore Gold Medal and Mobil Silver Medal. He also holds a Master of Business Administration degree from the National University of Singapore, and completed the Program for Executive Development at IMD – Lausanne Switzerland.

MELVIN CHAN WAI LEONG [2]

Executive Director and
Chief Executive Officer

Melvin Chan Wai Leong is the Chief Executive Officer of Ellipsiz Ltd. He was appointed to the current position and as member of the Board of Directors on 4 January 2008.

Prior to his current appointment as Chief Executive Officer, 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 is also a board member of JEP Holdings Ltd, a SGX Catalist listed company, and an independent director of Frencken Group Limited, a SGX Mainboard listed Company.

BOARD OF DIRECTORS

1. Chng Hee Kok
2. Melvin Chan Wai Leong
3. Ong Suat Lian
4. Kelvin Lum Wen-Sum
5. Jeffrey Staszak
6. Amos Leong Hong Kiat
7. Clement Leow Wee Kia

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

ONG SUAT LIAN [3]
Executive Director and Chief Financial Officer

Ong Suat Lian is the Chief Financial Officer of Ellipsiz Ltd since July 2012 and was appointed as a member of the Board of Directors on 12 February 2015.

Ms. Ong joined Ellipsiz in June 2001 as Finance Manager and was promoted as Group Finance Director in 2004. 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, Ms. Ong's knowledge and experience is invaluable to the Group in ensuring optimal use of financial resources. Previously, Ms. Ong held numerous financial and accounting positions at Zagro Asia Limited, Sincere Watch Limited as well as United Leasing and Services Pte Ltd.

Ms. Ong holds a Bachelor's Degree in Accountancy from the National University of Singapore.

KELVIN LUM WEN-SUM [4]
Executive Director

Kelvin Lum Wen-Sum was appointed to Ellipsiz's Board on 1 March 2016 as an Executive Director. His responsibilities cover the business development and investment functions of the Group.

Prior to joining Ellipsiz, Mr. Lum was the Managing Director of LCD Global Investment Ltd. Mr. Lum was with the financial sector from 1996 to 2002 prior to joining the LCD Group.

Mr. Lum is currently a member of the School Management Committees of Nanyang Primary School and Nanyang Kindergarten. He is also a non-executive and non-independent director of Lum Chang Holdings Limited.

Mr. Lum holds a Bachelor of Commerce degree from the University of Western Australia.

JEFFREY STASZAK [5]
Independent Director

Jeffrey Staszak was appointed to Ellipsiz's Board as an 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.

BOARD OF DIRECTORS

Mr. Staszak 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 September 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.

AMOS LEONG HONG KIAT [6]
Independent Director

Amos Leong Hong Kiat is an Independent Director of Ellipsiz since 1 May 2009. He is also the Chairman of the Company's Audit Committee and a member of both the Nominating and Remuneration committees.

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 is also a non-executive director of Fischer Tech Ltd.

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

CLEMENT LEOW WEE KIA [7]
Independent Director

Clement Leow Wee Kia was appointed to Ellipsiz's Board on 8 May 2015 as an Independent Director. He is also the Chairman of the Company's Remuneration Committee and a member of both the Audit and Nominating committees.

Mr. Leow is the Executive Director and Chief Executive Officer of Crowe Horwath Capital Pte Ltd. Previously he was a Partner and Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr. Leow, who has held various senior positions in corporate finance and banking in Singapore, has accumulated more than 15 years of corporate finance experience in initial public offering, mergers & acquisitions as well as advisory transactions, which would add value to the overall experience of the Board.

Mr. Leow has also been appointed to the Institute of Banking and Finance Singapore, Corporate Finance Working Group, which provides guidance and sets the competency standards in the corporate finance industry in Singapore.

Mr. Leow is presently the independent director of Mann Seng Metal International Limited, a SGX Catalist-listed company and Overseas Education Limited, a SGX Mainboard listed company.

Mr. Leow graduated from Cornell University with a Bachelor of Science degree in Applied Economics. He also holds a Master of Business Administration degree and a Postgraduate Diploma in Financial Strategy from the University of Oxford. He has also completed the Governance as Leadership Program at Harvard University and serves as a member of the Singapore Institute of Directors. He has also been appointed as an Executive Committee Member and Honorary Treasurer of Singapore Tennis Association, which oversees the development of tennis in Singapore, and has been awarded the Singapore Armed Forces Good Service Medal in 2007.

KEY EXECUTIVES

1

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5


1. Kevin M. Kurtz
2. Tony Gung Kwun Yuan
3. Lim Beng Lam
4. Pete Rogan
5. Yoshihide Miura

KEVIN M. KURTZ [1]

President and CEO
Probe Card Solutions

Kevin M. 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 30 years of experience in the probe card industry. The veteran brings with him knowledge and expertise that benefits and positions PCS towards sustainable growth. Prior to joining SV Probe, Kevin was Vice President at Cerprobe Corp., and he also served briefly as Vice President for Test Operations at Kulicke and Soffa (K&S) after K&S acquired Cerprobe in late 2000. Earlier on, he held various positions in Sales and Marketing with Probe Technology Inc. Kevin holds a B.Sc in Business Administration from San Jose State University, United States.

TONY GUNG KWUN YUAN [2]

Vice President
Distribution and Services Solutions
Probe Card Solutions (Taiwan Operations)

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services Solutions division in China and Taiwan as well as the General Manager of our Probe Card Solutions (Taiwan). His portfolio includes overseeing the trading and distribution activities of electronics test and measurement tools, wafer fab equipment, consumables, the provision of Printed Circuit Board Assembly (PCBA) Test and Inspection services as well as the managing of probe card activities in Taiwan. 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

Lim Beng Lam [3]

Vice President
Distribution and Services Solutions
Probe Card Solutions (S.E.A. Sales and China Operations)

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, the provision of reliability test services businesses, the sales and support services activities of our Probe Card Solutions (PCS) in Southeast Asia and our PCS operations in China. 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. Prior to the current role, Beng Lam was the Vice President of Sales at SV Probe. Previously, he was also 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.

Pete Rogan [4]

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.

Yoshihide Miura [5]

Vice President
Probe Card Solutions (Japan Operations)

Yoshihide Miura is the Vice President responsible for the activities of our Probe Card Solutions division in Japan since September 2014. Yoshihide has extensive working experience and knowledge in the field of engineering. His numerous years of service (including senior managerial position) with an established Japanese organisation and his working experience in US, Europe, Japan and Singapore would be instrumental to the provision of leadership to our Japan operations as well as bringing the Japan teams to work closely with our global probe card operations. Yoshihide was the Chief Operating Officer of Dolphin Engineering Pte Ltd from June 2013 to July 2014. Yoshihide, who joined the Yamazaki Mazak Group since 1970 as an engineer, was a Deputy Managing Director at Yamazaki Mazak Singapore Pte Ltd from 1997 to 2003; Managing Director at Yamazaki Mazak Optonics Europe from 2003 to 2010 and Director at Yamazaki Mazak Trading Corp in Japan from June 2010 to May 2013.

CORPORATE INFORMATION

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

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Partner-in-charge: Ms. Ang Fung Fung
(effective FY2014; 4th year-in-charge)

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Tel: (65) 6227 6660

COMPANY SECRETARY
Chan Yuen Leng, LL.B. (Hons)

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BOARD OF DIRECTORS
Chng Hee Kok
Chairman and Independent Director

Melvin Chan Wai Leong
Director and Chief Executive Officer

Ong Suat Lian
Director and Chief Financial Officer

Kelvin Lum Wen-Sum
Executive Director

Jeffrey Staszak
Independent Director

Amos Leong Hong Kiat
Independent Director

Clement Leow Wee Kia
Independent Director

AUDIT COMMITTEE
Chairman : Amos Leong Hong Kiat
Members : Chng Hee Kok
Jeffrey Staszak
Clement Leow Wee Kia

NOMINATING COMMITTEE
Chairman : Jeffrey Staszak
Members : Chng Hee Kok
Amos Leong Hong Kiat
Clement Leow Wee Kia

REMUNERATION COMMITTEE
Chairman : Clement Leow Wee Kia
Members : Chng Hee Kok
Jeffrey Staszak
Amos Leong Hong Kiat

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 Group'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 Audit Committee, the Nominating Committee and the Remuneration Committee. As at date of the report, all 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 constitution, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges to address specific significant matters or developments that may arise between scheduled Board meetings. In the financial year ended 30 June 2017, four scheduled Board meetings were held.

CORPORATE GOVERNANCE

The number of meetings held by the Board and the Board sub-committees and the attendance of the members for the financial year ended 30 June 2017 ("FY2017") are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of Meetings Held	4	4	4	4
DIRECTORS				
Mr. Chng Hee Kok ("Mr. HK Chng")	4	4	4	4
Mr. Melvin Chan Wai Leong ("Mr. Melvin Chan")	4	4[(1)]	4[(1)]	4[(1)]
Ms. Ong Suat Lian ("Ms. SL Ong")	4	4[(1)]	4[(1)]	4[(1)]
Mr. Kelvin Lum Wen-Sum ("Mr. Kelvin Lum")	4	4[(1)]	4[(1)]	4[(1)]
Mr. Jeffrey Staszak	4	4	4	4
Mr. Amos Leong Hong Kiat ("Mr. Amos Leong")	4	4	4	4
Mr. Clement Leow Wee Kia ("Mr. Clement Leow")	4	4	4	4

[(1)] By invitation/In attendance

Newly appointed directors will undergo an orientation programme, which will include briefings by the Chairman of the Nominating Committee, the Chief Executive Officer ("CEO") and management on the businesses and activities of the Group, its investments, any pending merger and acquisition projects, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group. Directors 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.

CORPORATE GOVERNANCE

During FY2017, the Board comprises the following members:

Director	Designation	Date of joining the Board	Last date of re-election as director
Mr. HK Chng	Chairman and Independent Director	1 September 2015	19 October 2015
Mr. Melvin Chan	Chief Executive Officer	4 January 2008	19 October 2016
Ms. SL Ong	Chief Financial Officer	12 February 2015	19 October 2015
Mr. Kelvin Lum	Executive Director	1 March 2016	19 October 2016
Mr. Jeffrey Staszak	Independent Director	17 April 2006	19 October 2015
Mr. Amos Leong	Independent Director	1 May 2009	19 October 2016
Mr. Clement Leow	Independent Director	8 May 2015	19 October 2015

The Nominating Committee assesses the independence of the directors of the Company on an annual basis, based on the guidelines on criteria of independence stated in the Code and a self-declaration assessment completed by each director. For FY2017, the Nominating Committee has determined that save for the CEO and the Chief Financial Officer ("CFO") who are executive directors, and Mr Kelvin Lum who is an executive director and also the son of Mr. David Lum Kok Seng, a substantial shareholder, all the other four directors namely, Mr. HK Chng, Mr. Jeffrey Staszak, Mr. Amos Leong and Mr. Clement Leow are independent.

Mr. Jeffrey Staszak has served on the board for more than nine years, is due for re-election at the forthcoming Annual General Meeting but is not seeking re-election.

The Nominating Committee has evaluated and established that Mr. Jeffrey Staszak's independence in FY2017 is not affected. He has not only satisfied all the criteria of being independent (that is, he does not have any relationship with the Company, its substantial 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 Group with the rest of the directors and senior management of the Company.

CORPORATE GOVERNANCE

The Nominating Committee aims to achieve a Board composition with diverse skill sets, including industry knowledge, financial, investment and legal expertise. 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 CEO
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 CEO as the roles are separately held by Mr. HK Chng and Mr. Melvin Chan. This is to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making. Mr. HK Chng is also an independent director.

The Chairman bears the primary responsibility for the workings of the Board and ensuring its effective function. He also ensures that the Board meetings are held as and when necessary; that directors receive accurate, clear and timely information; encourages constructive relations between management and the Board, as well as between executive and non-executive directors; and ensures effective communication with shareholders.

Mr. Melvin Chan, the CEO, 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. Melvin Chan is not related to Mr. HK Chng.

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 the Board 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.

CORPORATE GOVERNANCE

During FY2017, the Nominating Committee comprises:

- Mr. Jeffrey Staszak (Chairman)
- Mr. HK Chng
- Mr. Amos Leong
- Mr. Clement Leow

All of the existing members of the Committee 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 Chairman and CEO), 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 CEO and other senior executives.

In accordance with the Company's constitution, one-third of the Board, including the CEO, is subject to retirement by rotation and re-election at annual general meetings.

A newly appointed director must also submit himself to 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 consent 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 are set out on pages 12 to 14.

CORPORATE GOVERNANCE

The following directors have the following directorships and chairmanships in other listed companies as at date of the report:

Director	Current year	Last three years
Mr. HK Chng	Independent director and Audit Committee chairman of: - Luxking Group Holdings Ltd - United Food Holdings Ltd Independent director, Nominating Committee and Audit Committee chairman of: - Chinasing Investment Holdings Ltd Independent director, Remuneration Committee and Audit Committee chairman of: - Infinio Group Ltd Independent director and Nominating Committee chairman of: - Full Apex Holdings Ltd Independent director of: - Samudera Shipping Line Ltd	Executive director of LH Group Ltd. Independent director of - People's Food Holdings Ltd - Pacific Century Regional Developments Ltd - China Flexible Packaging Holdings Ltd. - Chinasing Investment Holdings Ltd.
Mr. Melvin Chan	Non-executive and non-independent director of JEP Holdings Ltd Independent director of Frencken Group Limited	–
Mr. Amos Leong	Non-executive director of Fischer Tech Ltd.	–
Mr. Clement Leow	Independent director, Remuneration Committee and Nominating Committee chairman of: - Mann Seng Metal International Limited - Overseas Education Limited	Independent director, Remuneration Committee and Nominating Committee chairman of: - JB Food Limited
Mr. Kelvin Lum	Non-independent and non-executive director of Lum Chang Holdings Limited	Executive director of LCD Global Investments Limited

The Nominating Committee has evaluated the principal commitments and directorships held by Mr. HK Chng and is of the opinion that Mr. HK Chng will be able to commit sufficient time and commitment on the affairs of the Company.

CORPORATE GOVERNANCE

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, investments activities, budgets, forecasts and quarterly internal financial statements, internal audit and enterprise risk assessment reports. In respect of budgets, any material variances between projections and actual results are always disclosed and explained.

The Company Secretary attends all scheduled Board, Audit Committee, Nomination Committee and Remuneration 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, internal 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.

