ellipsiz

forward solutions

EXTENDING OUR REACH

2019 ANNUAL REPORT

Corporate Information

BOARD OF DIRECTORS

Chng Hee Kok
Chairman and Independent Director
Kelvin Lum Wen-Sum
Chief Executive Officer and Executive Director
Amos Leong Hong Kiat
Independent Director
Clement Leow Wee Kia
Independent Director
Iris Wu Hwee Tan
Non-Independent Non-Executive Director
Adrian Lum Wen-Hong
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Chairman : Amos Leong Hong Kiat
Members : Chng Hee Kok
Clement Leow Wee Kia
Iris Wu Hwee Tan

NOMINATING COMMITTEE

Chairman : Clement Leow Wee Kia
Members : Chng Hee Kok
Amos Leong Hong Kiat
Kelvin Lum Wen-Sum

REMUNERATION COMMITTEE

Chairman : Clement Leow Wee Kia
Members : Chng Hee Kok
Amos Leong Hong Kiat

COMPANY SECRETARY

Chan Yuen Leng

COMPANY REGISTRATION NUMBER

199408329R

REGISTERED OFFICE

54 Serangoon North Avenue 4
#05-02
Singapore 555854
Tel: (65) 6518 2200
Fax: (65) 6269 2638
Email: ir@ellipsiz.com
Website: www.ellipsiz.com

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01 Singapore 068902

AUDITOR

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Chin Bo Wui
(effective from the financial year ended 30 June 2019)

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited
CIMB Bank Berhad, Singapore Branch

Contents

VISION

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

MISSION

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

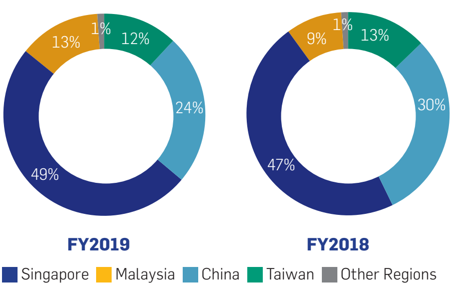
Financial Highlights

KEY FINANCIAL ITEMS

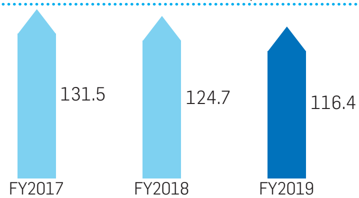
FINANCIAL YEAR ENDED 30 JUNE	2019 $' mil	2018 $' mil
RESULTS		
Revenue[1]	50.2	49.1
Gross profit[1]	12.8	11.7
Net Loss – continuing operations	(0.5)	(4.8)
Profit after tax – continuing operations (excluding certain specific items)[2]	2.3	1.4
Profit after tax – discontinued operations[3]	–	21.8
(Loss)/Profit for the year	(0.5)	17.0
Interim dividend per Share (cents)	0.50	2.00
Interim special dividend per Share (cents)	–	8.00
Final dividend per Share (cents)	1.00[4]	2.00
Final special dividend per Share (cents)	1.00[4]	1.00
FINANCIAL POSITION		
Total assets	130.3	138.9
Total liabilities	13.4	13.8
Shareholders' equity	116.4	124.7
FINANCIAL RATIOS		
Gross profit margin (%)	25.6	23.7
Loss per Share (cents) – continuing operations	(0.31)	(2.89)
(Loss)/Earnings per Share (cents)	(0.31)	10.16
NAV per Share (cents)	69.67	74.62
Return on equity (%)	(0.4)	13.6
Current ratio (times)	7.4	6.9

1 Revenue and Gross profit for FY2019 and FY2018 relate to continuing operations.
2 Please refer to the Financial Review Section on pages 17 and 18 for details.
3 Profit after tax – discontinued operations for FY2018 was restated from $13.9 million to $21.8 million upon the application of Singapore Financial Reporting Standards (International) 1. Please refer to Note 30 to the financial statements for further details.
4 Final dividend per Share and final special dividend per Share are subject to approval by Shareholders at the annual general meeting to be held on 25 October 2019.

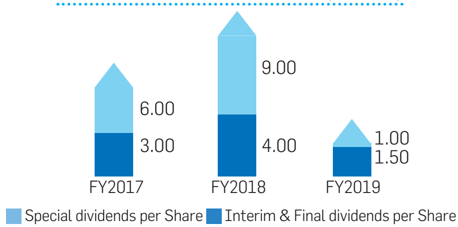
REVENUE BY REGION



SHAREHOLDERS' EQUITY ($ MILLION)



TOTAL DIVIDEND PAYOUT (CENTS)



Letter to Shareholders

DEAR SHAREHOLDERS

On behalf of the Board and management, we are pleased to present Ellipsiz Ltd's annual report for the financial year ended 30 June 2019 ("FY2019").

FINANCIAL PERFORMANCE

Our core distribution and services solutions ("DSS") business faced a challenging and volatile environment as a result of trade tensions between the United States ("US") and China and softening of global market.

Despite the challenges faced, the Group achieved revenue of $50.2 million in FY2019, 2% higher than that recorded for the financial year ended 30 June 2018 ("FY2018"). Gross profit was $12.8 million, 10% higher than FY2018, and gross profit margin had improved from 24% to 26%. The growth in revenue and gross profit had resulted from higher commission income and better equipment sales.

The Group's operating results for FY2019 was $2.3 million. The results for FY2018 was an operating loss of $4.8 million, attributable mainly to the one-time ex-gratia benefits of $4.1 million for the former Chief Executive Officer and former Chief Financial Officer, an exchange loss of $1.9 million and a net fair value loss of $0.2 million on financial assets. Excluding the aforesaid one-off expenses, the Group's operating results for FY2019 was $0.9 million or 64% higher than the adjusted results of $1.4 million for FY2018.

These achievements were attained during a relatively difficult year, which affirmed the value propositions offered to our customers and principals.

Our positive results in the DSS business was impacted by our investment in Kalms Investment Pte Ltd ("Kalms"). In June 2018, the Group invested in a joint venture Kalms, which is in the business of distributing merchandise via an intelligent automated vending solutions platform. Kalms had since incorporated and acquired subsidiaries both locally and regionally for its operations. This fast setup resulted in cost not matched by revenue and the Group recorded a share of loss of $2.8 million in this investment for FY2019.

In other developments, Ellipsiz DSS Pte Ltd embarked on a joint venture with Adelis Associates Pte Ltd in January 2019 to conduct the business of re-distributing used semiconductor equipment. This partnership allows the Group to broaden its existing DSS platform and strengthen its capabilities and expertise in the semiconductor and electronics industry.

Back in 2009, the Group invested in JEP Holdings Ltd ("JEP") with the intention to diversify into the aerospace industry. This did not materalise and in May 2019, the Group divested the investment in JEP for approximately $6.6 million. The sale gave the Group the opportunity to monetise its investment for redeployment. The gain on disposal of $3.2 million was recognised directly in the retained earnings in accordance with the Group's election on presenting changes in fair value of quoted securities in other comprehensive income under SFRS(I) 9 *Financial Instruments*.

Overall, the Group recorded a net loss of $0.5 million in FY2019 compared to a net loss of $4.8 million in FY2018 from its continuing operations. Including the profit from discontinued operations (probe card business), profit for FY2018 was $17.0 million.

Letter to Shareholders

DIVIDEND

The Company had paid an interim dividend of 0.5 cent per share in March 2019 and the Board is recommending a final dividend of 1 cent per share and a final special dividend of 1 cent per share, to be paid upon approval by shareholders at the forthcoming Annual General Meeting in October 2019.

DRIVING SUSTAINABILITY

With sustainability at the forefront of international agendas, Ellipsiz Ltd published its inaugural sustainability report in March 2019, prepared in line with the sustainability reporting requirements prescribed by Singapore Exchange Securities Trading Limited.

We have identified material environmental, social and governance factors for the Company and considered them when determining the Company's strategy and direction. As we continue on our sustainability journey, we aim to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our key stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our business so as to improve our overall sustainability performance.

LOOKING AHEAD

The on-going US-China trade war and recent trade tensions between Japan and South Korea continue to pose uncertainties in the semiconductor and electronics industry in the regions that we operate. The Group will continue to stay lean and build on its skilled and adaptable employees to respond to the ever fast-changing operating environment and extend our distribution network.

We will continue to pursue appropriate opportunities in creating value and deliver long-term sustainable returns for our shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board and management, we would like to express our heartfelt appreciation to our shareholders, business partners, principals and customers for their unwavering support and confidence in the Company.

We would like to also thank our management staff and employees for their dedication and hard work and our fellow Board members for their steadfast commitments and guidance.

Together, we will remain resilient in facing challenges and continue to push ahead for growth.

CHNG HEE KOK
Chairman and Independent Director

KELVIN LUM WEN-SUM
Chief Executive Officer and Executive Director

Board of Directors

CHNG HEE KOK
Chairman and Independent Director

Date of last election:
18 October 2018
Board Committee:
Audit and Risk Committee (Member),
Nominating Committee (Member),
Remuneration Committee (Member)

Mr Chng Hee Kok was appointed Chairman and Independent Director of the Company on 1 September 2015.

Mr Chng was formerly a Member of Parliament of Singapore from 1984 to 2001. His business experience and leadership positions spanned across manufacturing, property development, hotel management, trading, entertainment and food & beverage industries. He was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Limited, HG Metals Manufacturing Limited and LH Group Limited. He held past directorships at Public Utilities Board, Sentosa Development Corporation and Singapore Institute of Directors.

Mr Chng graduated from the University of Singapore with a First-Class Honours degree in Mechanical Engineering 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.

Current directorship(s) in other listed company(ies)

- Samudera Shipping Line Ltd
- Full Apex (Holdings) Limited
- Luxking Group Holdings Limited
- United Food Holdings Limited
- Chaswood Resources Holdings Ltd
- The Place Holdings Limited
- BlackGold Natural Resources Limited

Past 3 years' directorship(s) in other listed company(ies)

- Chinasing Investment Holdings Limited (a company delisted from the Singapore Exchange Securities Trading Limited ("SGX-ST") in December 2016)
- China Flexible Packaging Holdings Limited
- Infinio Group Ltd

Board of Directors

KELVIN LUM WEN-SUM
Chief Executive Officer and Executive Director

Date of last election : 19 October 2016
Board Committee : Nominating Committee (Member)

Mr Kelvin Lum has been an Executive Director of the Company since 1 March 2016 and was appointed the Chief Executive Officer with effect from 8 August 2018.

Mr Lum is responsible for the formulation and implementation of the overall business and corporate strategies of the Group. He oversees the management of the Group and is actively involved in its day-to-day operations. As part of his wide-ranging tasks, he is also responsible for spearheading the growth of the business, ensuring its sustainability, and developing strategic partnerships and alliances.

His deep understanding of the local and regional business landscape coupled with business savvy, provide him with insights to assess and evaluate new opportunities. Furthermore, his intimate knowledge of the diverse business functions, gives him the leadership perspective to ensure that the business units are aligned with the Group's overall strategy and mission.

Prior to joining the Company, Mr Lum was the Managing Director of LCD Global Investments Ltd[1] where he oversaw the group's strategic investments and global operations.

Mr Lum currently serves as a Non-Independent Non-Executive Director of Lum Chang Holdings Limited. He also sits on the School Management Committees of Nanyang Primary School and Nanyang Kindergarten, and is a director of Nanyang Girls' High School Ltd.

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

Current directorship(s) in other listed company(ies)

– Lum Chang Holdings Limited

Past 3 years' directorship(s) in other listed company(ies)

Nil

[1] LCD Global Investments Ltd is now known as AF Global Limited

Board of Directors

AMOS LEONG HONG KIAT
Independent Director

Date of last election:
18 October 2018
Board Committee:
Audit and Risk Committee (Chairman),
Nominating Committee (Member),
Remuneration Committee (Member)

Mr Amos Leong was appointed as an Independent Director of the Company since 1 May 2009.

Mr Leong, a veteran in the electronics manufacturing industry, is currently the President & Chief Executive Officer of the Univac Group. He began his career in 1987 as a supply-chain engineer in Hewlett-Packard Singapore and held numerous managerial positions in Asia-Pacific Field operations and Product divisions in the United States of America.

He was subsequently appointed Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the spin-off from Hewlett-Packard. In 2004, Mr Leong moved to his current leadership role in Univac Group.

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

Current directorship(s) in other listed company(ies)

Nil

Past 3 years' directorship(s) in other listed company(ies)

– Fischer Tech Ltd (a company delisted from the SGX-ST in November 2017)

Board of Directors

CLEMENT LEOW WEE KIA
Independent Director

Date of last election : 19 October 2017
Board Committee : Audit and Risk Committee (Member), Nominating Committee Chairman), Remuneration Committee (Chairman)

Mr Clement Leow has been an Independent Director of the Company since 8 May 2015.

Mr Leow is the Chief Executive Officer and Executive Director of Allied Technologies Limited since March 2019. He was previously the Chief Executive Officer and an Executive Director of Crowe Horwath Capital Pte Ltd and the Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr Leow, who has held senior positions in corporate finance and banking in Singapore, has over 19 years of corporate finance experience in initial public offering, mergers & acquisitions including corporate advisory transactions.

Mr Leow graduated from the Cornell University with a Bachelor of Science in Applied Economics and holds a Master of Business Administration degree as well as a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and serves as a member of the Singapore Institute of Directors. He is the President of the Singapore Tennis Association which oversees the national development of tennis and was awarded the Singapore Armed Forces Good Service Medal in 2007.

Current directorship(s) in other listed company(ies)

– Allied Technologies Limited
– Lum Chang Holdings Limited
– MSM International Limited
– Overseas Education Limited

Past 3 years' directorship(s) in other listed company(ies)

Nil

Board of Directors

IRIS WU HWEE TAN

Non-Independent Non-Executive Director

Date of last election : 18 October 2018
Board Committee : Audit and Risk Committee (Member)

Ms Iris Wu was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018.

Ms Wu was previously an Executive Director and the company secretary of LCD Global Investments Ltd[1], overseeing an extensive corporate affairs portfolio covering financial, taxation, corporate secretarial and legal matters, and playing an active role in the execution of strategic decisions.

Ms Wu has over 30 years of financial and management experience and is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants. She holds a Bachelor of Commerce (Accountancy) degree from the then Nanyang University.

Current directorship(s) in other listed company(ies)

Nil

Past 3 years' directorship(s) in other listed company(ies)

Nil

[1] LCD Global Investments Ltd is now known as AF Global Limited

ADRIAN LUM WEN-HONG

Non-Independent Non-Executive Director

Date of last election : 18 October 2018
Board Committee : Nil

Mr Adrian Lum was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018.

He currently serves as Director, Property Development of Lum Chang Holdings Limited ("LCH"). He oversees the property division of LCH and is responsible for formulating business strategy and identifying investment opportunities for both real estate and non-real estate segments, potential joint ventures and business acquisitions for LCH.

Prior to joining LCH in 2006, Mr Lum held management positions whilst working locally and abroad.

Mr Lum holds a Master's Degree in Engineering with First-Class honours from The Imperial College, United Kingdom, and was awarded the Governor's MEng Prize for academic excellence.

Current directorship(s) in other listed company(ies)

Nil

Past 3 years' directorship(s) in other listed company(ies)

Nil

Key Management

CHOW CHING SIAN

Chief Financial Officer
Corporate Office

Ms Chow Ching Sian was appointed the Chief Financial Officer of Ellipsiz Ltd on 8 August 2018. She is responsible for the finance function including accounting, taxation, audit, treasury; and compliance, legal and corporate secretarial functions of the Group. Ms Chow has over 18 years of experience in the areas of financial and management reporting, taxation, compliance, risk management, audit, acquisitions & divestments and equity fund-raising activities.

Prior to joining Ellipsiz Ltd, Ms Chow held various finance positions within Keppel Capital, the asset management arm of Keppel Corporation Limited. She was the Chief Financial Officer at Keppel DC REIT Management Pte Ltd, the Manager of Keppel DC REIT since August 2017, Senior Vice President at Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust from May 2016 and Vice President at Keppel REIT Management Limited, the Manager of Keppel REIT, from December 2010.

Ms Chow started her career as an auditor with Deloitte & Touche LLP Singapore and held various finance positions in other listed corporations in Singapore.

Ms Chow holds a Bachelor of Accountancy Degree from the Nanyang Technological University of Singapore. She is a member of the Institute of Singapore Chartered Accountants.

JOSEPH KANG BOON TECK

Vice President, Operations
Corporate Office

Mr Joseph Kang joined Ellipsiz Ltd on 5 September 2018. He assists the CEO in corporate development as well as overseeing the operations of the distribution and services solutions ("DSS") business division of the Group. Mr Kang has over three decades of experience in semiconductor-related sales and marketing in Asia.

He was previously driving business development in Wireless Solutions Group at Microchip Technology and was responsible for the strategic planning and product line management in the Asia Pacific region. Mr Kang had held sales and marketing positions in Sicon Semiconductor Asia Pacific and Zarlink Semiconductor Asia Pacific, where he established and managed extensive sales and distribution networks.

Mr Kang graduated with an Honours degree in Business Management (Marketing) from the University of Bradford. He also holds a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Electrical Engineering from the Ngee Ann Polytechnic.

Key Management

JEFF CHUANG CHU MOU
General Manager
Distribution &
Services Solutions
Taiwan & China

Mr Jeff Chuang joined iNETest Taiwan in 2003. He oversees the DSS activities of the Group in Taiwan and China. Mr Chuang has been responsible for the DSS Electronics Manufacturing Technology ("EMT") sales activities in North Asia (including Taiwan, North and South China) for the past 16 years. In recent years, his portfolio has expanded to include semiconductor sales activities in Taiwan operations.

Prior to joining the Group, Mr Chuang was an Application Engineer in Test and Measurement Business Unit at Hewlett Packard and was promoted to Greater China Service and Support Manager.

Mr Chuang graduated from the Taiwan Chinese Culture University, majoring in Electrical Engineering.

RAY GOH LING HWEE
General Manager
Distribution &
Services Solutions
Singapore

Mr Ray Goh joined the Group in 2007. He is in charge of the Group's DSS (semiconductor related) activities in Singapore and China. Before assuming the General Manager role, Mr Goh was stationed in Shanghai for over five years, managing DSS semiconductor-related distribution activities in China, serving the regional wafer fabs, test houses, and in-circuit design houses and semiconductor manufacturers.

Prior to joining the Group, Mr Goh was a Manager of Lithography Equipment at Semiconductor Manufacturing International Corporation and a Senior Engineer with Systems on Silicon Manufacturing Company Pte Ltd.

Mr Goh graduated from the Nanyang Technological University of Singapore with an Honours degree in Electrical and Engineering. He obtained his MBA from the Shanghai International MBA/ENPC International MBA.

Key Management

BOEY GIM POAY
General Manager
Distribution &
Services Solutions
Malaysia

Mr Boey Gim Poay joined iNETest Malaysia in 2003. He is responsible for the DSS activities of the Group in Malaysia as well as the EMT sales and marketing services in Vietnam, Malaysia, Singapore and certain parts of Indonesia (including Batam and Bintan).

Mr Boey has over 21 years of experience in the EMT industry and for the past 16 years, he has been instrumental in developing and cultivating strategic partnerships with various key principals and customers for DSS in Malaysia, Vietnam, Singapore and Indonesia.

Prior to joining the Group, Mr Boey spent eight years building his engineering expertise in Semiconductor & Printed Circuit Board Assembly Test with Hitachi, Hewlett Packard and Agilent.

Mr Boey graduated from the Monash University in Australia with a degree in Computer and Electrical System.

Industry Outlook

SEMICONDUCTOR MARKET OUTLOOK

According to the World Semiconductor Trade Statistics released in May 2019, Worldwide Semiconductor Market is forecast to be down by 12.1% in 2019 to US$412 billion from US$468 billion in 2018.

Worldwide semiconductor market is expected to recover in 2020 to US$434 billion with all geographical regions forecast to grow with the overall market up by 5.4%, with Memory contributing the highest growth of 6% followed by Optoelectronics of 5.9% and Logic 5.3%.

With the growing tensions between the US and China's trade and economic relationship, China has sought to accelerate its efforts to gain self-sufficiency and parity in semiconductors by aiming to become self-sufficient in chips that are used by the country's vast manufacturing supply chain.

Released by China Security Journal in July 2019, China's semiconductor-focused fund, the China National Integrated Circuit Industry Investment Fund, had raised RMB200 billion (around US$29 billion) in its second financing round. The new funding round was a notable increase from the first round, which raised RMB138.7 billion from the Ministry of Finance, the China Development Bank Capital, as well as several other state-backed enterprises in 2014. This will spur growth and development in the Chinese industry in the face of US export controls that threaten to handicap Chinese tech companies.

SEMICONDUCTOR MANUFACTURING EQUIPMENT MARKET OUTLOOK

In its 2019 Mid-Year Total Forecast report, SEMI projected the global sales of semiconductor manufacturing equipment to drop 18.4% to US$52.7 billion in 2019 from 2018 historic high of US$64.5 billion, reflecting recent downward adjustments in capital expenditures and rising market uncertainty due to geopolitical and trade tensions. The equipment sales is expected to resume growth in 2020 with a 11.6% jump, to US$58.8 billion.

The SEMI Mid-Year Forecast shows wafer processing equipment sales falling 19.1% in 2019 to US$42.2 billion. The other front-end segment, consisting of fab facilities equipment, wafer manufacturing, and mask/reticle equipment, was expected to slide 4.2% to US$2.6 billion in 2019. The assembly and packaging equipment segment, was forecast to decline 22.6% to US$3.1 billion, while semiconductor test equipment was forecast to decrease 16.4% to US$4.7 billion.

Keysight i3080 Series 6

Industry Outlook

SEMI projected that, in 2020, the equipment market is expected to recover on the strength of memory spending and new projects in China. Equipment sales in Japan are expected to surge 46.4% to US$9.0 billion. China, Korea, and Taiwan are forecast to remain the top three markets next year, with China rising to the top for the first time. Korea is forecast to become the second largest market at US$11.7 billion, while Taiwan is expected to reach US$11.5 billion in equipment sales. More upside is likely if the macroeconomy improves and trade tensions subside in 2020.

