ellipsiz

forward solutions

annual report 2010

EMBRACING PROGRESS

Eyeing new growth opportunities and enhancing our practices through a more inspired workforce, we are powering into the future with vigour and unity.

CONTENTS

VISION

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

MISSION

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

ABOUT ELLIPSIZ

OUR BUSINESS

We are a leading probe card, distribution and service solutions provider serving the semiconductor and electronics manufacturing industries.

We provide innovative, engineering-focused solutions such as Testing and Supply Chain Management in niche segments of the semiconductor and electronics manufacturing chain. Our customers include global semiconductor companies and electronics manufacturers.

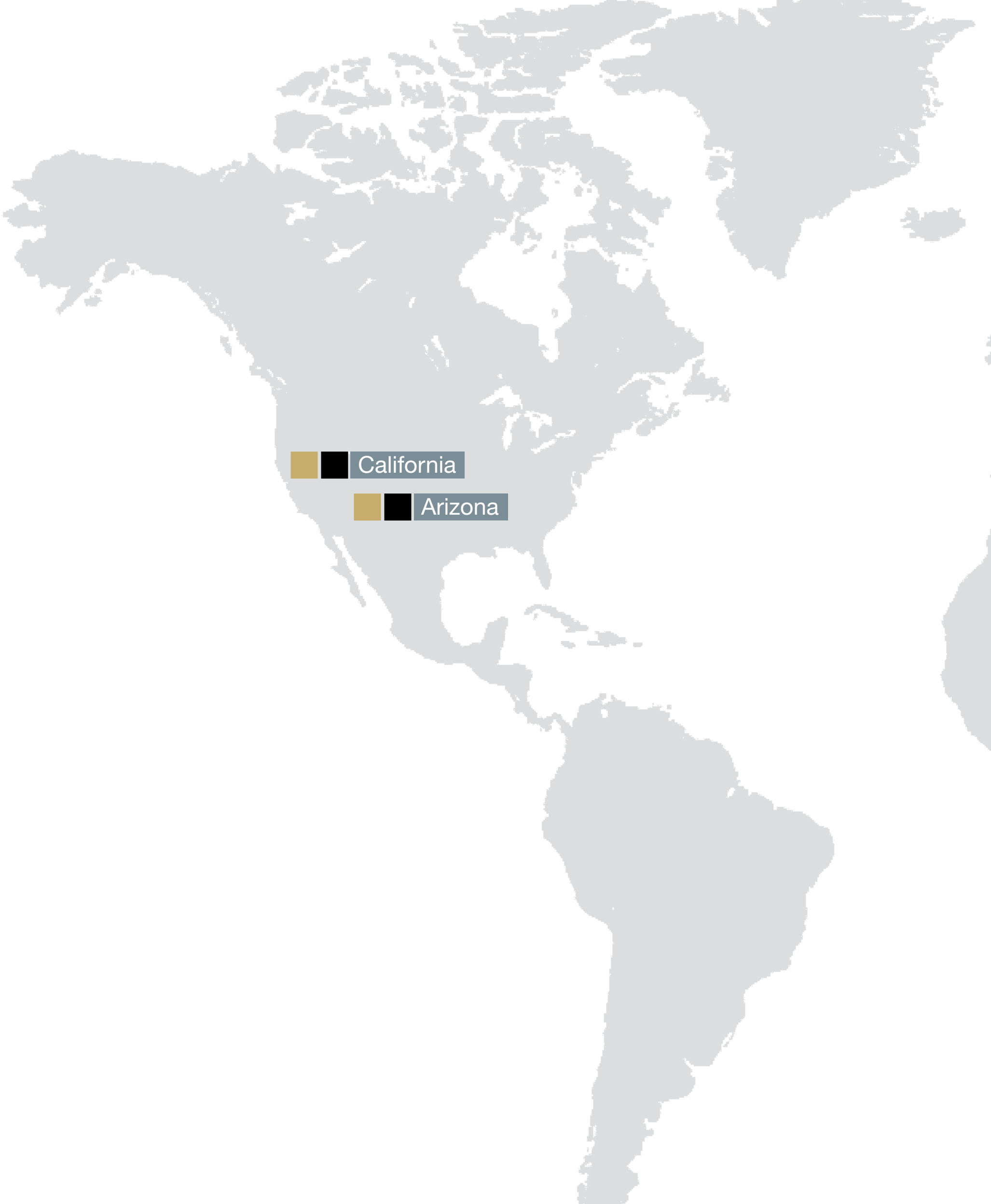
OUR STRENGTHS

Our key competitive strengths lie in our innovation, strong customer focus, resourcefulness, strong partnerships with customers and principals, an established global support network and a cost-competitive Asia-centric manufacturing infrastructure.

OUR PRESENCE

Ellipsiz is headquartered in Singapore. It has operations in Australia, China, France, India, Japan, Malaysia, New Zealand, Singapore, the Philippines, Taiwan R.O.C., Thailand, U.S.A. and Vietnam.

OUR BUSINESS PRESENCE

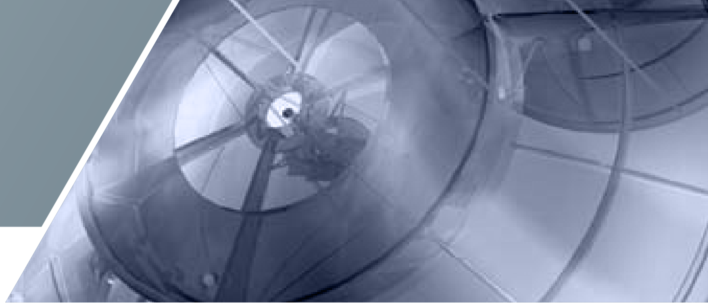


ELLIPSIZ AT A GLANCE

Ellipsiz's core businesses are targeted at high-growth potential niche markets in the semiconductor and EMS (electronics manufacturing services) industries.

Our business model emphasises recurrent revenues, as well as high-IP content and patented service solutions. We are well positioned to tap on the increasing outsourcing trend to Asia. Combining with our professionalism, technical competence and low-cost infrastructure, we provide quality and cost-effective services and solutions to our customers.

Our main business segments are Probe Card solutions (PCS) and Distribution and Services solutions (DSS).



Probe Card Solutions

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

Probe cards are used in the electrical testing of semiconductor wafers before they are diced and packaged. The global probe card market revenue (excluding spares and services) in 2009 was about US$718 million and is projected to grow by 11% on an annually compounded basis to reach US$1.2 billion by 2014 (VLSI Research, April 2010).

SV Probe has a well-diversified solutions portfolio to serve a wide spectrum of customers in the Logic, LCD Driver and Memory segments. Its competitive strengths lie in its ability to deliver high-quality, cost-competitive and innovative turnkey probe solutions on a consistent on-time basis. Its customer focused strategies and R&D strengths allow it to foster strong partnerships with its customers in developing probe solutions for high speed, high parallelism, fine pad pitch applications, addressing challenges of shrinking chip geometries and higher performance demands.

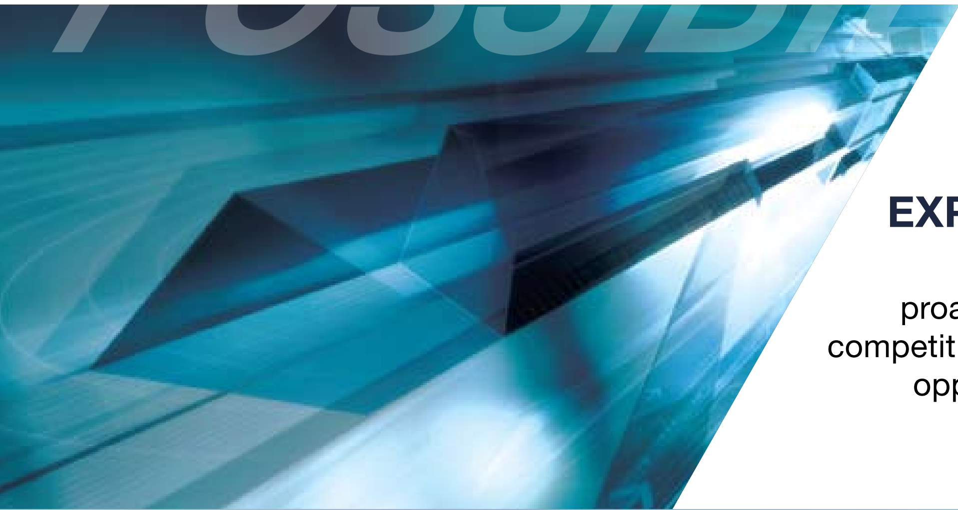
Distribution & Services Solutions

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

We also provide extensive suite of complementary outsourcing services that include equipment engineering support services, supply chain management of specialised consumables, pump refurbishment services, reliability testing services, calibration of test & measurement equipment services, cleanroom facilities services, etc.

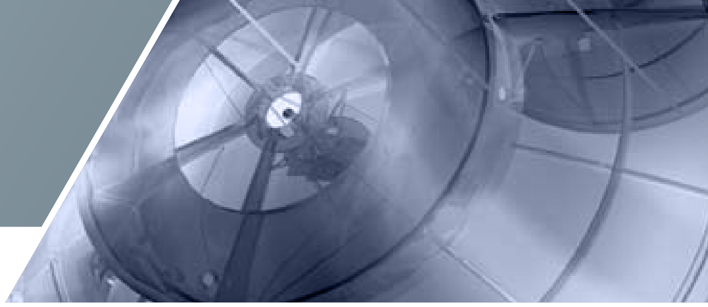
Always focusing on delivering innovative and engineering-focused solutions to meet our customers' specific needs, we leverage on our knowledge base and extensive network to offer cost-competitive solutions.

EXPLORE
POSSIBILITIES



EXPLORE POSSIBILITIES

Adopting a more enthused and proactive mindset in optimising our competitive edge and identifying growth opportunities in emergent markets



The return to operational profitability would not have been possible without the great orchestrating efforts of our people towards the deliverance of a lean, flexible and competitive business structure

Xavier Chong
Non-Executive Chairman

Melvin Chan
Chief Executive Officer

REVENUE
$151 million

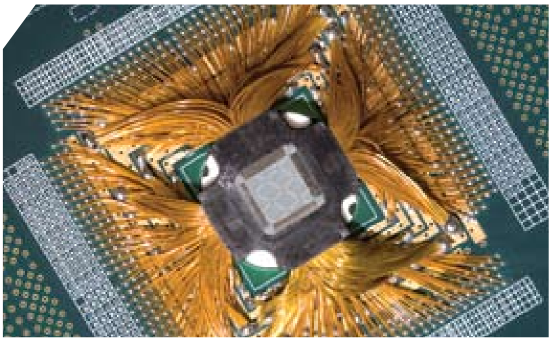
NET PROFIT AFTER TAX & NON-CONTROLLING INTERESTS
$21 million

NET PROFIT AFTER TAX & NON-CONTROLLING INTERESTS EXCLUDING CERTAIN SPECIFIC ITEMS
$4 million

TOTAL PROPOSED CASH DIVIDEND
1.25 cents per share

Financial year ended 30 June 2010 (FY2010) for Ellipsiz was a year of stabilisation and recovery from the financial crisis that took place in September 2008. We undertook greater integration and execution of our 3 Es focuses namely Essentials, Efficiency and Excellence amid the global economic recovery. Alongside with the pick-up in market momentum, we have achieved consistent quarter-on-quarter growth in profitability for the past year and this was certainly a good reward for the team's efforts in delivering greater structural efficiency.