CORPORATE GOVERNANCE

Remuneration Committee

The Remuneration Committee comprises:

Mr. Clement Leow (Chairman)
Mr. HK Chng
Mr. Jeffrey Staszak
Mr. Amos Leong

All members of the Remuneration Committee are independent and non-executive directors. The Remuneration Committee is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of directors, the CEO, the CFO and other key management personnel 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 management personnel of the Group to ensure that these are consistent with the Group's strategy and performance. The Committee's recommendations are made in consultation with the Board, and submitted for endorsement by the Board. The members of the Remuneration Committee do not decide on their own remuneration.

Remuneration Information

The executive directors, namely Mr. Melvin Chan, Mr. Kelvin Lum and Ms. SL Ong have written employment contracts with the Company. Mr. Melvin Chan's employment contract was for a 3-year term, commencing 1 July 2015. After the 3-year term, his employment may be terminated by either party servings the requisite prior notices. Each of Mr. Kelvin Lum's and Ms. SL Ong's employment contracts may be terminated by either party serving the other requisite prior notices. The executive directors are assessed based on their individual performances and the performance of the Group.

The non-executive directors have no written service contracts with the Company. None of the executive directors (including the CEO and CFO) and the top five key management personnel 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 annual general meetings. 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 total remuneration of the executive directors. Their performance was evaluated by the Remuneration Committee based on a formal employee evaluation process. The performance related elements in the executive directors' bonus schemes are both quantitative and qualitative in nature. Part of their bonuses 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. For FY2017, the Remuneration Committee is satisfied that most of the performance indicators for the executive directors are met.

CORPORATE GOVERNANCE

The remuneration information of the directors in FY2017 is as set out below:

Director	Remuneration band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus	Total
Mr. HK Chng	Below $250,000	100%	–	–	100%
Mr. Melvin Chan	$1,000,000 to $1,249,999	–	55%	45%	100%
Mr. Kelvin Lum	$500,000 to $749,000	–	72%	28%	100%
Ms. SL Ong	$500,000 to $749,999	–	51%	49%	100%
Mr. Jeffrey Staszak	Below $250,000	100%	–	–	100%
Mr. Amos Leong	Below $250,000	100%	–	–	100%
Mr. Clement Leow	Below $250,000	100%	–	–	100%

The Company believes that the disclosure requirements on the details and remuneration of each director, CEO and top five key management personnel 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 management personnel of the Group (who are not directors) are Mr. Kevin M. Kurtz, Mr. Lim Beng Lam, Mr. Tony Gung Kwun Yuan, Mr. Pete Rogan and Mr. Yoshihide Miura. The total remuneration for FY2017 for the said key management personnel was $1.7 million and their remuneration packages in bands of $250,000 are as follows:

	Number of key executive
Less than $250,000	2
$250,000 to $499,999	2
$500,000 to $749,999	1

The profiles of the Group's key management are set out on pages 15 to 16 of the Annual Report. The Group adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that are tied to business and individual performance based on financial and business budgets that were approved by the Board at the beginning of the financial year. For FY2017, these performance conditions set for the executive directors and key management personnel were met. This framework enables the Group to align key executive compensation with the interests of shareholders and promotes the long-term success of the Group. There are no employees in the Group who are immediate family members of a director or the CEO.

CORPORATE GOVERNANCE

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. In addition, the directors also issue a statement that the Company has procured undertakings from the Company's directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual in its quarterly and yearly financial results announcement.

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-assessments and actions taken by the management, the on-going reviews 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 has 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 finances; and (ii) regarding the effectiveness of the Company's risk management and internal control systems, as at 30 June 2017. 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.

CORPORATE GOVERNANCE

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 in accounting and financial fields.

The Audit Committee comprises the following members:

Mr. Amos Leong (Chairman)
Mr. HK Chng
Mr. Jeffrey Staszak
Mr. Clement Leow

All members of the Audit Committee are independent directors.

The Committee, in assisting the Board to fulfil its responsibilities for the Group's financial statements and external financial reporting, met periodically during the financial year with the management and external auditors to:

- review the statement of financial position, the statement of comprehensive income and the statement of changes in equity of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

- review the quarterly and full year announcements of the Group and the Company 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 assistance given by the Company's officers to the auditors, the results of the audit and the evaluation of the internal control system, external auditors' management letter and the responses from management;

- review the independence and objectivity of external auditors annually;

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

CORPORATE GOVERNANCE

- review and discuss with internal auditors the overall scope of work the internal audit and its effectiveness, the results of the internal auditors' report, the recommendations presented and the responses from management;

- 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 services provided and recommend the appointment or re-appointment (as appropriate) of the internal audit firm to the Board on an annual basis; 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 20 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. The Audit Committee is of the opinion that the fees incurred for non-audit services provided by the auditors are not material and does not affect the independence of the auditors. 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 Listing 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 internal and external auditors meet the members of the Audit Committee without the presence of the management at least once a year. The Audit Committee has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at its forthcoming annual general meeting.

During the financial year, the Audit Committee reviewed the financial statements of the Group before the announcement of the Group's quarterly and full-year results. In the process, the Audit Committee considered the key areas of management's estimates and judgement applied for key financial issues including impairment testing, provisioning policies, critical accounting policies and any other significant matters that might affect the integrity of the financial statements and considered the report from the external auditors, including their findings on the key areas of audit focus.

CORPORATE GOVERNANCE

Significant matters that were discussed with management and the external auditors have been included as key audit matters ("KAMs") in the audit report for the financial year ended 30 June 2017. Please refer to pages 45 to 50 of the independent auditors' report.

In assessing each KAM, the Audit Committee took into consideration the approach and methodology applied in the valuation of assets, as well as the reasonableness of the estimates and key assumptions used, subject matter experts, such as independent valuers, were consulted where necessary. The Audit Committee concluded that management's accounting treatment and estimates in each of the KAMs were appropriate.

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
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 AGMs

To maintain a high level of transparency, the Board aims to ensure timely disclosure of all material business and price-sensitive information through announcements made via SGXNET. Quarterly financial results are published through the SGXNET, news releases and the Company's corporate website.

At annual general meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. Board members and management are present at these meetings to address any questions that shareholders may have concerning the Group. The external auditors are also present to answer queries from shareholders. It is at these meetings that the Company will solicit and understand the views and opinions of its shareholders. The Group currently does not have a dedicated investor relations team and the role is performed by the executive directors. The Company is in the process of reviewing if a dedicated team needs to be appointed to perform the function.

CORPORATE GOVERNANCE

Under the Company's constitutions, a registered shareholder may appoint one or two proxies to attend an annual general meeting, to speak and vote in place of the shareholder. In addition, under Section 181(1C) of the Companies Act (the "Act"), a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than 2 proxies in accordance with the specified conditions set out in the Act. 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 are put to the vote by electronic poll voting at general meetings. Voting by poll allows for a transparent voting process as shareholders will be able to demonstrate their concerns in a manner that reflect their shareholdings. Independent scrutineers are appointed to conduct the voting process. They explain the e-polling process to shareholders and verify and tabulate the votes cast at the end of each resolution. The number of votes for and against each resolution and their respective percentages of the total votes cast are shown on the screen to shareholders at the end of voting for each resolution before the chairman of the meeting declares the results of each poll. The results of the poll for each resolution at a general meeting, showing the number of votes cast for and against each resolution and their respective percentages of the total votes cast and the name of the scrutineers are also announced via SGXNET after each general meeting.

All information presented by the CEO on the Group's performance, prospects and plans during the annual general meeting are posted on SGXNET. The minutes of annual general meetings are 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 Company and/or 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.

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.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate from shareholders for interested person transactions. All interested person transactions are subject to review by 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 FY2017, the total transactions with interested persons 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 shareholders' 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)
Mr. Melvin Chan (CEO and executive director) Rental expenses	$124,000	Nil

The total value of interested person transactions of $124,000 is less than 3% of the Group's audited consolidated net tangible assets of FY2016.

MATERIAL CONTRACTS

Except as disclosed in the notes 20 and 24 of the financial statements, since the end of the last financial year, there are no material contracts of the Company and its subsidiaries involving the interests of the CEO, any Director or any controlling shareholder, still subsisting at the end of FY2017. Except as disclosed in the notes 20 and 24 of the financial statements, no such contracts have been entered into since the end of the last financial year.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

Revenue and gross profits

The Group had revenue of $116.7 million for the year ended 30 June 2017 (FY2017), a 2% drop compared to the revenue achieved in previous financial year, FY2016. Revenue from Distribution & Services Solution (DSS) and Probe Card Solutions (PCS) in FY2017 were both lower by 1% and 2%, respectively.

Despite the marginal decline in revenue, gross profit for the year was maintained at $42 million, mainly due to the 1% improvement in gross profit margin, from 35% in FY2016 to 36% in FY2017.

Revenue from Japan and Singapore grew by 35% and 21% respectively, in FY2017, while Malaysia, China, Taiwan and USA had lower revenue when compared to performance in FY2016.

Other income

Other income decreased by 13% from $2.9 million in FY2016 to $2.5 million in FY2017. During this financial year, the Group had net gain of $0.2 million from liquidation of subsidiaries, mainly due to the net translation gain, gain on disposal of associate of $1.2 million and compensation of $0.4 million for an insurance claim. In FY2016, the Group had one-time recovery of bad debts totalling $1.4 million and dividend income from financial assets of $0.7 million. Excluding these one-time gains, other income of the Group declined by 18%, mainly due to the decline in net gain on disposal of assets classified as held for sale. Details of other income is disclosed in note 20 to the financial information.

Operating expenses

Total operating expenses was at $33.2 million, decreased by 5% as compared to FY2016. During FY2017, the Company provided impairment loss of approximately $1.5 million on one of its quoted investments and also incurred further professional expenses of $0.2 million to manage the mandatory cash offer exercise. In FY2016, the Company recorded provision for impairment loss of $0.4 million for the quoted investment and loss on disposal of jointly controlled entity of $0.1 million. Excluding these expenses, operating expenses decreased by 8% from $34.3 million to $31.5 million.

Net finance income/(expenses)

The receipt of higher finance income and incurrence of lower finance expenses led to a net finance income of $38,000 in FY2017 instead of net finance expenses of $64,000 in FY2016.

Share of results of associates and joint ventures

The Group recorded profits of $207,000 from share of results from its associates in FY2017.

FINANCIAL REVIEW

Income taxes
In FY2017, the Group recorded tax expenses of $3.1 million, comprised mainly the tax expenses in the current year and an adjustment for the net movement in deferred taxes. Included in current tax expenses was the net tax expenses of $0.6 million related to the disposal of an associate. Effective tax rate for FY2017 was higher than that in FY2016 as the impairment loss relating to a financial asset of $1.5 million, provided during the current financial period, was not tax deductible. In FY2016, the impairment loss recorded was only $0.4 million.

Net profit attributable to Owners of the Company
The Group had net profit after taxes and non-controlling interests of $8.5 million for the financial year as compared to FY2016's profit of $9.6 million.

In FY2016, the Group recorded one-time income from recovery of bad debts of $1.2 million (net of tax), dividend income from financial assets of $0.7 million, loss on disposal of joint venture of $0.1 million and impairment loss of $0.4 million on the carrying amount of one of its quoted investment. In FY2017, the Group recorded provision for impairment loss of $1.5 million on the financial asset and incurred additional professional fee expenses of $0.2 million to manage the mandatory cash offer exercise. The impact of these one-time expenses was partially offset by gain on liquidation of subsidiaries amounted to $0.2 million, gain on disposal of associate of $0.6 million (net of related tax) and compensation income of $0.4 million from an insurance claim.

Excluding the one-time income and expenses, the Group had profits of $9.0 million from its operating activities in FY2017, an increase of 10% over FY2016's operating profits of $8.2 million. The improvement came mainly from the lower operating expenses during the year.

FINANCIAL CONDITIONS

Non-current assets
The non-current assets decreased by 11% from $70.1 million as at 30 June 2016 to $62.1 million as at 30 June 2017. The decrease was mainly attributed to the decline in financial assets as a result of the disposal of investment in an associate.

Current assets
Total current asset as at 30 June 2017 was $96.6 million, an increase of 12% from $86.3 million as at 30 June 2016. The increase came mainly from the higher cash and cash equivalent as at 30 June 2017 as compared to the position a year ago. Cash and cash equivalents increased by 34%, mainly due to the collection of receivables during the year and the receipt of proceeds from disposal of an associate, partially offset by the payment dividends and partial repayment of interest-bearing borrowings.

The impact from the increase in cash and cash equivalents was partially offset by a 6% drop in trade and other receivables, as the Group collected its receivables as and when the amounts outstanding fall due, and the 14% decline in inventory.

FINANCIAL REVIEW

Current and non-current liabilities
Total liabilities as at 30 June 2017 stood at $26.9 million, a decrease of 5% from $28.3 million as at 30 June 2016. The decrease was mainly due to the repayment of interest-bearing borrowings during the year, partially offset by the increase in current tax payable.

Non-controlling interests
The non-controlling interests as at 30 June 2017 was at $413,000.

LIQUIDITY AND CAPITAL RESERVES

The net cash inflow of the Group for financial year ended 30 June 2017 was $13.8 million. This can be accounted by:

(a) cash inflow of $17.6 million for operating activities;
(b) cash inflow of $6.1 million for investing activities; and
(c) cash outflow of $9.9 million for financing activities.

The positive results in the financial year coupled with strong collection of receivables led to the cash inflow from operating activities of $17.6 million in FY2017.

Proceeds from disposal of associate partially offset by purchase of plant and equipment as well as intangible assets were the main reasons for the net cash inflow for investing activities.

The payment of FY2016 final dividend approved during the October 2016 annual general meeting, the FY2017 interim dividend paid in March 2017 and the repayment of interest-bearing borrowings were the main causes for the cash outflow of $9.9 million for financing activities.

As at 30 June 2017, the Group's cash and cash equivalents position was $53.8 million.

RISK 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 sustainable 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 and monitoring processes.