Vitrox V510i Optimus 3D

ELECTRONIC MANUFACTURING SERVICES AND ORIGINAL DESIGN MANUFACTURING MARKET OUTLOOK

Vitrox V810i S2EX

On the Original Design Manufacturer and Electronic Manufacturing Services market front, Reports and Data market research house has projected the market which was valued at approximately US$526.0 billion in 2018 to reach US$734.4 billion by year 2026, at a CAGR of 4.26% despite challenges such as uncertain demand, complex global supply chain, sustainability of the products.

Operations Review

DISTRIBUTION & SERVICES SOLUTIONS ("DSS")

FY2019 had been a challenging year amidst a landscape of disrupted global trade flows. The introduction of tariffs has had downward pressure on profit margins and some corporations have begun relocating their supply chains. Despite the market uncertainties, DSS has remained steadfast in adapting to this volatile business environment by staying relevant, and by focusing on, and meeting the needs of our stakeholders. The continual introduction of new engineering expertise provides DSS with a strong foundation to value-add to our customers.

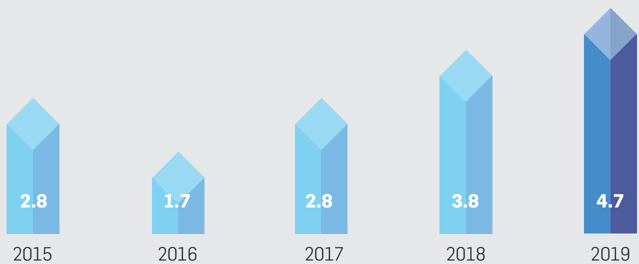
With this strong foundation, DSS delivered highest segment results in FY2019 despite a challenging market environment amid global trade tensions. Revenue increased 2% year on year to $50.2 million in FY2019. Segment results was $4.7 million, a 24% improvement from $3.8 million in FY2018. The increase was due mainly to higher sales in Singapore and Malaysia regions, partially offset by lower sales in China.

With our regional coverage in East Asia and Southeast Asia, we have distinct synergies and resources to capitalise on opportunities among customers in different regions. The global market is set to enter a new dynamic phase of growth, as the era of new technology, especially the 5G network, looms around the corner creating new applications. DSS will be exploring opportunities arising from these new segments to bring the business to the next level.

We will continue to build our businesses through maintaining strong partnership and collaborating with our strategic principals and customer, as well as seeking opportunities in new markets and segments.

Allied X-Prep

DSS SEGMENT RESULTS ($ MILLION)



Operations Review

INVESTMENTS

The Group invested in Kalms that is in the business of distributing merchandise via an intelligent automated vending solutions platform in June 2018. The joint venture has since incorporated and acquired subsidiaries both locally and regionally for its operations. The Group recorded a share of loss of $2.8 million in this investment for FY2019 as the fast setup had resulted in cost not matched by revenue.

During the year, the Group also incorporated a joint venture through its wholly-owned subsidiary, Ellipsiz DSS Pte Ltd, to conduct the businesses of purchasing, refurbishing and installing used semiconductor equipment. This is in line with the Group's strategic plans to broaden its existing DSS platform; and will also complement and strengthen the Group's existing capabilities and expertise in the semiconductor and electronics industry.

Financial Review

PERFORMANCE

The Group reported revenue of $50.2 million in financial year ended 30 June 2019 ("FY2019"), 2% higher than $49.1 million in the previous financial year ("FY2018"). Gross profit increased from $11.7 million in FY2018 to $12.8 million in FY2019 and gross profit margin improved from 24% in FY2018 to 26% in FY2019, due mainly to higher commission income and better equipment sales.

Higher other income in FY2019 was mainly due to higher dividend income from financial assets and the gain on liquidation of subsidiaries.

The Group's distribution and administrative expenses decreased from $14.4 million in FY2018 to $10.8 million in FY2019, attributable mainly to the one-time ex-gratia benefits of $4.1 million for the former Chief Executive Officer ("CEO") and former Chief Financial Officer ("CFO") upon their retirement in FY2018. Excluding the ex-gratia benefits, Group distribution and administrative expenses had increased from $10.3 million in FY2018 to $10.8 million in FY2019 due to higher staff and staff-related expenses and higher consultancy expenses.

Other expenses of $2.1 million recorded in FY2018 comprised mainly net foreign exchange loss which arose primarily from the USD-denominated consideration received from the sale of SV Probe Pte Ltd and certain of its subsidiaries ("SV Group") and fair value changes in financial assets.

Higher finance income in FY2019 was mainly due to interest earned from cash proceeds received from the sale of the SV Group placed with financial institutions.

The Group's share of loss of joint ventures was substantially in respect of its investment in Kalms Investment Pte Ltd and its subsidiaries ("Kalms"). The significantly higher share of loss in FY2019 was due to the share of full year results of Kalms compared to 11 days in FY2018 as the investment in this joint venture commenced in June last year. Kalms had been unprofitable at its execution phase.

Excluding the share of loss of joint ventures of $2.9 million, the Group recorded a profit after tax of $2.3 million in FY2019, 64% higher than the profit after tax of $1.4 million (after excluding the one-time ex-gratia benefits, $1.9 million of foreign exchange loss in relation to the USD-denominated consideration received from the sale of the SV Group and $0.2 million of fair value changes in financial assets) in FY2018.

Overall, the Group recorded a loss from continuing operations of $0.5 million in FY2019. In FY2018, the Group's loss from continuing operations was $4.8 million. Including the profit from discontinued operations, the Group reported a profit of $17.0 million in FY2018.

FINANCIAL POSITION

The shareholders' funds of the Group stood at $116.4 million as at 30 June 2019. This was $8.3 million lower than $124.7 million as at 30 June 2018. The decrease was mainly attributable to (i) the payments of final and final special dividends in respect of FY2018 and interim dividend in respect of FY2019; and (ii) decrease in fair value of the financial assets during the year.

Financial Review

The Group's total assets was $130.3 million as at 30 June 2019 compared to $138.9 million as at the previous year end. The decrease was mainly due to (i) lower carrying amount in joint ventures at $7.1 million; and (ii) lower financial assets resulting from the sale of the Group's interest in JEP Holdings Ltd ("JEP"), partially offset by purchase of quoted equity securities and their corresponding fair value increases. The Group had elected to present the changes in fair value of quoted equity securities in other comprehensive income under the Singapore Financial Reporting Standards (International) 9 *Financial Instruments*. Accordingly, the gain on the disposal of JEP shares of $3.2 million was reclassified directly from fair value reserve to retained earnings.

The Group's total liabilities remained relatively stable at $13.4 million as at 30 June 2019.

CASH FLOWS AND LIQUIDITY

The Group's cash and cash equivalents increased by $2.3 million from $73.2 million as at 30 June 2018 to $75.5 million as at 30 June 2019.

This increase was mainly attributable to:

(a) cash inflow of $3.2 million from operating activities;

(b) cash inflow of $5.2 million from investing activities; and

(c) cash outflow of $5.8 million from financing activities.

The Group recorded a cash inflow from operating activities for FY2019 of $3.2 million compared to a cash outflow of $2.5 million for FY2018, due mainly to the absence of the one-time payment of ex-gratia benefits to the former CEO and former CFO and transaction costs relating to the sale of the SV Group incurred in the previous year.

Cash inflow of $5.2 million from investing activities comprised mainly the 5% of the initial consideration from the sale of the SV Group released from the escrow account and proceeds from the disposal of JEP shares, which were partially offset by purchase of property, plant and equipment, loans to a joint venture and investments in certain financial assets.

Payment of FY2018 final and final special dividends approved at the annual general meeting in October 2018 and interim dividend declared along with the second quarter results of FY2019 led to a cash outflow of $5.8 million from financing activities.

Sustainability Report

BOARD STATEMENT

The directors of the Company (the "Board") are pleased to present the Sustainability Report of Ellipsiz Ltd ("Ellipsiz" or the "Company") for the financial year ended 30 June 2019 ("FY2019"). This report is prepared in line with the sustainability reporting requirements of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Our inaugural Sustainability Report for financial year ended 30 June 2018 was published in March 2019.

In this report, we share the progress made by Ellipsiz and its subsidiaries (collectively, the "Group") on sustainability performance in FY2019, and also look to the next phase of our journey towards sustainability, with focus on environmental, social and governance ("ESG") topics that are considered material to the Group and our key stakeholders.

The Board is responsible for overseeing the business and corporate affairs of the Group, including sustainability. As part of its strategic formulation, the Board has considered sustainability issues and determined the ESG factors which are material to the Group for reporting. The Board is assisted by a team comprising certain senior management and key executives of the Group who review, assess and make recommendations to the Board on sustainability matters which includes identification, management and monitoring of the material ESG factors.

As we continue on our sustainability journey, we aim to build a sustainable business for generations to come. To achieve this, we continually keep abreast of developments in our industry, actively and regularly engage our key stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our business so as to improve our overall sustainability performance.

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ABOUT ELLIPSIZ LTD

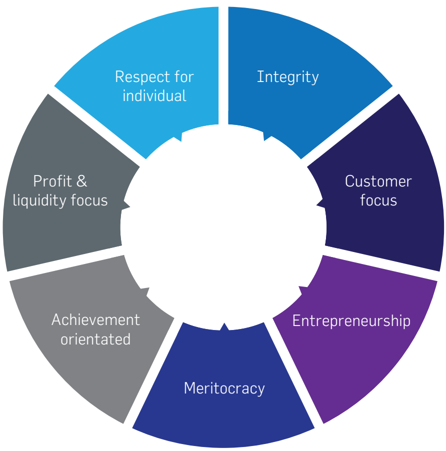
Ellipsiz is one of the leading engineering and service solutions providers, serving customers across the semiconductor and electronics manufacturing industries in Asia. We focus on the business of distributing a wide range of manufacturing, testing and inspection/measurement equipment to the semiconductor, electronics manufacturing and telecommunication industries.

Our Vision and Mission

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in. To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions.

Our Values

Our core values keep the inner workings of our brand in check. They shape our culture and define our beliefs and practices, allowing us to achieve the results we desire and to continually develop and improve our services for our customers.



ABOUT OUR REPORT

This report provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2019, with a focus on the Group's material ESG topics set out in the section entitled "*Our Sustainability Approach*". This report has been developed with reference to the Global Reporting Initiative (GRI) Standards. We have selected GRI Standards as our sustainability reporting framework as we believe it provides robust guidance and is globally accepted for sustainability reporting.

Our reporting boundary includes the Company and the Group's distribution and service solutions ("DSS") operations in Singapore, Taiwan, China and Malaysia. Data presented in this report has been drawn from the Group's operations included within the reporting boundary.

In addition, whilst not part of the scope of our report, we have provided some information relating to the Group's community outreach through its corporate social responsibility programs.

If you wish to provide feedback on this report, please reach out to us at ir@ellipsiz.com.

VISION

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

MISSION

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

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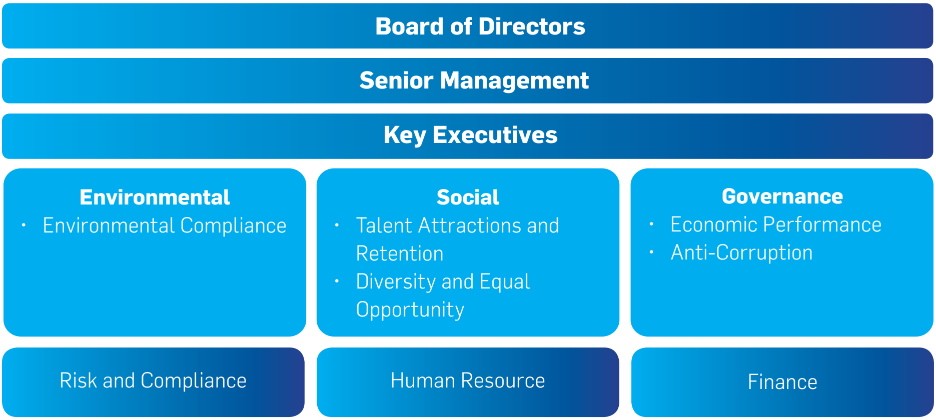
OUR SUSTAINABILITY APPROACH

Sustainability Governance

The Board is responsible for overseeing sustainability matters, and is supported by a team comprising certain senior management and key executives of the Group. The team initiates, drives, and monitors various aspects of the Group's sustainability practices, ensuring effective integration of ESG initiatives into the business operations and corporate objectives.

Figure 1 Group's Sustainability Governance



Stakeholder Engagement

One of the keys to building an effective organisation is to uphold a healthy company culture, which, amongst others, emphasise on the interaction with key stakeholders. We treat our key stakeholders as assets because constructive communication with our key stakeholders birth new ideas and encourages growth, thus improving the organisation's sustainability performance as well as increasing the organisation's overall effectiveness in the long run. We define our key stakeholders as groups of people or entities whom we consider may be significantly affected by our business operations and outcomes, or who may significantly influence our business. The following are identified as the key stakeholders of the Group:

- Customers
- Suppliers
- Employees
- Shareholders & Investors
- Government & Regulators

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We believe it is necessary to make time and effort in acknowledging and understanding the key stakeholders' material concerns and expectations. It is through regular formal and informal engagements with the key stakeholders that, we believe, will enable us to develop a mutually beneficial relationship and to ensure a smooth operation within the organisation.

The following figure summarises our approach in engaging with our key stakeholders:

Figure 2 Key Stakeholders' Engagement Mechanism

KEY STAKEHOLDERS	MATERIAL CONCERNS	ENGAGEMENT MECHANISMS
Customers	Quality of products and services provided	• Regular dialogue with customers to understand their needs and collect their feedback • Designated representatives to handle customers' concerns
Suppliers	Loss of key products distributorships and service contracts	• Regular meetings with suppliers to exchange feedback and areas of concern • Routine and ongoing communication with suppliers to keep them informed on strategies and plans
Employees	Manpower risk	• Orientation conducted for new employees to familiarise them with the Group's business, management and policies • Training and career development plans • Social and team-building activities • Annual employee performance appraisal
Shareholders & Investors	Economic and industry trends; Group performance and corporate governance	• Shareholders are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGXNet and Annual Reports • Annual General Meetings are conducted to engage our shareholders and investors in a two-way communication
Government & Regulators	Regulatory and compliance risk	• Board and management are kept abreast of new policies, regulations and guidelines launched and implemented by government and regulators such as Ministry of Manpower, SGX-ST, National Environment Agency and Health Sciences Authority

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Materiality Assessment

For our FY2019's reporting, the five material ESG factors shown in Figure 3 below continue to be relevant to our business and remain unchanged. We review our material ESG factors annually to ensure relevance and a clear reflection of our business and key stakeholders' concerns. Materiality is a critical input in our corporate sustainability strategy as we strive to provide our key stakeholders with the sustainability information most relevant to them, and to our business.

Figure 3 Material ESG Factors of the Group

Environmental	Social	Governance
Environmental Compliance	Talent Attraction and Retention	Economic Performance
	Diversity and Equal Opportunity	Anti-Corruption

ENVIRONMENTAL PERFORMANCE

The Group is committed to being a socially responsible organisation and strives to take measures to manage its environmental impact. We aim to reduce our environmental footprint by encouraging our employees to observe green practices to conserve energy, reduce waste, save paper, and to minimise the negative impact that we have on the environment overall. We believe that every little step goes a long way towards sustaining a clean and green environment, and at the same time help to improve efficiencies and deliver cost reductions for the Group. In line with our sustainability effort, we are exploring the use of electronic transmission for the giving of notices and sending of documents, including Ellipsiz's annual reports, to shareholders of the Company moving forward.

Environmental Compliance

The Group is committed to complying with all laws and/or regulations in places where it operates. A breach of any law or regulation may affect our ability to continue with our operations.

In FY2019, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. For the financial year ending 30 June 2020, we target to maintain our healthy record of zero incident of significant non-compliance with applicable environmental laws and/or regulations.

SOCIAL PERFORMANCE

(a) Talent Attraction and Retention

We value our people who contributes to the organisation. They are the main driving force behind our successes and achievements. With the current competitive landscape, talent attraction and retention remain a key concern for the Group.

At Ellipsiz, we are committed to provide an environment where the dedication and commitment of our people are recognised. In recognising the contributions and efforts of our employees who have performed beyond the call of duties and showed their commitment towards Ellipsiz's vision and

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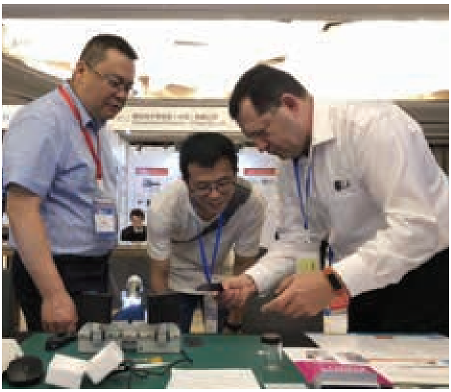
mission, the Company makes it a point to award such employees with the annual Outstanding Staff Award. In addition, in recognition of the long-term commitment and loyalty of employees who have achieved significant milestones in service in the Group, the Company awards such employees with the Long-Service Award. The Long-Service Award recognises years of employment starting from the fifth year, in five-year intervals.

In an effort to remain as an attractive employer, we ensure that all employees are well provided with the necessary welfare



and benefits such as medical benefits, relevant insurance coverage and annual leaves. Additional type of leaves that employees are entitled to include marriage leave, compassionate leave, maternity and paternity leave. We adhere strictly to the basic terms of employment stipulated by national laws in our countries of operation (for instance, the Employment Act of Singapore) to safeguard the legitimate rights and benefits of our employees.

The performance of each employee is evaluated during an annual performance appraisal, which includes a discussion of the employee's training, development and long-term goals. With the rapid technological and market changes in our industry, it is vital for our employees to keep themselves abreast of the latest industry developments. To this end, we encourage and support our employees to constantly develop and improve their knowledge and skillsets through various upgrading and career development programs. We aim to groom and train dedicated individuals and invest time and effort in order for them to take on more responsibilities within the Group.

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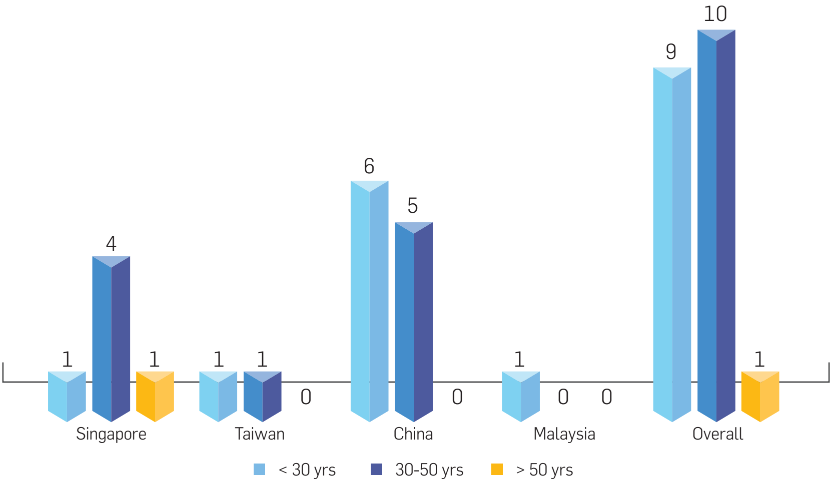
New Employee Hires

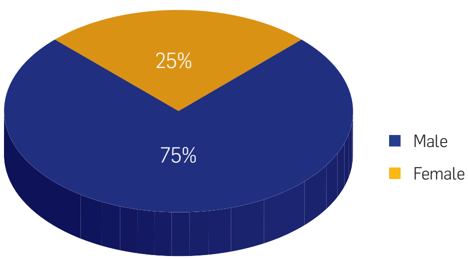
Figure 4 below illustrates the number of employee hires within the Group by region and age group in FY2019.

Figure 4 Employee hires in FY2019 by region and age group



Overall, the total number of new employees hired in FY2019 was 20 with the majority from the age group of 30-50 years old.

Figure 5 Employee hires in FY2019 by gender



The total number of new employees hired in FY2019 comprised 75% male and 25% female as illustrated in Figure 5 above.

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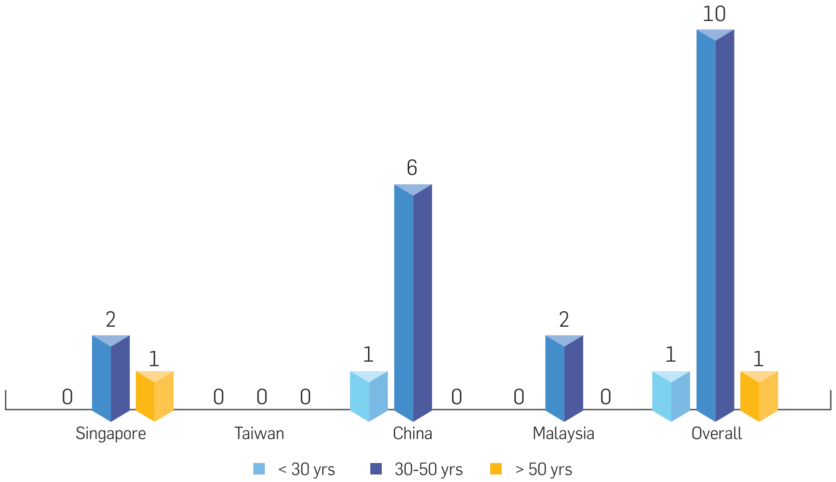
Employee Turnover

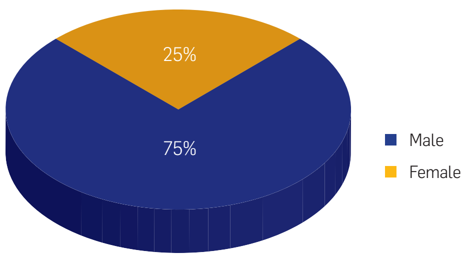
Employee turnover are employees who ceased to be employed by the Group for various reasons. Figure 6 below illustrates the employee turnover by region and age group in FY2019.