The collapse of the credit market and mortgage bubble in September 2008 that led to dramatically weakened demand was one of the most memorable downturns that most of us had experienced. Many companies, large or small, had in the past two years been re-addressing their business fundamentals, like productivity, structural and business efficiency and certainly liquidity. We are seeing restructuring and consolidations taking place for certain businesses in the recent months in order to achieve economies of scale and to



stay competitive. Hence, our teams are aware that we shall not be complacent with the achievement that we had last year. Instead, we shall step up our momentum to strive for excellence and ensure that our organisation stays relevant to our business environment.

OUR FY2010 REVIEW

Our revenue for FY2010 was $151 million, flat from FY2009 revenue of $150 million. However, we recovered from a net loss after tax and non-controlling interests of $39 million to a net profit of $21 million.

Included in the net profit of $21 million was certain specific income and charges[(1)], namely the insurance claim income, expenses relating to the fire incident at our reclaim facility and provisions for impairment losses that amounted to approximately net income of $17 million. Excluding these specific net income[(1)], the group had a net profit of $4 million, an improvement over the net loss of $9 million in the preceding financial year.

Although FY2010 revenue achieved by both our operating segments, the Probe Card solutions (PCS) and Distribution and Services solutions (DSS), were only marginally different from that in FY2009, there were significant improvement in segment results for both units. The return to operational profitability would not have been possible without the great orchestrating efforts of our people towards the deliverance of a lean, flexible and competitive business structure which has again successfully lowered the fixed cost component. This coupled with better sales mix had lifted the overall profitability of the Group.

The Group had in FY2010 continued with the prudent management of its balance sheet. It maintained a healthy balance sheet position with cash and cash equivalents balance of $38 million as at 30 June 2010. Its current and debt-to-equity ratios improved from 1.7 times and 20% a year ago to 2.0 times and 14% respectively. Net assets of the Group had also increased from 15.16 cents per share to 18.81 cents per share as at 30 June 2010.

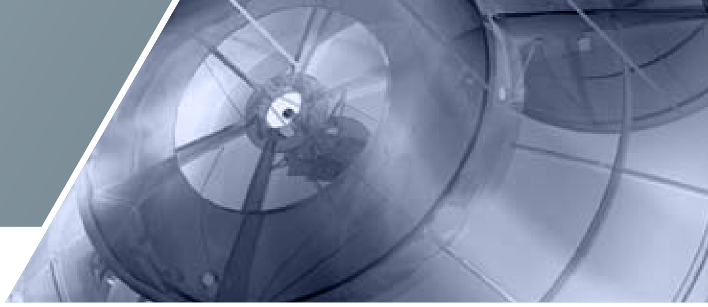
OUR DIRECTION

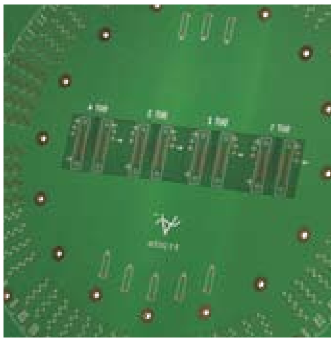
The macroeconomic environment, particularly in Asia Pacific, seems to have recovered faster than most people had expected. However, the lingering credit issues in Europe, the uncertainties in the United States of America, the fear of double dip recession, concerns over currency risk and double ordering of integrated circuit inventory had set in high level of uncertainties to the sustainability of the recovery.

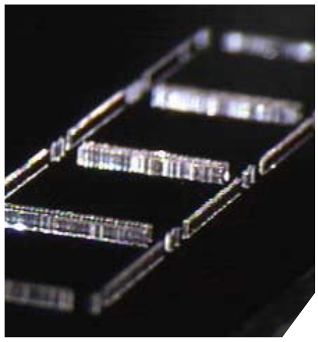
Amidst the great uncertainties surrounding our operating environment, order book for both our PCS and DSS segments remained at healthy levels. We continue with our belief that Asia Pacific is one of the fast growing geographical regions that the Group cannot neglect. It is imperative that the Group focuses on sustaining, exploring and repositioning for future growth in this rapidly evolving market. Our Asia-centric growth strategy will also remain relevant in the ever growing outsourcing trend into the Asia Pacific region. To ride on the market potential offered by emerging economies such as Vietnam, China and India, the Group remained committed to enhancing our network and manufacturing facilities in Asia as well as renewing our portfolio of products and services.

Operating in such a competitive environment, our Group has the belief that constant change is necessary to stay relevant. We will not stop our search and exploration for new products and business opportunities in existing businesses as well as new and emerging industries. However, we will also stay committed to adopt a well-balanced risk management approach on investment that will meet the objective of optimising returns to our shareholders.

[(1)] Details of specific income and charges are provided in the Financial Review section.







OUR BOARD OF DIRECTORS

During the financial year, Xavier Chong, our Executive Chairman as well as founder of the Group, stepped down from his executive position. He will, however, remain on the Board and serve as non-executive Chairman and director of the Company as well as a member of the Nominating Committee.

On behalf of our management and staff, we would like to express our appreciation to Xavier whose strong business acumen and entrepreneurial resolve has led the Group through rapid diversification and growth to become one of the leading solutions providers to the semiconductor and electronics manufacturing industries. We certainly value his contributions, and would be most glad to continue to tap on his vast experience and knowledge.

We would also like to pay tribute to the rest of our fellow board members for their ongoing support, contributions and commitment to the Group. It is our privilege to work with these outstanding directors who have remained committed to the long-term interests of the Group and its shareholders.

OUR PEOPLE RESOURCES

Our deepest appreciation to our employees for their understanding and sharing of cost burden of the Group during the unprecedented downturn through reduced remuneration packages. We acknowledge that people resources is the most important asset that the Group has and the Group's growth is underpinned and supported by a team of experienced and committed management and staff. Hence, the Group will continue its efforts in strengthening this important asset and building of a dedicated and experienced team to lead the group to a better future.

OUR SHAREHOLDERS

We would also like to take this opportunity to thank our shareholders for your patience and support during the difficult period in the past two years when the Group experienced one of the toughest downturns and was further impacted by the fire incident at our reclaim facility.

To share the returns with our shareholders, we are pleased to recommend for our shareholders' approval at the forthcoming Annual General Meeting a final cash dividend of 0.15 cents a share out of its distributable operating profits (excluding the one-time income/charges) and a special cash dividend of 1.10 cents a share out from its one-time income. This will give a total proposed cash dividend of 1.25 cents a share.

IN CLOSING

Despite the uncertainty on the sustainability of the recovery, the management and staff of Ellipsiz are confident and will stay committed on delivering greater operational and cash flow efficiencies and continue to be vigilant of market opportunities that may arise in ensuring long-term sustainability.

Last but not least, we would like to thank our customers, principals, business partners and our loyal shareholders for their continued support, commitment and confidence in us. Let us all explore, empower and embrace our dreams of possibilities with renewed vigour and unity towards a better tomorrow.

XAVIER CHONG
Non-Executive Chairman

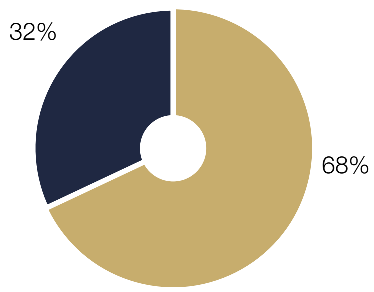
MELVIN CHAN
Chief Executive Officer

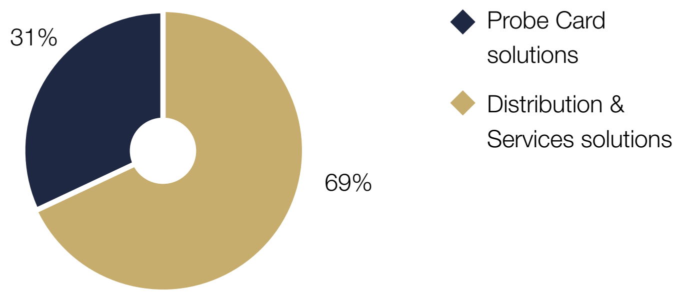
FINANCIAL HIGHLIGHTS

KEY FINANCIAL RATIOS

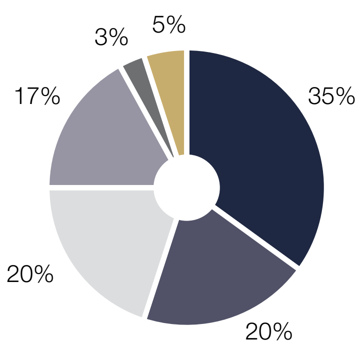
Financial year ended 30 June	2006	2007	2008	2009	2010
Profitability (%)					
Gross Profit Margin	30.4	28.3	18.3	3.8	**23.8**
Profit Before Tax Margin	22.0	7.0	(8.4)	(27.8)	**13.8**
Net Earnings Margin	14.0	7.5	(6.3)	(26.0)	**13.8**
Return on Equity	23.3	12.2	(11.9)	(50.6)	**21.4**
Return on Total Assets	12.9	8.7	(7.3)	(30.6)	**13.8**
Liquidity (times)					
Current ratio	1.5	2.2	1.5	1.7	**2.0**
Quick ratio	1.2	1.7	1.2	1.5	**1.8**
Leverage (%)					
Gross Debt/Equity	13.6	6.9	15.6	19.6	**13.6**
Efficiency (days)					
Debtors turnover (days)	72	69	61	67	**69**
Others (Singapore cents)					
Gross Dividend per share	1.0	0.6	-	-	**1.25**
NAV per share	44.9	48.1	40.5	15.2	**18.8**

REVENUE BY BUSINESS DIVISION (%)

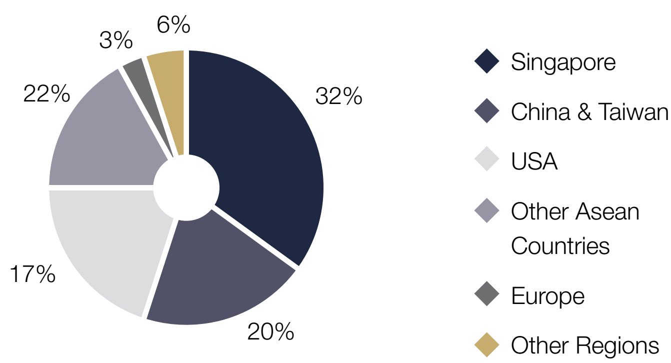




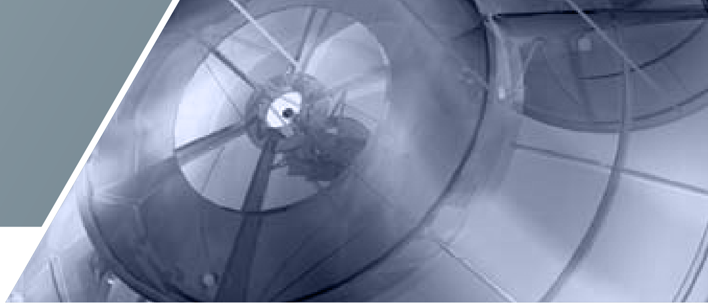
REVENUE BY REGION (%)