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 provide our products and services solution to customers in various countries, including Singapore, Malaysia, China, the Philippines, Thailand, Taiwan R.O.C., Vietnam, 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. With globalisation, our market, our supply chains and our value chain are closely interconnected such that any change in the fiscal and monetary policies implemented by the governments of any of these countries will directly and indirectly result in currency and interest rate fluctuations, high inflation rate, capital restrictions, and changes in duties and taxes that are detrimental to our business which 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, China and other major economies in Asia and Europe as they have an impact on the end market consumption, supply chain, consumer sentiment, and consequently, the market demand for our products and services. The uncertain political and global economic environment will affect the demand for and consumption of phones, computers, electronic gadgets and instruments, which in turn lead to uncertainties in 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 inventories and render them obsolete. Any inability to anticipate demand fluctuations could potentially lead to write off of intellectual property value, inventory obsolescence, and hence, leading to longer cash conversion cycle and other related costs that could adversely affect our financial position. In addition to obsolescence risk, the inability to obtain patents and other intellectual property rights that are crucial to the protection of our technological know-how and competitive advantage would adversely impact our operations and financial performance.

LOSS OF KEY PRODUCTS DISTRIBUTORSHIPS & SERVICE CONTRACTS

We are constantly facing intense competition from other leading players, and it is imperative that we identify, expand and secure exclusive distributorships for leading products and/or brands

RISK MANAGEMENT

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, this could have a material adverse effect on our business and results. However, increase in job mobility and more competitive market salary have resulted difficulty in retaining or replacing with suitably qualified personnel. Similarly, if we are not being able to attract suitably qualified personnel for our expansion programme, this could also have an adverse impact on our future business growth.

CYCLICALITY OF THE SEMICONDUCTOR AND EMS INDUSTRIES

We operate mainly in the semiconductor and EMS industries. The semiconductor industry is highly cyclical due to the abrupt fluctuations in supply and demand of semiconductors. The timing, length and severity of such fluctuations are becoming increasingly difficult to predict. In addition, the industry faces constant pricing pressure due to continued intense competition and cost cuts by semiconductor manufacturers. In the event of a prolonged change, especially during a 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 global distribution, 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 US Dollar. Currently, the Group relies primarily on natural hedging between its sales and purchases, its trade receivables and trade payables and if the need arises, the Group hedges its foreign exchange exposure with close monitoring from management. However, there are still risks arising from foreign exchange 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 operating and compliance costs and in turn may adversely affect our operating results.

INDUSTRY OUTLOOK

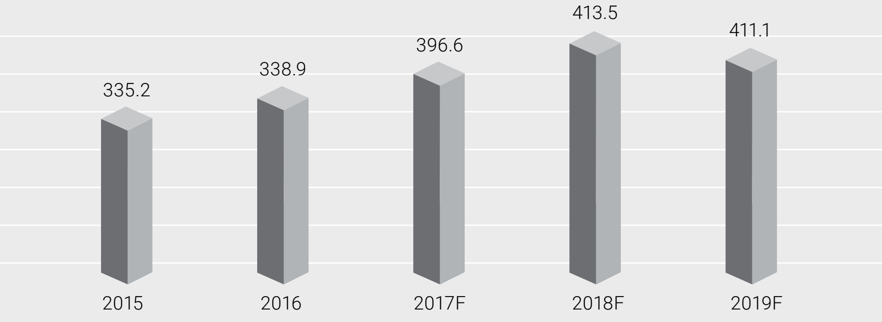
The financial performance and prospects of the Ellipsiz Group remains generally dependent on the overall health of the semiconductor and electronics industries, in which, we operate in though efforts are on-going to reduce our dependence on the traditional industries the Group serves.

According to the World Semiconductor Trade Statistics' (WSTS) re-calculated 2017 Spring Forecast that used the actual figures of the second quarter 2017 in August 2017, the worldwide semiconductor market is expected to grow by 17.0% in 2017 to US$397 billion compared with its earlier estimate of 11.5% increase.

WSTS expected the largest growth across sensors, analog and memory at 14.0%, 8.0% and 50.5% to US$12 billion, US$52 billion and US$116 billion, respectively during 2017. The memory sector is forecast to enjoy a higher than expected growth in 2017, driven by rising average selling prices of the integrated chips. All regions are forecast to return to growth in 2017. The regions of Americas and the Asia-Pacific are projected to show the highest growth rates and account for about 81.0% of the market.

The semiconductor market is forecast to grow 4.3% to US$414 billion in 2018 before a projected decline of 0.6% to US$411 billion in 2019.

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



Source: WSTS, Re-calculated Market Forecast Spring 2017, August 2017

IC Insights had also made significant Mid-Year revision to its 2017 IC Market Forecast. The integrated circuits (IC) market is expected to increase by 16.0% in 2017 due to exceptional growth in the DRAM and NAND flash memory markets. This would be the first double-digit gain for the IC market since 2010.

The DRAM market is forecast to grow 55.0% at US$64 billion and the NAND flash market is expected to rise 35% this year almost entirely due to fast-rising prices rather than unit growth. Excluding the growth impact from the DRAM and NAND flash markets, the IC market's growth is expected at 6.0%.

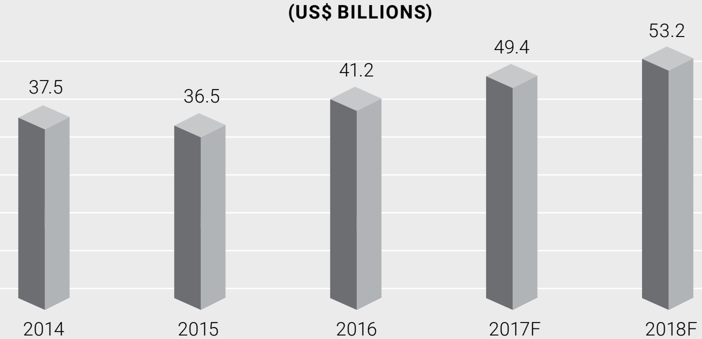
INDUSTRY OUTLOOK

Meanwhile, the worldwide sales of new semiconductor manufacturing equipment are projected to increase by 19.8% to US$49 billion in 2017, marking the first time that the semiconductor equipment market has exceeded the market high set in 2000, according to Semiconductor Equipment and Materials International (SEMI) in its Mid-year Forecast. In 2018, a 7.7% growth is expected to result another record-breaking year with a total of US$53 billion for the global semiconductor equipment market.

According to the SEMI Mid-year Forecast, the wafer processing equipment is anticipated to increase by 21.7% in 2017 to about US$40 billion, while the other front-end segment, which consists of fab facilities equipment, wafer manufacturing and mask/reticle equipment, will increase by 25.6% to US$2 billion. The assembly and packaging equipment segment is projected to grow 12.8% to US$3 billion in 2017, while semiconductor test equipment is forecast to increase by 6.4% to US$4 billion this year.

Additionally, South Korea is predicted to be the largest equipment market for the first time with a forecast growth of 68.7% to almost US$13 billion in 2017, and is expected to defend its top position into 2018. After maintaining the top spot for five years, Taiwan is predicted to be in second place in 2017 before another drop to become the third largest market in 2018. China, on the other hand, is predicted to come in third for 2017 and improved by a notch to be the second largest equipment market in 2018 as its growth is expected to jump from 5.9% in 2017 to 61.4% the following year. While equipment spending across all regions is anticipated to experience growth in 2017, the Rest of World primarily Southeast Asia is forecast to decline by 16.3% following a robust 80.2% growth in 2016. It is projected to return a 3.7% growth the next year.

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



Source: Semiconductor Equipment and Materials International (SEMI), July 2017

The Group remains committed to continue with the reinforcing of and leveraging on our core strengths to achieve resiliency and sustainability as we seek to grow and offer more value to our stakeholders amid the cyclicality and seasonality of the industries that we operate in.

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DIRECTORS' STATEMENT

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 2017.

In the opinion of the directors of the Company ("Directors"):

(a) the financial statements set out on pages 51 to 128 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and the financial performance and 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 Directors have, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The Directors in office at the date of this statement are as follows:

Chng Hee Kok	Chairman
Melvin Chan Wai Leong	
Jeffrey Staszak	
Amos Leong Hong Kiat	
Ong Suat Lian	
Clement Leow Wee Kia	
Kelvin Lum Wen-Sum	

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 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 21/7/2017
Name of director and corporation in which interests are held			
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	6,278,753	–	–
- deemed interests	–	6,278,753	6,278,753

DIRECTORS' STATEMENT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2017
Jeffrey Staszak			
Ellipsiz Ltd			
- ordinary shares			
- interest held	30,000	30,000	30,000
Amos Leong Hong Kiat			
Ellipsiz Ltd			
- ordinary shares			
- deemed interests	30,000	30,000	30,000
Ong Suat Lian			
Ellipsiz Ltd			
- ordinary shares			
- interest held	178,899	178,899	178,899

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures 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 2017.

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 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at the end of the financial year, no 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 statement are:

- Amos Leong Hong Kiat — Chairman
- Chng Hee Kok
- Jeffrey Staszak
- Clement Leow Wee Kia

DIRECTORS' STATEMENT

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 the statement of financial position, the statement of comprehensive income and the statement of changes in equity of the Company and the consolidated financial statements of the Group before submission to the Directors for approval;

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

(c) discussion with the external auditors on the overall scope of work of the audit and its effectiveness, the assistance given by the Company's officers to the auditors, 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 Directors; and

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

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

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

DIRECTORS' STATEMENT

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

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

MATERIAL CONTRACTS

Except as disclosed in notes 20 and 24 to the financial statements, since the end of the last financial year, there are no material contracts of the Company and its subsidiaries involving the interests of the chief executive officer, any Director or any controlling shareholder, still subsisting at the end of the financial year ended 30 June 2017. Except as disclosed in notes 20 and 24 to the financial statements, no such contracts have been entered into since the end of the last financial year.

AUDITORS

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

On behalf of the Board of Directors

Melvin Chan Wai Leong
Director

Kelvin Lum Wen-Sum
Director

11 September 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ellipsiz Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, the statements of comprehensive income and the statement of changes in equity of the Group and the Company and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 128.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets

Refer to note 2.8 – Accounting policies: Impairment of non-financial assets and notes 3 to 4

The key audit matter	How the matter was addressed in our audit
The Group's statement of financial position includes goodwill, principally arising from the past acquisitions in both its cash-generating units ("CGU"): Probe Card solutions ("PCS") and Distribution and Services solutions ("DSS"). As the other non-financial assets, property, plant and equipment ("PPE") and intangible assets ("IA"), relate to the same CGUs to which the goodwill is allocated to, they were included and assessed concurrently in the annual goodwill impairment. The determination of the recoverable amounts of the CGUs requires judgement on the part of both identifying and valuing the CGUs. Forecasting and discounting of future cash flows is highly judgemental and subjective as it involves making assumptions relating to estimates on revenue growth rates, gross profit growth rates and discount rates. Goodwill, IA and PPE form 33% of the Group's total assets. Changes in the assumptions used in the value-in-use ("VIU") calculations could affect the recoverable amounts of the CGUs. On 21 August 2017, the Group entered into an agreement, subject to the fulfilment of certain conditions, to dispose certain entities in the PCS CGU ("the Disposal Group") to a third party.	Our procedures included, among others: • We evaluated the identification of the CGUs within the Group against the requirements of the accounting standards. • We evaluated the key assumptions used in the cash flow projections covering one to five years, such as revenue growth rates, gross profit growth rates and discount rates, by comparing them to industry benchmarks and historical trends. • We assessed the reliability of the forecasts through a review of actual performances against previous forecasts. • We tested the mathematical accuracy of the VIU computation and agreed relevant data to the most recent financial budget and approved forecasts covering periods of one to five years. • We adjusted certain key assumptions for the VIU computation and also performed sensitivity analyses. • We compared the agreed consideration for the proposed sale of the Disposal Group against the carrying amount of the Disposal Group at the reporting date. • We also assessed the sufficiency of related disclosures in note 4 to the financial statements, including the sensitivities of the recoverable amounts to variations in assumptions.

Findings

We found the Group's identification of the CGUs to be appropriate against the requirements of the accounting standards.

We found the agreed consideration for the sale of the Disposal Group, which is indicative of its fair value, to be higher than its carrying amount at the reporting date.

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets (cont'd)

Refer to note 2.8 – Accounting policies: Impairment of non-financial assets and notes 3 to 4 (cont'd)

Findings

We considered that the forecasts and key assumptions used by the Group in its impairment assessments of the DSS CGU tend to be on the higher end, in comparison with the historical performance of this CGU.

We have re-computed the recoverable amount by adjusting certain key assumptions and found that there is sufficient headroom for the DSS CGU. Nevertheless, we found that a reasonably possible change in the revenue growth rate or gross profit growth rate could cause the recoverable amount of the DSS CGU to be lower than its carrying amount. The sensitivities have been disclosed in note 4 to the financial statements.

We agree with management that no impairment was required for either CGU. We found the Group's disclosure in the financial statements to be compliant with the financial reporting standards and have appropriately disclosed the inherent degree and subjectivity in the estimates.

Valuation of deferred tax assets and tax exposure arising from the Group's transfer pricing assessment

Refer to note 2.1 – Key sources of estimation uncertainty: Taxation

The key audit matter	How the matter was addressed in our audit
Significant judgement is required in determining the group-wide provision for income taxes. Recognition of deferred tax assets involves uncertainties and judgement as to the likelihood of the realisation of these deferred tax assets. In addition, the Group operates in various countries and has a significant portion of cross border intercompany transactions within the Group. The Group is thus exposed to the complexities in transfer pricing and other international tax legislation issues. The Group's transfer pricing policies may be subject to government challenge, which may result in additional tax payable and potential interest and penalties.	• We reviewed management's assessment of future taxable profits and assessed the reasonableness of the assumptions and estimates used for the valuation of deferred tax assets, and reviewed the work of management's experts when necessary. • With the assistance of our internal transfer pricing specialist: - We evaluated the transfer pricing practices and our understanding of the operational and organisational structure of the Group against the Organisation for Economic Co-operation and Development transfer pricing guidelines to determine the key exposure areas. - We also reviewed the quantification of the potential tax implication and assessed the adequacy of tax provision, if any.

Findings

We found the amount of deferred tax assets recognised to be appropriate and no significant tax exposure has been identified from the Group's transfer pricing practices.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon.