Figure 6 Employee turnover in FY2019 by region and age group



Overall, the total number of employee turnover in FY2019 was 12.

Figure 7 Employee turnover in FY2019 by gender



The total employee turnover in FY2019 comprised 75% male and 25% female as illustrated in Figure 7 above.

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For the financial year ending 30 June 2020, we target to achieve an employee turnover rate that is less than 10% of the total number of employees as at 30 June 2019.

(b) Diversity and Equal Opportunity

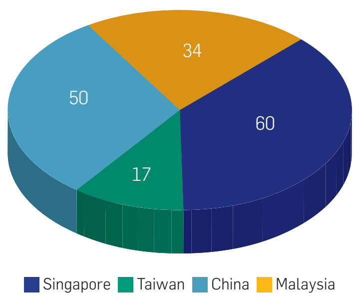
At Ellipsiz, we believe that the success and growth of our business depends on the continued efforts and abilities of our employees. We place emphasis on implementing inclusive recruitment practices and optimising the use of available labour and talent in different regions. We embrace diversity and we recognise the importance of creating an all-inclusive environment where our people can treat each other respectfully and equally. We are committed to creating an environment that provides non-discrimination and equal opportunities and benefits to each employee, regardless of gender or age. This is implemented through our Employees' Code of Conduct and Ethics Policy ("Code of Conduct"), which sets our position against discrimination in any form.

Employees are hired based on individual competencies, skillsets, organisational and job fit. A fair appraisal system supports our remuneration practices, opportunities for advancement and promotion, recognition of achievements, training requirements and other conditions of employment. All employees are appraised at least annually.

As at 30 June 2019, the Group has a total of 161 employees, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2019.

The following figures 8, 9 and 10 illustrate the total number of employees by region, the distribution of employees by gender and employee category, and the distribution of employees by age group and employee category, respectively, as at 30 June 2019.

Figure 8 Total number of employees by region



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The four employee categories are as follows:

- Employee Category 1 – General Manager/Director level
- Employee Category 2 – Manager level
- Employee Category 3 – Executive level
- Employee Category 4 – Non-executive level

Figure 9 Distribution of employees by gender and employee category

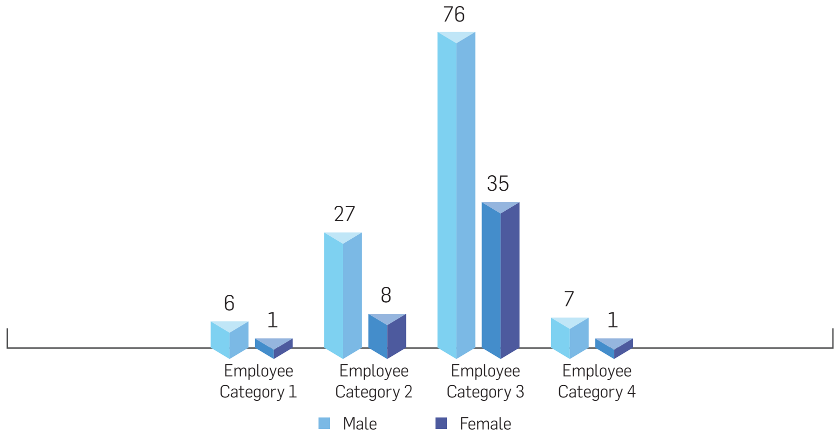
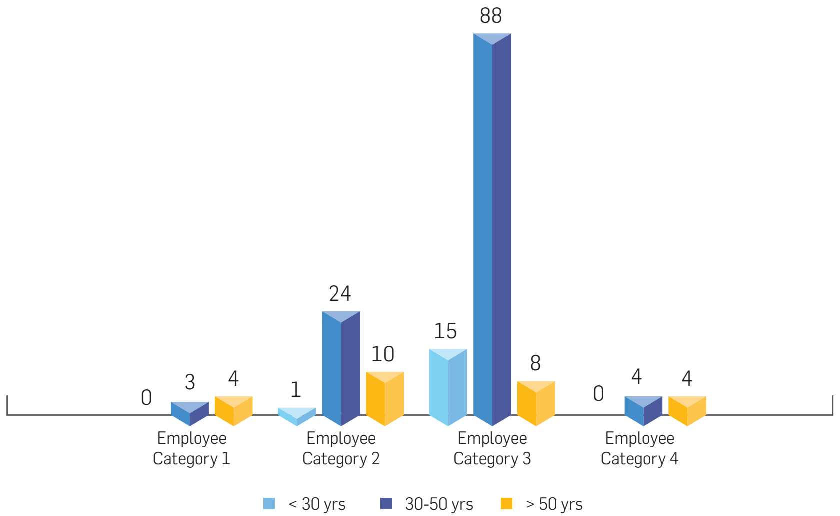


Figure 10 Distribution of employees by age group and employee category



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For the financial year ending 30 June 2020, we target to maintain the record of zero discrimination case at the Group.

For disclosure on composition and diversity of the Board, please refer to the section entitled "*Corporate Governance – Board Composition and Guidance*" in this Annual Report.

(c) Corporate Social Responsibility

One of our goals as a responsible and caring organisation is to give back to the society. We are actively integrating corporate social responsibility into sustainable business practices, with an aim to generate a positive outcome and to make a difference for our community. Ellipsiz supports corporate social responsibility programs through various community and charitable causes.

We encourage our employees to get involved in reaching out directly to the community, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society.

In May 2019, Ellipsiz partnered with The Food Bank Singapore Ltd, a registered charity in Singapore, in the "*Joy in Every Bundle*" drive. Our employees participated as volunteers in packing certain essential dry food sponsored by Ellipsiz in the beneficiary centre and distributed the same to the underprivileged families in the nearby blocks of the beneficiary centre. This event aimed to bring "*Joy in Every Bundle*" to those in need.

To make a difference to the lives of the needy students from low income families, the Group sponsored the Charity Golf 2019 organised by Compassion Fund during the year. Compassion Fund was established as a charity to provide immediate financial help to students from low income families who are in crisis.

We believe that every act of kindness goes a long way, and everyone has a part to play in building a gracious society.

GOVERNANCE PERFORMANCE

(a) Economic Performance

Please refer to the sections entitled "*Financial Review*" and "*Financial Statements*" in this Annual Report for further details on the Group's financial performance.

(b) Anti-Corruption

The Group is opposed to corruption. All employees of the Group are expected to observe integrity and to conduct themselves in a professional and ethical manner in their course of work. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities, and may adversely affect the Group's reputation.

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The Group's Code of Conduct sets out, *inter alia*, the guidelines of acceptable codes of ethics in a workplace. As part of our yearly exercise, all employees are required to read and refresh themselves on the guidelines set out in the Code of Conduct. Certain key employees are required to complete a declaration form to confirm that he or she is in compliance with the Code of Conduct.

In addition, the Group has a whistleblowing policy ("Whistleblowing Policy") in place to promote good ethical standards, integrity and governance in the corporate conduct and business practices of the Group. The Whistleblowing Policy provides an avenue for employees of the Group to raise in confidence, concerns about actual or suspected improprieties about, amongst others, financial reporting, internal controls, corruption, bribery and fraud, and offer assurance that employees raising such concerns in good faith will be protected from reprisals for whistleblowing. Whistleblowing concerns received will be handled in accordance with the procedures set out in the Whistleblowing Policy, including the course of action based on information provided.

Internal audits of our Group entities are conducted periodically to monitor, amongst others, the risk of corruption. In the event any of such risk arises, it will be reported to the management and the Audit and Risk Committee of the Company. There were no reported incidents of corruption in FY2019.

For the financial year ending 30 June 2020, we target to continue to maintain the record of zero incident of corruption.

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 are outlined below.

BOARD MATTERS
The Board's Conduct of Affairs (Principle 1)

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Company and its subsidiaries (the "Group"). Its role includes, approval of the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing the Group's financial performance; overseeing processes for evaluating the adequacy of internal controls; ensuring the implementation of appropriate systems to manage the principal risks of the Group's business (including safeguarding of shareholders' interests and Group's interests); setting standards and values (including ethical standards); ensuring that obligations to shareholders and other key stakeholders are understood and met; considering sustainability issues as part of its strategic formulation; and assuming responsibility for corporate governance.

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

To facilitate the Board in the discharge of its oversight function and ensuring good corporate governance, certain responsibilities of the Board have been delegated to various Board committees. The Board has established the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The Company's Audit Committee was reconstituted as the ARC in July 2019. Each Board committee has the authority to examine issues relevant to its written terms of reference and to make recommendations to the Board for its consideration and approval.

The Board currently holds four scheduled meetings each year. In addition to the four scheduled meetings, the Board may hold ad-hoc meetings and discussions throughout the year, as and when necessary, to address specific significant matters or developments which may arise between scheduled Board meetings. The Company's Constitution permits the Board to conduct meetings by, *inter alia*, telephone or video conference so as to enhance efficiency and allow for timely meetings. The Board may also make decisions by way of circular resolutions in writing.

Corporate Governance

For the financial year ended 30 June 2019 ("FY2019"), the attendance of each director of the Company ("Director") at meetings of the Board and of the ARC, NC and RC were as follows:

	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Number of meetings held in FY2019	4	4	2	2
Director	**Number of meetings attended in FY2019**			
Mr Chng Hee Kok	4	4	2	2
Mr Kelvin Lum Wen-Sum	4	NA	2	NA
Mr Amos Leong Hong Kiat	4	4	2	2
Mr Clement Leow Wee Kia	4	4	2	2
Ms Iris Wu Hwee Tan	4	4	NA	NA
Mr Adrian Lum Wen-Hong	3	NA	NA	NA

If a Director is unable to attend a Board or Board committee meeting, he or she will still receive all the papers and materials for discussion at the meeting. He or she will review the materials and advise the Chairman of the Board or the committee of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting.

A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as a Director. Newly appointed Directors will undergo an orientation programme, which will include briefings by the chairman of the NC, the Chief Executive Officer of the Company ("CEO") and management on the business 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 regular updates from the management and/or external consultants on developments in relevant laws and regulations such as those relating to finance and corporate governance, and the Company will arrange for the Directors to attend training sessions, where necessary.

Board Composition and Guidance (Principle 2)

As at the date of this report, the Board consists of six members, three of whom are independent Directors.

The size and composition of the Board are reviewed annually by the NC 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

The Board determines on an annual basis, taking into account the views of the NC, the independence of each Director, based on the guidelines on independence specified in the Code and the circumstances set out in the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"), and each Director's confirmation of his or her independence based on the aforesaid.

Each of Mr Chng Hee Kok and Mr Clement Leow Wee Kia is independent from the management, has no business relationship with the Group and is also independent from the controlling shareholder of the Company.

The NC noted that Mr Amos Leong Hong Kiat was first appointed to the Board on 1 May 2009 and has served on the Board for more than nine years. In this respect, the NC undertook a particularly rigorous review of the independent status of Mr Leong. The NC, with which the Board concurred, was of the view and had determined that Mr Leong shall nonetheless be considered independent. In assessing his independence, the NC took into consideration that (i) Mr Leong has consistently demonstrated strong independence in character and judgement in the discharge of his responsibilities as a Director; (ii) he does not have any relationship with the Company, its related corporations, its 10% shareholder and/or officers that could interfere, or be reasonably perceived to interfere, with his independent business judgement with a view to the best interests of the Company; (iii) he does not have any business relationship with the Group; (iv) there was a change in the senior management of the Company during the financial year ended 2018, in particular, the former CEO and the former Chief Financial Officer of the Company ("CFO") who had served the Company for more than nine years had retired and new management was put in place; and (v) he does not hold 10% or more of the shares in the Company. Consequently, the Board is satisfied that Mr Leong's independent judgement and ability to act in the interests of all shareholders of the Company as a whole would not be impeded.

Mr Kelvin Lum Wen-Sum and Mr Adrian Lum Wen-Hong are not independent as they are both sons of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, a controlling shareholder of the Company.

Ms Iris Wu Hwee Tan is considered not independent as she is associated with Bevrian Pte Ltd.

Considering the scope and nature of the Group's current operations, the NC is of the view that the present Board size is appropriate and facilitates effective decision-making. The NC is satisfied that the Board collectively possesses an appropriate balance and diversity of skills, experience, gender and knowledge of the Group such as in the areas of finance, business and management experience and industry knowledge.

Chairman and CEO (Principle 3)

There is a clear separation of the roles and responsibilities of the Chairman and the CEO as the roles are separately held by Mr Chng Hee Kok and Mr Kelvin Lum Wen-Sum. This ensures an appropriate balance of power, increased accountability and greater capacity for independent decision-making. The Chairman is an independent Director. The Chairman and the CEO are not immediate family members.

Corporate Governance

The Chairman's primary responsibility is to lead the Board and in ensuring its effective function. He sees to it that Board meetings are held as and when necessary and that Directors receive accurate, clear and timely information. He encourages constructive relations between management and the Board, as well as between executive and non-executive Directors; and ensures effective communication with shareholders.

The CEO is primarily responsible for the operations and performance of the Group; execution 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.

Board Membership and Board Performance (Principle 4 and Principle 5)

The independence and effectiveness of the Board and the Board committees are reviewed and assessed annually by the NC for continual good governance and relevance to the changing needs of the Group's business.

The NC consists of Mr Clement Leow Wee Kia (as chairman), Mr Chng Hee Kok, Mr Amos Leong Hong Kiat and Mr Kelvin Lum Wen-Sum. The majority of the members of the NC, including the chairman of the NC, are independent Directors.

Under its terms of reference, the NC is responsible for (i) the review of the structure, size and composition of the Board and the Board committees; (ii) the review of the succession plans for the Chairman, Directors and key management personnel (including the CEO); (iii) the development of processes and criteria for evaluating the performance of the Board, each Board committee and each individual Director; (iv) the review of the training programmes for the Board; (v) the appointment and re-appointment of Directors; and (vi) the review of the independence of each Director.

In respect of the nominations for the appointment, re-appointment, election and re-election of Directors and members of the Board committees, the NC assists the Board in ensuring that Directors appointed to the Board and the Board committees possess the relevant background, qualification, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each Director, through his/her unique contributions, brings to the Board an independent objective perspective to enable balanced and well-considered decisions to be made.

When the need for a new Director arises, either to replace a Director who has resigned or to enhance the Board's composition, the NC will shortlist potential candidates. It 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 key management positions in the Group, in particular, the CEO and CFO. The NC's recommendation is subject to the Board's approval.

The NC is tasked under its terms of reference to, *inter alia*, make recommendations on the re-election of Directors who are subject to retirement by rotation. The Company's Constitution requires one-third of the Directors for the time being to retire by rotation at every annual general

Corporate Governance

meeting of the Company ("AGM"). In deciding whether to nominate Directors to stand for re-election at each AGM, the NC will assess and evaluate the contribution of each individual Director to the effectiveness of the Board. The review parameters for evaluating each Director include, *inter alia*, attendance at Board and Board committee meetings, participation and involvement in decision-makings, individual expertise, management skills, business knowledge and experience of the Director, and such other relevant attributes which are valuable to the effective decision-makings of the Board as a whole.

In reviewing whether Directors with other board representations are able to spend sufficient time and attention on the Company's affairs, the NC also takes into consideration the above parameters. The NC currently takes the view that there is no necessity to set a maximum number of listed company directorships each Director may hold. The number of directorships in other listed companies held by each of the Directors, if any, does not give rise to material concern and the NC considers the experience such Directors have in other listed companies to be an asset as they bring with them relevant experience from their involvement in such other appointments.

A newly appointed Director must also submit himself or herself for re-election at the AGM immediately following his or her appointment to the Board pursuant to the Constitution of the Company.

The NC has set objective performance criteria and processes for evaluating the performance and effectiveness of the Board as a whole, each Board committee as well as each individual Director. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria.

Access to Information (Principle 6)

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. Relevant information with the necessary explanations is presented to the Board on matters to be discussed such as business plans, investments activities, budgets, forecasts, quarterly and full-year financial statements, internal audit and enterprise risk assessment reports. In respect of budgets, any material variances between projections and actual results are disclosed and explained.

The Company Secretary attends all Board and Board committee meetings and her responsibility includes ensuring that board procedures are followed and that relevant company legislation, rules and regulations are complied with.

All Directors have separate and independent access to the senior management team and independent professional advisers such as lawyers, external and 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.

Corporate Governance

REMUNERATION MATTERS
Procedures for Developing Remuneration Policies (Principle 7)
Level and Mix of Remuneration (Principle 8)
Disclosure on Remuneration (Principle 9)

The RC plays a crucial role in the recruitment and retention of talents to drive the Group's business forward. It sets the remuneration guidelines of the Group.

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

The RC consists of Mr Clement Leow Wee Kia (as chairman), Mr Chng Hee Kok and Mr Amos Leong Hong Kiat. All of them, including the chairman of the RC, are independent Directors.

Under its terms of reference, the RC is responsible for (i) reviewing and recommending to the Board, a remuneration framework and policies for the Directors and key management personnel (including the CEO), and specific remuneration packages for each Director and each key management personnel; and (ii) ensuring that the remuneration is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term.

The RC reviews policies governing compensation and promotion of key management personnel of the Group to ensure that these are consistent with the Group's strategies and performance. The RC's recommendations are made in consultation with the Board and submitted for endorsement by the Board.

No individual Director fixes his/her own remuneration. The non-executive Directors have no written service contracts with the Company and are paid Director's fees, subject to shareholders' approval at the AGMs.

Mr Kelvin Lum Wen-Sum has served as an executive Director since his appointment to the Board on 1 March 2016. He was appointed the CEO with effect from 8 August 2018. Mr Lum's employment contract as the CEO is for an initial term of three years. After the initial term, the employment contract with the Company may be terminated by either party serving the requisite prior notice. Mr Lum's remuneration package consists of basic and variable components, and other appropriate benefits-in-kind. His performance is evaluated by the RC based on a formal employee evaluation process. Mr Lum's bonus is determined based on financial and non-financial criteria that are aligned with the strategic directions set by the Board for the Group. The RC is satisfied that Mr Lum had met most of the criteria for FY2019.

The RC reviews the terms of all service contracts of executive Directors and key management personnel to ensure that such service contracts contain fair and reasonable termination clauses. The CEO and the top five key management personnel of the Group are not entitled to any payment of compensation upon termination of service, retirement or any post-employment benefits.

Corporate Governance

In considering the disclosure of remuneration of each Director and of the key management personnel (who are not Directors), the Company considered, amongst others, the sensitive and confidential nature of employees' remuneration and the highly competitive industry conditions in which the Group is operating. The Company takes the view that the disclosure of such remuneration in such detail as recommended by the Code is not in the interests of the Group as it would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group. The Company has instead disclosed the remuneration for FY2019 in bands of $250,000.

The remuneration information of the Directors in FY2019 is set out below.

Director	**Remuneration band**	**Fees**	**Salary and Allowance**	**Bonus**	**Total**
Mr Chng Hee Kok	Below $250,000	100%	–	–	100%
Mr Kelvin Lum Wen-Sum[1]	$500,000 to $749,999	–	71%	29%	100%
Mr Amos Leong Hong Kiat	Below $250,000	100%	–	–	100%
Mr Clement Leow Wee Kia	Below $250,000	100%	–	–	100%
Ms Iris Wu Hwee Tan	Below $250,000	100%	–	–	100%
Mr Adrian Lum Wen-Hong	Below $250,000	100%	–	–	100%

(1) Mr Kelvin Lum Wen-Sum is the brother of Mr Adrian Lum Wen-Hong. The disclosure of his remuneration in bands of $50,000 is from $700,000 to $749,999.

The top five key management personnel of the Group (who are not Directors) are Ms Chow Ching Sian, Mr Joseph Kang Boon Teck, Mr Jeff Chuang Chu Mou, Mr Ray Goh Ling Hwee and Mr Boey Gim Poay. 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 taking into consideration financial budgets that were approved by the Board. For FY2019, these performance conditions set were met. This framework enables the Group to align key management personnel's compensation with the interests of shareholders and promotes the long-term success of the Group.

The aggregate remuneration of the top five key management personnel of the Group (who are not Directors) in FY2019 was approximately $1.1 million and their remuneration packages in bands of $250,000 were as follows:

	Number of key management personnel
$250,000 to $499,999	1
Below $250,000	4

Save that Mr Kelvin Lum Wen-Sum, the CEO, is the brother of Mr Adrian Lum Wen-Hong who is a Director, the Group does not employ any other immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 in FY2019.

Corporate Governance

ACCOUNTABILITY AND AUDIT
Accountability (Principle 10)

The Board keeps the shareholders updated on the business and performance 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 material and/or price sensitive information through SGXNET. The Company also maintains a corporate website through which shareholders are able to access information on the Group.

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, financial position, business developments and prospects, including explanations on significant variances of financial results. Senior managers of the various business units are also present at the quarterly meetings to provide updates to the Board. In line with Rule 705(5) of the SGX-ST Listing Manual, the Board provides a negative assurance statement to accompany each quarterly financial results announcement confirming that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statements to be false or misleading in any material respect. In addition, the Board also confirms that the Company has procured undertakings from the Company's Directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual in its quarterly and yearly financial results announcements.

Risk Management and Internal Controls (Principle 11)

The Board ensures that management has 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 significant business risks are identified and contained. The Board also recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, misjudgement, human errors, losses, fraud or other irregularities.

Based on the reports from the external and internal auditors, self-assessments and actions taken by the management, the on-going reviews and continuing efforts in enhancing controls and processes, the Board, with the concurrence of the ARC, is of the opinion that that the present framework of internal controls addressing financial, operational, compliance and information technology controls and its risk management systems are adequate to provide reasonable assurance of the integrity and reliability of information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with applicable rules and regulations.