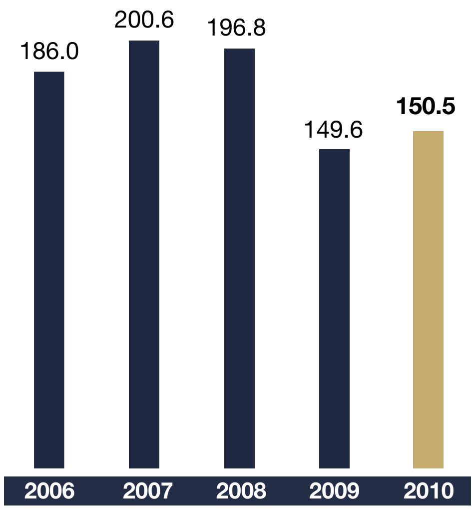
FY2009 Revenue: $149.6 Million



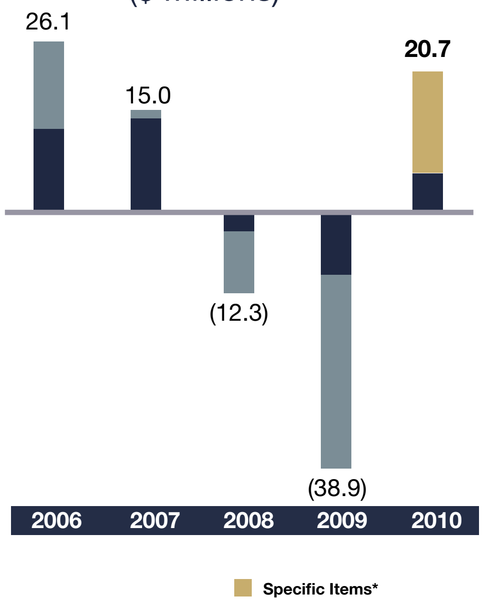
FY2010 Revenue: $150.5 Million



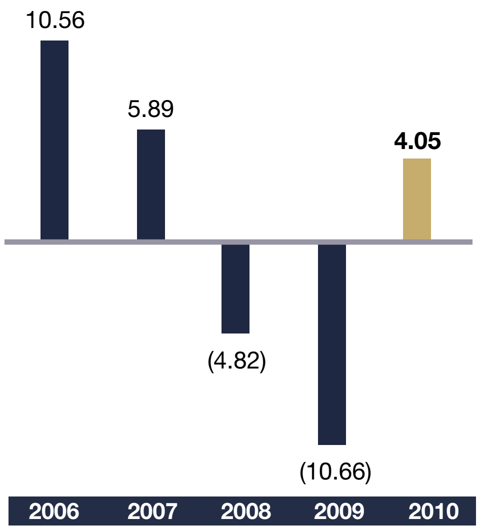
REVENUE
($ Millions)



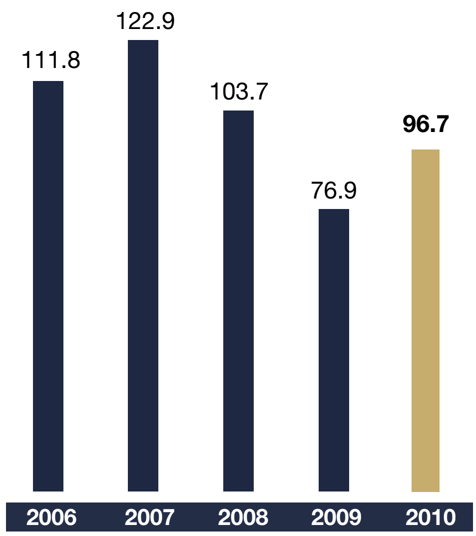
NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS
($ Millions)



BASIC EARNINGS PER SHARE
(Singapore Cents)



SHAREHOLDERS' EQUITY
($ Millions)

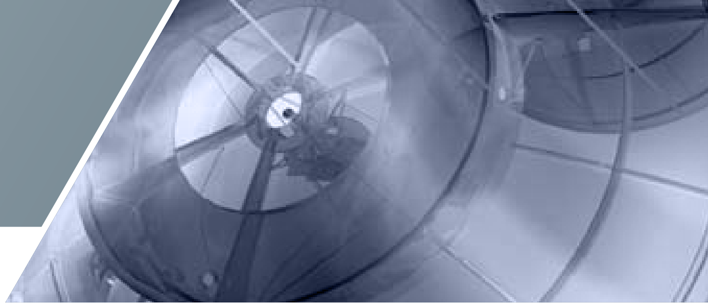


* Specific Items refer to certain income/charges as identified in the Financial Review section

EMPOWER PEOPLE

EMPOWER PEOPLE

Championing an environment that encourages critical thinking and inspires dedication and a sense of ownership among our people



OPERATIONS REVIEW

The improving market momentum throughout FY2010 was encouraging following two years of downturn. The recovery, which was faster than expected, posed certain challenges such as meeting of the delivery lead time, especially during the first six months of the financial year. In spite of all the challenges, the Group had focused on opportunities that harnessed our market reach and growth into the foreseeable future. The Group explored, expanded and embraced new principals, products and solutions offerings into new market spaces to fortify and diversify our revenue streams.

Although the Group had reported a flat revenue growth for the financial year, we are glad that our remodeling efforts in the building of a cost-effective resilient growth model to repositioning our businesses for sustainable growth remained on track.

PROBE CARD SOLUTIONS (PCS)

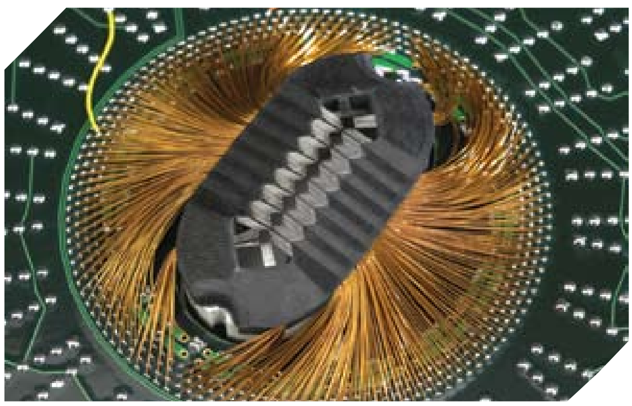
Our probe card activities that are carried out through wholly-owned SV Probe Pte Ltd and its group of subsidiaries (SV), has its headquarters in Gilbert, Arizona USA. SV designs and manufactures customised probe cards used for semiconductor wafer test. Working in conjunction with integrated circuit (IC) device designers, manufacturers and test houses, SV engineers each probe card according to the customer's exact IC design. Probe cards are consumable in which a different card is required for each new IC device type introduced. By understanding the customer's precise application, we develop probing products that are economical as well as high performance.

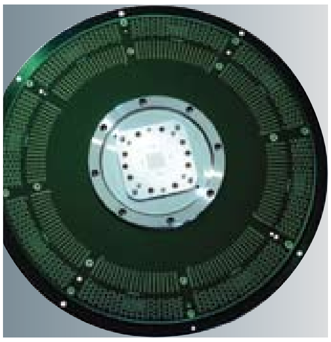
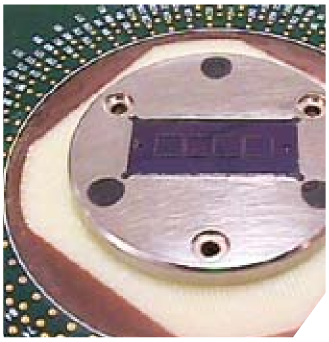
Reminiscent of last year, FY2010 was another challenging twelve months for PCS as we continued to navigate through one of the worst economic recessions in recent memory. Although the overall semiconductor market had rebounded from its trough, our PCS activities were greatly impacted by our customers' limited visibility, which led to a reduction of test engineering resources and extreme pressure to lower the cost of their wafer testing process. This, in turn, led to demand for lower pricing and shorter product cycle times as well as provision of greater technical support. According to VLSI Research's 2009 Probe Card Market Results & Forecast Update (April 2010), average selling prices or ASPs for advanced probe cards declined by 13% in 2009, while ASPs for cantilever dropped by almost 6%. VLSI also predicted that the overall probe card ASP would rebound by less than 1% in 2010.

Throughout this economic slump, our main strategy had been to streamline towards the achievement of sustained profitability. By utilising our relatively low-cost Vietnam manufacturing facility, restructuring and focusing on the reduction of our overall expenses, we have successfully improved our operational profitability consistently since the second quarter.

Total revenue in FY2010 for PCS was $46 million, a decline of 4% compared to $48 million a year ago. Cantilever sales remained the main revenue contributor followed by our advanced probe card revenue, which includes vertical probe card products.

To stay ahead in the tough probe card market, it is imperative that we continue with the development of more technologically advanced probe cards as well as the improvement on existing probe card technologies that contribute to a lower cost of probe card ownership. Our recent developments include new probe materials and a MEMS-based card that seeks to acheive a longer life span and improved test efficiency, both of which keep test expenditures down for our customers.





Collaboration has been key to our competition strategy as well as to the enhancement of our solutions offerings

Meanwhile, the shifting of our manufacturing operations to Asia, primarily to our flagship manufacturing facility in Vietnam remained on track and accounted for 62% of our total production in FY2010. We continued to believe that our Asia-based low-cost manufacturing would enable the capturing of greater market share amidst continuous erosion of ASPs. Our strategy produced positive results in terms of pin count output and finished probe card shipments. Total pin count output for FY2010 increased by 29% to 2.4 million points, while shipments of finished probe cards increased by 12% to 20,070 cards. As Vietnam continues to produce the majority of our point output, SV manufacturing locations in Taiwan and China also experienced double-digit increase in point production during the financial year.

Besides efforts to improve on the technological front and establish competitive manufacturing in Asia, our probe card business is also backed by our strong sales network and repair centers across the globe, which we believe enhances our support and provision of innovative and cost-effective test solutions for our customers.

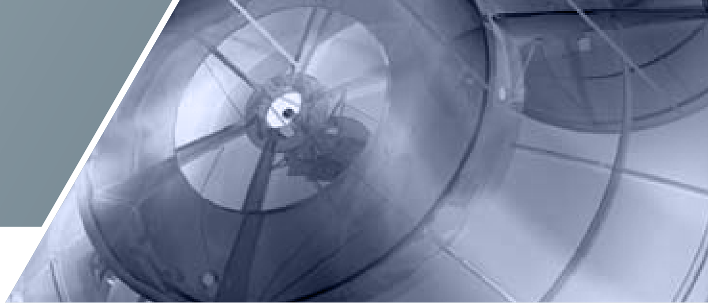
In the nearer term, we anticipate a significant growth of vertical and other advanced probe cards as customers expand their testing capabilities. Growth of cantilever technology products is likely to be moderate, with the increase primarily within the LCD driver probe card segment. We believe that the overall probe card market growth is likely to be driven by strong fabless business and test capacity expansion, particularly in Southeast Asia and Taiwan, along with new product development in United States and Europe. To ride on the opportunities, we will continue our focus on research and development, first-class customer service and, more importantly, out-of-the-box quality probe cards.

DISTRIBUTION AND SERVICES SOLUTIONS (DSS)

Revenue from DSS increased by 3% from $102 million in FY2009 to $105 million in FY2010. This accounted for 69% of the Group's total revenue compared to 68% a year ago. While revenue had been stable compared to that of last year, business dynamism and mix underwent changes that we believed would position the segment well into the near future amidst adamant competition, pricing and costing pressures.