We have obtained all other information prior to the date of this auditors’ report except for the Statistics of Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ang Fung Fung.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 September 2017

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

		Group		Company	
	Note	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Non-current assets					
Property, plant and equipment	3	10,984	11,840	5	4
Intangible assets	4	41,425	41,213	–	–
Subsidiaries	5	–	–	79,749	79,602
Associates	6	862	8,385	–	4,868
Joint ventures	7	71	68	–	–
Financial assets	8	5,179	5,203	4,952	4,970
Deferred tax assets	10	3,612	3,374	–	84
		62,133	70,083	84,706	89,528
Current assets					
Inventories	11	7,843	9,115	–	–
Trade and other receivables	9	35,036	37,157	187	187
Amounts due from related parties	12	–	–	251	361
Cash and cash equivalents	13	53,762	40,036	23,091	16,938
		96,641	86,308	23,529	17,486
Total assets		158,774	156,391	108,235	107,014
Equity attributable to Owners of the Company					
Share capital	14	89,566	89,566	89,566	89,566
Reserves	15	41,918	38,171	15,566	15,815
		131,484	127,737	105,132	105,381
Non-controlling interests		413	385	–	–
Total equity		131,897	128,122	105,132	105,381
Non-current liabilities					
Provisions	18	244	214	–	–
Interest-bearing borrowings	16	205	471	–	–
Deferred tax liabilities	10	903	581	–	–
		1,352	1,266	–	–
Current liabilities					
Trade and other payables	17	21,917	22,572	1,459	1,426
Provisions	18	257	231	–	–
Amounts due to related parties	12	74	72	546	–
Interest-bearing borrowings	16	946	3,347	–	–
Current tax payable		2,331	781	1,098	207
		25,525	27,003	3,103	1,633
Total liabilities		26,877	28,269	3,103	1,633
Total equity and liabilities		158,774	156,391	108,235	107,014

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Revenue	19	116,666	118,735	7,862	5,053
Cost of revenue		(74,616)	(76,863)	–	–
Gross profit		42,050	41,872	7,862	5,053
Other income		2,546	2,936	3,865	3,385
Distribution expenses		(11,991)	(13,362)	–	–
Administrative expenses		(16,648)	(17,245)	(3,823)	(3,415)
Research and development expenses		(2,951)	(3,616)	–	–
Other expenses		(1,652)	(588)	(1,609)	(469)
Results from operating activities	20	11,354	9,997	6,295	4,554
Finance income		105	99	51	61
Finance expenses		(67)	(163)	–	–
Net finance income/(expenses)	21	38	(64)	51	61
Share of results of associates (net of tax)		207	981	–	–
Share of results of joint ventures (net of tax)		–	54	–	–
Profit before tax		11,599	10,968	6,346	4,615
Tax expenses	22	(3,106)	(1,365)	(969)	–
Profit for the year		8,493	9,603	5,377	4,615
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences arising from the:					
- liquidation of a subsidiary reclassified to profit or loss		(206)	–	–	–
- disposal of an associate reclassified to profit or loss		41	–	–	–
- disposal of joint ventures reclassified to profit or loss		–	137	–	–
- monetary items forming part of net investments in foreign operations		383	(185)	–	–
- translation of financial statements of foreign operations		690	2,260	–	–
Net change in fair value of available-for-sale financial assets		(18)	(2,553)	(18)	(2,553)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		1,578	401	1,578	401
Tax effect		–	–	–	–
Other comprehensive income for the year, net of tax		2,468	60	1,560	(2,152)

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2017

		Group		Company	
	Note	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Profit for the year		8,493	9,603	5,377	4,615
Other comprehensive income for the year, net of tax		2,468	60	1,560	(2,152)
Total comprehensive income for the year		10,961	9,663	6,937	2,463
Profit/(Loss) attributable to:					
Owners of the Company		8,501	9,598	5,377	4,615
Non-controlling interests		(8)	5	–	–
Profit for the year		8,493	9,603	5,377	4,615
Total comprehensive income attributable to:					
Owners of the Company		10,933	9,676	6,937	2,463
Non-controlling interests		28	(13)	–	–
Total comprehensive income for the year		10,961	9,663	6,937	2,463
Earnings per share	23				
- Basic earnings per share (cents)		5.09	5.74		
- Diluted earnings per share (cents)		5.09	5.74		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2015	89,566	(11,648)	2,212	2,290	(12,415)	51,454	121,459	398	121,857
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	9,598	9,598	5	9,603
Other comprehensive income									
Exchange differences arising from the									
- disposal of a joint venture	–	–	–	–	137	–	137	–	137
- monetary items forming part of net investments in foreign operations	–	–	–	–	(185)	–	(185)	–	(185)
- translation of financial statements of foreign operations	–	–	–	–	2,278	–	2,278	(18)	2,260
Net change in fair value of available-for-sale financial assets	–	–	(2,553)	–	–	–	(2,553)	–	(2,553)
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	–	–	401	–	–	–	401	–	401
Total other comprehensive income, net of tax	–	–	(2,152)	–	2,230	–	78	(18)	60
Total comprehensive income for the year	–	–	(2,152)	–	2,230	9,598	9,676	(13)	9,663

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 0.67 cents per share in respect of 2015[1]	–	–	–	–	–	(1,114)	(1,114)	–	(1,114)
Special dividend of 0.67 cents per share in respect of 2015[1]	–	–	–	–	–	(1,114)	(1,114)	–	(1,114)
Interim dividend of 0.70 cents per share in respect of 2016	–	–	–	–	–	(1,170)	(1,170)	–	(1,170)
Total contributions by and distributions to Owners	–	–	–	–	–	(3,398)	(3,398)	–	(3,398)
Total transactions with Owners	–	–	–	–	–	(3,398)	(3,398)	–	(3,398)
Balance as at 30 June 2016	89,566	(11,648)	60	2,290	(10,185)	57,654	127,737	385	128,122

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2015 (see note 14).

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2016	89,566	(11,648)	60	2,290	(10,185)	57,654	127,737	385	128,122
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	8,501	8,501	(8)	8,493
Other comprehensive income									
Exchange differences arising from the									
- liquidation of subsidiaries	–	–	–	–	(206)	–	(206)	–	(206)
- disposal of an associate	–	–	–	–	41	–	41	–	41
- monetary items forming part of net investments in foreign operations	–	–	–	–	383	–	383	–	383
- translation of financial statements of foreign operations	–	–	–	–	654	–	654	36	690
Net change in fair value of available-for-sale financial assets	–	–	(18)	–	–	–	(18)	–	(18)
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	–	–	1,578	–	–	–	1,578	–	1,578
Total other comprehensive income, net of tax	–	–	1,560	–	872	–	2,432	36	2,468
Total comprehensive income for the year	–	–	1,560	–	872	8,501	10,933	28	10,961

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 0.80 cents per share in respect of 2016	–	–	–	–	–	(1,337)	(1,337)	–	(1,337)
Special dividend of 1.00 cents per share in respect of 2016	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Interim dividend of 1.00 cents per share in respect of 2017	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Interim special dividend of 1.50 cents per share in respect of 2017	–	–	–	–	–	(2,507)	(2,507)	–	(2,507)
Total contributions by and distributions to Owners	–	–	–	–	–	(7,186)	(7,186)	–	(7,186)
Total transactions with Owners	–	–	–	–	–	(7,186)	(7,186)	–	(7,186)
Balance as at 30 June 2017	89,566	(11,648)	1,620	2,290	(9,313)	58,969	131,484	413	131,897

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Company	Share capital $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2015	89,566	2,212	2,290	12,248	106,316
Total comprehensive income for the year					
Profit for the year	–	–	–	4,615	4,615
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	–	(2,553)	–	–	(2,553)
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	–	401	–	–	401
Total other comprehensive income, net of tax	–	(2,152)	–	–	(2,152)
Total comprehensive income for the year	–	(2,152)	–	4,615	2,463
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.67 cents per share in respect of 2015[1]	–	–	–	(1,114)	(1,114)
Special dividend of 0.67 cents per share in respect of 2015[1]	–	–	–	(1,114)	(1,114)
Interim dividend of 0.70 cents per share in respect of 2016	–	–	–	(1,170)	(1,170)
Total transactions with Owners	–	–	–	(3,398)	(3,398)
Balance as at 30 June 2016	89,566	60	2,290	13,465	105,381

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2015 (see note 14).

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

Company	Share capital $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2016	89,566	60	2,290	13,465	105,381
Total comprehensive income for the year					
Profit for the year	–	–	–	5,377	5,377
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	–	(18)	–	–	(18)
Net change in fair value of available-for-sale financial assets, reclassified to profit or loss	–	1,578	–	–	1,578
Total other comprehensive income, net of tax	–	1,560	–	–	1,560
Total comprehensive income for the year	–	1,560	–	5,377	6,937
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.80 cents per share in respect of 2016	–	–	–	(1,337)	(1,337)
Special dividend of 1.00 cents per share in respect of 2016	–	–	–	(1,671)	(1,671)
Interim dividend of 1.00 cents per share in respect of 2017	–	–	–	(1,671)	(1,671)
Interim special dividend of 1.50 cents per share in respect of 2017	–	–	–	(2,507)	(2,507)
Total transactions with Owners	–	–	–	(7,186)	(7,186)
Balance as at 30 June 2017	89,566	1,620	2,290	11,656	105,132

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from operating activities			
Profit for the year		8,493	9,603
Adjustments for:			
(Reversal of allowance)/Allowance for:			
- doubtful debts from trade and other receivables	9	(20)	376
- inventory obsolescence	11	325	888
Amortisation of intangible assets	4	1,092	1,031
Bad debts recovered		–	(1,403)
Bad debts written off		–	20
Depreciation of property, plant and equipment	3	3,216	2,929
Dividend income from other financial assets		(70)	(673)
Gain on disposal of property, plant and equipment		(147)	(12)
Gain on disposal of assets classified as held for sale		–	(361)
Gain on liquidation of subsidiaries		(206)	–
Gain on disposal of an associate	6	(1,249)	–
Interest income	21	(105)	(99)
Interest expenses	21	67	163
Inventories written off		206	–
Impairment loss on other financial assets		1,578	401
Loss on disposal of a joint venture		–	143
Property, plant and equipment written off		50	–
Share of results of associates and joint ventures (net of tax)		(207)	(1,035)
Tax expenses	22	3,106	1,365
Operating profit before working capital changes		16,129	13,336
Changes in:			
Amounts due from related parties (trade)		–	1
Inventories		856	1,344
Release of pledged deposits with financial institutions		–	214
Trade and other receivables		3,108	(5,367)
Trade and other payables		(1,065)	461
Cash generated from operations		19,028	9,989
Interest received		105	99
Interest paid		(67)	(163)
Tax paid		(1,460)	(1,581)
Net cash from operating activities		17,606	8,344

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from investing activities			
Amounts due from related parties (non-trade)		–	116
Dividends received from associates		–	134
Dividends received from other financial assets		70	673
Purchase of intangible assets	4	(625)	(279)
Purchase of property, plant and equipment[(1)(2)]		(2,172)	(2,644)
Purchase of other financial assets		(7)	(39)
Proceeds from disposal of property, plant and equipment		147	40
Proceeds from disposal of an associate	6	8,641	–
Proceeds from disposal of a joint venture		–	95
Proceeds from disposal of assets classified as held for sale		–	1,432
Net cash from/(used in) investing activities		6,054	(472)
Cash flows from financing activities			
Amounts due to related parties (non-trade)		–	(44)
Dividends paid		(7,186)	(3,398)
Proceeds from bank loans		–	2,927
Repayment of bank loans		(2,682)	(7,711)
Repayment of finance lease creditors		(21)	(36)
Net cash used in financing activities		(9,889)	(8,262)
Net increase/(decrease) in cash and cash equivalents		13,771	(390)
Cash and cash equivalents at beginning of year		40,036	40,065
Effect of exchange rate fluctuations on cash held		(45)	361
Cash and cash equivalents at end of year	13	53,762	40,036

(1) Property, plant and equipment amounting to $Nil (2016: $61,000) were acquired through finance lease.

(2) The Group accrued reinstatement costs of $127,000 (2016: $264,000) under property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 September 2017.

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 significant 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 2017 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates and joint ventures. Subsequent to the change in substantial shareholdings of the Company on 24 August 2016, the immediate and ultimate holding company is Bevrian Pte Ltd, a company incorporated in Singapore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the 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

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

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.

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 are disclosed in note 4 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 27.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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.

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 and liabilities, and tax receivables are disclosed in notes 10 and 9, respectively, and the carrying amount of current tax payable is $2,331,000 (2016: $781,000).

New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group has set up project teams to assess the transition options and the potential impact on its financial statements, and to implement these standards.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover project implementation status, key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

Applicable to the financial statements for financial year ending 30 June 2019

New standards	
Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS *18 Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	Based on the Group's preliminary assessment, the Group anticipates that the initial application of the new FRS 115 should not result in significant changes to the accounting policies relating to revenue recognition. It is currently impracticable to disclose any further information on the known or reasonably estimable impact on the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. **Transition** – The Group plans to adopt the standard when it becomes effective in the financial year ending 30 June 2019 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Applicable to the financial statements for financial year ending 30 June 2019 (cont'd)

New standards	
Summary of the requirements	**Potential impact on the financial statements**
FRS 109 ***Financial Instruments***	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	The Group anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets. It is currently impracticable to disclose any further information on the known or reasonably estimable impact on the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements. **Hedge accounting** – The Group does not expect a significant change to hedge accounting policies upon the adoption of FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Applicable to the financial statements for financial year ending 30 June 2019 (cont'd)

New standards	
Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments*	
	Transition – The Group plans to adopt the standard when it becomes effective in the financial year ending 30 June 2019 without restating comparative information, and is gathering data to quantify the potential impact arising from the adoption.

New financial reporting framework	
Summary of the requirements	**Potential impact on the financial statements**
Convergence with International Financial Reporting Standards ("IFRS")	
The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.	The Group has yet to complete its detailed assessment of the impact of SG-IFRS *1 First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. The Group anticipates that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note. **Transition** – The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Applicable to the financial statements for financial year ending 30 June 2020

New standards	
Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has yet to assess the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. **Transition** – The Group plans to adopt the standard when it becomes effective in the financial year ending 30 June 2020. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in the financial year ending 30 June 2019 as described above.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

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.

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 and included in the consideration transferred. If the contingent consideration that meet the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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 are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.2 BASIS OF CONSOLIDATION (CONT'D)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.2 BASIS OF CONSOLIDATION (CONT'D)

Investments in associates and joint ventures (equity-accounted investees) (cont'd)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations 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 equity-accounted investees 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.

2.3 FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that 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 in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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 2.6), which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.3 FOREIGN CURRENCY (CONT'D)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at 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 July 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisition prior to 1 July 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 of such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal.