The Group has in place a whistleblowing policy by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Based on the system of internal controls and risk management established and maintained by the Group, work performed by the internal and external auditors and assurance from the CEO and CFO of the Company, the Board, with the concurrence of the ARC, is of the opinion that in respect of FY2019 (i) the financial records of the Group have been properly maintained and the financial

Corporate Governance

statements give a true and fair view of the operations and finances of the Group; and (ii) the risk management and internal control systems of the Group addressing financial, operational, compliance and information technology controls were adequate as at 30 June 2019 to meet the needs of the Group in its current business scope and environment.

The ARC assumes the supervisory responsibility of the Group's risk management function. Together with senior management, it seeks to identify areas of significant business risks, including revenue loss, property loss and breach of information security, as well as takes appropriate measures to control and mitigate these risks. In determining the appropriate measures, the cost of control and the impact of risks will be balanced with the benefits of reducing risks.

Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. On-going reviews and assessments are carried out by the Board, the ARC, senior management and internal auditor; and continuing efforts are made at enhancing controls and processes that require improvement.

In FY2019, the key risks faced by the Group are summarised as follows:

Geopolitical and Macroeconomic Risk

The Group operates and provides product and service solutions to customers including those in Singapore, Malaysia, China and Taiwan. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. Our business is also affected by macroeconomic factors such as the performance of the United States, China and other major economies in Asia as they have an impact on the end market consumption, supply chain, consumer sentiment, and consequently, the market demand for our product and service solutions. The Group monitors the changes and developments closely and adopts strategies to adapt to such changes to minimise unfavourable impact to our business.

Loss of Key Distributorships and Service Contracts

The Group constantly faces intense competition from other leading players, and it is imperative to identify, expand and secure exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and electronics manufacturing services industries, and to 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 business as well as financial results. Our staff conducts regular dialogues and meetings with both suppliers and customers to maintain strong and healthy relationships with these stakeholders and ensure their requirements and needs are addressed.

Financial Risks

The Group is also exposed to financial risks, including credit, liquidity, currency as well as equity price risks. Please refer to pages 132 to 140 of this Annual Report for details of these risks.

Corporate Governance

Audit Committee (Principle 12)

The Audit Committee, reconstituted in July 2019 as the ARC, consists of Mr Amos Leong Hong Kiat (as chairman), Mr Chng Hee Kok, Mr Clement Leow Wee Kia and Ms Iris Wu Hwee Tan. All the members of the ARC are non-executive Directors and the majority of the members, including the chairman of the ARC, are independent Directors.

The Board is of the view that the members of the ARC have sufficient financial management expertise and experience to discharge the ARC's functions in view of their many years of relevant experience as directors and/or senior management in accounting and financial fields.

The ARC is kept abreast of changes to financial reporting standards and issues which may have a direct impact on financial statements by the management and external auditor.

In assisting the Board to fulfil its responsibilities in ensuring the integrity of financial reporting and that sound internal control systems are in place, the ARC met periodically during the financial year with the management, internal and external auditors, as appropriate. The ARC performs its roles and duties in accordance with the requirements of the Companies Act (Chapter 50) of Singapore and the guidelines of the Code relating to audit committee. The functions of the ARC set out in its terms of reference include:

- reviewing significant financial reporting issues and judgements to ensure the integrity of financial statements and announcements relating to the Group's financial performance;
- reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group;
- reviewing the adequacy, effectiveness, independence, scope and results of the internal and external audit functions of the Group;
- reviewing and recommending to the Board on proposals to shareholders on the appointment, re-appointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;
- reviewing the nature and extent of non-audit services provided by the external auditor and the aggregate fees paid to the external auditor for audit and non-audit services to ensure that the external auditor's independence is not affected;
- reviewing and recommending to the Board on the appointment, re-appointment and removal of the internal auditor and the remuneration and terms of engagement of the internal auditor;
- reviewing interested person transactions; and
- reviewing and investigating concerns raised through whistleblowing channel, and reporting its findings and course of actions taken to the Board.

Corporate Governance

The ARC had undertaken a review of the non-audit services provided by the external auditor and confirmed that they do not affect the independence of the auditor pursuant to Chapter 12 of the SGX-ST Listing Manual. The external auditor's fees for FY2019 breakdown into audit and non-audit fees are disclosed in Note 19 to the financial statements.

The Company appointed KPMG LLP, a firm registered with the Accounting and Corporate Regulatory Authority, to conduct audit on its financial statements and those of its Singapore-incorporated subsidiaries and significant associated companies for FY2019. Accordingly, the Company is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

The ARC has full access to and co-operation from the 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 external and internal auditors have unrestricted access to the ARC. Members of the ARC meet with the internal and external auditors without the presence of the management at least once a year.

In the course of the financial year, the ARC carried out independent reviews of the financial statements of the Group before announcements of the Group's quarterly and full-year results were released. In the process, the ARC considered the reasonableness of estimates, judgements and assumptions made and applied by the management and any significant matters which would have a material impact on the financial statements.

In its review of the financial statements for FY2019, the ARC also considered the report from the external auditor and the methodology applied and key assumptions used in determining the valuation and recoverable amount of non-financial assets, set out in the key audit matter ("KAM") of the independent auditors' report on pages 49 to 54 of this Annual Report. The ARC concurred with management on the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements, for the KAM addressed by the external auditor in its report.

As part of ongoing good corporate governance initiatives, the ARC had deliberated and decided that it was timely to consider a change of the Company's external auditor with effect from financial year ending 30 June 2020. Proposals and fee quotes were sought from various audit firms and after due evaluation, the ARC selected Ernst & Young LLP to be the new external auditor of the Company with the concurrence of the Board. The appointment of Ernst & Young LLP is subject to shareholders' approval at the forthcoming AGM. In view of the aforesaid, KPMG LLP, the existing external auditor of the Company will retire and not seek re-appointment at the AGM.

Internal Audit (Principle 13)

The Group outsources its internal audit function to a professional internal audit firm. The ARC approves the appointment, evaluation and compensation of the internal audit firm. It also reviews and approves the audit plans presented by the internal audit firm and the firm reports directly to the ARC 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,

Corporate Governance

compliance and information technology controls as well as risk management and has unfettered access to all the Group's documents and personnel, including access to the ARC.

The ARC is of the view that the internal audit function of the Group is independent, effective and adequately resourced for FY2019.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Shareholder Rights (Principle 14)
Communication with Shareholders (Principle 15)
Conduct of Shareholder Meetings (Principle 16)

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

At general meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. All the Directors, management, external auditor and professional advisors (if necessary) are present at these meetings to address any questions that shareholders may have concerning the Group. It is at these meetings that the Company will solicit and understand the views and opinions of its shareholders.

Under the Company's Constitution, a shareholder may appoint up to two proxies to attend, speak and vote at general meetings through proxy form deposited with the Company at least 48 hours before the meeting. A member who is a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than two proxies for the meeting. Voting in absentia by mail, facsimile or email will not be implemented by the Company for the time being as the integrity of the information and/or proper authentication of the identity of the shareholders remain a concern.

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 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 electronic poll voting procedure 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 made known 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. The minutes of general meetings are available to shareholders for inspection upon their request.

Corporate Governance

The Company does not have a formal policy on the payment of dividends. The Company had consistently declared and paid dividends to its shareholders in the past few years. 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 Company aims to balance cash return to shareholders and investment for sustainable growth while maintaining an efficient capital structure.

DEALINGS IN SECURITIES

The Company has internal guidelines on dealings in the securities of the Company by Directors and employees of the Group. The guidelines set out the implications of insider trading, prohibiting the Directors and employees of the Group from dealing in the securities of the Company on short term considerations and whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcement of its full-year results and two weeks before the announcement of its quarterly results.

INTERESTED PERSON TRANSACTIONS

The Company has not obtained any general mandate from its shareholders for interested person transactions ("IPTs"). All IPTs are subject to review by the ARC and the Board to ensure that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

Name of interested person	Aggregate value of all IPTs during FY2019 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000
Nil	Nil

MATERIAL CONTRACTS

There were no material contracts (or loans) entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or any controlling shareholder of the Company, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

FINANCIAL STATEMENTS CONTENTS

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 2019.

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

(a) the financial statements set out on pages 55 to 162 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 2019 and the financial performance, changes in equity 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 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors (the "Board") has, 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
Kelvin Lum Wen-Sum	
Amos Leong Hong Kiat	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	
Adrian Lum Wen-Hong	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of 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 July 2019
Name of director and corporation in which interests are held			
Amos Leong Hong Kiat			
Ellipsiz Ltd			
– ordinary shares			
– deemed interests	30,000	30,000	30,000

Directors' Statement

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 2019.

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 AND RISK COMMITTEE

The members of the Audit and Risk Committee during the financial year and at the date of this statement are:

Amos Leong Hong Kiat	Chairman
Chng Hee Kok	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	

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

The Audit and Risk Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance 2012.

Specific responsibilities of the Audit and Risk Committee include:

(a) reviewing significant financial reporting issues and judgements to ensure the integrity of financial statements and announcements relating to the Group's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group;

(c) reviewing the adequacy, effectiveness, independence, scope and results of the internal and external audit functions of the Group;

Directors' Statement

(d) reviewing and recommending to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;

(e) reviewing the nature and extent of non-audit services provided by the external auditor and the aggregate fees paid to the external auditor for audit and non-audit services to ensure that the external auditor's independence is not affected;

(f) reviewing and recommending to the Board on the appointment, re-appointment and removal of the internal auditor and the remuneration and terms of engagement of the internal auditor;

(g) reviewing interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and

(h) reviewing and investigating concerns raised through whistleblowing channel, and reporting its findings and course of actions taken to the Board.

The Audit and Risk Committee has full access to and co-operation from the 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 Audit and Risk Committee has made its recommendations to the Board and the Board is satisfied with the proposed appointment of Ernst & Young LLP as external auditor of the Company in place of the retiring auditor, KPMG LLP, at the forthcoming Annual General Meeting of the Company.

In appointing the auditor for the Company, its subsidiaries and significant associated companies, the Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

Directors' Statement

AUDITOR

The retiring auditor, KPMG LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. Ernst & Young LLP have indicated their willingness to accept appointment as auditor.

On behalf of the Board of Directors

Chng Hee Kok
Director

Kelvin Lum Wen-Sum
Director

20 September 2019

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 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity 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 55 to 162.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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, note 3 – Property, plant and equipment and note 4 – Intangible assets and goodwill

The key audit matter	How the matter was addressed in our audit
The Group's statement of financial position includes goodwill, arising from the past acquisitions in its Distribution and Services Solutions ("DSS") cash-generating unit ("CGU"). As the other non-financial assets, property, plant and equipment ("PPE") and intangible assets ("IA"), relate to the same CGU to which the goodwill is allocated to, they were included and assessed concurrently in the annual goodwill impairment. The determination of the recoverable amount of the CGU requires judgement on the part of both identifying and valuing the CGU. 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 approximately 13% of the Group's total assets. Changes in the assumptions used in the value-in-use ("VIU") calculations could affect the recoverable amount of the CGU.	Our procedures included, among others: • We evaluated the identification of the CGU within the Group against the requirements of the accounting standards. • We evaluated the key assumptions used in the cash flow projections, 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 forecast through a review of actual current year performance against the corresponding forecast by management in prior year. • We tested the mathematical accuracy of the VIU computation and agreed relevant data to the most recent financial budget and approved forecast. • We performed breakeven analyses to assess the sensitivity of the recoverable amount against certain key assumptions used in the cash flow projections. • We assessed the sufficiency of related disclosures in note 4 to the financial statements, including the sensitivities of the recoverable amount to variations in assumptions.

Independent Auditors' Report

Findings
We found the Group's identification of the CGU to be appropriate against the requirements of the accounting standards. We considered that the forecasts and key assumptions used by the Group in its impairment assessment of the DSS CGU to be within an acceptable range in accordance with historical performance and industry data. We have assessed the sensitivity of the recoverable amount by performing breakeven analyses and found that a reasonably possible decrease of revenue growth rate to 2.7% or gross profit growth rate to 1.6% could cause the recoverable amount of the DSS CGU to be equal to its carrying amount. We agree with management that no impairment was required for the DSS CGU as at the reporting date. We found the Group's disclosures in the financial statements to be compliant with the SFRS(I) and the Group's disclosures in the financial statements have appropriately described the inherent degree and subjectivity in the estimates.

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.

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 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, 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.

Independent Auditors' Report

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 SFRS(I), 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.

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.

Independent Auditors' Report

- 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.

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.

Independent Auditors' Report

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 Chin Bo Wui.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 September 2019

Statements of Financial Position

As at 30 June 2019

		Group			Company		
	Note	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Non-current assets							
Property, plant and equipment	3	1,276	792	10,984	15	17	5
Intangible assets and goodwill	4	15,479	15,415	41,425	–	–	–
Subsidiaries	5	–	–	–	27,776	31,375	79,749
Associate		–	–	862	–	–	–
Joint ventures	6	7,116	9,920	71	–	–	–
Financial assets	7	5,316	8,581	5,179	5,316	8,577	4,952
Other receivables	8	–	9,506	–	–	9,506	–
Amounts due from related parties	11	2,150	–	–	12,500	10,000	–
Deferred tax assets	9	67	297	3,612	–	–	–
		31,404	44,511	62,133	45,607	59,475	84,706
Current assets							
Inventories	10	3,902	2,713	7,843	–	–	–
Trade and other receivables	8	18,735	16,105	35,036	9,544	4,815	187
Amounts due from related parties	11	759	–	–	126	6	251
Financial assets	7	–	2,335	–	–	2,335	–
Cash and cash equivalents	12	75,465	73,244	53,762	56,229	56,627	23,091
		98,861	94,397	96,641	65,899	63,783	23,529
Total assets		130,265	138,908	158,774	111,506	123,258	108,235
Equity attributable to Owners of the Company							
Share capital	13	89,566	89,566	89,566	89,566	89,566	89,566
Reserves	14	(9,071)	(3,910)	(7,738)	2,828	7,535	3,910
Retained earnings		35,940	39,062	49,656	16,500	19,674	11,656
		116,435	124,718	131,484	108,894	116,775	105,132
Non-controlling interests		398	404	413	–	–	–
Total equity		116,833	125,122	131,897	108,894	116,775	105,132
Non-current liabilities							
Provisions	17	20	113	244	–	–	–
Interest-bearing borrowings	15	–	–	205	–	–	–
Deferred tax liabilities	9	2	–	903	–	–	–
		22	113	1,352	–	–	–
Current liabilities							
Trade and other payables	16	12,401	13,183	21,917	1,230	1,718	1,459
Provisions	17	267	197	257	–	–	–
Amounts due to related parties	11	98	73	74	1,382	4,765	546
Interest-bearing borrowings	15	–	–	946	–	–	–
Current tax payable		644	220	2,331	–	–	1,098
		13,410	13,673	25,525	2,612	6,483	3,103
Total liabilities		13,432	13,786	26,877	2,612	6,483	3,103
Total equity and liabilities		130,265	138,908	158,774	111,506	123,258	108,235

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

Consolidated Statement of Comprehensive Income

Year ended 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000
Continuing operations			
Revenue	18	50,170	49,146
Cost of revenue		(37,331)	(37,486)
Gross profit		12,839	11,660
Other income		286	120
Distribution expenses		(4,022)	(3,645)
Administrative expenses		(6,754)	(10,789)
Other expenses		(109)	(2,138)
Results from operating activities	19	2,240	(4,792)
Finance income	20	948	430
Share of results of an associate (net of tax)		–	118
Share of results of joint ventures (net of tax)	6	(2,854)	(80)
Profit/(Loss) before tax		334	(4,324)
Tax expense	21	(846)	(503)
Loss from continuing operations		(512)	(4,827)
Discontinued operations			
Profit from discontinued operations (net of tax)	22	–	21,810
(Loss)/Profit for the year		(512)	16,983
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences arising from:			
– liquidation of subsidiaries reclassified to profit or loss		(100)	–
– disposal of subsidiaries reclassified to profit or loss		–	1,278
– disposal of an associate reclassified to profit or loss		–	(23)
– monetary items forming part of net investments in foreign operations		–	(98)
– translation of financial statements of foreign operations		(363)	(964)
Net change in fair value of available-for-sale financial assets		–	3,625
Tax effect		–	–
		(463)	3,818
Item that will not be reclassified to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(1,465)	–
Tax effect		–	–
Other comprehensive income for the year, net of tax		(1,928)	3,818
Total comprehensive income for the year		(2,440)	20,801

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

Consolidated Statement of Comprehensive Income (Cont'd)

Year ended 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000
(Loss)/Profit attributable to:			
Owners of the Company			
– Continuing operations, net of tax		(515)	(4,828)
– Discontinued operations, net of tax		–	21,810
		(515)	16,982
Non-controlling interests		3	1
(Loss)/Profit for the year		(512)	16,983
Total comprehensive income attributable to:			
Owners of the Company			
– Continuing operations, net of tax		(2,434)	(2,278)
– Discontinued operations, net of tax		–	23,088
		(2,434)	20,810
Non-controlling interests		(6)	(9)
Total comprehensive income for the year		(2,440)	20,801
(Loss)/Earnings per share	23		
– Basic (cents)		(0.31)	10.16
– Diluted (cents)		(0.31)	10.16
Loss per share – continuing operations	23		
– Basic (cents)		(0.31)	(2.89)
– Diluted (cents)		(0.31)	(2.89)

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation 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 2017	89,566	(11,648)	1,620	2,290	(9,313)	58,969	131,484	413	131,897
Effects of adopting SFRS(I) 1									
Adjustment to foreign currency translation reserve	–	–	–	–	9,313	(9,313)	–	–	–
Balance as at 1 July 2017, restated	89,566	(11,648)	1,620	2,290	–	49,656	131,484	413	131,897
Total comprehensive income for the year									
Profit for the year, restated	–	–	–	–	–	16,982	16,982	1	16,983
Other comprehensive income									
Exchange differences arising from:									
– disposal of subsidiaries	–	–	–	–	1,278	–	1,278	–	1,278
– disposal of an associate	–	–	–	–	(23)	–	(23)	–	(23)
– monetary items forming part of net investments in foreign operations	–	–	–	–	(98)	–	(98)	–	(98)
– translation of financial statements of foreign operations	–	–	–	–	(954)	–	(954)	(10)	(964)
Net change in fair value of available-for-sale financial assets	–	–	3,625	–	–	–	3,625	–	3,625
Total other comprehensive income, net of tax	–	–	3,625	–	203	–	3,828	(10)	3,818
Total comprehensive income for the year	–	–	3,625	–	203	16,982	20,810	(9)	20,801

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

Consolidated Statement of Changes in Equity (Cont'd)

Year ended 30 June 2019

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation 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 2.00 cents per share in respect of 2017	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Final special dividend of 4.50 cents per share in respect of 2017	–	–	–	–	–	(7,521)	(7,521)	–	(7,521)
Interim dividend of 2.00 cents per share in respect of 2018	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	–	–	–	–	–	(13,371)	(13,371)	–	(13,371)
Total contributions by and distributions to Owners	–	–	–	–	–	(27,576)	(27,576)	–	(27,576)
Total transactions with Owners	–	–	–	–	–	(27,576)	(27,576)	–	(27,576)
Balance as at 30 June 2018	89,566	(11,648)	5,245	2,290	203	39,062	124,718	404	125,122

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

Consolidated Statement of Changes in Equity (Cont'd)

Year ended 30 June 2019

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation 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 2018	89,566	(11,648)	5,245	2,290	(1,196)	40,461	124,718	404	125,122
Effects of adopting SFRS(I) 1									
Adjustment to foreign currency translation reserve	–	–	–	–	1,399	(1,399)	–	–	–
Balance as at 1 July 2018, restated	89,566	(11,648)	5,245	2,290	203	39,062	124,718	404	125,122
Total comprehensive income for the year									
(Loss)/Profit for the year	–	–	–	–	–	(515)	(515)	3	(512)
Other comprehensive income									
Exchange differences arising from:									
– liquidation of subsidiaries	–	–	–	–	(100)	–	(100)	–	(100)
– translation of financial statements of foreign operations	–	–	–	–	(354)	–	(354)	(9)	(363)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	(1,465)	–	–	–	(1,465)	–	(1,465)
Transfer of gain on disposal of a financial asset at fair value through other comprehensive income to retained earnings	–	–	(3,242)	–	–	3,242	–	–	–
Total other comprehensive income, net of tax	–	–	(4,707)	–	(454)	3,242	(1,919)	(9)	(1,928)
Total comprehensive income for the year	–	–	(4,707)	–	(454)	2,727	(2,434)	(6)	(2,440)

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

Consolidated Statement of Changes in Equity (Cont'd)

Year ended 30 June 2019

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation 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 2.00 cents per share in respect of 2018	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Final special dividend of 1.00 cent per share in respect of 2018	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Interim dividend of 0.50 cent per share in respect of 2019	–	–	–	–	–	(836)	(836)	–	(836)
Total contributions by and distributions to Owners	–	–	–	–	–	(5,849)	(5,849)	–	(5,849)
Total transactions with Owners	–	–	–	–	–	(5,849)	(5,849)	–	(5,849)
Balance as at 30 June 2019	89,566	(11,648)	538	2,290	(251)	35,940	116,435	398	116,833

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

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(512)	16,983
Adjustments for:			
(Reversal of allowance)/Allowance for:			
– doubtful debts from trade receivables	8	–	(5)
– inventory obsolescence	10	(69)	225
Amortisation of intangible assets	4	6	372
Depreciation of property, plant and equipment	3	324	893
Dividend income from financial assets	19	(162)	(44)
Fair value changes of financial assets	19	–	222
Gain on disposal of property, plant and equipment		–	(13)
Gain on disposal of subsidiaries	22	–	(22,050)
Foreign exchange gain on liquidation of subsidiaries (net)	19	(100)	–
Gain on disposal of an associate	19	–	(15)
Interest income		(948)	(436)
Interest expenses		–	24
Inventories written off		3	–
Impairment loss on a joint venture		–	64
Property, plant and equipment written off		41	39
Share of results of an associate and joint ventures (net of tax)		2,854	(38)
Tax expense		846	1,070
Operating cash flows before working capital changes		2,283	(2,709)
Changes in:			
Amounts due from/to related parties		(30)	–
Inventories		(1,157)	(920)
Trade and other receivables		2,139	534
Trade and other payables		(701)	2,306
Cash generated from/(used in) operations		2,534	(789)
Interest received		893	401
Interest paid		–	(24)
Tax paid		(222)	(2,112)
Net cash from/(used in) operating activities		3,205	(2,524)

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

Consolidated Statement of Cash Flows (Cont'd)

Year ended 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from investing activities			
Dividend received from an associate		–	747
Dividends received from financial assets		141	44
Investment in joint ventures	6	(50)	(10,000)
Loans to a joint venture		(2,500)	–
Advance to a joint venture		(353)	–
Net cash inflow on disposal of subsidiaries	22	4,742	62,571
Purchase of intangible assets	4	(68)	(115)
Purchase of property, plant and equipment[1]	3	(864)	(710)
Purchase of financial assets		(2,422)	(2,557)
Proceeds from disposal of property, plant and equipment		–	110
Proceeds from disposal of an associate		–	249
Proceeds from disposal of financial assets		6,578	–
Net cash from investing activities		5,204	50,339
Cash flows from financing activities			
Dividends paid		(5,849)	(27,576)
Proceeds from bank loans		–	471
Repayment of bank loans		–	(851)
Repayment of finance lease creditors		–	(5)
Net cash used in financing activities		(5,849)	(27,961)
Net increase in cash and cash equivalents		2,560	19,854
Cash and cash equivalents at beginning of year		73,244	53,762
Effect of exchange rate fluctuations on cash held		(339)	(372)
Cash and cash equivalents at end of year	12	75,465	73,244

[1] The Group accrued reinstatement costs of $Nil (2018: $113,000) under property, plant and equipment.