As market conditions evolved to displace irrelevant players in the structurally changing semiconductor and electronics manufacturing landscape, DSS was quick in embracing collaboration with local as well as lower cost suppliers in Asia in the provision of competitive viable solutions to customers, who were largely budget cautious and were also dealing with their own sets of challenges arising from the impact of the debt crisis in Europe and the earlier global financial crisis emanating from the United States of America.

Collaboration has been key to our competition strategy as well as to the enhancement of our solutions offerings. Besides improving on our technical expertise and developing a lean and flexible infrastructure, our DSS team had ventured into

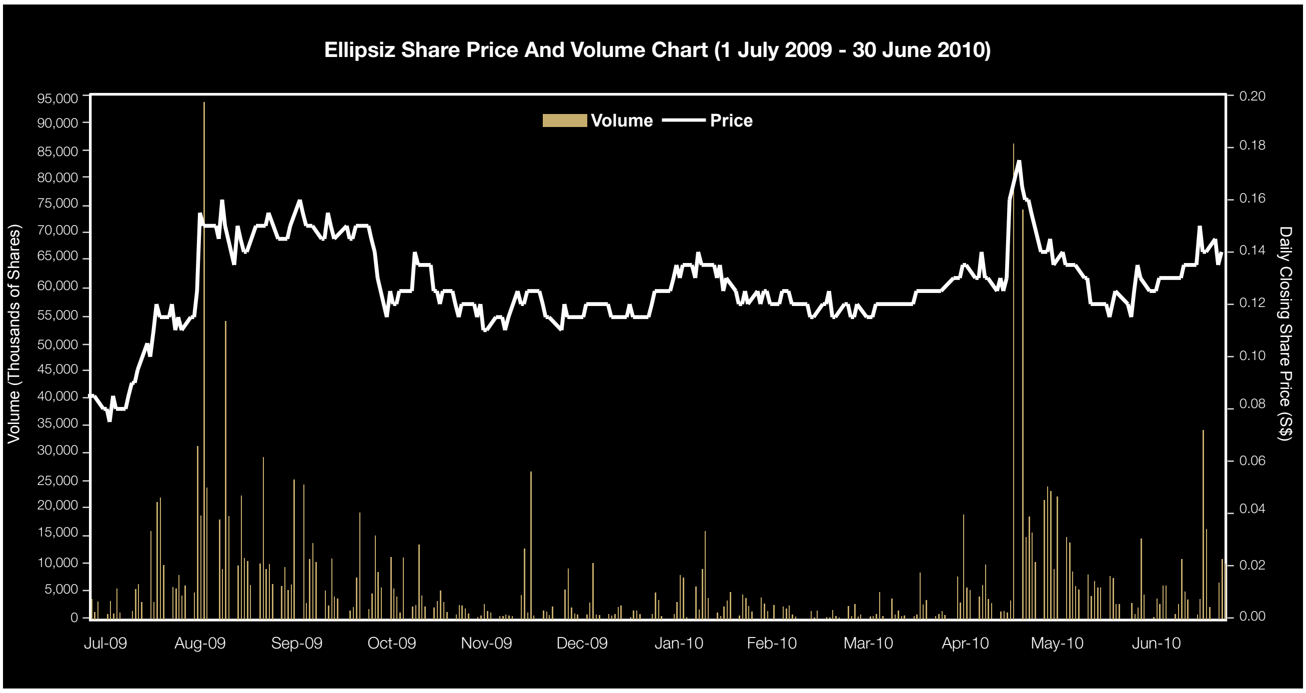


innovative tie-ups with existing and new principals that created the differentiating factor not only benefitting our businesses but more importantly, to our customers whom we have successfully converted and retained with our compelling value proposition.

The need for better principal and customer relationships management as a result of a more dynamic business environment was further exemplified by challenges posed by the unexpected recovery of the market for devices. Efforts and resources were allocated and invested to earnestly engage our principals as well as customers to beat competition, while maximising opportunities and business footprints.

Internally, DSS has progressed with its business remodeling exercise that achieved greater milestones in terms of efficiency and profitability in our efforts to remain relevant in the ever changing business climate. The relocation of our fixture manufacturing operations into Vietnam, for instance, had not only led to a more competitive proposition for our customers but also greater synergy and collaboration within the Ellipsiz Group. Besides, the development marked the scaling of another new height in our collaboration and co-operation efforts as we leveraged on each others' strengths, skill-sets and knowledge that proved increasingly essential and strategically important in the navigation of the changed terrains.

Achieving optimal balance between the costing and pricing pressures is no longer sufficient to ensure longer term sustainability. It is important that we develop recurring revenues, especially in the cyclical industries in which the Group operates, to support our various business development efforts for longer term growth.



STOCK PRICE & VOLUME MOVEMENT (1 JULY 2009 - 30 JUNE 2010)

Ellipsiz share price rose 65% from $0.085 to $0.14 as compared to an increase of 22% for the benchmark Straits Times Index (STI). The average daily trading volume of 6.8 million shares was relatively higher as compared to 3.0 million shares in the same period a year ago.

Share Price & Volume Summary (1 July 2009 - 30 June 2010)

Daily Closing Share Price (S$)		
High:	0.175	(26 Apr 10)
Low:	0.075	(8 Jul 09)
Average:	0.126587	
Daily Traded Volume (Number of Shares)		
High:	93,885,000	(6 August 09)
6-mth Average:	6,348,944	
12-mth Average:	6,832,881	

VALUE PROPOSITION

THE PREFERRED FORWARD SOLUTIONS PROVIDER

THE PREFERRED FORWARD SOLUTIONS PRO

MANUFACTURING

Asia-Centric . State of the Art . Manufacturing Hub

- **Probe Card Design, Manufacture and Repair**
- **In-Circuit Test & Functional Test Fixture/ Jigs Design & Fabrication**

TRADING & DISTRIBUTION

Growing Portfolio . Valued Partners . Niche Brands

- **Cleanroom & Fast Moving Consumable Products**
- **Electronic Manufacturing Test Systems & Equipment**
- **Electronic Measurement Equipment & Tools**
- **Industrial Fasteners**
- **Quality & Reliability Assurance Equipment**
- **Lithography Tools**
- **Specialty Chemicals**
- **Storage & Material Handling Systems**

SERVICES

Forte of Excellence . Unparalleled Commitment . Dependable Support

- Cleanroom Facilities, Mechanical & Electrical Engineering Services
- Communications Network Assurance & Support
- Electronic Manufacturing Test System Installation, Integration & Engineering Support
- Electronic Programming Solutions
- Global Probe Card Technical Applications & Field Customer Support
- HALT/HASS Test Services
- Lithography Engineering Support
- Printed Circuit Board & Assembly Separator Solutions
- Pump Refurbishment

- Qualification & Reliability Engineering Support
- Quality, Reliability Testing & Failure Analysis
- Software Programming Services including DFT & Test Development, Test Process & Quality, Project Deployment & Support

BOARD OF DIRECTORS

XAVIER CHONG FOOK CHOY [1]

Non-Executive Chairman and Director

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

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

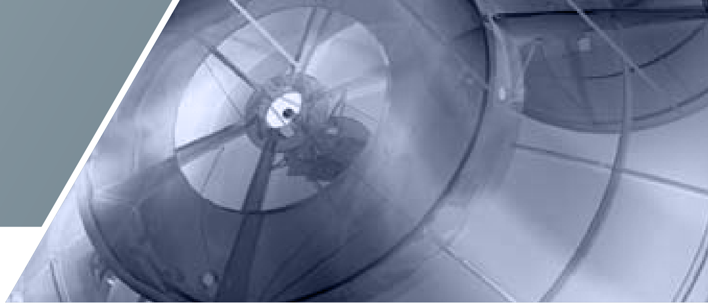
MELVIN CHAN WAI LEONG [2]

Executive Director and Chief Executive Officer

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

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

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



JEFFREY STASZAK [3]

Non-Executive and Lead Independent Director

Jeffrey Staszak is the Lead Independent Director from 1 May 2009 following his appointment as independent director on 17 April 2006. He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and a member of both the Audit and Remuneration committees. He is presently the President and Chief Executive Officer of Volterra Semiconductor Corporation (Nasdaq: VLTR), a leading provider of high-performance analog and mixed-signal power management semiconductors. Prior to joining Volterra in 1999, Mr. Staszak served as Senior Vice President in the Storage Product Group of Texas Instruments Inc. and as Senior Vice President and General Manager of the Storage Products Division of Silicon Systems, Inc.

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

PHOON WAI MENG [4]

Non-Executive and Independent Director

Phoon Wai Meng is an Independent Director since 1 July 2004, and was appointed Chairman of the Audit and Remuneration committees on 23 March 2009 and 1 May 2009 respectively. He is also a member of the Nominating Committee during the year. Mr. Phoon has more than 25 years of management experience in the design, manufacturing, assembly and testing of semiconductor IC and high performance fiber optics products with Hewlett Packard, Agilent Technologies and Avago Technologies. He was one of the pioneers in the setting up of the first IC design house in Singapore back in 1987.

Mr. Phoon graduated from Monash University, Australia with a Bachelor's Degree in Electrical and Electronics Engineering.

AMOS LEONG HONG KIAT [5]

Non-Executive and Independent Director

Amos Leong Hong Kiat is an Independent Director and member of the Audit Committee from 1 May 2009. Mr. Leong, who has accumulated considerable expertise in the electronics manufacturing industry, is the President & Chief Executive Officer of the Univac Group. He began his career in 1987 as a supply-chain engineer in the manufacturing operations of Hewlett-Packard Singapore and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. Subsequently, he was appointed as the Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the separation of the latter from Hewlett-Packard. In 2004, Mr. Leong moved to his current leadership role for the Univac Group.

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

KEY EXECUTIVES

KEVIN KURTZ [1]

President and CEO, Probe Card Solutions

Kevin Kurtz is the President and CEO of SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd, and he oversees our Probe Card solutions business. Kevin has more than 20 years of industry experience, primarily in the probe card industry. Prior to joining SV Probe, he was with Cerprobe Corp., then a Nasdaq listed probe card company, for 10 years where he rose from Regional Sales Manager to Vice President at the company. He also served briefly as Vice President for Test Operations at Kulicke and Soffa (K&S) after K&S acquired Cerprobe in late 2000. Earlier on, Kevin held various positions in Sales and Marketing with Probe Technology Inc., a probe card manufacturer based in the United States.

Kevin holds a B.Sc in Business Administration from San Jose State University, United States.

ONG SUAT LIAN [2]

Group Finance Director

Ong Suat Lian is the Group Finance Director. With close to 20 years of experience in corporate accounting and finance, she is currently overseeing financial matters of the Group spanning operational and managerial accounting, treasury and risk management to financial reporting and compliance. Prior to joining Ellipsiz Ltd in June 2001 as Group Finance Manager, Suat Lian held numerous financial and accounting positions at multiple public listed companies. She started her career at United Leasing and Services Pte Ltd, an associate company of Scott & English (Malaysia) Sdn Bhd, before moving on to Sincere Watch Limited and Zagro Asia Limited, where she gained extensive regional experience, including a two-year overseas appointment.

Suat Lian holds a Bachelor's Degree in Accountancy from the National University of Singapore.