When the Group disposes of only part of its investment in an associate or joint venture 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 nor 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.

2.4 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated 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 material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The cost of replacing a component 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 component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. 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 component of an item of property, plant and equipment.

The estimated useful lives are as follows:

Freehold buildings	8 to 39 years
Leasehold land and buildings	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.

2.5 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 accumulated impairment losses.

Amortisation is calculated 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.5 INTANGIBLE ASSETS (CONT'D)

Research and development expenditure (cont'd)

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 product 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 20 years, from the date on which they are available for use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated 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 accumulated impairment losses. The costs of intangible assets acquired in the business combination are their fair values at the date of acquisition. Amortisation is calculated 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 2.8.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.6 FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognises loans and receivables 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.

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. 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 initially measured 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

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair values plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than 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 reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and investment fund.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.6 FINANCIAL INSTRUMENTS (CONT'D)

Non-derivative financial liabilities

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

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

The Group classifies its non-derivative financial liabilities into other financial liabilities, which comprise trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income), amounts due to related parties and interest-bearing borrowings. These are initially measured at fair value less 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 currently has a legally enforceable 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 translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the other comprehensive income to the extent that the hedge is effective, and are presented within equity in the exchange translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in the exchange translation reserve is transferred to profit or loss as part of the gain 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.6 FINANCIAL INSTRUMENTS (CONT'D)

Intra-group financial guarantees in the separate financial statements

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 Company'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 effects.

2.7 LEASES

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.8 IMPAIRMENT

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers 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

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.8 IMPAIRMENT (CONT'D)

Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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 of the cash inflows of other assets or CGUs. 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 testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.8 IMPAIRMENT (CONT'D)

Non-financial assets (cont'd)

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 CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.9 INVENTORIES

Inventories are measured 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 estimated costs necessary to make the sale.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.10 GOVERNMENT GRANTS

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. 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 other income on a systematic basis over the useful life of the asset.

2.11 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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.12 PROVISION (CONT'D)

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restoration cost

The provision relates to the Group's obligation to restore the office premises and warehouses to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on present value of the best estimate of the expenditure required to settle the obligation at the reporting date.

2.13 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 customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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.

Lease 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.14 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.

2.15 FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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.

2.16 TAX EXPENSE

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 or receivable 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

2.16 TAX EXPENSE (CONT'D)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. 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 judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.17 DIVIDENDS

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

2.18 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 (the chief operating decision maker) 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 certain 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.

2.19 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 2017

3 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'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
Group										
Cost										
At 1 July 2015	1,554	2,196	3,711	562	1,126	4,011	352	34,079	14	47,605
Additions	–	13	1,365	8	87	201	23	1,215	57	2,969
Disposals	–	–	(983)	(19)	(38)	(173)	(15)	(2,463)	–	(3,691)
Liquidation of a subsidiary	–	–	(239)	(7)	(36)	(194)	–	(8)	–	(484)
Translation difference on consolidation	432	(4)	3	15	96	(20)	1	(59)	(2)	462
At 30 June 2016	1,986	2,205	3,857	559	1,235	3,825	361	32,764	69	46,861
Additions	–	18	200	51	71	255	29	341	1,334	2,299
Disposals	–	–	(13)	–	(3)	(487)	–	(1,869)	–	(2,372)
Write-off	–	–	(952)	(23)	(95)	(391)	(30)	(945)	–	(2,436)
Reclassification	(19)	–	19	–	(3)	9	–	513	(519)	–
Translation difference on consolidation	(166)	59	72	(2)	(33)	118	3	985	5	1,041
At 30 June 2017	1,801	2,282	3,183	585	1,172	3,329	363	31,789	889	45,393
Accumulated depreciation and impairment losses										
At 1 July 2015	123	464	2,993	441	685	3,453	148	27,933	–	36,240
Depreciation charge for the year	66	62	449	58	141	315	36	1,802	–	2,929
Disposals	–	–	(974)	(18)	(28)	(173)	(8)	(2,462)	–	(3,663)
Liquidation of a subsidiary	–	–	(239)	(7)	(36)	(194)	–	(8)	–	(484)
Translation difference on consolidation	29	(2)	2	8	40	(19)	–	(59)	–	(1)
At 30 June 2016	218	524	2,231	482	802	3,382	176	27,206	–	35,021

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Leasehold land and buildings $'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
Group										
Accumulated depreciation and impairment losses										
At 1 July 2016	218	524	2,231	482	802	3,382	176	27,206	–	35,021
Depreciation charge for the year	71	75	850	48	155	300	40	1,677	–	3,216
Disposals	–	–	(13)	–	(3)	(487)	–	(1,869)	–	(2,372)
Write-off	–	–	(946)	(23)	(91)	(383)	(30)	(913)	–	(2,386)
Reclassification	(3)	–	3	–	(3)	9	–	(6)	–	–
Translation difference on consolidation	(16)	14	56	–	(14)	96	2	792	–	930
At 30 June 2017	270	613	2,181	507	846	2,917	188	26,887	–	34,409
Carrying amounts										
At 1 July 2015	1,431	1,732	718	121	441	558	204	6,146	14	11,365
At 30 June 2016	1,768	1,681	1,626	77	433	443	185	5,558	69	11,840
At 30 June 2017	1,531	1,669	1,002	78	326	412	175	4,902	889	10,984

Leasehold land and buildings and plant and machinery with carrying amounts of $Nil (2016: $1,477,000) and $486,000 (2016: $530,000), respectively, have been pledged to banks as securities for certain bank loans (note 16).

The carrying amount of property, plant and equipment for the Group includes amounts totalling $57,000 (2016: $76,000) in respect of assets acquired under finance leases (note 16).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 July 2015	9	7	22	38
Additions	–	–	3	3
Write-off	–	(2)	(13)	(15)
At 30 June 2016	9	5	12	26
Additions	1	–	2	3
Write-off	–	–	(1)	(1)
At 30 June 2017	10	5	13	28
Accumulated depreciation				
At 1 July 2015	9	7	16	32
Depreciation charge for the year	–	*	5	5
Write-off	–	(2)	(13)	(15)
At 30 June 2016	9	5	8	22
Depreciation charge for the year	*	*	2	2
Write-off	–	–	(1)	(1)
At 30 June 2017	9	5	9	23
Carrying amounts				
At 1 July 2015	–	–	6	6
At 30 June 2016	–	–	4	4
At 30 June 2017	1	–	4	5

* Amount less than $1,000.

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cost of revenue	2,340	2,186	–	–
Distribution expenses	190	134	–	–
Administrative expenses	483	461	2	5
Research and development expenses	203	148	–	–
	3,216	2,929	2	5

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

4 INTANGIBLE ASSETS

	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Group						
Cost						
At 1 July 2015	771	2,099	10,462	6,578	28,135	48,045
Additions – acquired	18	–	–	–	–	18
Additions – internally developed	87	–	–	174	–	261
Write-off	(49)	–	–	–	–	(49)
Liquidation of a subsidiary	–	–	–	–	(744)	(744)
Translation difference on consolidation	15	7	(15)	(14)	(20)	(27)
At 30 June 2016	842	2,106	10,447	6,738	27,371	47,504
Additions – acquired	338	–	–	–	–	338
Additions – internally developed	–	–	–	287	–	287
Write-off	(7)	–	–	–	–	(7)
Translation difference on consolidation	(1)	55	279	178	313	824
At 30 June 2017	1,172	2,161	10,726	7,203	27,684	48,946
Accumulated amortisation						
At 1 July 2015	658	1,012	3,127	530	744	6,071
Amortisation for the year	71	112	477	371	–	1,031
Write-off	(49)	–	–	–	–	(49)
Liquidation of a subsidiary	–	–	–	–	(744)	(744)
Translation difference on consolidation	15	(5)	(18)	(10)	–	(18)
At 30 June 2016	695	1,119	3,586	891	–	6,291
Amortisation for the year	93	112	751	136	–	1,092
Write-off	(7)	–	–	–	–	(7)
Translation difference on consolidation	–	29	93	23	–	145
At 30 June 2017	781	1,260	4,430	1,050	–	7,521
Carrying amounts						
At 1 July 2015	113	1,087	7,335	6,048	27,391	41,974
At 30 June 2016	147	987	6,861	5,847	27,371	41,213
At 30 June 2017	391	901	6,296	6,153	27,684	41,425

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

4 INTANGIBLE ASSETS (CONT'D)

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

	Group 2017 $'000	Group 2016 $'000
Cost of revenue	1,055	1,011
Distribution expenses	1	–
Administrative expenses	14	20
Research and development expenses	22	–
	1,092	1,031

Annual impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's cash-generating units ("CGU") as follows:

	Group 2017 $'000	Group 2016 $'000
Probe Card solutions (PCS)	12,291	11,981
Distribution and Services solutions (DSS)	15,393	15,390
	27,684	27,371

The recoverable amount of the PCS CGU is determined based on fair value less costs of disposal of the assets. On 21 August 2017, the Group entered into an agreement, subject to the fulfilment of certain conditions, to dispose certain entities in the PCS CGU ("the Disposal Group") to a third party for a consideration of US$65,000,000 (approximately $88,335,000) (see Note 30). The consideration for the proposed sale of the Disposal Group is higher than the carrying amount of the PCS CGU at the reporting date. In the previous year, the recoverable amount of the PCS CGU was determined based on value-in-use calculations.

The recoverable amount of the DSS CGU is determined annually based on value-in-use calculations.

The value-in-use calculations use cash flow projections covering periods of one to five years, based on financial forecasts approved by management.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

4 INTANGIBLE ASSETS (CONT'D)

Key assumptions used for value-in-use calculations

For the purpose of estimating the recoverable amount of the CGUs, management used the following key assumptions for the cash flow projections:

	Revenue growth rate %	Gross profit growth rate %	Discount rate %
Group			
2017			
Distribution and Services solution	5.8	5.1	12.2
2016			
Distribution and Services solution	6.0	6.6	13.2
Probe Card solution	5.4	6.8	15.4

The weighted average revenue 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 CGU. 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.

For the DSS CGU, if the revenue growth rate decreased by 2.5% (2016: 3.0%) or gross profit growth rate decreased by 1.7% (2016: 0.3%), the estimated recoverable amount would be equal to the carrying amount.

5 SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Equity investments at cost	119,963	119,963
Quasi-equity loan to a subsidiary	5,682	5,535
Less: Impairment losses	(45,896)	(45,896)
	79,749	79,602

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

5 SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
(1) Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100
(1) 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
(5) SV Technology Inc.	Develop probe card technology and provision of related services	Republic of Mauritius	100	100
(2) SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(2) SV Probe Vietnam Co., Ltd.	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
(5) 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
(3) SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	100	100
(1) Tokyo Cathode Laboratory (Singapore) Pte. Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Singapore	100	100
(2) TCL Yamaichi Taiwan Inc.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(2) Hokko Electronics Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Japan	100	100
(2) SV TCL Kabushiki Kaisha	Design, manufacturing, sales and after sales support of probe cards	Japan	100	100
(1) iNETest Resources Pte. Ltd. and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
[3] Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
[3] Ellipsiz iNETest (Shanghai) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
[2] Ellipsiz iNETest Co., Ltd.	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
[4] 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
[5] Ellipsiz Taiwan Inc. and its subsidiary:	Inactive	Taiwan	78	78
[5] CrystalTech Scientific Inc.	Inactive	British Virgin Islands	78	78

[1] Audited by KPMG LLP, Singapore.

[2] Audited by other member firms of KPMG International.

[3] Audited by other accounting firms and has local statutory financial year ending 31 December.

[4] Audited by other accounting firms and has local statutory financial year ending 30 June.

[5] Not required to be audited for the current year under the laws of incorporation.

[6] Not required to be audited for the current year as the subsidiary has been liquidated in September 2016. A gain on liquidation of $454,000 was recognised in profit or loss for the year and the financial effect is not material for the purpose of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

6 ASSOCIATES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Interests in associates	271	5,139	–	4,868
Share of post-acquisition reserves	598	2,912	–	–
Exchange translation reserve	(7)	334	–	–
	591	3,246	–	–
	862	8,385	–	4,868

Details of the associates are as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
(1)(3) Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	49	49
(2) Kita Manu-facturing Co., Ltd ("Kita")	Design and manufacturing of spring pin, contact probe and other precision metal parts for semiconductor and PCB assemblies industry	Japan	–	40

(1) Audited by other accounting firm and has local statutory financial year ending 31 December.

(2) Not required to be audited for the current year under the laws of incorporation.

(3) Held through iNETest Resources Pte. Ltd.

On 15 November 2016, the Company entered into a share purchase agreement with a third party to dispose its entire 40% shareholding in Kita for a cash consideration of US$6,000,000 (approximately $8,641,000). The transaction was completed on 5 January 2017 and a gain on disposal of $1,249,000 was recognised in profit or loss for the year.

The following summarises the financial information of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with FRS, adjusted for fair value adjustments on acquisition and differences in accounting policies. The table also includes summarised financial information of the Group's interest in the remaining individually immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

6 ASSOCIATES (CONT'D)

	Kita $'000	Immaterial associates $'000	Total $'000
2017			
Revenue	4,534		
Profit for the year	85		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	85		
Group's interest in net assets of investee at beginning of the year	7,703	682	8,385
Group's share of:			
- Profit for the year	85	122	207
- Other comprehensive income	–	–	–
- Total comprehensive income	85	122	207
Disposal	(7,392)	–	(7,392)
Translation difference	(396)	58	(338)
Carrying amount of interest in investee at end of the year	–	862	862
2016			
Revenue	20,814		
Profit for the year	2,050		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	2,050		
Non-current assets	18,076		
Current assets	18,570		
Non-current liabilities	(7,314)		
Current liabilities	(14,886)		
Net assets attributable to investee's shareholders	14,446		
Group's interest in net assets of investee at beginning of the year	5,659	691	6,350
Group's share of:			
- Profit for the year	820	161	981
- Other comprehensive income	–	–	–
- Total comprehensive income	820	161	981
Dividends received during the year	–	(134)	(134)
Translation difference	1,224	(36)	1,188
Carrying amount of interest in investee at end of the year	7,703	682	8,385

In 2016, the Group received dividends of $134,000 from its investments in associates.