Notes to the Financial Statements

Year ended 30 June 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors (the “Board”) on 20 September 2019.

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.

The financial statements as at and for the year ended 30 June 2019 comprised the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associate and joint ventures. The Company’s 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 (International) (“SFRS(I)”). These are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (“FRS”). An explanation of how the transition to SFRS(I) and the applications of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position and financial performance of the Group are provided in note 30.

Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies below.

Functional and presentation currency

The 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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – impairment test on intangible assets and goodwill: key assumptions underlying recoverable amounts; and
- Notes 8 and 26 – measurement of expected credit loss ("ECL") allowance for trade and other receivables.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 July 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (Cont'd)

Business combinations (Cont'd)

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

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 services.

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.

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 SFRS(I).

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.

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.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (Cont'd)

Subsidiaries (Cont'd)

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.

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.

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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (Cont'd)

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 currencies

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 translated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the date that the fair values were determined. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates at the date of the transactions.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and fair value through other comprehensive income instruments, which are recognised in other comprehensive income.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (Cont'd)

Foreign operations

The assets and liabilities of foreign operations, including 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 acquisitions prior to 1 July 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented in the 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 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 interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. 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 to occur 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 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 materials 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 to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which the assets are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (Cont'd)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing 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 10 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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets and goodwill

Computer software

Computer software which has a finite useful life and does not form an integral part of the 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 it is available for use.

Research and development

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the 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 a 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.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets and goodwill (Cont'd)

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the 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.

2.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets – Policy applicable from 1 July 2018

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Business model assessment – Policy applicable from 1 July 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 July 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that could change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 July 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as 'other income' in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 July 2018

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

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 July 2018

Financial assets at FVTPL

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at FVTPL comprise equity securities that otherwise would have been classified as available for sale.

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 prepayments and tax receivables), 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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 July 2018 (Cont'd)

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 value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, and other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, 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.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. They are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables, amounts due to related parties, and interest-bearing borrowings.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or have expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(v) Intra-group financial guarantees in the separate financial statements – Policy applicable from 1 July 2018

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued, if any, are presented in the Company's statement of financial position as 'loans and borrowings'.

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 July 2018

The policy applied in the comparative information presented for financial year 2018 is similar to that applied for financial year 2019. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

(vi) 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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 July 2018

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts ("FGC").

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Policy applicable from 1 July 2018 (Cont'd)

General approach (Cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Policy applicable from 1 July 2018 (Cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Policy applicable from 1 July 2018 (Cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 July 2018

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 loans and receivables found not to be specifically impaired are then collectively assessed for any impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Policy applicable before 1 July 2018 (Cont'd)

Loans and receivables (Cont'd)

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.

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.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(ii) 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.

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.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (Cont'd)

(ii) Non-financial assets (Cont'd)

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 or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture 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 a 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 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 other income in profit or loss on a systematic basis in the same periods in which the expenses are recognised. 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 pays 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.

Notes to the Financial Statements
Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty 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

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual stand-alone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices.

Revenue from sale of goods is recognised at a point in time when the Group satisfies a PO by transferring control of a promised good to the customer.

Service income from engineering, repair and maintenance services is recognised over time when the customer accepts the services performed over the contractual periods.

Commission income is recognised at a point in time when PO is satisfied, and the Group has an enforceable right to payment.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Key management personnel

Key management personnel of the Company and the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and the Group respectively. These include the directors, chief executive officer ("CEO"), chief financial officer 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. 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 or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable 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 takes into account uncertainty related to income taxes if any.

Current tax assets and liabilities are offset only if certain criteria are met.

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 temporary 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.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Tax expense (Cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. 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 taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused 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 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Dividends

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

2.19 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.

2.20 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.

2.21 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 31.

Notes to the Financial Statements
Year ended 30 June 2019

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 2017	1,801	2,282	3,183	585	1,172	3,329	363	31,789	889	45,393
Additions	–	–	162	9	12	167	–	466	7	823
Disposals	–	–	(412)	(54)	(80)	(259)	–	(317)	–	(1,122)
Disposal of subsidiaries	(1,741)	(2,250)	(2,404)	(383)	(963)	(2,896)	(213)	(28,497)	(486)	(39,833)
Write-off	–	–	(104)	(7)	(6)	(43)	–	(2,620)	–	(2,780)
Reclassification	–	–	20	–	–	–	–	388	(408)	–
Translation difference on consolidation	(60)	(32)	(27)	(5)	(22)	(34)	(3)	(418)	(2)	(603)
At 30 June 2018	–	–	418	145	113	264	147	791	–	1,878
Additions	–	–	–	5	2	107	750	–	–	864
Write-off	–	–	–	(1)	(5)	(14)	–	(126)	–	(146)
Translation difference on consolidation	–	–	(7)	(2)	(3)	(4)	–	(22)	–	(38)
At 30 June 2019	–	–	411	147	107	353	897	643	–	2,558
Accumulated depreciation and impairment losses										
At 1 July 2017	270	613	2,181	507	846	2,917	188	26,887	–	34,409
Depreciation for the year	21	32	192	9	60	112	24	443	–	893
Disposals	–	–	(328)	(54)	(78)	(258)	–	(307)	–	(1,025)
Disposal of subsidiaries	(218)	(636)	(1,590)	(313)	(723)	(2,546)	(144)	(23,733)	–	(29,903)
Write-off	–	–	(104)	(7)	(6)	(40)	–	(2,584)	–	(2,741)
Translation difference on consolidation	(73)	(9)	(49)	(5)	(15)	(32)	(2)	(362)	–	(547)
At 30 June 2018	–	–	302	137	84	153	66	344	–	1,086
Depreciation for the year	–	–	40	2	10	58	90	124	–	324
Write-off	–	–	–	–	(5)	(13)	–	(87)	–	(105)
Translation difference on consolidation	–	–	(5)	(2)	(1)	(3)	–	(12)	–	(23)
At 30 June 2019	–	–	337	137	88	195	156	369	–	1,282

Notes to the Financial Statements

Year ended 30 June 2019

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										
Carrying amounts										
At 1 July 2017	1,531	1,669	1,002	78	326	412	175	4,902	889	10,984
At 30 June 2018	–	–	116	8	29	111	81	447	–	792
At 30 June 2019	–	–	74	10	19	158	741	274	–	1,276

Plant and machinery with carrying amounts of $Nil (2018: $Nil; 1 July 2017: $486,000) had been pledged to banks as securities for certain bank loans (note 15).

The carrying amounts of property, plant and equipment of the Group include amounts of $Nil (2018: $Nil; 1 July 2017: $57,000) in respect of assets acquired under finance leases (note 15) and $675,000 (2018: $Nil, 1 July 2017: $Nil) in respect of a motor vehicle held in trust by a related party.

Notes to the Financial Statements

Year ended 30 June 2019

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 July 2017	10	5	13	28
Additions	–	–	16	16
Disposals	–	(2)	(1)	(3)
Write-off	–	–	(3)	(3)
At 30 June 2018	10	3	25	38
Additions	2	–	4	6
At 30 June 2019	12	3	29	44
Accumulated depreciation				
At 1 July 2017	9	5	9	23
Depreciation for the year	*	*	3	3
Disposals	–	(2)	(1)	(3)
Write-off	–	–	(2)	(2)
At 30 June 2018	9	3	9	21
Depreciation for the year	1	*	7	8
At 30 June 2019	10	3	16	29
Carrying amounts				
At 1 July 2017	1	–	4	5
At 30 June 2018	1	–	16	17
At 30 June 2019	2	–	13	15

* Amount less than $1,000.

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

	Group 2019 $'000	Group 2018 $'000
Cost of revenue	140	97
Distribution expenses	26	27
Administrative expenses	158	81
Profit from discontinued operations	–	688
	324	893

Notes to the Financial Statements

Year ended 30 June 2019

4 INTANGIBLE ASSETS AND GOODWILL

	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Group						
Cost						
At 1 July 2017	1,172	2,161	10,726	7,203	27,684	48,946
Additions	18	–	–	–	–	18
Additions – internally developed	–	–	–	97	–	97
Disposal of subsidiaries	(891)	(2,131)	(10,571)	(7,197)	(12,119)	(32,909)
Translation difference on consolidation	(15)	(30)	(155)	(103)	(172)	(475)
At 30 June 2018	284	–	–	–	15,393	15,677
Additions	68	–	–	–	–	68
Translation difference on consolidation	(2)	–	–	–	3	1
At 30 June 2019	350	–	–	–	15,396	15,746
Accumulated amortisation						
At 1 July 2017	781	1,260	4,430	1,050	–	7,521
Amortisation for the year	46	36	180	110	–	372
Disposal of subsidiaries	(556)	(1,278)	(4,546)	(1,145)	–	(7,525)
Translation difference on consolidation	(9)	(18)	(64)	(15)	–	(106)
At 30 June 2018	262	–	–	–	–	262
Amortisation for the year	6	–	–	–	–	6
Translation difference on consolidation	(1)	–	–	–	–	(1)
At 30 June 2019	267	–	–	–	–	267
Carrying amounts						
At 1 July 2017	391	901	6,296	6,153	27,684	41,425
At 30 June 2018	22	–	–	–	15,393	15,415
At 30 June 2019	83	–	–	–	15,396	15,479

Notes to the Financial Statements

Year ended 30 June 2019

4 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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

	Group	
	2019	**2018**
	$'000	**$'000**
Administrative expenses	6	4
Profit from discontinued operations	–	368
	6	372

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	
			1 July
	2019	**2018**	**2017**
	$'000	**$'000**	**$'000**
Probe Card Solutions ("PCS")	–	–	12,291
Distribution and Services Solutions ("DSS")	15,396	15,393	15,393
	15,396	15,393	27,684

In financial year 2017, the recoverable amount of the PCS CGU was determined based on fair value less cost of disposal of the assets, as the Company entered into an agreement to dispose certain entities in the PCS CGU to a third party (note 22). The consideration for the sale of PCS CGU was higher than the carrying amount of the PCS CGU at the end of financial year 2017.

The recoverable amount of the DSS CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections covering periods of five years, based on financial budgets/forecasts approved by management.

Notes to the Financial Statements

Year ended 30 June 2019

4 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Annual impairment tests for cash-generating units containing goodwill (Cont'd)

Key assumptions used for value-in-use calculations

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

	Revenue growth rate %	Gross profit growth rate %	Discount rate %
Group			
2019			
DSS	4.5	3.9	15.6
2018			
DSS	5.2	3.3	14.0
1 July 2017			
DSS	5.8	5.1	12.2

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 CGU. No growth has been projected on the cash flows beyond the five-year period covered by the financial budgets/forecasts. The values assigned to the key assumptions represent management's assessment of future trends in the industry that the CGU operates in.

If the revenue growth rate decreased to 2.7% (2018: 2.2%; 1 July 2017: 2.5%) or gross profit growth rate decreased to 1.6% (2018: 2.0%; 1 July 2017: 1.7%), the estimated recoverable amount would be equal to the carrying amount.

Notes to the Financial Statements

Year ended 30 June 2019

5 SUBSIDIARIES

	Company		
	2019 $'000	2018 $'000	1 July 2017 $'000
Equity investments at cost	71,061	77,271	119,963
Loans to subsidiaries	–	–	5,682
Less: Impairment losses	(43,285)	(45,896)	(45,896)
	27,776	31,375	79,749

Impairment of subsidiaries

During the financial year, the Company reversed net impairment losses on a subsidiary amounting to $2,661,000 as a result of liquidation of the subsidiary.

Subsidiaries liquidated during the year were SV Technology Inc., Tokyo Cathode Laboratory (Singapore) Pte. Ltd., TCL Yamaichi Taiwan Inc., and Ellipsiz Taiwan Second Source Inc..

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest		
			2019 %	2018 %	1 July 2017 %
(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	100
(1) EIR Investments Pte. Ltd.	Investment holding	Singapore	100	100	–

Notes to the Financial Statements
Year ended 30 June 2019

5 SUBSIDIARIES (CONT'D)

	Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	2018 %	1 July 2017 %
(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	100
(3)	Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100	100
(3)	Ellipsiz iNETest (Shanghai) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100	100
(2)	Ellipsiz iNETest Co., Ltd.	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100	100
(3)	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	100
(4)	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

Notes to the Financial Statements

Year ended 30 June 2019

5 SUBSIDIARIES (CONT'D)

	Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	2018 %	1 July 2017 %
(4)	SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	–	–	100
(4)	SV Probe Vietnam Co., Ltd	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	–	–	100
(4)	SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards	USA	–	–	100
(4)	SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	–	–	100
(4)	Hokko Electronics Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Japan	–	–	100
(4)	SV TCL Kabushiki Kaisha	Design, manufacturing, sales and after sales support of probe cards	Japan	–	–	100

(1) Audited by KPMG LLP, Singapore.
(2) Audited by other member firms of KPMG International.
(3) Audited by other accounting firms.
(4) Subsidiaries disposed of on 31 October 2017.

Notes to the Financial Statements
Year ended 30 June 2019

6 JOINT VENTURES

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Interests in joint ventures	7,116	9,920	71

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Ownership interest 1 July 2017 %
(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	50
(2)(3) iNETest-NewTek Co., Ltd	Dormant	Vietnam	46	46	46
(4) Adell Solutions Pte. Ltd.	Sale and purchase of used semiconductor equipment	Singapore	50	–	–
(5) Kalms Investment Pte. Ltd. and its subsidiaries ("Kalms"):	Investment holding	Singapore	50	50	–
(6) Kalms (Singapore) Pte. Ltd.	Provider and operator of retail solutions through intelligent automated retail machines	Singapore	45	45	–
(7) Innovend Pte. Ltd.	Distribution of intelligent automated retail machines	Singapore	45	45	–

Notes to the Financial Statements

Year ended 30 June 2019

6 JOINT VENTURES (CONT'D)

	Name of joint venture	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2019 %	2018 %	1 July 2017 %
[7]	Gozen Pte. Ltd.	Manufacture and sale of food products	Singapore	27	–	–
[7]	Chef & Chefs Private Limited	Manufacture and preparation of cooked food and other food products	Singapore	22.5	–	–
[8]	Kalms (Malaysia) Sdn. Bhd.	Dormant	Malaysia	45	–	–
[7]	Kalms (China) Pte. Ltd. and its subsidiary:	Investment holding	Singapore	45	–	–
	[8] Kalms (Guangzhou) Network Technology Limited	Leasing of intelligent automated retail machines	China	45	–	–

[1] Held through Ellipsiz DSS Pte. Ltd. and audited by other accounting firm.

[2] Held through iNETest Resources Pte. Ltd. and audited by other accounting firm.

[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 entity via investors' agreements.

[4] Held through Ellipsiz DSS Pte. Ltd. and audited by KPMG LLP, Singapore.

[5] Held through EIR Investments Pte. Ltd. and audited by KPMG LLP, Singapore.

[6] Held through Kalms Investment Pte. Ltd. and audited by KPMG LLP, Singapore.

[7] Held through Kalms (Singapore) Pte. Ltd. and audited by KPMG LLP, Singapore.

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

Notes to the Financial Statements

Year ended 30 June 2019

6 JOINT VENTURES (CONT'D)

The Company's wholly-owned subsidiary, EIR Investments Pte. Ltd. ("EIR"), had on 25 May 2018, entered into a subscription agreement to subscribe for 15,000,000 ordinary shares (the "Subscription") of Kalms Investment Pte. Ltd. ("KIPL") for total consideration of $10,000,000. The Subscription was completed on 19 June 2018. Upon completion of the Subscription, EIR holds 50% of the enlarged share capital of KIPL and consequently, the Company, through EIR, holds KIPL as a joint venture. A provisional amount of $5,338,000 of goodwill arising from this acquisition was recognised as at 30 June 2018. The fair value of the identifiable assets and liabilities were finalised during the year based on a purchase price allocation exercise undertaken, following which, the goodwill amount was adjusted to $5,780,000.

During the year, Ellipsiz DSS Pte. Ltd. incorporated a joint venture company, Adell Solutions Pte. Ltd., with its joint venture partner, Adelis Associates Pte. Ltd..

The following table summarises the financial information of the Group's material joint venture based on its financial statements and modified for fair value adjustments on acquisition. The table also includes summarised financial information of the Group's interests in the remaining individually immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
2019			
Revenue	552	–	552
Loss for the year	(6,614)[a]	(28)	(6,642)
Other comprehensive income	–	–	–
Total comprehensive income	(6,614)	(28)	(6,642)
Attributable to non-controlling interests	(934)	–	(934)
Attributable to investee's shareholders	(5,680)	(28)	(5,708)
Non-current assets	5,642	–	5,642
Current assets	1,032[b]	803	1,835
Non-current liabilities	(2,729)[c]	–	(2,729)
Current liabilities	(1,827)[d]	(731)	(2,558)
Net assets	2,118	72	2,190
Attributable to non-controlling interests	(481)	–	(481)
Attributable to investee's shareholders	2,599	72	2,671

[a] Includes depreciation of $910,000, interest expenses of $48,000 and income tax expense of $Nil.

[b] Includes cash and cash equivalents of $32,000.

[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of $2,729,000.

[d] Includes current financial liabilities (excluding trade and other payables and provisions) of $132,000.

Notes to the Financial Statements

Year ended 30 June 2019

6 JOINT VENTURES (CONT'D)

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
2019			
Carrying amount in net assets of investees at beginning of the year	9,920	–	9,920
Group's share of:			
– Total comprehensive income	(2,840)	(14)	(2,854)
Investment during the year	–	50	50
Translation difference	–	*	*
Carrying amount of interests in investees at end of the year	7,080	36	7,116

* Amount less than $1,000.

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
2018			
Revenue	6		
Loss for the year[a]	(160)		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	(160)		
Non-current assets	2,306		
Current assets[b]	7,712		
Non-current liabilities[c]	(43)		
Current liabilities[d]	(811)		
Net assets attributable to investee's shareholders	9,164		

[a] Includes depreciation of $9,000, interest expenses of $5,000 and income tax expense of $Nil.

[b] Includes cash and cash equivalents of $6,866,000.

[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of $43,000.

[d] Includes current financial liabilities (excluding trade and other payables and provisions) of $11,000.

Notes to the Financial Statements

Year ended 30 June 2019

6 JOINT VENTURES (CONT'D)

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
Carrying amount in net assets of investees at beginning of the year	–	71	71
Group's share of:			
– Total comprehensive income	(80)	–	(80)
Impairment loss	–	(64)	(64)
Acquisition during the year	4,662	–	4,662
Provisional goodwill	5,338	–	5,338
Translation difference	–	(7)	(7)
Carrying amount of interests in investees at end of the year	9,920	–	9,920

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
1 July 2017			
Carrying amount of interests in immaterial joint ventures	–	71	71
Group's share of:			
– Total comprehensive income	–	–	–

The Group has not recognised losses totalling $221,000 (2018: $123,000; 1 July 2017: $89,000) in relation to its interest in a joint venture, because the Group has no obligation in respect of these losses.

Notes to the Financial Statements

Year ended 30 June 2019

7 FINANCIAL ASSETS

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
Non-current assets							
Available-for-sale financial assets:							
– Unquoted investment fund		–	4	223	–	–	–
– Quoted equity securities	(a)	–	8,577	4,956	–	8,577	4,952
Equity investments – at FVOCI							
– Quoted equity securities	(b)	5,316	–	–	5,316	–	–
		5,316	8,581	5,179	5,316	8,577	4,952
Current assets							
Financial assets at fair value through profit or loss:							
– Quoted equity securities	(b)	–	2,335	–	–	2,335	–

(a) During the financial year, the Group disposed of 43,841,202 shares in JEP Holdings Ltd and other equity securities. The Group had elected to present the changes in fair value of equity securities in other comprehensive income under SFRS(I) 9. Accordingly, the net gain on the disposal was reclassified from fair value reserve to retained earnings.

(b) At 1 July 2018, the Group designated quoted equity securities as FVOCI because these equity securities represent investments that the Group intends to hold for long-term purpose to derive dividend income. In financial year 2018, these investments were classified as financial assets at fair value through profit or loss.