LIM BENG LAM [3]

Vice President, Distribution and Services Solutions

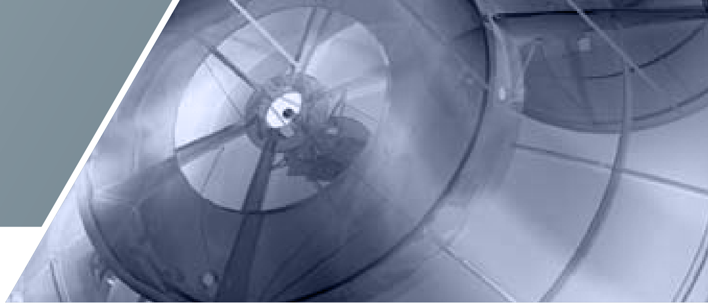
Lim Beng Lam is the Vice President for our Distribution and Services solutions division. He oversees the Company's business portfolio in the semiconductor segment, comprising mainly wafer fab equipment distribution business, specialty chemical and consumables distribution as well as reliability test services. Beng Lam has more than 20 years of industry experience including manufacturing, planning, operations, sales and business development. He was most recently the Vice President of Sales at our wholly-owned subsidiary SV Probe, where he was responsible for sales in the Asia Pacific Region. Earlier on, he served as Sales Director for seven years at Lam Research Corp. (Nasdaq: LRCX), a major supplier of wafer fabrication equipment and services to the global semiconductor industry. Prior to joining Lam Research, he served in various management positions in manufacturing, planning, joint-venture & subcontracting business and procurement during his tenure at CEI Contract Manufacturing Ltd and Texas Instruments Singapore.

Beng Lam holds a B.Sc in Chemistry and Mathematics from the National University of Singapore and a Master of Business Administration from the Oklahoma City University, United States.

SAM TAN CHONG GIN [4]

Vice President, Distribution and Services Solutions

Sam Tan Chong Gin is the Vice President for our Distribution and Services solutions division. He has more than 20 years of experience in sales, business development and management in the electronics industry. His current portfolio includes the overseeing of businesses in Electronic Test & Measurement, System Integration/Function Test, Quality & Reliability Testing solutions and Communications Network



Assurance/Monitoring Systems Solutions and Integration. Sam started his career with IBM Canada as Software Test Engineer before joining Hewlett Packard (HP), where he achieved excellent sales record in Electronic Manufacturing Test (EMT) Solutions. He then took on the role of Business Development Manager at Agilent Technologies and assisted in the penetration and growth of the contract manufacturing business in China prior to his appointment as the EMT General Manager for Contracting Manufacturing sector in Asia. Subsequently, he joined iNETest Resources to lead the South Asia Pacific and the contract manufacturing teams in Asia following the outsourcing of sales, support and service organisation of Agilent Technologies to iNETest Resources.

Sam holds a Bachelor's Degree in Electrical & Electronics Engineering from Queen's University of Kingston, Canada.

TONY GUNG KWUN YUAN [5]

Vice President, Distribution and Services Solutions

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services solutions division. His current business portfolio includes overseeing of the Printed Circuit Board Assembly (PCBA) Test and Inspection as well as Fixturing and Automation solutions. Tony has accumulated considerable sales, engineering and business management expertise in the Electronics Manufacturing Test (EMT) industry. He began his career as a Research and Development Engineer in one of IBM's strategic invested R&D company in Taiwan before joining Hewlett Packard (HP) as an Application Engineer, and thereafter, as Sales Engineer. Since then, he held numerous managerial positions in HP and Agilent Technologies where he was responsible for the general instrument sale district for PC and peripheral industry. He was then promoted to Taiwan Country Manager for the Agilent board test system division and became GRC (China and Taiwan) regional manager the following year. Tony joined iNETest in 2003, and prior to the joining he was most recently the General Manager in Agilent board test system, for Asia ODM.

Tony holds a Master's as well as Bachelor Degree in Control Engineering from the National CHIAO-TUNG University, Taiwan.

JEFFREY KOH CHOON LENG [6]

Vice President, Distribution and Services Solutions

Jeffrey Koh Choon Leng is the Vice President for our Distribution and Services solutions division. He has more than 25 years of professional experience in Mechanical Engineering (M&E) building service design, implementation, documentation and project administration, and is overseeing Facilities Engineering solutions and Project Management businesses across diverse industries in Singapore, Malaysia, and recently into China and India. Jeffrey started his career as a Project Engineer with Hibiya Engineering Ltd, where he gained extensive experience in blue chip projects prior to his partnership venture in HPS Engineering (S) Pte Ltd as an executive director leading the company on numerous projects. He is also the Managing Director of our 51%-owned subsidiary, E+HPS Pte Ltd.

Jeffrey holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

KEY EVENTS

19 JUL 2010

Our 51% facilities operations established a branch company in the Philippines to provide mechanical and electrical services for commercial and industrial projects.

25 MAY 2010

Ellipsiz TestLab, a wholly-owned subsidiary, was accredited ISO/IEC 17025:2005 in the field of Electrical Testing for specific tests by the Council Committee for Laboratory Accreditation (CCLA), ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission).

28 APR 2010

Ellipsiz increased its stake in iNETest India from 60% to 100% in stages via the transfer of remaining stakes held by 51%-owned E+HPS to wholly-owned iNETest Resources Pte Ltd following E+HPS' purchase of 40% stake held by minority shareholder in January 2010.

23 MAR 2010

In a bid to expand its business portfolio in China, 51%-owned, E+HPS, entered into a sales and purchase agreement to purchase 50% stake in Lucky City Group for HK$15,000 and granted a loan of US$600,000 for the purpose of injecting capital into the PRC subsidiary.

22 MAR 2010

Wholly-owned Ellipsiz ISP entered into an option agreement to sell its leasehold building at Joo Koon Crescent for $4.4 million. The sale of property was completed on 20 August 2010.

1 JAN 2010

Executive Director and Chairman Mr. Xavier Chong stepped down from his executive role. However, he will continue to serve as a non-executive Chairman as well as member of the Nominating Committee.

16 OCT 2009

Ellipsiz acquired quoted shares of a SGX Catalist listed company, JEP Holdings Ltd (JEP), through a placement arrangement to subscribe 71,667,000 new ordinary shares that approximates 13.76% of the enlarged capital of JEP for a total cash investment of $4.3 million to diversify our investment portfolio. The placement was completed in December 2009. In April 2010, we further invested $1.6 million to subscribe 53,750,250 rights shares during JEP's Rights Issue exercise. There was no change to our equity interest in JEP after the Rights Issue exercise.

CORPORATE INFORMATION

HEADQUARTER

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(Reg. No. 199408329R)
29 Woodlands Industrial Park E1
#04-01/06 NorthTech Lobby 1
Singapore 757716
Tel: (65) 6311 8500
Fax: (65) 6269 2628

STOCK LISTING

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

INDEPENDENT AUDITOR

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

Partner-in-charge:	Mr. Ronald Tay (effective FY2009)

REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel: (65) 6227 6660

JOINT COMPANY SECRETARIES

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

PRINCIPAL BANKERS

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

BOARD OF DIRECTORS

Mr. Xavier Chong Fook Choy
Non-Executive Chairman and Director

Mr. Melvin Chan Wai Leong
Executive Director and Chief Executive Officer

Mr. Jeffrey Staszak
Non-Executive and Lead Independent Director

Mr. Phoon Wai Meng
Non-Executive and Independent Director

Mr. Amos Leong Hong Kiat
Non-Executive and Independent Director

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Chairman:	Mr. Phoon Wai Meng
Member:	Mr. Jeffrey Staszak

AUDIT COMMITTEE

Chairman:	Mr. Phoon Wai Meng
Member:	Mr. Jeffrey Staszak Mr. Amos Leong Hong Kiat

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 shareholders' value and safeguard the interests of its stakeholders.

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

The company's corporate governance processes and activities for the financial year are outlined below:

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Group

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. Its role includes approving the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing its financial performance; ensuring implementation of appropriate systems to manage the principal risks of the businesses as well as setting standards and values; and ensuring that obligations to the shareholders and others are understood and met.

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

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees, which review and make recommendations to the Board on specific areas. There are three sub-committees appointed by the Board, namely the Nominating Committee, the Remuneration Committee and the Audit Committee. Most of the members of the sub-committees are non-Executive and Independent Directors.

The Board currently holds four scheduled meetings each year. Pursuant to the Company's Articles of Association, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges to address specific significant matters or developments that may arise between scheduled Board meetings. In the financial year ended 30 June 2010, a total of four scheduled Board meetings were held.

The number of meetings held by the Board and the board committees and the attendance of the members for the financial year ended 30 June 2010 are as follows:

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

[1] In attendance.
NA – Not applicable

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

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

Board Composition and Guidance

Principle 2: Strong and independent Board

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

During the financial year ended 30 June 2010, the Board comprised the following members:

Mr. Xavier Chong Fook Choy	Non-Executive Chairman (with effect from 1 January 2010)*
Mr. Melvin Chan Wai Leong	Chief Executive Officer
Mr. Jeffrey Staszak	Lead Independent Director
Mr. Phoon Wai Meng	
Mr. Amos Leong Hong Kiat	

* Mr. Xavier Chong was the Executive Chairman up to 31 December 2009.

The Nominating Committee assesses the independence of the Directors on an annual basis. For financial year ended 30 June 2010, the Nominating Committee has determined that save for the Non-Executive Chairman and Chief Executive Officer, all the other three Directors who are non-executive are independent.

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

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

Chairman and Chief Executive Officer

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

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

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

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

Board Membership & Performance

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

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

The independence and effectiveness of the Board are reviewed and assessed regularly by the Nominating Committee for continual good governance and relevancy to the changing needs of the Group's businesses.

During the year, the Nominating Committee comprised:

Mr. Jeffrey Staszak	(Chairman)
Mr. Phoon Wai Meng	
Mr. Xavier Chong Fook Choy	

The majority of the members of the Committee, including its Chairman, are independent Directors.

The Committee is responsible for nominations for the appointment, re-appointment, election and re-election of Directors and members of the Remuneration Committee and Audit Committee. It assists the Board in ensuring that Directors appointed to the Board and its sub-committees possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each Director, through his unique contributions, brings to the Board an independent objective perspective to enable balanced and well-considered decisions to be made.

When the need for a new Director arises, either to replace a Director who has resigned or to enhance the Board's composition, the Nominating Committee will short-list potential candidates. The Committee will evaluate, amongst others, the skills and expertise of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. It also reviews and approves nominations for senior management positions in the Group, including that of the Chief Executive Officer and other senior executives.

In accordance with the Company's Articles of Association, one-third of the Board, including the Chief Executive Officer, is subject to retirement by rotation and re-election at Annual General Meetings.

The Nominating Committee also considered, and is satisfied that three out of four of its existing non-Executive Directors of the Board, namely, Mr. Phoon Wai Meng, Mr. Jeffrey Staszak and Mr. Amos Leong Hong Kiat are independent Directors.

The Nominating Committee has set objective criteria for evaluating the Board's as well as each individual Director's effectiveness during the financial year. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria.

Currently, there are no formal guidelines that address the competing time commitments that are faced when directors serve on multiple boards. The Company will be reviewing and if appropriate, implement such guidelines.

The key information regarding Directors such as academic and professional qualifications and directorships are set out on pages 16 to 17.

Access to Information

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure on Remuneration

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

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

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

Remuneration Committee

The Remuneration Committee comprised:

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

All members of the Remuneration Committee, including the Chairman, are independent Directors.