At the reporting date, the associates have no capital commitments (2016: $59,000) and contingent liabilities (2016: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

7 JOINT VENTURES

	Group 2017 $'000	Group 2016 $'000
Interests in joint ventures	669	669
Share of post-acquisition reserves	(640)	(640)
Exchange translation reserve	42	39
	(598)	(601)
	71	68

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
[1] Suzhou Silicon Information Technologies Co., Ltd	Development, production, sale and distribution of digital internet set-top boxes and other similar electrical communication devices, including provision of relevant technical and after sale services	China	50	50
[2][3] iNETest-NewTek Co., Ltd	Sales and servicing of electronic manufacturing, test and inspection equipment, test and measurement equipment, semiconductor and related equipment, and application engineering services and system integration services	Vietnam	46	46

[1] Held through Ellipsiz DSS Pte. Ltd. and audited by other accounting firm and has local statutory financial year ending 31 December.

[2] Held through iNETest Resources Pte. Ltd. and audited by other accounting firm and has local statutory financial year ending 30 June.

[3] Although the Group held less than 50% of the voting rights, it was able to exercise joint control over the financial and operating policies of the entities via investors' agreements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

7 JOINT VENTURES (CONT'D)

The Group's interests in joint ventures are individually immaterial. The following summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these joint ventures that are accounted for using the equity method.

	2017 $'000	2016 $'000
Carrying amount of interests in immaterial joint ventures	71	68
Group's share of:		
- Profit for the year	–	54
- Other comprehensive income	–	–
- Total comprehensive income	–	54
Group's share of cumulative unrecognised losses	89	130

The Group has not recognised losses totalling $89,000 (2016: $130,000) in relation to its interests in joint ventures, because the Group has no obligation in respect of these losses.

At the reporting date, the joint ventures have no capital commitments and contingent liabilities (2016: $Nil).

8 FINANCIAL ASSETS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Available-for-sale financial assets:				
- Unquoted investment fund	223	230	–	–
- Quoted equity securities	4,956	4,973	4,952	4,970
	5,179	5,203	4,952	4,970

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables				
Trade receivables	31,663	34,851	–	–
Impairment losses	(461)	(461)	–	–
	31,202	34,390	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

9 TRADE AND OTHER RECEIVABLES (CONT'D)

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Other receivables				
Sundry receivables	2,719	2,006	171	171
Impairment losses	(1,042)	(1,042)	–	–
	1,677	964	171	171
Tax receivables	51	1	–	–
Refundable deposits	819	796	1	1
Prepayments	1,287	1,006	15	15
	3,834	2,767	187	187
	35,036	37,157	187	187

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 (excluding tax receivables and prepayments) at the reporting date was:

	Gross 2017 $'000	Impairment losses 2017 $'000	Gross 2016 $'000	Impairment losses 2016 $'000
Group				
Trade receivables				
Not past due	27,907	–	29,135	–
Past due 0 - 30 days	2,326	–	4,160	–
Past due 31 - 120 days	804	–	910	–
Past due 121 - 365 days	163	–	176	–
More than one year	463	(461)	470	(461)
	31,663	(461)	34,851	(461)
Other receivables[1]				
Not past due	2,449	–	1,713	–
More than one year	1,089	(1,042)	1,089	(1,042)
	3,538	(1,042)	2,802	(1,042)
Company				
Other receivables[1]				
Not past due	172	–	172	–

(1) Excludes tax receivables and prepayments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

9 TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the allowance for impairment in respect of trade and other receivables (excluding tax receivables and prepayments) during the year was as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 July	1,503	1,154	–	–
(Reversal of impairment)/ Impairment loss recognised	(20)	376	–	–
Allowance utilised	–	(16)	–	–
Translation difference on consolidation	20	(11)	–	–
At 30 June	1,503	1,503	–	–

During the year, reversal of impairment of $20,000 (2016: impairment loss of $376,000) was made in respect of trade and other receivables that were previously impaired.

Apart from the above, based on historical default rates, the Group believes that no further impairment allowance 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 the 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, actual write-off would be higher than expected.

10 DEFERRED TAX ASSETS AND LIABILITIES

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

	At 1 July $'000	Recognised in profit or loss (note 22) $'000	Translation difference $'000	At 30 June $'000
Group				
2017				
Deferred tax assets				
Property, plant and equipment	14	215	2	231
Inventories	180	378	10	568
Trade and other payables	433	332	10	775
Tax losses and tax credits carried forward	4,453	(528)	67	3,992
Other items	367	(214)	(6)	147
	5,447	183	83	5,713

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

10 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 July $'000	Recognised in profit or loss (note 22) $'000	Translation difference $'000	At 30 June $'000
2017				
Deferred tax liabilities				
Property, plant and equipment	(212)	(107)	(8)	(327)
Intangible assets	(1,857)	146	(22)	(1,733)
Investments in associates	(577)	428	79	(70)
Other items	(8)	(871)	5	(874)
	(2,654)	(404)	54	(3,004)
2016				
Deferred tax assets				
Property, plant and equipment	99	(88)	3	14
Inventories	193	(4)	(9)	180
Trade and other payables	484	(51)	–	433
Tax losses and tax credits carried forward	4,044	437	(28)	4,453
Other items	362	(29)	34	367
	5,182	265	–	5,447
Deferred tax liabilities				
Property, plant and equipment	(231)	19	–	(212)
Intangible assets	(1,645)	(190)	(22)	(1,857)
Investments in associates	(370)	(143)	(64)	(577)
Other items	(113)	102	3	(8)
	(2,359)	(212)	(83)	(2,654)

	At 1 July 2015 $'000	Recognised in profit or loss (note 22) $'000	At 30 June 2016 $'000	Recognised in profit or loss (note 22) $'000	At 30 June 2017 $'000
Company					
Deferred tax assets					
Other items	13	6	19	(19)	–
Tax losses carried forward	72	(6)	66	(66)	–
	85	–	85	(85)	–
Deferred tax liability					
Property, plant and equipment	(1)	–	(1)	1	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

10 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

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 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. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	3,612	3,374	–	84
Deferred tax liabilities	(903)	(581)	–	–
	2,709	2,793	–	84

At the reporting date, deferred tax liabilities amounting to $388,000 (2016: $274,000) 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		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deductible temporary differences	844	1,957	131	35
Unutilised tax losses and tax credits	6,343	17,171	3,236	1,639
	7,187	19,128	3,367	1,674

During the year, management revised its estimates of future taxable profits and carrying amount of deferred tax assets that can be recognised from the deductible temporary differences and unutilised tax losses and tax credits for one of its subsidiaries located in Japan.

Subsequent to the change in substantial shareholdings of the Company on 24 August 2016, management revised the carrying amount of unrecognised temporary differences for its subsidiary located in the United States of America as the carry forward of unutilised tax losses and credits would be subject to a limitation under the applicable local tax law.

Unutilised tax losses and tax credits of the Group amounting to $2,872,000 (2016: $3,733,000) will expire between 2018 to 2037 (2016: 2017 to 2037). The remaining unutilised tax losses and tax credits and deductible temporary differences do not expire under current tax legislation. 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 Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

11 INVENTORIES

	Group 2017 $'000	Group 2016 $'000
Raw materials and consumables	5,723	5,965
Work-in-progress	976	1,253
Finished goods	2,299	3,142
Inventories-in-transit	586	650
	9,584	11,010
Allowance for inventory obsolescence:		
At 1 July	1,895	1,399
Allowance	325	888
Allowance utilised during the year	(538)	(344)
Translation difference on consolidation	59	(48)
At 30 June	1,741	1,895
Carrying amount of inventories	7,843	9,115

During the year, raw materials and consumables, changes in finished goods and work-in-progress recognised in cost of revenue amounted to $67,490,000 (2016: $70,179,000).

In addition, $206,000 (2016: $Nil) of inventories were written down to net realisable value during the year.

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Amounts due from:				
Subsidiaries				
- Trade	–	–	197	361
- Non-trade	–	–	54	–
	–	–	251	361
Amounts due to:				
Subsidiaries (non-trade)	–	–	(546)	–
Joint ventures (trade)	(74)	(72)	–	–
	(74)	(72)	(546)	–

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

The ageing of amounts due from related parties at the reporting date was:

	Gross 2017 $'000	Impairment losses 2017 $'000	Gross 2016 $'000	Impairment losses 2016 $'000
Company				
Not past due	133	–	361	–
Past due 0 - 30 days	118	–	–	–
	251	–	361	–

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of the amounts due from related parties.

13 CASH AND CASH EQUIVALENTS

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Cash at banks and in hand	44,757	32,434	15,976	9,871
Short-term deposits	9,005	7,602	7,115	7,067
Cash and cash equivalents in the consolidated statement of cash flows	53,762	40,036	23,091	16,938

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 0.86% (2016: 1%) and 0.76% (2016: 0.87%), respectively. Interest rates reprice weekly, monthly or yearly.

Cash and bank balances totalling the equivalent of $1,728,000 (2016: $1,295,000) are held in a country which operates foreign exchange controls.

14 SHARE CAPITAL

	Group and Company 2017 No. of Shares '000	Group and Company 2016 No. of Shares '000
Fully paid ordinary shares, with no par value:		
At 1 July	167,128	557,094
Reduction in number of shares arising from share consolidation	–	(389,966)
At 30 June	167,128	167,128

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

14 SHARE CAPITAL (CONT'D)

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 regard to the Company's residual assets.

During its annual general meeting on 19 October 2015, the Company obtained approval from its members to consolidate every 10 existing issued ordinary shares in the Company into 3 consolidated shares ("share consolidation"). The exercise was completed on 30 October 2015. The number of issued shares of the Company following the share consolidation exercise was 167,128,185.

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 (2016: Nil).

Capital management

Capital consists of total equity 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 results from operating activities 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.

15 RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Capital reserve	(11,648)	(11,648)	–	–
Fair value reserve	1,620	60	1,620	60
Share-based compensation reserve	2,290	2,290	2,290	2,290
Translation reserve	(9,313)	(10,185)	–	–
Retained earnings	58,969	57,654	11,656	13,465
	41,918	38,171	15,566	15,815

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

15 RESERVES (CONT'D)

The capital reserve comprises goodwill arising on acquisition of subsidiaries written off against shareholders' equity.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

The share-based compensation reserve comprises the cumulative value of employee services received for the issue of share options and awards.

The translation reserve comprises all foreign currency 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.

16 INTEREST-BEARING BORROWINGS

	Group	
	2017	**2016**
	$'000	**$'000**
Non-current liabilities		
Secured bank loans	–	44
Unsecured bank loans	164	366
Finance lease liabilities	41	61
	205	471
Current liabilities		
Secured bank loans	48	838
Unsecured bank loans	882	2,492
Finance lease liabilities	16	17
	946	3,347
	1,151	3,818

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	2017	**2016**
	$'000	**$'000**
Within one year	930	3,330
After one year but within five years	164	410
	1,094	3,740

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

16 INTEREST-BEARING BORROWINGS (CONT'D)

The bank loans are secured over the following assets:

	Note	Group 2017 $'000	Group 2016 $'000
Leasehold land and buildings	3	–	1,477
Plant and machinery	3	486	530
		486	2,007

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017 Principal $'000	2017 Interest $'000	2017 Total $'000	2016 Principal $'000	2016 Interest $'000	2016 Total $'000
Group						
Within one year	16	3	19	17	4	21
Between one to five years	41	2	43	61	5	66
	57	5	62	78	9	87

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2017 $'000	2016 $'000
Group				
JPY fixed rate loans	1.20% to 1.48%	2017 to 2021	239	1,226
USD floating rate loan	Bank's cost of funds + 2.25%	2017 to 2018	693	2,025
USD floating rate loan	Adjusted every 3 months according to bank's policy	2017	–	24
USD floating rate loan	1-month cost of funds + 2.50%	2017 to 2018	114	333
NTD floating rate loan	1-year time saving deposit interest + 1.25%	2017 to 2018	48	132
JPY finance lease liabilities	3.07% to 4.92%	2017 to 2021	57	78
			1,151	3,818

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

16 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

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

		Cash flows			
	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Between 1 to 5 years $'000	After 5 years $'000
Group					
2017					
Non-derivative financial liabilities					
Fixed interest rate loans	239	244	78	166	–
Variable interest rate loans	855	870	870	–	–
Finance lease liabilities	57	62	19	43	–
Trade and other payables(1)	20,182	20,182	20,182	–	–
Amounts due to related parties	74	74	74	–	–
	21,407	21,432	21,223	209	–
2016					
Non-derivative financial liabilities					
Fixed interest rate loans	1,226	1,235	975	260	–
Variable interest rate loans	2,514	2,559	2,402	157	–
Finance lease liabilities	78	87	21	66	–
Trade and other payables(1)	20,831	20,831	20,831	–	–
Amounts due to related parties	72	72	72	–	–
	24,721	24,784	24,301	483	–

		Cash flows	
	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000
Company			
2017			
Non-derivative financial liabilities			
Trade and other payables(1)	1,323	1,323	1,323
Amounts due to related parties	546	546	546
Recognised financial liabilities	1,869	1,869	1,869
Intra-group financial guarantees	–	17,022	17,022
	1,869	18,891	18,891

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

16 INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

		Cash flows	
	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000
2016			
Non-derivative financial liabilities			
Trade and other payables[1]	1,313	1,313	1,313
Recognised financial liabilities	1,313	1,313	1,313
Intra-group financial guarantees	–	16,678	16,678
	1,313	17,991	17,991

(1) Excludes liability for short-term accumulating compensated absences and deferred income.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	8,093	8,037	–	–
Accrued expenses	9,228	10,646	1,242	1,226
Other payables	2,861	2,148	81	87
Liability for short-term accumulating compensated absences	1,533	1,638	136	113
Deferred income	202	103	–	–
	21,917	22,572	1,459	1,426

18 PROVISIONS

	Warranties $'000	Restoration costs $'000	Total $'000
Group			
At 1 July 2016	189	256	445
Provisions made	57	127	184
Provisions reversed	(101)	–	(101)
Provisions utilised	(44)	–	(44)
Translation difference	15	2	17
At 30 June 2017	116	385	501

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

18 PROVISIONS (CONT'D)

	Group	
	2017	**2016**
	$'000	**$'000**
Represented by:		
Current	257	231
Non-current	244	214
	501	445

Warranties

The provision for warranties relates to provision for after-sales warranty in respect of products and services sold. The provision has been estimated based on historical warranty data associated with similar products and services.