Notes to the Financial Statements

Year ended 30 June 2019

8 TRADE AND OTHER RECEIVABLES

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade receivables						
Trade receivables	6,680	8,927	31,663	–	–	–
Impairment losses	–	(68)	(461)	–	–	–
	6,680	8,859	31,202	–	–	–
Other receivables						
Sundry receivables#	11,078	16,219	2,719	9,513	14,294	171
Impairment losses	–	–	(1,042)	–	–	–
	11,078	16,219	1,677	9,513	14,294	171
Tax receivables	127	51	51	–	–	–
Refundable deposits	162	156	819	–	–	1
Prepayments	688	326	1,287	31	27	15
	12,055	16,752	3,834	9,544	14,321	187
	18,735	25,611	35,036	9,544	14,321	187
Represented by:						
Current	18,735	16,105	35,036	9,544	4,815	187
Non-current	–	9,506	–	–	9,506	–
	18,735	25,611	35,036	9,544	14,321	187

Balance as at 30 June 2019 includes 10% (2018: 15%) of the initial consideration in relation to the disposal of SV Probe Pte. Ltd. and certain of its subsidiaries, detailed in note 22, that is held in an escrow account.

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, engaged in a wide spectrum of activities, and they transact in various end markets.

Notes to the Financial Statements
Year ended 30 June 2019

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

Loss rates are calculated based on actual credit loss experience over the past 3 years and adjusted for using the Group's review on the current conditions and economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for the trade and other receivables as at 30 June 2019:

	Weighted average loss rate %	Gross carrying amount $'000	Expected credit loss allowance $'000	Credit impaired
Group				
Trade receivables				
Not past due	0.0%	5,760	–	No
Past due 1 – 30 days	0.0%	565	–	No
Past due 31 – 120 days	0.0%	244	–	No
Past due 121 – 365 days	0.0%	109	–	No
More than one year	0.0%	2	–	No
		6,680	–	
Other receivables[##]				
Not past due		11,237	–	No
More than one year		3	–	No
		11,240	–	
Company				
Other receivables[##]				
Not past due		9,513	–	No
		9,513	–	

[##] Excludes tax receivables and prepayments.

Notes to the Financial Statements

Year ended 30 June 2019

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Comparative information under FRS 39

The ageing of trade and other receivables as at 30 June 2018 and 1 July 2017 were:

	Gross 2018 $'000	Impairment losses 2018 $'000	Gross 1 July 2017 $'000	Impairment losses 1 July 2017 $'000
Group				
Trade receivables				
Not past due	7,134	–	27,907	–
Past due 1 – 30 days	949	–	2,326	–
Past due 31 – 120 days	373	–	804	–
Past due 121 – 365 days	401	–	163	–
More than one year	70	(68)	463	(461)
	8,927	(68)	31,663	(461)
Other receivables##				
Not past due	16,375	–	2,449	–
More than one year	–	–	1,089	(1,042)
	16,375	–	3,538	(1,042)
Company				
Other receivables##				
Not past due	14,294	–	172	–

\## Excludes tax receivables and prepayments.

Notes to the Financial Statements

Year ended 30 June 2019

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in allowance for impairment in respect of trade and other receivables

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 $'000	Company $'000
At 1 July 2017 per FRS 39	1,503	–
Reversal of impairment	(5)	–
Allowance utilised	(1,426)	–
Translation difference on consolidation	(4)	–
At 30 June 2018 per FRS 39	68	–
At 1 July 2018 per FRS 39	68	–
Adjustment on initial application of SFRS(I) 9	–	–
At 1 July 2018 per SFRS(I) 9	68	–
Allowance utilised	(68)	–
At 30 June 2019	–	–

Apart from the above, based on historical default rates, the Group believed that no further impairment allowance was necessary in respect of 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 believed that no additional credit risk beyond the amounts provided for collection losses was inherent in the Group's trade and other receivables.

Notes to the Financial Statements
Year ended 30 June 2019

9 DEFERRED TAX ASSETS AND LIABILITIES

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

	At 1 July $'000	Recognised in profit or loss (note 21) $'000	Translation difference $'000	At 30 June $'000
Group				
2019				
Deferred tax assets				
Property, plant and equipment	67	(67)	–	–
Inventories	26	(11)	(1)	14
Trade and other payables	38	1	–	39
Tax losses and tax credits carried forward	142	(142)	–	–
Other items	27	(1)	–	26
	300	(220)	(1)	79
Deferred tax liabilities				
Property, plant and equipment	(3)	(9)	–	(12)
Other items	–	(2)	–	(2)
	(3)	(11)	–	(14)

Notes to the Financial Statements
Year ended 30 June 2019

9 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 July $'000	Recognised in profit or loss from discontinued operations $'000	Recognised in profit or loss (note 21) $'000	Translation difference $'000	Disposal of subsidiaries (note 22) $'000	At 30 June $'000
Group						
2018						
Deferred tax assets,						
Property, plant and equipment	231	(13)	67	(3)	(215)	67
Inventories	568	(6)	–	(10)	(526)	26
Trade and other payables	775	(166)	17	(14)	(574)	38
Tax losses and tax credits carried forward	3,992	851	(538)	(48)	(4,115)	142
Other items	147	(14)	18	(2)	(122)	27
	5,713	652	(436)	(77)	(5,552)	300
Deferred tax liabilities						
Property, plant and equipment	(327)	–	–	5	319	(3)
Intangible assets	(1,733)	(679)	–	25	2,387	–
Investments in associates	(70)	–	70	–	–	–
Other items	(874)	75	9	12	778	–
	(3,004)	(604)	79	42	3,484	(3)

Notes to the Financial Statements

Year ended 30 June 2019

9 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 taxable 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		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Deferred tax assets	67	297	3,612	–	–	–
Deferred tax liabilities	(2)	–	(903)	–	–	–
	65	297	2,709	–	–	–

At the reporting date, deferred tax liabilities amounting to $314,000 (2018: $298,000; 1 July 2017: $388,000) had not been recognised for taxes that would be payable on the undistributed earnings of overseas subsidiaries as they would not be distributed in the foreseeable future.

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Deductible temporary differences	37	53	844	37	53	131
Unutilised tax losses and tax credits	11,485	10,011	6,343	11,485	9,724	3,236
	11,522	10,064	7,187	11,522	9,777	3,367

For the financial year ended 30 June 2019, the unutilised tax losses and tax credits and deductible temporary differences of the Group have no expiry date under current tax legislation.

For financial year ended 30 June 2018, unutilised tax losses and tax credits of the Group amounting to $288,000 (1 July 2017: $2,872,000) will expire in 2021 (1 July 2017: 2018 to 2037). The remaining unutilised tax losses and tax credits and deductible temporary differences do not expire under current tax legislations. 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 2019

10 INVENTORIES

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Raw materials and consumables	–	1	5,723
Work-in-progress	–	36	976
Finished goods	4,017	2,955	2,299
Inventories-in-transit	–	5	586
	4,017	2,997	9,584
Allowance for inventory obsolescence:			
At 1 July	284	1,741	1,895
(Reversal of allowance)/Allowance made	(69)	225	325
Allowance utilised	(96)	(111)	(538)
Disposal of subsidiaries	–	(1,549)	–
Translation difference on consolidation	(4)	(22)	59
At 30 June	115	284	1,741
Carrying amount of inventories	3,902	2,713	7,843

During the year, inventories of $30,179,000 (2018: $29,550,000; 1 July 2017: $67,490,000) were recognised as an expense and included in cost of revenue.

In addition, $Nil (2018: $Nil; 1 July 2017: $206,000) of inventories were written down to net realisable value during the year.

11 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Amounts due from:						
Subsidiaries						
– Trade	–	–	–	–	–	197
– Non-trade	–	–	–	126	6	54
	–	–	–	126	6	251
Joint ventures						
– Trade	24	–	–	–	–	–
– Non-trade	385	–	–	–	–	–
	409	–	–	–	–	–

Notes to the Financial Statements

Year ended 30 June 2019

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

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Loans due from:						
– Subsidiary	–	–	–	12,500	10,000	–
– Joint venture	2,500	–	–	–	–	–
	2,500	–	–	12,500	10,000	–
	2,909	–	–	12,626	10,006	251
Represented by:						
Current	759	–	–	126	6	251
Non-current	2,150	–	–	12,500	10,000	–
	2,909	–	–	12,626	10,006	251
Amounts due to:						
– Subsidiaries (non-trade)	–	–	–	(1,356)	(1,219)	(546)
– Joint venture (trade)	(72)	(73)	(74)	–	–	–
– Related party (non-trade)	(26)	–	–	(26)	–	–
	(98)	(73)	(74)	(1,382)	(1,219)	(546)
Loans due to:						
– Subsidiaries	–	–	–	–	(3,546)	–
Represented by:						
Current	(98)	(73)	(74)	(1,382)	(4,765)	(546)

The non-trade amounts due from/(to) subsidiaries, joint ventures and related party, and the loans due to subsidiaries are unsecured, interest-free and repayable on demand.

Loans due from a joint venture are unsecured and bear interest rate at 4.25% per annum, of which $2,150,000 is not expected to be repaid in the next 12 months.

The loans due from a subsidiary are unsecured and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future.

Notes to the Financial Statements

Year ended 30 June 2019

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

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

	Gross 2019 $'000	Impairment losses 2019 $'000	Gross 2018 $'000	Impairment losses 2018 $'000	Gross 1 July 2017 $'000	Impairment losses 1 July 2017 $'000
Group						
Not past due	24	–	–	–	–	–
Company						
Not past due	–	–	–	–	79	–
Past due 1 – 30 days	–	–	–	–	118	–
	–	–	–	–	197	–

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

12 CASH AND CASH EQUIVALENTS

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Cash at banks and in hand	14,933	24,479	44,757	1,857	10,124	15,976
Short-term deposits	60,532	48,765	9,005	54,372	46,503	7,115
Cash and cash equivalents in the consolidated statement of cash flows	75,465	73,244	53,762	56,229	56,627	23,091

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company were 1.77% (2018: 1.47%; 1 July 2017: 0.86%) and 1.75% (2018: 1.46%; 1 July 2017: 0.76%) respectively.

Notes to the Financial Statements

Year ended 30 June 2019

13 SHARE CAPITAL

	Company			
	No. of shares		Share Capital	
	2019 '000	2018 '000	2019 $'000	2018 $'000
Fully paid ordinary shares, with no par value:				
At 1 July and 30 June	167,128	167,128	89,566	89,566

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. All shares rank equally with regard to the Company's residual assets.

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 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.

14 RESERVES

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

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Capital reserve	(11,648)	(11,648)	(11,648)	–	–	–
Fair value reserve	538	5,245	1,620	538	5,245	1,620
Share-based compensation reserve	2,290	2,290	2,290	2,290	2,290	2,290
Translation reserve	(251)	203	–	–	–	–
	(9,071)	(3,910)	(7,738)	2,828	7,535	3,910

Notes to the Financial Statements

Year ended 30 June 2019

14 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 equity investments designated at FVOCI (2018 and 1 July 2017: available-for-sale financial assets) until the assets are derecognised.

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 currencies are 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.

15 INTEREST-BEARING BORROWINGS

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Non-current liabilities			
Unsecured bank loans	–	–	164
Finance lease liabilities	–	–	41
	–	–	205
Current liabilities			
Secured bank loans	–	–	48
Unsecured bank loans	–	–	882
Finance lease liabilities	–	–	16
	–	–	946
	–	–	1,151

Maturity of liabilities (excluding finance lease liabilities)

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Within one year	–	–	930
After one year but within five years	–	–	164
	–	–	1,094

Notes to the Financial Statements

Year ended 30 June 2019

15 INTEREST-BEARING BORROWINGS (CONT'D)

The bank loans were secured over the following assets:

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000
Plant and machinery	3	–	–	486

Finance lease liabilities

Finance lease liabilities were payable as follows:

	2019 Principal $'000	2019 Interest $'000	2019 Total $'000	2018 Principal $'000	2018 Interest $'000	2018 Total $'000	1 July 2017 Principal $'000	1 July 2017 Interest $'000	1 July 2017 Total $'000
Group									
Within one year	–	–	–	–	–	–	16	3	19
After one year but within five years	–	–	–	–	–	–	41	2	43
	–	–	–	–	–	–	57	5	62

Terms and debt repayment schedule

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

	Nominal interest rate per annum	Financial year of maturity	2019 $'000	2018 $'000	1 July 2017 $'000
Group					
JPY fixed rate loans	1.20% to 1.40%	2018 to 2021	–	–	239
USD floating rate loan	Bank's cost of funds + 2.25%	2018	–	–	693
USD floating rate loan	1-month cost of funds + 2.50%	2018	–	–	114
NTD floating rate loan	1-year time saving deposit interest + 1.25%	2018	–	–	48
JPY finance lease liabilities	3.07% to 4.92%	2018 to 2021	–	–	57
			–	–	1,151

Notes to the Financial Statements

Year ended 30 June 2019

15 INTEREST-BEARING BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Interest-bearing borrowings $'000	Finance lease liabilities $'000	Total $'000
Balance at 1 July 2017	1,094	57	1,151
Cash flows			
Proceeds from borrowings	471	–	471
Repayment of borrowings	(851)	–	(851)
Repayment of finance lease creditors	–	(5)	(5)
Disposal of subsidiaries (note 22)	(703)	(50)	(753)
Non-cash items			
Foreign exchange movement	(11)	(2)	(13)
	(1,094)	(57)	(1,151)
Balance at 30 June 2018	–	–	–

16 TRADE AND OTHER PAYABLES

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade payables	4,127	4,994	8,093	–	–	–
Accrued expenses	5,291	4,521	9,228	1,055	1,589	1,242
Other payables	288	289	1,427	34	56	81
Liability for short-term accumulating compensated absences	415	324	1,533	141	73	136
Contract liabilities[@]	2,280	3,055	1,636	–	–	–
	12,401	13,183	21,917	1,230	1,718	1,459

[@] Contract liabilities primarily relate to advance consideration received from customers.

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Year ended 30 June 2019

17 PROVISIONS

	Warranties $'000	Restoration costs $'000	Total $'000
Group			
At 1 July 2017	116	385	501
Provisions made	231	113	344
Provisions reversed	(127)	–	(127)
Provisions utilised	(20)	–	(20)
Disposal of subsidiaries (note 22)	–	(382)	(382)
Translation difference	(3)	(3)	(6)
At 30 June 2018	197	113	310
Provisions made	112	–	112
Provisions reversed	(125)	–	(125)
Provisions utilised	(13)	–	(13)
Translation difference	(4)	7	3
At 30 June 2019	167	120	287

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Represented by:			
Current	267	197	257
Non-current	20	113	244
	287	310	501

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.

Notes to the Financial Statements

Year ended 30 June 2019

17 PROVISIONS (CONT'D)

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 1 to 4 years.

18 REVENUE

	Continuing operations		Discontinued operations (note 22)	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Sale of goods	38,840	37,785	–	23,812
Service income	5,957	6,494	–	–
Commission income	5,373	4,867	–	–
	50,170	49,146	–	23,812
Timing of revenue recognition				
Goods and commission income transferred at a point in time	44,213	42,652	–	23,812
Service income transferred over time	5,957	6,494	–	–
	50,170	49,146	–	23,812

Notes to the Financial Statements

Year ended 30 June 2019

19 RESULTS FROM OPERATING ACTIVITIES

The following items have been included in arriving at results from continuing operations:

	Note	Group 2019 $'000	Group 2018 $'000
Other income			
Dividend income from financial assets		162	44
Foreign exchange gain on liquidation of subsidiaries (net)		100	–
Gain on disposal of property, plant and equipment		–	17
Gain on disposal of an associate		–	15
Sundry income		24	44
		286	120
Staff costs			
Salaries, bonuses and other staff costs		10,308	10,444
Defined contribution plans		1,155	1,035
Liability for short-term accumulating compensated absences		95	111
Ex-gratia benefits		–	4,070
		11,558	15,660
Other expenses			
Audit fees paid/payable to:			
– auditor of the Company		181	185
– other auditors		20	20
Non-audit fees paid/payable to:			
– auditor of the Company		32	25
– other auditors		11	32
(Reversal of allowance)/Allowance for:			
– doubtful debts from trade receivables	8	–	(5)
– inventory obsolescence		(69)	93
Amortisation of intangible assets		6	4
Depreciation of property, plant and equipment		324	205
Inventories written off		3	–
Impairment loss on a joint venture		–	64
Fair value changes of financial assets		–	222
Property, plant and equipment written off		41	39
Exchange loss, net		70	1,922
Operating lease expenses		710	744

Notes to the Financial Statements
Year ended 30 June 2019

19 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	
	2019 $'000	2018 $'000
Directors' remuneration		
Directors' fees:		
– directors of the Company	297	248
Staff costs:		
– directors of the Company	750	5,469
– other directors	1,113	954
	2,160	6,671

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

	2019 Number	2018 Number
Company*		
$3,500,000 to $3,749,999	–	1
$750,000 to $999,999	–	1
$500,000 to $749,999	1	1
Below $250,000	5	6
	6	9

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

20 FINANCE INCOME

	Group	
	2019 $'000	2018 $'000
Interest income from:		
– financial institutions	915	404
– joint venture	33	–
– third parties	–	26
	948	430

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21 TAX EXPENSE

	Group 2019 $'000	Group 2018 $'000
Current tax expense		
Current year	613	187
Withholding tax	–	80
Under/(Over) provision in prior years	2	(121)
	615	146
Deferred tax expense		
Origination and reversal of temporary differences	194	357
Under provision in prior years	37	–
	231	357
Tax expense on continuing operations	846	503

Reconciliation of effective tax rate

	Group 2019 $'000	Group 2018 $'000
Profit/(Loss) before tax from continuing operations	334	(4,324)
Income tax at 17%	57	(735)
Effect of different tax rates in foreign jurisdictions	47	2
Effect of results of equity-accounted investees presented net of tax	485	(6)
Tax exempt income	(103)	(178)
Non-deductible expenses	94	403
Withholding tax	–	80
Deferred tax assets not recognised	293	1,103
Utilisation of previously unrecognised deferred tax assets	(66)	(45)
Under/(Over) provision in prior years	39	(121)
	846	503

Tax expense on continuing operations excluded tax expense on discontinued operations of $Nil (2018: $567,000), which had been included in profit from discontinued operations (note 22), net of tax, in the consolidated statement of comprehensive income.

Notes to the Financial Statements

Year ended 30 June 2019

22 DISCONTINUED OPERATIONS

On 21 August 2017, the Company entered into a conditional Sale and Purchase Agreement with Nidec-Read Corporation, a company incorporated in Japan (the "Purchaser"), for the disposal by the Company of 29,300,000 ordinary shares, representing 100% of the entire issued and paid-up capital of its wholly-owned subsidiary, SV Probe Pte. Ltd. ("SV Probe") (such transaction the "Disposal") and certain of SV Probe's subsidiaries (collectively, the "Disposal Group").

The Disposal was completed on 31 October 2017 (the "Completion"). The initial consideration was determined to be approximately US$69.5 million (approximately $94.9 million, based on an US$/S$ exchange rate of 1.366 as at 30 October 2017, source: The Business Times).

Pursuant to the post-completion review of the financial statements of the Disposal Group, the Company and the Purchaser had on 31 May 2018, determined and agreed that the final adjustments to the initial consideration was US$540,000 (approximately $738,000). The final consideration for the Disposal was therefore approximately US$70.0 million or $95.6 million.

Effect of disposal on the financial position of the Group

	Group 2018 $'000
Property, plant and equipment	9,930
Intangible assets	13,265
Other investment	221
Deferred tax assets	2,542
Inventories	5,699
Trade and other receivables	22,808
Cash and cash equivalents	14,104
Trade and other payables	(10,699)
Provisions	(382)
Interest-bearing borrowings	(753)
Current tax payable	(795)
Deferred tax liabilities	(474)
Goodwill on consolidation disposed	12,119
Net carrying amount of assets disposed	67,585
Translation reserve reclassified to profit or loss	1,278
Gain on disposal	22,050
Net consideration[1]	90,913
Less:	
Consideration held in an escrow account[2]	(14,238)
Consideration received, satisfied in cash	76,675
Cash and cash equivalents disposed of	(14,104)
Net cash inflow	62,571

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Year ended 30 June 2019

22 DISCONTINUED OPERATIONS (CONT'D)

Effect of disposal on the financial position of the Group (Cont'd)

(1) Net consideration comprised:

	$'000
Initial consideration	94,920
Final adjustments(3)	738
Final consideration	95,658
Introduction fee	(4,745)
	90,913

(2) 85% of the initial consideration was paid to the Company in cash and the remaining 15% of the initial consideration is being held in an escrow account. 5% of the initial consideration in the escrow account was released to the Company in October 2018 and the balance 10% will be released to the Company in October 2019.

(3) The final adjustments sum of $738,000 was paid to the Company in cash in June 2018.

For the financial year ended 30 June 2018, the results of the Disposal Group and the gain from sale of the Disposal Group, net of related expenses, had been presented as discontinued operations in the consolidated statement of comprehensive income.

	Group 2018 $'000
Revenue	23,812
Cost of revenue	(13,495)
	10,317
Expenses	(6,966)
Results from operations from discontinued operations	3,351
Net finance expense	(18)
Operating profit before tax from discontinued operations	3,333
Tax expense	(567)
Operating profit from discontinued operations, net of tax	2,766
Gain on sale of Disposal Group	22,050
Expenses attributable to sale of Disposal Group	(3,006)
	19,044
Profit from discontinued operations, net of tax	21,810
Basic earnings per share (cents)	13.05
Diluted earnings per share (cents)	13.05

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Year ended 30 June 2019

22 DISCONTINUED OPERATIONS (CONT'D)

As the Completion took place on 31 October 2017, the operating profit from the Disposal Group for the financial year ended 30 June 2018 was for four months, from 1 July 2017 to 31 October 2017. For the financial year ended 30 June 2018, the profit from discontinued operations of $21,810,000 (2017: $8,327,000) was attributable entirely to the Owners of the Company.

Expenses attributable to sale of the Disposal Group comprised mainly legal fees and special bonus granted to team members in the Disposal Group for their efforts in the Disposal, and other incidentals incurred during the due diligence and restructuring processes to complete the Disposal.