The Committee is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of Directors, Chief Executive Officer and other senior management executives of the Group, including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The Committee reviews policies governing compensation and promotion of executive officers of the Company and its subsidiaries to ensure that these are consistent with the Group's strategy and performance. The Committee's recommendations are made in consultation with the Chairman of the Board, and submitted for endorsement by the entire Board. The members of the Remuneration Committee do not decide on their own remuneration.

The Committee also oversees the implementation of the Ellipsiz Share Option Plan ("ESOP") and the Ellipsiz Restricted Stock Plan ("ERSP").

Remuneration Information

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

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

In line with past practice, the Directors of the Company are paid directors' fees, subject to shareholders' approval at the Annual General Meeting. No individual Director fixes his own remuneration.

As may be noted from the table below, the performance related elements of remuneration (that is bonuses, options exercised and awards) form a significant proportion of the Executive Directors' total remuneration. Their performance was evaluated by the Remuneration Committee based on a formal employee evaluation process.

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

Director	Remuneration band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus	Total
Xavier Chong Fook Choy	Below $250,000	24%	68%	8%	100%
Melvin Chan Wai Leong	$500,000 to $749,999	4%	50%	46%	100%
Jeffrey Staszak	Below $250,000	100%	-	-	100%
Phoon Wai Meng	Below $250,000	100%	-	-	100%
Amos Leong Hong Kiat	Below $250,000	100%	-	-	100%

The Company believes that disclosure requirement on the details and remuneration of individual executives is disadvantageous to its business interests, given that it is operating in a highly competitive industry. The Company has instead presented the number of top five key executives of the Group (who are not Directors of the Company) that receive remuneration in bands of $250,000.

Remuneration bands	Number of staff
Below $250,000	4
$250,000 to $499,999	1

The profiles of the Group's key management are set out on pages 18 and 19 of the Annual Report.

There are no employees in the Group who are immediate family members of a Director or the Chief Executive Officer.

Ellipsiz Share Option Plan & Ellipsiz Restricted Stock Plan

The salient details of the ESOP and ERSP and the details of the options and awards granted are provided in the Directors' Report and Note 28 to the financial statements in the audited accounts.

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

ACCOUNTABILITY & AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while management is accountable to the Board.

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

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

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

Audit Committee

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

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

The Audit Committee comprised the following members:

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

All members of the Audit Committee are independent Directors.

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

- review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;
- review the quarterly and full year announcements of the Company and the Group before they are submitted to the Board for approval;

- review and discuss with external auditors the overall scope of work of the audit and its effectiveness, the results of the audit and the evaluation of the internal control system, external auditors' management letter and the responses from management;
- review the nature and extent of non-audit services provided by the external auditors of the Company;
- review the independence and objectivity of external auditors annually; and
- review interested person transactions between the Group and interested persons, if any.

The Committee is also tasked with advising the Board on the appointment and re-appointment of external auditors of the Company at each Annual General Meeting, and approving their remuneration and terms of engagement. In accordance with Chapter 12 of the Singapore Exchange Listing Manual, the Audit Committee also undertakes to review the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors.

The Audit Committee has full access to and co-operation from the Group's management. It has also been given the resources required to discharge its function properly and has full discretion to invite any Director or executive officer to attend its meetings. The auditors have unrestricted access to the Audit Committee and meet with the members of the Audit Committee without the presence of the management at least once a year.

The Audit Committee has recommended to the Board the nomination of KPMG for re-appointment as external auditors of the Company at its forthcoming Annual General Meeting.

Internal Controls

Principle 12: Sound system of internal controls

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

The Board considers that the present framework of controls and procedures is adequate to provide reasonable assurance of the integrity and availability of information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with applicable rules and regulations.

The Board, however, recognises that no cost effective system of internal controls could provide absolute assurance against the occurrence of errors and irregularities.

The Group has put in place certain processes and a Whistle-blowing Program by which staff of the Group may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters.

Risk Management

As the Company does not have a risk management committee, the Audit Committee and senior management assume the responsibility of the Group's risk management function.

The Audit Committee and senior management seek to identify areas of significant business risks, including revenue loss, property loss and breach of information security, as well as appropriate measures to control and mitigate these risks. In determining the appropriate measures, the cost of control and the impact of risks occurring will be balanced with the benefits of reducing risks.

Internal Audit

Principle 13: Establishment of an internal audit function that is independent of the functions it audits

The Group presently does not have an independent internal audit function. However, the Board recognises the benefits of this function and will from time to time review the appropriateness of its set up.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at AGMs

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

At the Annual General Meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. The Board representatives and management are present at these meetings to address any question that shareholders may have concerning the Company. The external auditors are also present to answer any relevant shareholders' queries.

Under the Company's Articles of Association, a registered shareholder may appoint one or two proxies to attend an Annual General Meeting, to speak and vote in place of the shareholder. Voting in absentia by mail, facsimile or email has yet to be introduced because such voting methods will need to be carefully reviewed in terms of costs and feasibility to ensure that there is no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

Separate resolutions are tabled at General Meetings on each substantially separate issue. The Company treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of Directors and approval of Directors' fees, as distinct subjects and submits them to the Annual General Meeting as separate resolutions.

All information presented by the Chief Executive Officer on the Group's performance, prospects and plans during the Annual General Meeting are posted on SGXNET. The minutes of the Annual General Meeting will also be given to shareholders upon request.

SECURITIES TRADING

In line with the SGX-ST Listing Rule 1207(18), the Group has issued guidelines on share dealings to all employees of the Group, setting out the implications of insider trading, prohibiting securities dealings by Directors and employees whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcements of full year results and two weeks before the announcement of quarterly results, and ending on the day after the said announcement of the relevant results.

INTERESTED PERSON TRANSACTIONS

All interested person transactions are subject to review by the Audit Committee. There were no significant interested person transactions during the financial year.

FINANCIAL REVIEW

The following discussion is based on and should be read in conjunction with, the consolidated financial statements of Ellipsiz Ltd and its subsidiaries (the Group), including the notes thereto.

Results of Operations

Overview

The Group attained revenue of $151 million with profit after tax and non-controlling interests of $20.7 million for the financial year ended 30 June 2010 (FY2010).

For ease of explanation and analysis, management is excluding the following income and expenses (thereinafter known as "Specific Items") that in its opinion will better explain the operating results.

Specific Items	**FY2010 ($ million)**	**FY2009 ($ million)**
Provision of impairment losses on certain property, plant and equipment	(0.1)	(3.4)
Provision for inventory obsolescence	(0.5)	(2.9)
Provision for doubtful convertible loan	-	(1.6)
Provision for impairment losses on other financial assets	(2.2)	(5.9)
Provision for impairment loss on investment in associate	-	(1.9)
Provision for restructuring cost	(0.6)	(0.6)
Relating to fire incident		
- Write off/impairment provision for losses in property, plant and equipment	-	(8.8)
- Write off of inventory	-	(3.2)
- Impairment of goodwill	-	(0.4)
- Other liabilities	(0.9)	(1.5)
- Insurance claim income	22.3	-
- Tax liabilities arising out of the claim	(1.4)	-
Provision for onerous contract	(0.3)	-
Non-controlling interests' share of the Specific Items	0.1	0.8
Net	**16.4**	**(29.4)**

Excluding the above income and charges, the Group's profits after tax and non-controlling interests was $4.3 million for FY2010 as compared to a net loss of $9.5 million for FY2009.

Revenue, gross profits and gross profit margin

The Group's revenue for the FY2010 was $151 million, a 1% increase over the performance in FY2009.

Both our Probe Card solutions (PCS) and Distribution and Services solutions (DSS) had marginal difference in their revenue performance for FY2010 as compared to FY2009. There was also no material difference in revenue achieved for most of the geographical segments that the Group operates in.

Excluding Specific Items, the Group had gross profits of $36.5 million in FY2010 and $23.3 million in FY2009. There was an increase of 8.7 percentage points in gross profit margin from 15.6% in FY2009 to 24.3% in FY2010.

The better margin was due to reduction in the fixed portion of the manufacturing expenses following the Group's conscientious efforts to align costs with sales activities and improved sales from revenue streams with higher margins as compared to FY2009.

Other income

The Group recorded $23.7 million other income in FY2010, a $21.1 million increase as compared to $2.6 million in FY2009. The increase was mainly attributable to the recording of insurance claim income of $22.3 million and the receipt of jobs credit income subsidised by the government of $0.5 million, partially offset by the absence of exchange gain in this financial year. In FY2009, the Group had an exchange gain of $1.2 million.

Operating expenses

Total operating expenses (adjusted for Specific Items) for FY2010 decreased 3% year-on-year ("y-o-y") from $35.7 million in FY2009 to $34.6 million in FY2010.

The reduction in operating expenses was mainly due to:

(i) lower operating expenses with the completion of the various phases of the facilities rationalisation exercise carried out by PCS since the fourth quarter of FY2008 (Q4 FY2008); and

(ii) the positive impact from the costs-control measures put in place by the Group since second quarter of the last financial year.

The decrease was partially offset by the exchange loss of $1.0 million and the recording of share option expenses of $0.6 million in FY2010. The Group did not have share option expense in FY2009 and there was a net exchange gain position in previous financial year.

Share of results of associates and joint ventures

The Group recorded profits of $242,000 and $32,000 from the shares of results of its associates and joint ventures respectively for FY2010.

Income taxes

In FY2010, the Group recorded a tax expense of $0.5 million, which mainly arises from the provision of tax expense in relation to the insurance claim income for the financial year and offset by refund for tax loss carry-back.

Net loss attributable to equity owners of the Company

Excluding the Specific Items, the Group had a net profit after taxes and non-controlling interests of $4.3 million in FY2010.

Better gross margins and lower cost structure partially offset by the negative variance from exchange gain in FY2009 to exchange loss position in FY2010 led the Group to achieving positive results in the current financial year.

Financial Conditions

Non-current assets

The non-current assets decreased marginally by 1% from $56.6 million as at 30 June 2009 to $55.9 million as at 30 June 2010. The decrease was accounted mainly by decrease in property, plant and equipment and intangible assets of $4.7 million (-34%) and $1.2 million (-3%), respectively, offset by $4.8 million of investments in quoted equity securities and joint ventures.

Current assets

Total current assets as at 30 June 2010 was $94.7 million, a 34% increase as compared to $70.5 million as at 30 June 2009. The increase was mainly due to higher cash and cash equivalents held, increase in trade and other receivables and asset held for sale as at balance sheet date. The higher trading activities in the last quarter of the financial year led to the significant increase in trade receivables as at balance sheet date. Other receivables as at 30 June 2010 included an insurance claim income of $2.8 million had also contributed to the increase in receivables.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2010 stood at $51.7 million, a 9% increase from $47.6 million as at 30 June 2009. The increase was mainly due to the increase in trade and other payable resulting from increase in operating activities and the recording of higher tax payable on the insurance claim. The increase was, however, partially offset by a 13% decrease in interest-bearing borrowings.

Liquidity and Capital Reserves

The net cash inflow of the Group for financial year was $5.4 million. This was accounted by:

(a) cash outflow of $0.1 million for operating activities;
(b) cash inflow of $6.6 million for investing activities; and
(c) cash outflow of $1.1 million for financing activities.

The cash outflow from operating activities is a result of negative movements in working capital and the payment of $1.9 million restructuring, retrenchment and costs relating to fire incident. This is partially offset by the Group's $7.9 million profits from operations, coupled with insurance claim monies received of $3.0 million.

Insurance claim monies received for the claim relating to plant and equipment, partially offset by acquisition of property, plant and equipment, other financial assets and investment in joint venture led to the cash inflow of $6.6 million for investing activities. The repayment of interest-bearing borrowings during the financial year was the main reason for the outflow of cash for financing activities.