Restoration costs

The provision relates to the Group's obligation to restore the office premises and warehouses to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on the present value of the best estimate of the expenditure required to settle the obligation at the reporting date. The restoration amount is expected to be incurred at the end of the lease period of the office premises and warehouses that will occur in the next one to five years.

19 REVENUE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods	105,639	109,111	–	–
Service income	7,037	6,918	–	–
Commission income	3,990	2,658	–	–
Lease income	–	48	–	–
Dividend income	–	–	5,620	2,682
Management fees	–	–	2,242	2,371
	116,666	118,735	7,862	5,053

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

20 RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Other income					
Bad debts recovered		–	1,403	–	–
Dividend income from other financial asset		70	673	70	673
Exchange gain, net		6	–	–	–
Gain on disposal of property, plant and equipment		147	12	–	–
Gain on disposal of an associate		1,249	–	3,773	–
Gain on disposal of assets classified as held for sale		–	361	–	–
Gain on liquidation of subsidiaries		206	–	–	2,676
Rental income		67	29	–	–
Sundry income		801	458	22	36
		2,546	2,936	3,865	3,385
Staff costs					
Salaries, bonuses and other staff costs		42,450	42,124	2,615	2,386
Contributions to defined contribution plans		2,275	2,203	126	135
Increase in liability for short-term accumulating compensated absences		465	824	23	69
		45,190	45,151	2,764	2,590
Other expenses					
Audit fees paid/payable to:					
- auditors of the Company		338	332	95	85
- other auditors		110	113	–	–
Non-audit fees paid/payable to:					
- auditors of the Company		57	39	15	15
- other auditors		25	27	–	–
(Reversal of allowance)/Allowance for:					
- doubtful debts from trade and other receivables	9	(20)	376	–	–
- inventory obsolescence		325	888	–	–
Amortisation of intangible assets	4	1,092	1,031	–	–
Bad debts written off		–	20	–	–
Depreciation of property, plant and equipment	3	3,216	2,929	2	5
Inventories written off	11	206	–	–	–
Impairment of other financial assets		1,578	401	1,578	401
Loss on disposal of a joint venture		–	143	–	–
Property, plant and equipment written off		50	–	–	–
Exchange loss, net		–	12	31	68
Operating lease expenses		2,367	2,406	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

20 RESULTS FROM OPERATING ACTIVITIES (CONT'D)

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	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Directors' remuneration				
Directors' fees:				
- directors of the Company	230	259	230	259
Staff costs:				
- directors of the Company	2,391	1,928	2,391	1,928
- other directors	2,185	2,135	–	–
	4,806	4,322	2,621	2,187

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

	2017 Number	**2016 Number**
Company[(1)]		
$1,000,000 to $1,249,999	1	1
$500,000 to $749,999	2	1
Below $250,000	4	5
	7	7

(1) For the purpose of determining the remuneration band, the full remuneration of the directors appointed or resigned during the year were considered.

21 NET FINANCE INCOME/(EXPENSES)

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Finance income				
Interest income from:				
- financial institutions	105	90	51	61
- joint venture	–	4	–	–
- third parties	–	5	–	–
	105	99	51	61
Finance expenses				
Interest expense to:				
- finance leases	(4)	(4)	–	–
- financial institutions	(63)	(159)	–	–
	(67)	(163)	–	–
Net finance income/(expenses)	38	(64)	51	61

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

22 TAX EXPENSES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current tax expense				
Current year	2,609	1,937	–	–
Withholding tax	282	157	–	–
Over provision in prior years	(240)	(31)	(213)	–
Utilisation of previously unrecognised deferred tax assets	(395)	(645)	–	–
Capital gain tax	630	–	1,098	–
	2,886	1,418	885	–
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	574	816	–	–
Under/(Over) provision in prior years	224	(504)	84	–
Recognition of previously unrecognised deferred tax assets	(578)	(365)	–	–
	220	(53)	84	–
Total tax expenses	3,106	1,365	969	–
Reconciliation of effective tax rate				
Profit for the year	8,493	9,603	5,377	4,615
Tax expenses	3,106	1,365	969	–
Profit before tax	11,599	10,968	6,346	4,615
Income tax at 17% (2016: 17%)	1,972	1,865	1,079	785
Effect of tax rates in foreign jurisdictions	699	443	–	–
Tax incentives	(178)	(175)	–	–
Tax exempt income	(336)	(169)	(1,610)	(1,027)
Non-deductible expenses	687	399	315	83
Withholding tax	282	157	–	–
Deferred tax assets not recognised	339	390	300	159
Recognition of previously unrecognised deferred tax assets	(578)	(365)	–	–
Utilisation of previously unrecognised deferred tax assets	(395)	(645)	–	–
Over provision in prior years	(16)	(535)	(213)	–
Capital gain tax	630	–	1,098	–
	3,106	1,365	969	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

23 EARNINGS PER SHARE

	Group 2017 $'000	Group 2016 $'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	8,501	9,598

	Group 2017 No. of shares '000	Group 2016 No. of shares '000
Weighted average number of:		
- shares outstanding during the year	167,128	167,128

Diluted earnings per share is the same as basic earnings per share as there are no potentially dilutive ordinary shares for both current and prior years.

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Rental expenses paid to a director	(124)	(132)	–	–

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Directors' fees	230	259	230	259
Short-term employee benefits	4,745	4,260	2,347	1,892
Post-employment benefits	166	147	44	36
	5,141	4,666	2,621	2,187

NOTES TO THE FINANCIAL STATEMENTS

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25 COMMITMENTS

Lease commitments

At the reporting date, the Group's commitments for minimum lease payments under non-cancellable operating leases were as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Within one year	1,711	1,785
Between one and five years	4,166	2,543
More than five years	30	21
	5,907	4,349

The Group leases a number of offices, warehouses and production facilities under operating leases which typically run for a period of 3 to 5 years. For these operating leases, the Group is restricted from entering into any sublease arrangements. Some operating leases are granted an option to renew for another 3 years.

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $17,022,000 (2016: $16,678,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised $807,000 (2016: $2,439,000).

Capital commitments

At the reporting date, the Group had capital commitments of $45,000 (2016: $256,000) to purchase plant and equipment.

26 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

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 component of this allowance is 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 short-term deposits are placed with financial institutions which are regulated.

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 obligations; 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 $18,311,000 (2016: $15,295,000).

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

The Group is exposed to currency risk on financial assets and financial liabilities denominated in foreign currencies. It also incurs currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are the US dollar, Japanese yen, Euro, Singapore dollar, Vietnamese dong, Chinese renminbi, Thai baht and British pound.

The Group primarily relies on natural hedging between its sales and purchases, trade receivables and trade payables. Should the need arise, the Group hedges any further foreign currency exposure through close monitoring by management.

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

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Financial assets				
- British pound	41	60	41	60
Trade and other receivables				
- US dollar	10,530	12,392	–	–
- Singapore dollar	54	77	–	–
- Japanese yen	–	133	–	–
- Euro	46	189	–	–
	10,630	12,791	–	–
Amounts due from related parties				
- US dollar	7,020	12,012	5,757	5,896
- Japanese yen	–	378	–	–
- Thai baht	274	254	–	–
	7,294	12,644	5,757	5,896
Cash and cash equivalents				
- US dollar	21,237	8,266	12,109	3,155
- Singapore dollar	253	301	–	–
- Euro	76	72	–	–
	21,566	8,639	12,109	3,155

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (cont'd)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other payables				
- US dollar	(3,006)	(3,661)	–	–
- Singapore dollar	(402)	(532)	–	–
- Vietnamese dong	(918)	(1,251)	–	–
	(4,326)	(5,444)	–	–
Amounts due to related parties				
- US dollar	(18,966)	(23,422)	(546)	–
- Singapore dollar	(812)	(732)	–	–
- Japanese yen	–	(378)	–	–
- Chinese renminbi	(1,454)	(2,134)	–	–
- Thai baht	(117)	(109)	–	–
	(21,349)	(26,775)	(546)	–
Net exposure	13,856	1,915	17,361	9,111

Sensitivity analysis

A 1% (2016: 1%) strengthening 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 for the year attributable to Owners of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Equity	*	1	*	1
Profit for the year attributable to Owners of the Company	115	15	144	75

* Amount less than $1,000.

A 1% (2016: 1%) weakening 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

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% (2016: 10%) increase in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase equity of the Group and the Company by $496,000 (2016: $497,000). A 10% (2016: 10%) decrease in the underlying prices of quoted equity securities available-for-sale would decrease equity of the Group by $496,000 (2016: decrease profit before tax and equity of the Group by $491,000 and $6,000, respectively). This analysis assumes that all other variables remain constant.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, 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 measuring fair values is disclosed in the specific notes to that asset or liability.

(1) Available-for-sale financial assets

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

(2) Interest-bearing borrowings

The fair value of fixed rate loans 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. The carrying amounts of the loans approximate their fair value.

No fair value is calculated for the floating rate loans as the Group believes that the carrying amounts, which are repriced within 1 to 3 months from the reporting date, reflect their corresponding fair values.

For finance leases, the market rate of interest is determined by reference to similar lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values (cont'd)

(3) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with 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.

Fair value hierarchy

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2017				
Financial assets				
Unquoted investment fund available-for-sale	–	223	–	223
Quoted equity securities available-for-sale	4,956	–	–	4,956
	4,956	223	–	5,179
2016				
Financial assets				
Unquoted investment fund available-for-sale	–	230	–	230
Quoted equity securities available-for-sale	4,973	–	–	4,973
	4,973	230	–	5,203

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2017				
Financial assets				
Quoted equity securities available-for-sale	4,952	–	–	4,952
2016				
Financial assets				
Quoted equity securities available-for-sale	4,970	–	–	4,970

27 FINANCIAL INSTRUMENTS BY CATEGORY

An analysis of the Group's and the Company's financial instruments is set out below:

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group					
2017					
Assets					
Financial assets	8	5,179	–	–	5,179
Trade and other receivables (excluding tax receivables and prepayments)	9	–	33,698	–	33,698
Cash and cash equivalents	13	–	53,762	–	53,762
		5,179	87,460	–	92,639
Liabilities					
Amounts due to related parties	12	–	–	(74)	(74)
Interest-bearing borrowings	16	–	–	(1,151)	(1,151)
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	17	–	–	(20,182)	(20,182)
		–	–	(21,407)	(21,407)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

27 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group					
2016					
Assets					
Financial assets	8	5,203	–	–	5,203
Trade and other receivables (excluding tax receivables and prepayments)	9	–	36,150	–	36,150
Cash and cash equivalents	13	–	40,036	–	40,036
		5,203	76,186	–	81,389
Liabilities					
Amounts due to related parties	12	–	–	(72)	(72)
Interest-bearing borrowings	16	–	–	(3,818)	(3,818)
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	17	–	–	(20,831)	(20,831)
		–	–	(24,721)	(24,721)
Company					
2017					
Assets					
Financial assets	8	4,952	–	–	4,952
Trade and other receivables (excluding prepayments)	9	–	172	–	172
Amounts due from related parties	12	–	251	–	251
Cash and cash equivalents	13	–	23,091	–	23,091
		4,952	23,514	–	28,466
Liabilities					
Amounts due to related parties	12	–	–	(546)	(546)
Trade and other payables (excluding liability for short-term accumulating compensated absences)	17	–	–	(1,323)	(1,323)
		–	–	(1,869)	(1,869)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

27 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company					
2016					
Assets					
Financial assets	8	4,970	–	–	4,970
Trade and other receivables (excluding prepayments)	9	–	172	–	172
Amounts due from related parties	12	–	361	–	361
Cash and cash equivalents	13	–	16,938	–	16,938
		4,970	17,471	–	22,441
Liabilities					
Trade and other payables (excluding liability for short-term accumulating compensated absences)	17	–	–	(1,313)	(1,313)

28 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 technologies and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) 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 chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Revenue and expenses								
Total revenue from external customers	41,790	42,179	74,876	76,556	–	–	116,666	118,735
Inter-segment revenue	1,085	828	–	3	(1,085)	(831)	–	–
	42,875	43,007	74,876	76,559			116,666	118,735
Segment results	2,883	1,706	11,700	9,095	(37)	–	14,546	10,801
Unallocated corporate results							(3,192)	(804)
							11,354	9,997
Share of results of associates and joint ventures								
- allocated to reportable segments	122	215	85	820	–	–	207	1,035
Profit before finance income/(expenses) and taxation							11,561	11,032
Finance income							105	99
Finance expenses							(67)	(163)
Tax expenses							(3,106)	(1,365)
Non-controlling interests							8	(5)
Profit for the year attributable to Owners of the Company							8,501	9,598
Assets and liabilities								
Segment assets	42,352	39,344	83,752	83,280	–	–	126,104	122,624
Investments in associates								
- allocated to reportable segments	862	682	–	7,703	–	–	862	8,385
Investments in joint ventures								
- allocated to reportable segments	71	68	–	–	–	–	71	68
Tax receivables	8	1	43	–	–	–	51	1
Deferred tax assets	716	947	2,896	2,343	–	–	3,612	3,290
Unallocated corporate assets							28,074	22,023
Total assets							158,774	156,391

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Assets and liabilities (continued)								
Segment liabilities	9,276	8,819	11,757	12,844	–	–	21,033	21,663
Interest-bearing borrowings	–	–	1,151	3,818	–	–	1,151	3,818
Tax liabilities	179	203	1,957	952	–	–	2,136	1,155
Unallocated corporate liabilities							2,557	1,633
Total liabilities							26,877	28,269
Capital expenditure								
- allocated to reportable segments	101	189	2,820	3,056	–	–	2,921	3,245
- unallocated corporate and others							3	3
							2,924	3,248
Other items								
Amortisation of intangible assets								
- allocated to reportable segments	5	10	1,087	1,021	–	–	1,092	1,031
Bad debts written off/(recovered), net								
- allocated to reportable segments	–	20	–	(1,403)	–	–	–	(1,383)
Dividend income from other financial asset								
- unallocated corporate income							(70)	(673)
Depreciation of property, plant and equipment								
- allocated to reportable segments	283	324	2,931	2,600	–	–	3,214	2,924
- unallocated corporate expenses							2	5
							3,216	2,929
(Gain)/Loss on disposals of property, plant and equipment								
- allocated to reportable segments	(132)	(17)	(15)	5	–	–	(147)	(12)
Gain on disposal of assets classified as held for sale								
- allocated to reportable segments	–	–	–	(361)	–	–	–	(361)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Other items (continued)								
Inventories written off - allocated to reportable segments	9	–	197	–	–	–	206	–
Impairment loss on other financial asset - unallocated corporate expenses							1,578	401
Loss/(Gain) on liquidation of subsidiaries - unallocated corporate expenses	248	–	(454)	–	–	–	(206)	–
Gain on disposal of an associate - allocated to reportable segments	–	–	(1,249)	–	–	–	(1,249)	–
Loss on disposal of a joint venture - allocated to reportable segments	–	143	–	–	–	–	–	143
(Reversal of allowance)/ Allowance for doubtful trade and other receivables - allocated to reportable segments	(20)	376	–	–	–	–	(20)	376
Allowance/(Reversal of allowance) for inventory obsolescence - allocated to reportable segments	14	(5)	311	893	–	–	325	888
Property, plant and equipment written off - allocated to reportable segments	23	–	27	–	–	–	50	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