Cash flow statement disclosures

	Group 2018 $'000
Cash flows from/(used in) discontinued operations	
Net cash from operating activities	3,798
Net cash used in investing activities	(447)
Net cash used in financing activities	(403)
	2,948

The cash flow did not include the cash impact arising from the proceeds from the sale of the Disposal Group and expenses attributable to the sale.

23 EARNINGS PER SHARE

	Group			
	2019		2018	
	Continuing operations $'000	Discontinued operations (note 22) $'000	Continuing operations $'000	Discontinued operations (note 22) $'000
Basic (loss)/earnings per share was based on:				
(Loss)/Profit for the year attributable to Owners of the Company	(515)	–	(4,828)	21,810

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Year ended 30 June 2019

23 EARNINGS PER SHARE (CONT'D)

	Group	
	2019 No. of shares '000	**2018 No. of shares '000**
Weighted average number of shares outstanding during the year	167,128	167,128

Diluted (loss)/earnings per share was the same as basic (loss)/earnings per share as there were no potentially dilutive ordinary shares for both the current and prior financial years.

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group	
	2019 $'000	**2018 $'000**
Sales and services income to:		
– a joint venture	22	–
– a former affiliate	–	9
Finance income from:		
– a joint venture	33	–
Services rendered by:		
– a related party	(96)	–
– a former affiliate	–	(21)
Rental expenses paid to a former director	–	(73)
Consultancy fee paid to a director	(90)	(35)

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2019 $'000	**2018 $'000**
Directors' fees	297	248
Short-term employee benefits	1,785	2,559
Defined contribution plans	78	163
Ex-gratia benefits	–	4,070
	2,160	7,040

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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	
	2019	**2018**
	$'000	**$'000**
Within one year	488	546
After one year but within five years	375	760
	863	1,306

Operating leases of offices and warehouses typically run for a period of 1 to 5 years. For these operating leases, the Group is restricted from entering into any sublease arrangements. Some operating leases are granted with option to renew for periods ranging from 3 to 5 years.

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $4,783,000 (2018: $4,802,000) to banks for banking facilities made available to a subsidiary, of which the subsidiary had utilised $624,000 (2018: $Nil).

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 risks.

Notes to the Financial Statements

Year ended 30 June 2019

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 financial assets at amortised cost (2018: loans and receivables) represent the Group's exposure to credit risk.

The Group uses an allowance matrix to measure the ECL of trade receivables from customers. The allowance matrix is based on actual credit loss experience over the past 3 years and adjusted for using the Group's review on the current conditions and economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

Management had 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 risk arising from sales is 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 measures loss allowance for non-trade balances using the general approach (12-month ECL) which reflects the low credit risk of the exposures.

ECLs are measured for financial guarantees issued to represent the expected payments to reimburse the holder less any amounts that the Company expects to recover. At the reporting date, the Company has not recognised an ECL provision as the Company does not consider it probable that a claim will be made against the Company under the guarantee.

Cash and short-term deposits are placed with financial institutions which are regulated. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for non-trade balances and considers that its cash and cash equivalents have low credit risk based on the high external credit ratings of the counterparties.

Notes to the Financial Statements

Year ended 30 June 2019

26 FINANCIAL RISK MANAGEMENT (CONT'D)

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 had unutilised credit facilities of $4,424,000 (2018: $5,068,000).

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

		Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000
Group				
2019				
Non-derivative financial liabilities				
Trade and other payables^	9,706	(9,706)	(9,706)	–
Amounts due to related parties	98	(98)	(98)	–
	9,804	(9,804)	(9,804)	–
2018				
Non-derivative financial liabilities				
Trade and other payables^	9,804	(9,804)	(9,804)	–
Amounts due to related parties	73	(73)	(73)	–
	9,877	(9,877)	(9,877)	–
1 July 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^	18,748	(18,748)	(18,748)	–
Amounts due to related parties	74	(74)	(74)	–
	19,973	(19,998)	(19,789)	(209)

^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

Notes to the Financial Statements
Year ended 30 June 2019

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000
Company			
2019			
Non-derivative financial liabilities			
Trade and other payables^	1,089	(1,089)	(1,089)
Amounts due to related parties	1,382	(1,382)	(1,382)
Recognised financial liabilities	2,471	(2,471)	(2,471)
Intra-group financial guarantees	–	(11,815)	(11,815)
	2,471	(14,286)	(14,286)
2018			
Non-derivative financial liabilities			
Trade and other payables^	1,645	(1,645)	(1,645)
Amounts due to related parties	4,765	(4,765)	(4,765)
Recognised financial liabilities	6,410	(6,410)	(6,410)
Intra-group financial guarantees	–	(11,854)	(11,854)
	6,410	(18,264)	(18,264)
1 July 2017			
Non-derivative financial liabilities			
Trade and other payables^	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)

^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

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 2019

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, Singapore dollar, Vietnamese dong, Chinese renminbi, and Thai baht.

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 the Company's exposures to currency risk (before inter-company eliminations) were as follows:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade and other receivables						
– US dollar	14,926	20,890	10,530	9,421	14,259	–
– Singapore dollar	–	–	54	–	–	–
	14,926	20,890	10,584	9,421	14,259	–
Amounts due from related parties						
– US dollar	2,796	3,851	7,020	–	–	5,757
– Thai baht	224	209	274	–	–	–
	3,020	4,060	7,294	–	–	5,757
Cash and cash equivalents						
– US dollar	10,995	8,454	21,237	1,978	4,367	12,109
– Singapore dollar	–	–	253	–	–	–
	10,995	8,454	21,490	1,978	4,367	12,109
Trade and other payables						
– US dollar	(3,825)	(3,943)	(3,006)	(2)	–	–
– Singapore dollar	(242)	(139)	(402)	–	–	–
– Vietnamese dong	–	–	(918)	–	–	–
	(4,067)	(4,082)	(4,326)	(2)	–	–

Notes to the Financial Statements
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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (Cont'd)

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Amounts due to related parties						
– US dollar	(2,720)	(6,023)	(18,966)	(1,171)	(4,765)	(546)
– Singapore dollar	(286)	(393)	(812)	–	–	–
– Chinese renminbi	(3,050)	(2,089)	(1,454)	–	–	–
– Thai baht	(126)	(117)	(117)	–	–	–
	(6,182)	(8,622)	(21,349)	(1,171)	(4,765)	(546)
Net exposure	18,692	20,700	13,693	10,226	13,861	17,320

Sensitivity analysis

A 1% (2018: 1%; 1 July 2017: 1%) strengthening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would increase profit before tax by the amounts shown below. This analysis assumes all other variables remain constant.

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Profit before tax	187	207	137	102	139	173

A 1% (2018: 1%; 1 July 2017: 1%) weakening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would have had the equal but opposite effect on the profit before tax, on the basis that all other variables remain constant.

Notes to the Financial Statements

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Equity price risk

The Group is exposed to investment risks from quoted equity securities which are classified as FVOCI (2018: available-for-sale financial assets and financial assets at fair value through profit or loss). 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 investment returns so as to improve its return in general. The Group mitigates this risk through careful selection of investment opportunities.

Sensitivity analysis

If prices for quoted equity securities increased by 10% with all other variables held constant, the increase in equity and profit before tax would be:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Equity	531	858	496	531	858	495
Profit before tax	–	233	–	–	233	–

A 10% (2018: 10%; 1 July 2017: 10%) decrease in the underlying quoted equity securities prices would have had the equal but opposite effect to the amounts shown above.

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) Equity investments – at FVOCI (2018: Available-for-sale financial assets and financial assets at fair value through profit or loss)

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

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values (Cont'd)

(2) Non-derivative non-current assets and liabilities

The fair value of fixed rate loans was 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 values.

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

The fair value of non-current financial assets was 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 impact of discounting was not material.

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

(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, amount due to/(from) related parties, cash and cash equivalents, and trade and other payables) were assumed to approximate their fair values because of the short period to maturity or that they were 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).

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (Cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2019				
Financial assets				
Quoted equity securities				
– at FVOCI	5,316	–	–	5,316
2018				
Financial assets				
Unquoted investment fund				
– available-for-sale	–	4	–	4
Quoted equity securities				
– available-for-sale	8,577	–	–	8,577
– fair value through profit or loss	2,335	–	–	2,335
	10,912	4	–	10,916
1 July 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
Company				
2019				
Financial assets				
Quoted equity securities				
– at FVOCI	5,316	–	–	5,316
2018				
Financial assets				
Quoted equity securities				
– available-for-sale	8,577	–	–	8,577
– fair value through profit or loss	2,335	–	–	2,335
	10,912	–	–	10,912
1 July 2017				
Financial assets				
Quoted equity securities				
– available-for-sale	4,952	–	–	4,952

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27 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	FVOCI – equity investments $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000
Group					
2019					
Assets					
Financial assets	7	5,316	–	–	5,316
Trade and other receivables##	8	–	17,920	–	17,920
Amounts due from related parties	11	–	2,909	–	2,909
Cash and cash equivalents	12	–	75,465	–	75,465
		5,316	96,294	–	101,610
Liabilities					
Amounts due to related parties	11	–	–	(98)	(98)
Trade and other payables^	16	–	–	(9,706)	(9,706)
		–	–	(9,804)	(9,804)

	Note	Available-for-sale financial assets $'000	Financial assets at FVTPL $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2018						
Assets						
Financial assets	7	8,581	2,335	–	–	10,916
Trade and other receivables##	8	–	–	25,234	–	25,234
Cash and cash equivalents	12	–	–	73,244	–	73,244
		8,581	2,335	98,478	–	109,394

Excludes tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

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27 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Financial assets at FVTPL $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group						
2018						
Liabilities						
Amounts due to related parties	11	–	–	–	(73)	(73)
Trade and other payables^	16	–	–	–	(9,804)	(9,804)
		–	–	–	(9,877)	(9,877)
1 July 2017						
Assets						
Financial assets	7	5,179	–	–	–	5,179
Trade and other receivables##	8	–	–	33,698	–	33,698
Cash and cash equivalents	12	–	–	53,762	–	53,762
		5,179	–	87,460	–	92,639
Liabilities						
Amounts due to related parties	11	–	–	–	(74)	(74)
Interest-bearing borrowings	15	–	–	–	(1,151)	(1,151)
Trade and other payables^	16	–	–	–	(18,748)	(18,748)
		–	–	–	(19,973)	(19,973)

Excludes tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

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27 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	FVOCI – equity investments $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000
Company					
2019					
Assets					
Financial assets	7	5,316	–	–	5,316
Trade and other receivables##	8	–	9,513	–	9,513
Amounts due from related parties	11	–	12,626	–	12,626
Cash and cash equivalents	12	–	56,229	–	56,229
		5,316	78,368	–	83,684
Liabilities					
Amounts due to related parties	11	–	–	(1,382)	(1,382)
Trade and other payables^	16	–	–	(1,089)	(1,089)
		–	–	(2,471)	(2,471)

	Note	Available-for-sale financial assets $'000	Financial assets at FVTPL $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2018						
Assets						
Financial assets	7	8,577	2,335	–	–	10,912
Trade and other receivables##	8	–	–	14,294	–	14,294
Amounts due from related parties	11	–	–	10,006	–	10,006
Cash and cash equivalents	12	–	–	56,627	–	56,627
		8,577	2,335	80,927	–	91,839

Excludes tax receivables and prepayments.
^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

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27 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Financial assets at FVTPL $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company						
2018						
Liabilities						
Amounts due to related parties	11	–	–	–	(4,765)	(4,765)
Trade and other payables^	16	–	–	–	(1,645)	(1,645)
		–	–	–	(6,410)	(6,410)
1 July 2017						
Assets						
Financial assets	7	4,952	–	–	–	4,952
Trade and other receivables##	8	–	–	172	–	172
Amounts due from related parties	11	–	–	251	–	251
Cash and cash equivalents	12	–	–	23,091	–	23,091
		4,952	–	23,514	–	28,466
Liabilities						
Amounts due to related parties	11	–	–	–	(546)	(546)
Trade and other payables^	16	–	–	–	(1,323)	(1,323)
		–	–	–	(1,869)	(1,869)

Excludes tax receivables and prepayments.
^ Excludes liability for short-term accumulating compensated absences and contract liabilities.

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28 OPERATING SEGMENTS

The Group determines its operating segments based on internal reports of the components of the Group that are regularly reviewed by the Group's CEO (the chief operating decision maker) for performance assessment and to determine resources allocation.

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; this segment was disposed in October 2017 (note 22).
Vending Solutions	:	Distribute, operate and provide retail solutions through intelligent automated retail machines.

Information regarding the results of each reportable segment is included below. 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.

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28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Vending Solutions		Eliminations**		Consolidated	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group										
Revenue and expenses										
Total revenue from external customers	50,170	49,146	–	23,812	–	–	–	(23,812)	50,170	49,146
Inter-segment revenue	173	343	–	–	–	–	(173)	(343)	–	–
	50,343	49,489	–	23,812	–	–	(173)	(24,155)	50,170	49,146
Segment results	4,749	3,814	–	3,351	–	–	–	(3,365)	4,749	3,800
Unallocated corporate results									(2,509)	(8,592)
									2,240	(4,792)
Share of results of an associate and joint ventures	(14)	118	–	–	(2,840)	(80)	–	–	(2,854)	38
Loss before finance income and taxation									(614)	(4,754)
Finance income									948	430
Tax expense									(846)	(503)
Non-controlling interests									(3)	(1)
Loss from continuing operations, net of tax									(515)	(4,828)
Profit from discontinued operations, net of tax (note 22)									–	21,810
(Loss)/Profit for the year									(515)	16,982

** Eliminations consist of elimination of inter-segment revenue and discontinued operations.

Notes to the Financial Statements
Year ended 30 June 2019

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Vending Solutions		Eliminations**		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Assets and liabilities										
Segment assets	49,291	46,718	–	–	2,533	–	–	–	51,824	46,718
Investments in joint ventures	36	–	–	–	7,080	9,920	–	–	7,116	9,920
Tax receivables	127	51	–	–	–	–	–	–	127	51
Deferred tax assets	67	297	–	–	–	–	–	–	67	297
Unallocated corporate & others assets									71,131	81,922
Total assets									130,265	138,908
Segment liabilities	11,412	11,746	–	–	–	–	–	–	11,412	11,746
Tax liabilities	642	220	–	–	–	–	–	–	642	220
Unallocated corporate & others liabilities									1,378	1,820
Total liabilities									13,432	13,786
Capital expenditure										
– allocated to reportable segments	926	479	–	443	–	–	–	(443)	926	479
– unallocated corporate & others									6	16
									932	495

** Eliminations consist of elimination of inter-segment revenue and discontinued operations.

Notes to the Financial Statements
Year ended 30 June 2019

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Vending Solutions		Eliminations**		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Other items										
Amortisation of intangible assets	6	4	–	368	–	–	–	(368)	6	4
Dividend income from financial assets									(162)	(44)
Depreciation of property, plant and equipment										
– allocated to reportable segments	316	202	–	688	–	–	–	(688)	316	202
– unallocated corporate expenses									8	3
									324	205
Gain on disposal of property, plant and equipment	–	(17)	–	4	–	–	–	(4)	–	(17)
Inventories written off	3	–	–	–	–	–	–	–	3	–

** Eliminations consist of elimination of inter-segment revenue and discontinued operations.

Notes to the Financial Statements
Year ended 30 June 2019

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions 2019 $'000	Distribution and Services Solutions 2018 $'000	Probe Card Solutions (Discontinued operations) 2019 $'000	Probe Card Solutions (Discontinued operations) 2018 $'000	Vending Solutions 2019 $'000	Vending Solutions 2018 $'000	Eliminations** 2019 $'000	Eliminations** 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
Group										
Other items (cont'd)										
Foreign exchange loss/(gain) on liquidation of subsidiaries										
– allocated to reportable segments	10	–	–	–	–	–	–	–	10	–
– unallocated corporate income									(110)	–
									(100)	–
Gain on disposal of an associate	–	(15)	–	–	–	–	–	–	–	(15)
Reversal of allowance for doubtful trade receivables	–	(5)	–	–	–	–	–	–	–	(5)
(Reversal of allowance)/Allowance for inventory obsolescence	(69)	93	–	132	–	–	–	(132)	(69)	93
Property, plant and equipment written off										
– allocated to reportable segments	41	38	–	–	–	–	–	–	41	38
– unallocated corporate expenses									–	1
									41	39
Fair value changes to financial assets	–	–	–	–	–	–	–	–	–	222

** Eliminations consist of elimination of inter-segment revenue and discontinued operations.

Notes to the Financial Statements
Year ended 30 June 2019

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group																		
Total revenue from external customers	24,531	23,497	6,658	4,957	12,242	19,374	6,230	9,048	122	5,420	–	6,154	15	696	372	3,812	50,170	72,958
Elimination of discontinued operations	–	(416)	–	(583)	–	(4,661)	–	(2,778)	–	(5,264)	–	(6,154)	–	(692)	–	(3,264)	–	(23,812)
Consolidated revenue	24,531	23,081	6,658	4,374	12,242	14,713	6,230	6,270	122	156	–	–	15	4	372	548	50,170	49,146
Non-current segment assets	18,493	25,129	9	25	163	207	240	352	–	–	–	–	–	–	–	–	18,905	25,713
Investments in joint ventures	7,116	9,920	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,116	9,920
Investments in financial assets	5,316	8,549	–	–	–	–	–	4	–	–	–	–	–	28	–	–	5,316	8,581
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	67	297
Total non-current assets	30,925	43,598	9	25	163	207	240	356	–	–	–	–	–	28	–	–	31,404	44,511
Capital expenditure	898	112	7	8	9	34	18	341	–	–	–	–	–	–	–	–	932	495

Notes to the Financial Statements
Year ended 30 June 2019

29 PROPOSED DIVIDENDS

Subsequent to the reporting date, the Board proposed to declare the following dividends:

	Group and Company	
	2019	2018
	$'000	$'000
Final (tax-exempt one-tier) dividend of 1.00 cent per share (2018: 2.00 cents)	1,671	3,342
Final special (tax-exempt one-tier) dividend of 1.00 cent per share (2018: 1.00 cent)	1,671	1,671
	3,342	5,013

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

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual periods beginning on or after 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 30 June 2019, the comparative information for the year ended 30 June 2018 and the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position as at 1 July 2017, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I), interpretations of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS (1) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and how the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, is set out under the summary of quantitative impact and the accompanying notes.

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's statement of financial positions as at 1 July 2017, 30 June 2018 and 1 July 2018 and the Group's statement of comprehensive income for the year ended 30 June 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 30 June 2018 arising from the transition to SFRS(I).

There were no material adjustments to the Company's statement of financial position, except for the re-classification of a certain loan to a subsidiary amounting to $10,000,000 from "Subsidiaries" to "Amounts due from related parties" as at 30 June 2018 and 1 July 2018.

Reconciliation of the Group's equity
Consolidated statement of financial position

		30 June 2018				1 July 2018	
	Note	FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Non-current assets							
Property, plant and equipment		792	–	–	792	–	792
Intangible assets and goodwill		15,415	–	–	15,415	–	15,415
Joint ventures		9,920	–	–	9,920	–	9,920
Financial assets	c(i)	8,581	–	–	8,581	–	8,581
Other receivables	c(i)	9,506	–	–	9,506	–	9,506
Deferred tax assets		297	–	–	297	–	297
		44,511	–	–	44,511	–	44,511
Current assets							
Inventories		2,713	–	–	2,713	–	2,713
Trade and other receivables	c(i), c(ii)	16,105	–	–	16,105	–	16,105
Financial assets	c(i)	2,335	–	–	2,335	–	2,335
Cash and cash equivalents	c(i)	73,244	–	–	73,244	–	73,244
		94,397	–	–	94,397	–	94,397
Total assets		138,908	–	–	138,908	–	138,908

Notes to the Financial Statements
Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Reconciliation of the Group's equity
Consolidated statement of financial position (Cont'd)

		30 June 2018				1 July 2018	
	Note	FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Equity attributable to Owners of the Company							
Share capital		89,566	–	–	89,566	–	89,566
Reserves	a(i)	(5,309)	1,399	–	(3,910)	–	(3,910)
Retained earnings	a(i)	40,461	(1,399)	–	39,062	–	39,062
Non-controlling interests		404	–	–	404	–	404
Total equity		125,122	–	–	125,122	–	125,122
Non-current liabilities		113	–	–	113	–	113
Current liabilities		13,673	–	–	13,673	–	13,673
Total liabilities		13,786	–	–	13,786	–	13,786
Total equity and liabilities		138,908	–	–	138,908	–	138,908

	1 July 2017			
	FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets				
Property, plant and equipment	10,984	–	–	10,984
Intangible assets and goodwill	41,425	–	–	41,425
Associate and Joint ventures	933	–	–	933
Financial assets	5,179	–	–	5,179
Deferred tax assets	3,612	–	–	3,612
	62,133	–	–	62,133
Current assets				
Inventories	7,843	–	–	7,843
Trade and other receivables	35,036	–	–	35,036
Cash and cash equivalents	53,762	–	–	53,762
	96,641	–	–	96,641
Total assets	158,774	–	–	158,774

Notes to the Financial Statements
Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Reconciliation of the Group's equity
Consolidated statement of financial position (Cont'd)

		1 July 2017			
	Note	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) 15 $'000**	**SFRS(I) framework $'000**
Equity attributable to Owners of the Company					
Share capital		89,566	–	–	89,566
Reserves	a(i)	(17,051)	9,313	–	(7,738)
Retained earnings	a(i)	58,969	(9,313)	–	49,656
Non-controlling interests		413	–	–	413
Total equity		131,897	–	–	131,897
Non-current liabilities		1,352	–	–	1,352
Current liabilities		25,525	–	–	25,525
Total liabilities		26,877	–	–	26,877
Total equity and liabilities		158,774	–	–	158,774

Notes to the Financial Statements
Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Reconciliation of the Group's equity
Consolidated statement of comprehensive income

		30 June 2018			
	Note	FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Continuing operations					
Revenue		49,146	–	–	49,146
Cost of revenue		(37,486)	–	–	(37,486)
Gross profit		11,660	–	–	11,660
Other income	a(i)	113	7	–	120
Distribution expenses		(3,645)	–	–	(3,645)
Administrative expenses		(10,789)	–	–	(10,789)
Other expenses		(2,138)	–	–	(2,138)
Results from operating activities		(4,799)	7	–	(4,792)
Finance income		430	–	–	430
Share of results of an associate (net of tax)		118	–	–	118
Share of results of a joint venture (net of tax)		(80)	–	–	(80)
Loss before tax		(4,331)	7	–	(4,324)
Tax expense		(503)	–	–	(503)
Loss from continuing operations		(4,834)	7	–	(4,827)
Discontinued operations					
Profit from discontinued operations (net of tax)	a(i)	13,903	7,907	–	21,810
Profit for the year		9,069	7,914	–	16,983

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Reconciliation of the Group's equity
Consolidated statement of comprehensive income (Cont'd)

		30 June 2018			
	Note	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) 15 $'000**	**SFRS(I) framework $'000**
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	a(i)	8,107	(7,914)	–	193
Others		3,625	–	–	3,625
Other comprehensive income for the year, net of tax		11,732	(7,914)	–	3,818
Total comprehensive income for the year		20,801	–	–	20,801
Profit attributable to:					
Owners of the Company		9,068	7,914	–	16,982
Non-controlling interests		1	–	–	1
		9,069	7,914	–	16,983
Total comprehensive income attributable to:					
Owners of the Company		20,810	–	–	20,810
Non-controlling interests		(9)	–	–	(9)
		20,801	–	–	20,801

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Notes to the reconciliations

a. SFRS(I) 1

In adopting SFRS(I) on 1 July 2018, the Group had applied the transition requirements in SFRS(I) 1 with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 30 June 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Translation reserve

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative translation reserve for all foreign operations to nil at the date of transition, and had reclassified the cumulative translation reserve of $9,313,000 as at 1 July 2017 to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and an associate in financial year 2018 were adjusted, resulting in an increase of $7,914,000 to the profit for the year ended 30 June 2018.