As at 30 June 2010, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $38.2 million.

INDUSTRY OUTLOOK

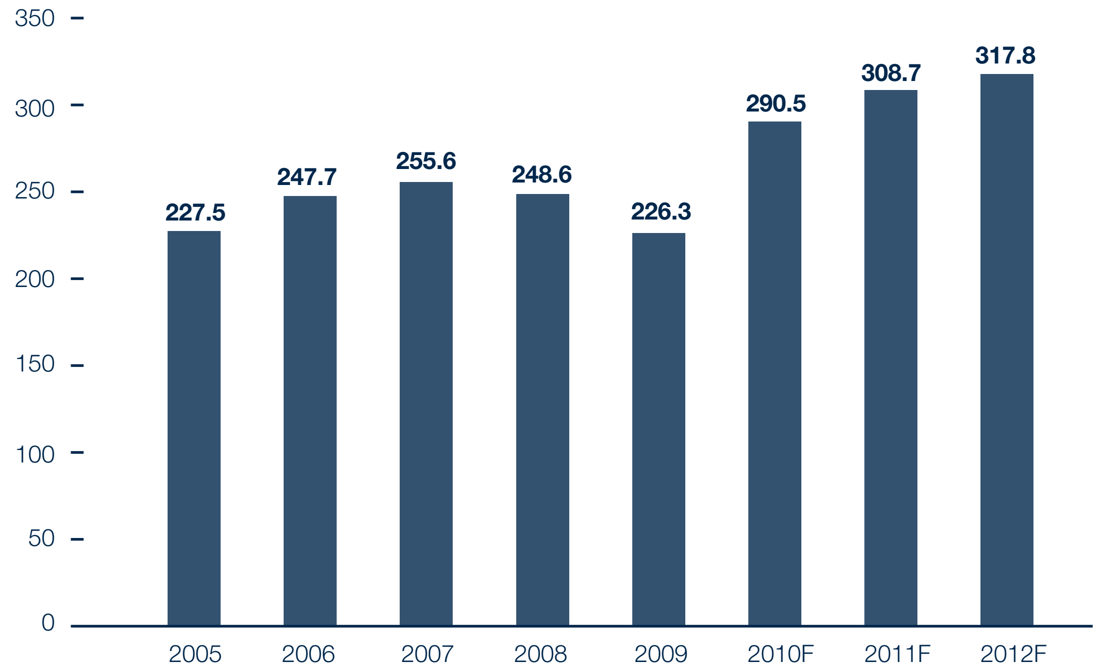
We operate primarily in the semiconductor and electronics manufacturing services (EMS) industries, where our businesses are subject to general trends and conditions of the global semiconductor and electronics markets which were, in turn, dependent on consumer spending and economic development worldwide.

In July 2010, the International Monetary Fund (IMF) revised its 2010 growth forecast for the global economy from 4.2% to 4.6% to reflect the stronger activity during the first half of the year. Meanwhile, the growth forecast for 2011 remained unchanged at 4.3%. IMF, however, reckoned that the downside risks have risen sharply amid financial turbulence and that the new forecasts hinge on the implementation of policies to rebuild confidence and stability, particularly in the Euro area.

While economic activities and business conditions seemingly improved during the year, sentiment was clouded by signs of inventory build-ups in the supply chain and recent public statements from a number of major manufacturers emphasising limited visibility for the near term.

Despite a period of slower overall economic growth, the Semiconductor Industry Association (SIA) expects the continued proliferation of semiconductors into a broad range of products to provide opportunities for industry expansion. It expects the industry's growth for 2010 to be in line with its mid-year forecast of 28.4% to US$290 billion.

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



Source: Semiconductor Industry Association (SIA), July 2010

Other leading organisations were also forecasting double digits percentage growth rate for the global semiconductor revenue for 2010 amid signs of inventory build ups in the supply chain. Gartner, for instance, has raised projected growth from 27.1% to 31.5%, under which, global chips sales would hit approximately US$300 billion in 2010. It has projected a lower growth rate of 4.6% in 2011 when the worldwide semiconductor revenue is expected to be US$314 billion.

Elsewhere, iSuppli had, in May 2010, further revised its growth forecast from 30.9% to 35.1% growth for global chip sales to reach US$310 billion for 2010, and added that the industry is expected to enjoy seven sequential quarters of growth before seasonal downturn expected in the first quarter of 2011. This is observed to be the longest period of consecutive quarterly growth since the industry grew by 19 straight quarters between 1991 and 1995.

INDUSTRY OUTLOOK

DSS Business Outlook

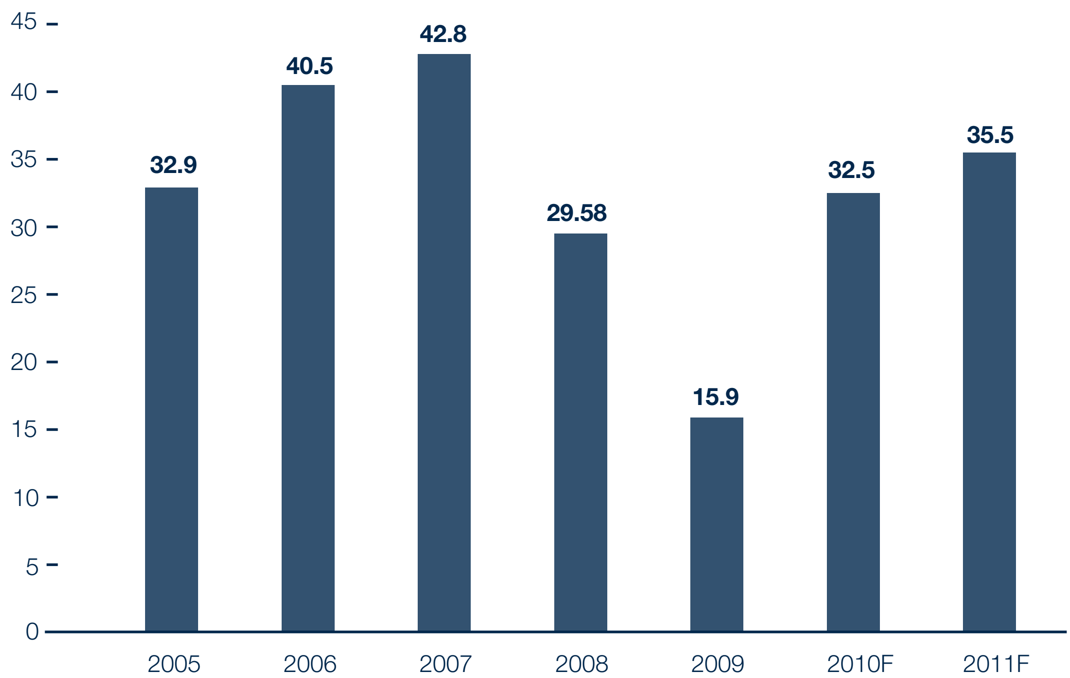
The Distribution & Services solutions (DSS) business distributes a wide range of manufacturing, testing, inspection and measurement equipment, and provides complementary outsourcing services to the semiconductor and electronics manufacturing industries.

Semiconductor Equipment Market Outlook

Spending on semiconductor manufacturing equipment is expected to rebound more aggressively following two years of steep, double-digit declines as per indications by the respective world leading foundries to beef up their capital expenditure budget for 2010. Semiconductor Equipment and Materials International (SEMI) opined that the equipment market would expand by 104.1% to US$32 billion in 2010 and 9.3% to US$35 billion the following year. Growth was expected across all regions in 2010 with the market in China and rest of the world experiencing growth rates over 100%. Moderate growth for 2011 is, however, dependent on performance of the broader economy over the next six months.

According to Gartner (September 2010), the worldwide semiconductor capital equipment spending is expected to surpass US$36 billion in 2010 with a revised forecast growth rate of 122.1% from a spending of more than US$16 billion in 2009. The research institution believes that strong global demand for semiconductors, along with underinvestment in 2008 and 2009, has led to pent-up demand for equipment in 2010, and overall utilisation rates will peak in the second quarter of 2010. Following the peak, the market is expected to be on a slow decline as more capacity comes on line amid increasingly normalised demand quarter-on-quarter. It had also cautioned of slower growth in 2011 as the semiconductor industry shifts from technology to capacity buys during this period.

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



Source: Semiconductor Equipment and Materials International (SEMI), July 2010

INDUSTRY OUTLOOK

EMS & ODM Market Outlook

Against the uncertain employment, macroeconomic, inventories build up as well as component shortages situation, fluctuation in demand throughout 2010 is expected to impact growth opportunities in the overall electronics manufacturing services (EMS) and the original design manufacturing (ODM) industries.

According to International Data Corporation (April 2010), the industry is expected to grow consistently at a compounded annual growth rate (CAGR) of 8.0% over the next five years with the growing penetration in emerging markets by the EMS sector supporting industry growth rates in the 8.0% to 9.0% range. For 2010, the industry is expected to grow by 8.0% amid the resurgence of personal computers (PC) and ODMs, while the networking, automotive and medical segments are expected to help the market out of the recession. The industry had declined by 11.0% in 2009 to US$250 billion as the electronics industry suffered the worst recession in 60 years. Weak end-markets, shift in product mix, in-sourcing as well as delayed market penetration led to the decline.

Into the longer term, market conditions remain difficult for EMS and ODMs providers amid pricing, costing, lead times, inventory levels and consolidation pressures. On the bright side, the return of outsourced manufacturing by Original Equipment Manufacturers to both EMS and ODMs, particularly to the Asia Pacific region, could provide the much needed respite.

PCS Business Outlook

Probe Card solutions (PCS) business designs and manufactures custom engineered-to-order probe card solutions for the semiconductor industry. Probe cards are used in the electrical testing of semiconductor wafer before they are diced and packaged.

In the latest probe card market report by VLSI Research (April 2010), the global probe card market, including spares and services, is expected to grow by 25.6% to US$926 million in 2010 following 25.2% and 29.0% contraction in 2008 and 2009 respectively amid the dramatic collapse of the memory chips production.

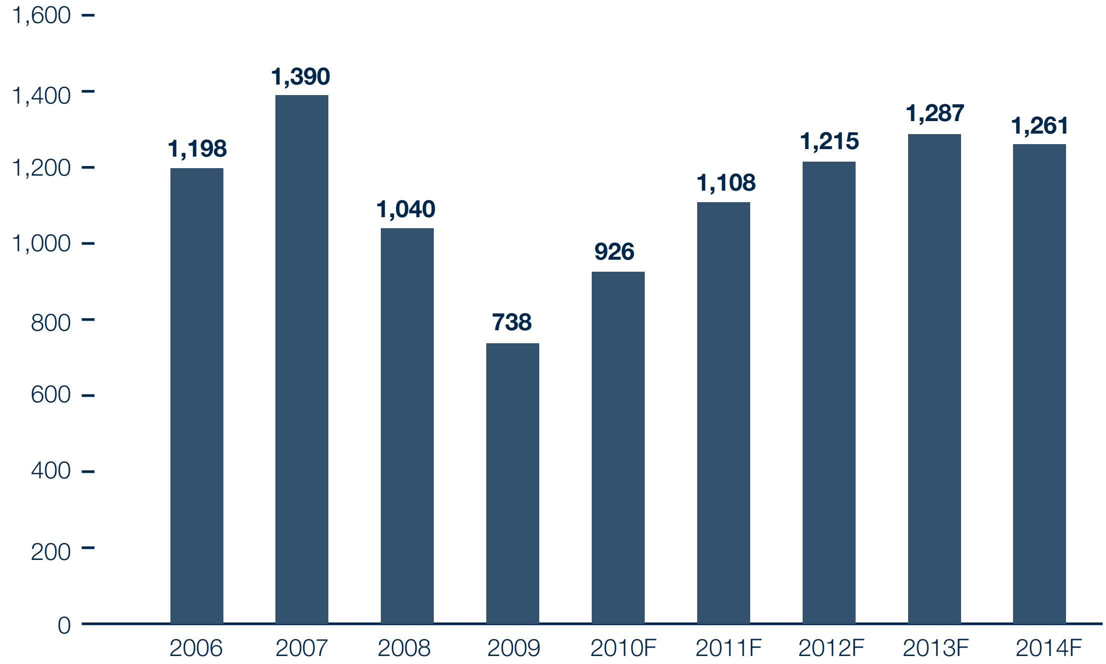
While growth is expected across both all probe card technologies for 2010, growth of advanced probe card is expected to surpass that of cantilever probing. The former technology is expected to grow by 33.1% with the latter expected at 10.2%.