28 OPERATING SEGMENTS (CONT'D)

Geographical information

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

	Singapore		Malaysia		China		Taiwan		USA		Japan		Europe		Other regions		Consolidated	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group																		
Total revenue from external customers	27,345	22,615	3,446	6,571	26,217	28,774	13,884	15,688	17,520	21,120	19,141	14,199	3,019	3,648	6,094	6,120	116,666	118,735
Non-current segment assets	40,458	40,527	31	30	501	712	2,850	2,195	902	1,212	2,591	3,153	23	3	5,053	5,221	52,409	53,053
Investments in associates	–	–	–	–	–	–	–	–	–	–	–	7,703	–	–	862	682	862	8,385
Investments in joint ventures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	71	68	71	68
Investments in other financial assets	4,910	4,910	–	–	–	–	–	–	–	–	227	233	42	60	–	–	5,179	5,203
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,612	3,374
Total non-current assets	45,368	45,437	31	30	501	712	2,850	2,195	902	1,212	2,818	11,089	65	63	5,986	5,971	62,133	70,083
Capital expenditure	372	253	14	14	239	58	1,411	1,118	360	851	175	603	–	–	353	351	2,924	3,248

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

29 PROPOSED DIVIDENDS

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

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Final (tax-exempt one-tier) dividend of 2.00 cents per share (2016: 0.80 cents)	3,343	1,337
Final special (tax-exempt one-tier) dividend of 4.50 cents per share (2016: 1.00 cents)	7,521	1,671
	10,864	3,008

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

30 SUBSEQUENT EVENTS

(a) The liquidation progress of the following subsidiaries of the Company, subsequent to the reporting date are:

- On 7 July 2017, Tokyo Cathode Laboratory (HK) Co. Limited, an inactive wholly-owned subsidiary of the Company, was deregistered and ceased to be a subsidiary of the Company.

- On 17 August 2017, the members' voluntary liquidation of SV Probe Korea Co., Ltd, an inactive wholly-owned subsidiary of the Company, was approved by the Board of Directors. The liquidation was completed as of the date of this report.

The financial effects of the liquidation of the above subsidiaries are not material for the purpose of the financial statements.

(b) On 21 August 2017, the Company announced that it has entered into a conditional Sale and Purchase Agreement ("the Agreement") with Nidec-Read Corporation ("the Purchaser"), a company incorporated in Japan, to dispose its wholly-owned subsidiary, SV Probe Pte Ltd ("SVPL") and certain of SVPL's subsidiaries (collectively known as "the Disposal Group") for an initial consideration of US$65,000,000 (approximately $88,335,000) on a cash-free debt-free basis, subject to agreed adjustments pursuant to the Agreement ("the Consideration"). These entities are categorised under the Probe Card solutions reportable segment.

Subject to the completion of conditions precedent provided in the Agreement, the disposal is expected to complete on 31 October 2017 ("the Completion"). The Purchaser and the Company shall undertake a review of the financial statements of the Disposal Group after the Completion to determine the final adjustments ("the Final Adjustments") to be made to the Consideration as at the Completion.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

30 SUBSEQUENT EVENTS (CONT'D)

Upon the Completion, 85% of the Consideration will be paid to the Company in cash, while the remaining 15% of the Consideration will be held in an escrow account. 5% and 10% of the Consideration will be released to the Company 12 months and 24 months from the Completion, respectively.

The Final Adjustments shall be settled in cash after the finalisation of the Final Adjustments.

Assuming the transaction has been completed on 30 June 2017, the gain on disposal is estimated to be as follows:

	Group 2017 $'000
Net consideration receivable[1]	83,918
Less:	
Net assets are derecognised	(66,073)
Foreign currency translation differences	(7,907)
Estimated gain on disposal	9,938

(1) Net consideration receivable consists of the Consideration[2] less introduction fees. Net consideration receivable is translated based on a US dollar/Singapore dollar exchange rate of 1.359.

(2) Consideration, for the purpose of estimating the net gain on disposal, is assumed to be the initial consideration of US$65,000,000 (approximately $88,335,000) and is subject to agreed adjustments pursuant to the Agreement.

STATISTICS OF SHAREHOLDERS

As at 18 September 2017

Number of Shares Issued	:	167,128,185	Voting Rights		
Issued and Paid Up Capital	:	S$89,588,161.50	On Show of hands	:	1 vote
Class of Shares	:	Ordinary Shares	On a poll	:	1 vote for each ordinary share

Distribution of Shareholders as at 18 September 2017

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 99	33	1.46	1,179	0.00
100 to 1,000	493	21.79	257,292	0.16
1,001 to 10,000	1,008	44.54	4,747,255	2.84
10,001 to 1,000,000	722	31.90	43,941,157	26.29
1,000,001 and above	7	0.31	118,181,302	70.71
Total	2,263	100.00	167,128,185	100.00

Based on information available to the Company as at 18 September 2017, approximately 35.24% 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 18 September 2017

No.	Name of shareholders	Number of shares	% of issued share capital
1	CIMB SECURITIES (SINGAPORE) PTE LTD	100,561,346	60.17
2	DBS NOMINEES PTE LTD	9,699,553	5.80
3	CITIBANK NOMINEES S'PORE PTE LTD	2,533,040	1.52
4	PHILLIP SECURITIES PTE LTD	1,926,110	1.15
5	MAYBANK KIM ENG SECURITIES PTE LTD	1,230,754	0.74
6	OCBC SECURITIES PRIVATE LTD	1,207,499	0.72
7	LEE LENG GHEE WILLIE	1,023,000	0.61
8	GOH GUAN SIONG (WU YUANXIANG)	888,800	0.53
9	RAFFLES NOMINEES (PTE) LTD	884,360	0.53
10	TAY BOON HUAT	804,900	0.48
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	789,021	0.47
12	IP YUEN KWONG	783,500	0.47
13	UOB KAY HIAN PTE LTD	743,660	0.44
14	OCBC NOMINEES SINGAPORE PTE LTD	724,300	0.44
15	GAN SENG KUEI	690,000	0.41
16	NG THIAM SENG @ EUGENE NG	550,000	0.33
17	ABN AMRO CLEARING BANK N.V.	527,800	0.32
18	LOCKSON HYDRAULICS & ENGINEERING PTE LTD	500,000	0.30
19	QUEK AIK WU OR LOO HUI MIN	500,000	0.30
20	QUEK KOK KWANG (GUO GUOGUANG)	488,100	0.29
Total		127,055,743	76.02

Substantial Shareholder as at 18 September 2017

Name of shareholder	Shareholding held by the substantial shareholder in the name of nominees	% of issued share capital
Bevrian Pte. Ltd.*	99,493,446	59.53

* *Mr. David Lum Kok Seng, Bevrian Pte. Ltd.'s shares are held by its nominees, CIMB Securities (Singapore) Pte Ltd. Mr. David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte. Ltd., is also deemed to be interested in all shares in the capital of the Company held by Bevrian Pte. Ltd..*

There are no treasury shares held as at 18 September 2017.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Company will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on 19 October 2017 at 9.00 a.m. to transact the following businesses.

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2017, together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Mr. Clement Leow Wee Kia (independent director) who is retiring in accordance with Article 91 of the Company's Constitution, and who being eligible, offers himself for re-election.

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

3. To re-elect Ms. Ong Suat Lian (Chief Financial Officer and executive director) who is retiring in accordance with Article 91 of the Company's Constitution, and who being eligible, offers herself for re-election.

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

4. To note that Mr. Jeffrey Staszak will be retiring pursuant to Article 91 of the Company's Constitution and he will not be seeking re-election at this Annual General Meeting.

   [See Explanatory Note (i)]

5. To approve the payment of directors' fees of $230,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears (2017: $230,000).

   [See Explanatory Note (ii)] **(Resolution 4)**

6. To approve a final (tax exempt one-tier) dividend of 2.00 cents per ordinary share for the financial year ended 30 June 2017.

   (Resolution 5)

7. To approve a final special (tax exempt one-tier) dividend of 4.50 cents per ordinary share for the financial year ended 30 June 2017.

   (Resolution 6)

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

   (Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

9. 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;

NOTICE OF ANNUAL GENERAL MEETING

(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 Company's Constitution 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 (iii)] **(Resolution 8)**

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 30 October 2017 after 5.00 p.m. to determine the members' entitlements to the proposed dividends to be paid on 21 November 2017, subject to and contingent upon members' approval of the proposed dividends being obtained at the forthcoming 22nd 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 30 October 2017 will be registered to determine members' entitlements to the proposed dividends.

Dated: 3 October 2017
By Order of the Board

____

Chan Yuen Leng
Company Secretary
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in the Annual General Meeting. 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 percent. 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.

A member who is a relevant intermediary (as such term is defined in Section 181(6) of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote in its stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares to which each proxy has been appointed shall be specified in the form of proxy.

A proxy need not be a member of the Company.

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 representative(s) 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 (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (and/or its agents or service providers) 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 (and/or its agents or service providers) to comply with the applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, 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 (and/or its agents or service providers), the member has obtained the prior consent of such proxy(xies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents or service providers) 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.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **Resolutions 2 and 3:** Detailed information on these directors can be found under "Board of Directors" and "Corporate Governance" sections of the Company's Annual Report 2017. There are no relationships, including immediate family relationships, between each of these directors and other directors of the Company or its 10 percent. shareholders. Mr. Clement Leow Wee Kia will, upon re-appointment, continue to serve as chairman of the remuneration committee, member of the audit committee and member of the nominating committee and will be considered independent pursuant to Listing Rule 704 (8) of the SGX-ST Listing Manual. Ms. Ong Suat Lian is also the Chief Financial Officer of the Company.

Mr. Jeffrey Staszak is retiring pursuant to Article 91 of the Company's Constitution and has confirmed that he will not be seeking re-elction at this Annual General Meeting.

(ii) **Resolution 4:** The Company proposes to pay directors' fees for the financial year ending 30 June 2018 quarterly in arrears. This ensures a more timely payment of the fees. The directors' fees are calculated based on, amongst other things, the number of expected board and committee meetings for the financial year ending 30 June 2018 and the number of directors expected to hold office during the course of that financial year. Additional information on directors' fees can be found under the section "Corporate Governance" in the Company's Annual Report 2017. Members' approval is required for the directors' fees under the Companies Act.

(iii) **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 percent. of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of 20 percent. 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 this Resolution 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 this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

IMPORTANT

1. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes and if used or purported to be used by them. CPF/SRS investors should contact their respective agent banks/SRS operators if they have any queries regarding their appointment as proxies.
2. 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 3 October 2017.

ELLIPSIZ LTD
(Registration No. 199408329R)
(Incorporated in the Republic of Singapore)

PROXY FORM
22nd ANNUAL GENERAL MEETING

I/We, ______________________________(Name) *NRIC/Passport No./Co. Registration No. ______________

of ____(*Address*) being a *member/members of

Ellipsiz Ltd. (the"Company") hereby appoint:

Name	Address	NRIC/Passport Number	Number of Ordinary Shares

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Number of Ordinary Shares

For a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), please annex, to this proxy form, the additional list(s) of proxies (as required) setting out the complete information as set out in the immediately preceding boxes above in respect of each proxy. See the Notes to the Proxy Form on the reverse for more information.

or failing him/her, the Chairman of the Meeting, as *my/our proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on 19 October 2017 at 9.00 a.m. and at any adjournment thereof in the following manner. *I/We direct *my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the Annual General Meeting and any adjournment thereof.

**Delete accordingly.*

(Voting will be conducted by poll.)

If you wish to exercise all your votes "For" or "Against" the relevant resolution, please insert a tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of ordinary shares in the boxes provided.

No.	Resolution	No. of Votes For	No. of Votes Against
Ordinary Business			
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2017, together with the Auditors' Report thereon.		
2	Re-election of Mr. Clement Leow Wee Kia as director.		
3	Re-election of Ms. Ong Suat Lian as director.		
4	Approval of directors' fees of $230,000 for the financial year ended 30 June 2018, to be paid quarterly in arrears (2017: $230,000).		
5	Approval of final (tax exempt one-tier) dividend of 2.00 cents per ordinary share.		
6	Approval of final special (tax exempt one-tier) dividend of 4.50 cents per ordinary share.		
7	Re-appointment of KPMG LLP as auditors and to authorize the directors to fix their remuneration.		
Special Business			
8	Approval of authority to allot and issue new shares and convertible securities.		
9	Any other business.		

Dated this _______ day of October 2017.

Total no. of Shares in:	No. of Shares:
1. CDP Register	
2. Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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, this instrument appointing a proxy or proxies shall be deemed to relate to the entire number of ordinary shares in the capital of the Company registered in your name in the Depository Register and the Register of Members.

2. A member who is not a relevant intermediary (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. 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 deemed to represent 100 percent. of the shareholding and any second named proxy shall be deemed to be an alternate to the first named proxy.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. In relation to a relevant intermediary who wishes to appoint more than two (2) proxies, please annex, to the form of proxy, the list(s) of proxies, setting out, in respect of each proxy, the name, address, NRIC/passport number, class of shares and number of shares in relation to which the proxy has been appointed.

4. A proxy need not be a member.

5. 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 less than 48 hours before the time fixed for holding the Annual General Meeting.

6. 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.

7. 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 its constitution and Section 179 of the Companies Act, Cap. 50 of Singapore.

8. 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.

9. 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 72 hours before the time fixed for holding the Annual General Meeting as certified by the Central Depository (Pte.) Limited to the Company.

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ellipsiz
forward solutions

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