As at 1 July 2018, the cumulative translation loss of $1,399,000 was reclassified from translation reserve to retained earnings.

b. SFRS(I) 15

SFRS(I) 15 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. The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. There is no significant impact on the financial statements arising from the adoption of SFRS(I) 15.

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Notes to the reconciliations (Cont'd)

c. SFRS(I) 9

(i) Classification of financial assets and financial liabilities

An explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9 is disclosed in note 2.6.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 July 2018.

				1 July 2018	
	Note	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'000**	**New carrying amount under SFRS(I) 9 $'000**
Group					
Financial assets					
Unquoted equity securities		Available-for-sale	FVOCI	4	4
Quoted equity securities		Available-for-sale	FVOCI	8,577	8,577
Quoted equity securities	c (i) (a)	FVTPL	FVOCI	2,335	2,335
Trade and other receivables##		Loans and receivables	Amortised cost	25,234	25,234
Cash and cash equivalents		Loans and receivables	Amortised cost	73,244	73,244
Total financial assets				109,394	109,394

Excludes tax receivables and prepayments.

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Notes to the reconciliations (Cont'd)

c. SFRS(I) 9 (Cont'd)

(i) Classification of financial assets and financial liabilities (Cont'd)

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 July 2018 Original carrying amount under FRS 39 $'000	1 July 2018 New carrying amount under SFRS(I) 9 $'000
Company Financial assets					
Quoted equity securities		Available-for-sale	FVOCI	8,577	8,577
Quoted equity securities	c (i) (a)	FVTPL	FVOCI	2,335	2,335
Amounts due from related parties		Loans and receivables	Amortised cost	10,006	10,006
Trade and other receivables##		Loans and receivables	Amortised cost	14,294	14,294
Cash and cash equivalents		Loans and receivables	Amortised cost	56,627	56,627
Total financial assets				91,839	91,839

Excludes tax receivables and prepayments.

(a) These equity investments represent investments that the Group intends to hold for long term purposes to derive dividend income. The Group had designated these investments as at 1 July 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will not be subsequently reclassified to profit or loss.

Notes to the Financial Statements

Year ended 30 June 2019

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Summary of quantitative impact (Cont'd)

Notes to the reconciliations (Cont'd)

c. SFRS(I) 9 (Cont'd)

(ii) Impairment of financial assets

The Group has the following financial assets which are subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15;
- amounts due from related parties and other receivables at amortised cost; and
- intra-group financial guarantees contracts.

The impairment methodology under FRS and SFRS(I) did not give rise to transition adjustments. The impairment methodology for each of these classes of financial assets under SFRS(I) is as disclosed in note 26.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 July 2018 and earlier application is permitted; however, the Group has not elected to adopt the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I), interpretations and amendments to SFRS(I) are applicable to the Group and effective for annual periods beginning after 1 July 2018:

Applicable to 30 June 2020 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

Notes to the Financial Statements

Year ended 30 June 2019

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have an impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The accounting for lessor will not change significantly. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group plans to apply SFRS(I) 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that SFRS(I) 16 will apply to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to a portfolio of leases with reasonably similar characteristics. Furthermore, the Group will measure its ROU on a lease-by-lease basis at the amount of the lease liability or as if SFRS(I) 16 had always been applied.

For lease contracts that contain the option to renew, the Group assesses whether it is reasonably certain to exercise those options in determining the lease term. The Group expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

As at 1 July 2019, the Group expects an increase in ROU assets of $1,192,000, an increase in lease liabilities of $1,277,000 and a decrease in retained earnings of $74,000.

The nature of expenses relating to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

Statistics of Shareholdings

as at 13 September 2019

Number of Issued and Paid Up Shares	:	167,128,185			
Class of Shares	:	Ordinary Shares	Voting Rights	:	1 vote per share
Number of Treasury Shares	:	Nil			
Number of Subsidiary Holdings	:	Nil			

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	35	1.52	1,314	0.00
100 to 1,000	489	21.29	256,982	0.15
1,001 to 10,000	1,008	43.88	4,933,855	2.95
10,001 to 1,000,000	760	33.09	46,803,461	28.01
1,000,001 and above	5	0.22	115,132,573	68.89
Total	2,297	100.00	167,128,185	100.00

Based on information available to the Company as at 13 September 2019, approximately 39.87% of the issued shares of the Company is held by the public and Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	100,386,220	60.06
2	DBS NOMINEES (PRIVATE) LIMITED	9,927,953	5.94
3	CITIBANK NOMINEES SINGAPORE PTE LTD	2,186,400	1.31
4	LEAP INTERNATIONAL PTE LTD	1,500,000	0.90
5	QUEK CHIN CHOO	1,132,000	0.68
6	BEVRIAN PTE LTD	968,300	0.58
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	952,922	0.57
8	RAFFLES NOMINEES (PTE) LIMITED	934,060	0.56
9	OCBC SECURITIES PRIVATE LIMITED	858,299	0.51
10	TAY BOON HUAT	804,900	0.48
11	IP YUEN KWONG	783,500	0.47
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	783,400	0.47
13	HONG LEONG FINANCE NOMINEES PTE LTD	766,700	0.46
14	IWAN RUSLI @ LIE TJIN VAN	762,300	0.46
15	MAYBANK KIM ENG SECURITIES PTE LTD	740,665	0.44
16	UOB KAY HIAN PRIVATE LIMITED	656,010	0.39
17	PHILLIP SECURITIES PTE LTD	641,310	0.38
18	NG THIAM SENG @ EUGENE NG	640,000	0.38
19	SNG CHING NGEE	515,000	0.31
20	NG TIE JIN (HUANG ZHIREN)	512,300	0.31
Total		126,452,239	75.66

Statistics of Shareholdings

as at 13 September 2019

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Bevrian Pte Ltd[1]	968,300	0.58	99,493,446	59.53	100,461,746	60.11
David Lum Kok Seng[2]	–	–	100,461,746	60.11	100,461,746	60.11

(1) *Bevrian Pte Ltd's deemed interest in the shares are held by its nominee, CGS-CIMB Securities (Singapore) Pte Ltd.*

(2) *Mr David Lum Kok Seng is deemed interested in all the shares held by Bevrian Pte Ltd.*

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of the Company will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Friday, 25 October 2019 at 2.00 p.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Auditor's Report thereon.
(Resolution 1)

2. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 91 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mr Kelvin Lum Wen-Sum **(Resolution 2)**

   (b) Mr Clement Leow Wee Kia **(Resolution 3)**

   [See Explanatory Note (i)]

3. To declare a final tax-exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 30 June 2019.
(Resolution 4)

4. To declare a final special tax-exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 30 June 2019.
(Resolution 5)

5. To approve the payment of Directors' fees of $297,000 for the financial year ending 30 June 2020, to be paid quarterly in arrears (2019: $297,000).
(Resolution 6)

   [See Explanatory Note (ii)]

6. To appoint Ernst & Young LLP as the Auditor of the Company in place of the retiring Auditor, KPMG LLP, and to authorise the Directors to fix their remuneration.
(Resolution 7)

   [See Explanatory Note (iii)]

Notice of Annual General Meeting

Special Business

To consider and, if thought fit, to pass with or without modifications, the following resolutions, of which Resolutions 8 and 9 will be proposed as Ordinary Resolutions and Resolution 10 will be proposed as a Special Resolution:

7. That authority be and is hereby given to the Directors to:

(a) (i) allot and issue shares in the Company (the "**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 that 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 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% of the total number of issued Shares, excluding treasury shares and subsidiary holdings, (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 granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares, excluding treasury shares and subsidiary holdings (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 and subsidiary holdings, at the time this Resolution is passed, after adjusting for:

(i) 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

(ii) 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 (the "**Listing Manual**") for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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.

(Resolution 8)

[See Explanatory Note (iv)]

8. That:

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

(i) on-market purchase(s) (each an "**On-Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

Notice of Annual General Meeting

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he or she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 9)

[See Explanatory Note (v)]

9. That the new Constitution submitted to this meeting and, for the purpose of identification, as set out in the Annex to Appendix 3 to this Notice of Annual General Meeting, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

(Resolution 10)

[See Explanatory Note (vi)]

Notice of Annual General Meeting

Notice of Books Closure

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 29 October 2019 for the purpose of determining shareholders' entitlements to a proposed final tax-exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 30 June 2019 ("**FY2019 Final Dividend**") and a proposed final special tax-exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 30 June 2019 ("**FY2019 Special Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 29 October 2019 will be registered to determine shareholders' entitlements to the FY2019 Final Dividend and the FY2019 Special Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 29 October 2019 will be entitled to the FY2019 Final Dividend and the FY2019 Special Dividend.

The FY2019 Final Dividend and the FY2019 Special Dividend, if approved by the shareholders at the 24th Annual General Meeting of the Company, will be paid on 20 November 2019.

By Order of the Board

Chan Yuen Leng
Company Secretary
Singapore, 2 October 2019

Notice of Annual General Meeting

Explanatory Notes:

(i) **Ordinary Resolutions 2 and 3**: Detailed information on these Directors can be found under the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-election" in the Company's Annual Report 2019.

(ii) **Ordinary Resolution 6**: The Company proposes to pay Directors' fees for the financial year ending 30 June 2020 quarterly in arrears, instead of at the end of the next financial year, after the Annual General Meeting of the Company is held. Information on Directors' fees can be found under the section entitled "Corporate Governance" in the Company's Annual Report 2019.

(iii) **Ordinary Resolution 7**: The Company proposes to appoint Ernst & Young LLP as the Auditor of the Company, in place of the retiring Auditor, KPMG LLP. Please refer to Appendix 1 to this Notice of Annual General Meeting for details.

(iv) **Ordinary Resolution 8**: Ordinary Resolution 8, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares, 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% of the total number of issued Shares, excluding treasury shares and subsidiary holdings, with a sub-limit of 20% for issues other than on a *pro rata* basis to members of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued Shares, excluding treasury shares and subsidiary holdings, will be calculated based on the Company's total number of issued Shares, excluding treasury shares and subsidiary holdings, 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.

(v) **Ordinary Resolution 9**: Ordinary Resolution 9, if passed, will empower the Directors to purchase, on behalf of the Company, ordinary shares in the capital of the Company in accordance with the terms set out in Appendix 2 to this Notice of Annual General Meeting as well as the rules and regulations set out in the Companies Act and the Listing Manual. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

(vi) **Special Resolution 10**: Special Resolution 10 is for the Company to adopt a new Constitution following the wide-ranging changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 and Companies (Amendment) Act 2017 (both, the "**Amendment Acts**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account changes to the Companies Act introduced pursuant to the Amendment Acts. Please refer to Appendix 3 to this Notice of Annual General Meeting for details.

Notes:

1. (a) 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 at the Annual General Meeting of the Company. Where a member appoints two proxies, he or she shall specify the proportion of the shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The instrument appointing the proxy or representative must be executed under its common seal or executed as a deed in accordance with the Companies Act or signed on its behalf by its attorney or officer duly authorised.

   (c) 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 of the Company, 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.

   "relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies 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 Annual General Meeting of the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company 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 of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (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(ies) and/or representative(s) to the Company (and/or its agents or service providers), the member has obtained the prior consent of such proxy(ies) 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(ies) 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.

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

The following information relating to Mr Kelvin Lum Wen-Sum and Mr Clement Leow Wee Kia, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 25 October 2019 ("**2019 Annual General Meeting**"), is provided pursuant to Rule 720(6) of the listing manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Kelvin Lum Wen-Sum**	**Clement Leow Wee Kia**
Date of Appointment	1 March 2016	8 May 2015
Date of last re-appointment (if applicable)	19 October 2016	19 October 2017
Age	44	45
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon review of the skills and experience of Mr Kelvin Lum Wen-Sum as well as his performance and contributions to the effectiveness of the Board, the Nominating Committee had recommended, and the Board of Directors had approved the recommendation for Mr Kelvin Lum Wen-Sum to be re-elected at the 2019 Annual General Meeting.	Upon review of the skills and experience of Mr Clement Leow Wee Kia as well as his performance and contributions to the effectiveness of the Board, the Nominating Committee had recommended, and the Board of Directors had approved the recommendation for Mr Clement Leow Wee Kia to be re-elected at the 2019 Annual General Meeting.
Whether appointment is executive, and if so, the area of responsibility	The appointment is executive. Mr Kelvin Lum Wen-Sum is the Chief Executive Officer of the Company. He provides leadership to management and oversees the operations of the Group. He is also responsible for charting the Group's corporate directions and implementing growth strategies, including managing its investment activities.	The appointment is non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	1. Chief Executive Officer 2. Member of Nominating Committee	1. Independent Director 2. Chairman of Nominating Committee 3. Chairman of Remuneration Committee 4. Member of Audit and Risk Committee

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Professional qualifications	Bachelor of Commerce, University of Western Australia	1. Bachelor of Science in Applied Economics, Cornell University 2. Master of Business Administration, University of Oxford 3. Postgraduate Diploma in Financial Strategy, University of Oxford
Working experience and occupation(s) during the past 10 years	1. August 2018 to present Chief Executive Officer, Ellipsiz Ltd 2. November 2016 to present Non-Independent Non-Executive Director, Lum Chang Holdings Limited 3. March 2016 to present Executive Director, Ellipsiz Ltd 4. November 2015 to present Consultant, Lum Chang Holdings Limited 5. April 2015 to October 2015 Executive, LCD Global Investments Ltd[1] 6. August 2011 to April 2015 Managing Director, LCD Global Investments Ltd[1] 7. August 2010 to July 2011 Deputy Managing Director, LCD Global Investments Ltd[1] 8. May 2008 to August 2010 Executive Director, LCD Global Investments Ltd[1]	1. March 2019 to present Chief Executive Officer and Executive Director, Allied Technologies Limited 2. March 2017 to February 2019 Chief Executive Officer, Corporate Finance, Crowe Horwath Capital Pte Ltd 3. June 2009 to March 2017 Partner, Head of Corporate Finance, Partners Capital (Singapore) Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

[1] LCD Global Investments Ltd is now known as AF Global Limited

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	**Kelvin Lum Wen-Sum**	**Clement Leow Wee Kia**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	1. Son of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, a substantial shareholder of the Company. 2. Brother of Mr Adrian Lum Wen-Hong, a Non-Independent Non-Executive Director of the Company.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Past Directorship(s): 1. AF Global (Phuket) Limited 2. Bon (38) Investment Pte Ltd 3. Bon 88 Investment Pte Ltd 4. Cheong Hock Chye & Co (Pte) Ltd 5. Cityview Property Investment & Trading Limited 6. Corpus Five Sdn Bhd 7. Draycott Garden Pte Ltd 8. Ellipsiz Taiwan Second Source Inc 9. Gateway Enterprise Company Limited 10. Hillgate Investment Pte Ltd 11. HIRP (Thailand) Limited 12. Kalms (Singapore) Pte Ltd	Past Directorship(s): 1. Crowe Horwath Capital Pte Ltd 2. JB Foods Limited

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
	13. Knight Frank Pte Ltd 14. L.C. (London) Ltd 15. L.C. Hotels Pte Ltd 16. L.C. Logistics Pte Ltd 17. LCD (Indochina) Pte Ltd 18. LCD (Vietnam) Pte Ltd 19. LCD Global Investments Ltd[1] 20. LCD Management Sdn Bhd 21. LCD Property Management Pte Ltd 22. LCD Property Pte Ltd 23. London Property Investment Pte Ltd 24. Lum Chang (Hong Kong) Investments Limited 25. MKHT (Thailand) Limited 26. Phuket Island Property Fund 27. Rawai (38) Investment Pte Ltd 28. Rawai 88 Investment Pte Ltd 29. RDL Investments Pte Ltd 30. RP (Thailand) Limited 31. SV Probe Pte Ltd 32. SV Technology Inc 33. TCNB (Thailand) Limited 34. Tokyo Cathode Laboratory (S) Pte Ltd 35. Veight Investments Pte Ltd 36. Xuzhou RE Sales Co Ltd 37. Xuzhou YinJian LumChang Real Estate Development Co Ltd 38. ZONE X Leisure Pte Ltd	

[1] LCD Global Investments Ltd is now known as AF Global Limited

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Present	Present Directorship(s): 1. Beverian Holdings Pte Ltd 2. Bevrian Pte Ltd 3. CrystalTech Scientific Inc 4. EIR Investments Pte Ltd 5. Ellipsiz DSS Pte Ltd 6. Ellipsiz iNETest Co Ltd 7. Ellipsiz Taiwan Inc 8. iNETest Malaysia Sdn Bhd 9. iNETest Resources Pte Ltd 10. Kalms Investment Pte Ltd 11. LS Investments Pte Ltd 12. Lum Chang Holdings Limited 13. Nanyang Girls' High School Ltd 14. Nanyang International Education (Holdings) Limited 15. Nanyang Kindergarten 16. Nanyang Primary School 17. UK Property Investment Pte Ltd	Present Directorship(s): 1. Allied Technologies Limited 2. Grand Team Technologies Limited 3. Lum Chang Holdings Limited 4. MSM International Limited 5. Overseas Education Limited
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	**Kelvin Lum Wen-Sum**	**Clement Leow Wee Kia**
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Save for any ongoing investigations involving Allied Technologies Limited, no.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

Additional Information on Directors Seeking Re-Election

(As at 13 September 2019)

Name of Director	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable	Not applicable
If yes, please provide details of prior experience.		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

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Ellipsiz Ltd

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

PROXY FORM
24TH ANNUAL GENERAL MEETING

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 purposes if used or purported to be used by them. CPF/SRS investors should contact their respective agent banks 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 2 October 2019.

I/We, ____________________ (*Name*), NRIC/Passport No./Company Registration No. __________

of ____ (*Address*)
being a member/members of Ellipsiz Ltd (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or, failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the AGM to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Friday, 25 October 2019 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM 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 AGM and at any adjournment thereof.

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 2019 together with the Auditor's Report thereon.		
2.	Re-election of Mr Kelvin Lum Wen-Sum as Director.		
3.	Re-election of Mr Clement Leow Wee Kia as Director.		
4.	Declaration of a final tax-exempt (one-tier) dividend of 1 cent per ordinary share.		
5.	Declaration of a final special tax-exempt (one-tier) dividend of 1 cent per ordinary share.		
6.	Approval of Directors' fees of $297,000 for the financial year ending 30 June 2020, to be paid quarterly in arrears.		
7.	Appointment of Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, KPMG LLP, and authorising the Directors to fix their remuneration.		
Special Business			
8.	Approval of authority to issue new shares.		
9.	Approval of Share Purchase Mandate.		
10.	Adoption of the new Constitution.		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) in the relevant box provided above. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of votes in the boxes provided above.*

Dated this _____ day of __________ 2019.

Total No. of Shares in:	No. of Shares:
CDP Register	
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 in the Company 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 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. If no number is inserted, this form of proxy shall be deemed to relate to all the ordinary shares held by you.

2. (a) 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 at the AGM. Where such member appoints two proxies, the member shall specify the proportion of the shareholdings (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% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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. In relation to a relevant intermediary who wishes to appoint more than two 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.

   "relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50) of Singapore.

3. A proxy need not be a member of the Company.

4. This form of proxy (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 appointed for holding the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy, to the AGM.

5. This form of proxy must, in the case of an individual, be signed by the appointor or his/her attorney duly authorised in writing. In the case of a corporation, the form of proxy must be executed under its common seal or executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or signed on its behalf by its attorney or officer duly authorised.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM in accordance with its constitution and Section 179 of the Companies Act (Chapter 50) of Singapore.

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

8. In the case of members of the Company whose ordinary shares are entered against their names in the Depository Register, the Company may reject any form of proxy lodged if such members are not shown to have ordinary shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

AGM
Proxy Form

AFFIX
POSTAGE
STAMP

The Company Secretary
ELLIPSIZ LTD
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#05-02
Singapore 555854

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forward solutions
(Reg. No. 199408329R)

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