Similarly, probe card consumption for both the memory and non-memory segments are projected to grow by 32.5% and 20.9% respectively, driven mainly by advanced probe technology. While the market for cantilever probe card is forecast to experience a slower growth of 10.7% for the non-memory segment, it is projected to contract by 11.4% under the memory segment for 2010.

INDUSTRY OUTLOOK

The overall probe card market is expected to grow at a CAGR of 11.3% from 2009 to 2014 supported by new chip design turnover, increasing trend towards Application Specific products, requirement for "Known Good Die" and the shift towards advanced probe cards such as Vertical and MEMS-based probe cards in meeting the needs for high frequency testing, high pin-count probing as well as increasing test parallelism. As such, advanced probe card revenue is expected to grow by a CAGR of 14.3% compared to 3.9% growth slated for cantilever probe card revenue for the same period.

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



Source: VLSI Research, April 2010

Overall Business Outlook

Given the above forecast by the respective research organisations and the macroeconomic uncertainties as well as concerns over inventory build-up and pockets of component shortages, the Group remained cautiously optimistic on its business prospects over the next six to 12 months. We would, hence, continue our focus on the efficient running of our operations to sustaining our profitability as well as enhancing our funds management strategy to improve the Group's readiness in undertaking future growth opportunities in alternative and emerging markets.

RISKS AND UNCERTAINTIES

Cyclicality of the Semiconductor and EMS Industries

We operate mainly in the semiconductor and electronics manufacturing services (EMS) industries. The semiconductor industry is highly cyclical due to the abrupt fluctuations in supply and demand of semiconductors. The timing, length and severity of such fluctuations are becoming increasingly difficult to predict. In addition, the industry faces constant pricing pressure amid continued intense competition and cost curves of semiconductor manufacturers. In the event of a prolong change, especially downturn, in the semiconductor industry, the Group's operating results could be materially affected.

The EMS industry is deemed to be less cyclical compared to the semiconductor industry, but it is highly seasonal with the second half of the calendar year typically stronger than the first. Pricing is also under constant pressure in this industry and product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers or arising from increasing lead time at our principals/suppliers/vendors as a result of change in market conditions, and in turn, could have an adverse impact on our financial performance.

Foreign Exchange Risk

As the Group is involved in international businesses, it is exposed to foreign exchange risk for its sales, purchases, trade receivables, trade payables and cash and cash equivalents denominated in foreign currencies. The currency giving rise to this risk is primarily US dollar. Other than US dollar, the Group is also exposed to currency risk arising from Japanese yen, Euro, Singapore dollar, Malaysian ringgit, Vietnamese dong, Chinese renminbi, Thai baht, Hong Kong dollar, New Zealand dollar and British pound. Currently, the Group does not hedge its foreign currency exposure, as there is natural hedging between its sales and purchases, its trade receivables and trade payables. However, the management monitors the exposure closely and will consider hedging significant foreign currency exposure should the need arise. Hence, if there are sharp movements in exchange rates, our financial performance would be adversely affected.

Geopolitical & Macroeconomic Risks

We operate in, and sell our products and services to customers in various countries and regions, including Singapore, Malaysia, China, Thailand, the Philippines, Taiwan R.O.C., Vietnam, India, Japan, South Korea, Australia, New Zealand, Europe and the United States. As a result, our business and its future growth is dependent on the political, economic, regulatory and social conditions of these countries. Any changes in the policies implemented by the governments of any of these locations which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to our business could materially and adversely affect our operations, financial performance and future growth.

Our businesses are also affected by macroeconomic factors such as the performance of the US economy and major economies in Asia as they have an impact on the end market consumption, consumer sentiment and consequently the market demand for our products and services.

Obsolescence & Intellectual Property Risks

The technology in the industries we operate in is subject to constant changes and innovations, thus, might shorten the life span of our inventory and render them obsolete. Inability to anticipate demand fluctuations could potentially lead to obsolescence of inventory, and hence, leading to longer cash conversion cycle and other related costs that could adversely affect our financial position.

In conjunction to obsolescence risk, the inability to obtain the technological licences, patents and other intellectual property rights that are crucial to the protection of our technological know-how and competitive advantage would adversely impact our operations and financial performance.

Loss of Key Products Distributorships & Service Contracts

We are constantly facing intense competition from other leading players, and it is imperative that we identify, expand and secure exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and EMS industries, and provide unparalleled services to our customers via formalisation of service contracts. Hence, loss of key products distributorships and service contracts as well as the inability to boost our product and service offerings to our customers would have a material adverse impact on our businesses as well as financial results.

Key Personnel Risk

Success of our business depends on the continued efforts and abilities of our management team and technical personnel. Should any of our key employees voluntarily terminate their employment and we are unable to retain or replace with a suitably qualified personnel, this could have a material adverse effect on our business and results. Similarly, should we be unable to attract suitably qualified personnel for our expansion programme, this could also have an adverse impact on our future operations.

FINANCIAL STATEMENTS

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 2010.

Directors

The directors in office at the date of this report are as follows:

Xavier Chong Fook Choy	Chairman
Melvin Chan Wai Leong	
Phoon Wai Meng	
Jeffrey Staszak	
Amos Leong Hong Kiat	

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, share options and warrants in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2010
Xavier Chong Fook Choy			
Ellipsiz Ltd			
- ordinary shares			
- interest held	61,576,744	52,576,744	52,576,744
- deemed interest	2,000,000	-	-
- options to subscribe for ordinary shares at S$0.135 exercisable in three tranches from 26/10/2010, 26/10/2011 and 26/10/2012 onwards[(1)]			
- options held	-	3,300,000	3,300,000
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[(2)]			
- warrants held	5,779,704	5,779,704	5,779,704
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	25,409,572	25,409,572	25,409,572
- deemed interest	19,959,272	19,959,272	19,959,272

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21/7/2010
Melvin Chan Wai Leong			
- options to subscribe for ordinary shares at S$0.135 exercisable in three tranches from 26/10/2010, 26/10/2011 and 26/10/2012 onwards[1]			
- options held	-	3,150,000	3,150,000
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[2]			
- warrants held	3,333,333	3,333,333	3,333,333
- deemed interest	2,500,000	2,500,000	2,500,000
Testel Solutions Pte. Ltd.			
- ordinary shares			
- deemed interest	1,163,595	1,163,595	1,163,595
Phoon Wai Meng			
Ellipsiz Ltd			
- ordinary shares			
- interest held	409,000	409,000	409,000
- deemed interest	255,000	255,000	255,000
- options to subscribe for ordinary shares at S$0.135 exercisable in three tranches from 26/10/2010, 26/10/2011 and 26/10/2012 onwards[1]			
- options held	-	800,000	800,000
- warrants to subscribe for ordinary shares at S$0.035 exercisable from 28/1/2009 onwards[2]			
- warrants held	52,333	52,333	52,333
- deemed interest	38,333	38,333	38,333
Jeffrey Staszak			
Ellipsiz Ltd			
- options to subscribe for ordinary shares at S$0.135 exercisable in three tranches from 26/10/2010, 26/10/2011 and 26/10/2012 onwards[1]			
- options held	-	800,000	800,000
Amos Leong Hong Kiat			
Ellipsiz Ltd			
- options to subscribe for ordinary shares at S$0.135 exercisable in three tranches from 26/10/2010, 26/10/2011 and 26/10/2012 onwards[1]			
- options held	-	650,000	650,000

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

[2] Warrants refer to the rights to subscribe for one new ordinary share of the Company for each warrant at an exercise price of S$0.035, during the exercise period of three years commencing from the issue date on 28 January 2009, and expiring on 27 January 2012.

Except as disclosed in this report, no director who held office at the end of the financial year had any interest in shares, debentures, warrants 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 2010.

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

Except for salaries, bonuses, fees and those benefits that are disclosed in the Notes 24 and 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm in which he is a member, or with a company in which he has a substantial financial interest.

Share Plans

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans". The "Ellipsiz Share Option Plan" enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge.

On 26 October 2009, the Company approved and granted new options under the "Ellipsiz Share Option Plan". Details of options granted during the financial year, on the unissued ordinary shares of the Company are set out in Note 28 to the financial statements.

The Plans are administered by the Remuneration Committee.

Other salient details regarding the Plans are set out below:

(a) The total number of new shares over which options may be granted pursuant to the "Ellipsiz Share Option Plan", when added to the number of new shares issued and issuable in respect of all options granted, and all awards granted under the "Ellipsiz Restricted Stock Plan", shall not exceed 15% of the issued share capital of the Company (or such other limit that may be imposed by the Companies Act or the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual) on the day preceding the relevant date of grant.

(b) The subscription price of the option shares is the price equal to the volume-weighted average price of the Company's shares on SGX-ST over 7 consecutive trading days immediately preceding the date of grant of the relevant options or such higher price as may be determined by the Remuneration Committee. Options may be exercised one year after the grant date and will expire on the 5th anniversary of the grant date, and in accordance with a vesting schedule and the conditions (if any) to be determined by the Remuneration Committee on such option's grant date, unless they are cancelled or have lapsed.

(c) The "Ellipsiz Restricted Stock Plan" envisages the awards of shares to participants upon achieving certain pre-determined performance target(s) or fulfilling certain prescribed periods of service with the Group. Where the award is time-based, the awards granted will be vested after the grantee has fulfilled the prescribed period of employment with the Group as stated in the particular award letter. Where such award is performance-based, the awards will be vested after the grantee has achieved the performance targets within the performance periods set in that particular award and may be further subject to additional vesting periods as may be stipulated by the Remuneration Committee for each grantee.

(d) Subject to the prevailing legislation and SGX-ST's guidelines, the Company has the flexibility to deliver shares to grantees upon the exercise of their awards by way of:

(i) an issue of new shares; and/or

(ii) by procuring the transfer of existing shares.

The Company can also determine and make a release of an award, wholly or partly, in the form of cash rather than shares or by a combination of any of the mentioned methods.

Details of options and awards granted to directors of the Company under the Plans are as follows:

Director	Options granted for financial year ended 30 June 2010		Aggregate options granted since commencement to 30 June 2010		Aggregate options exercised since commencement to 30 June 2010		Aggregate options outstanding as at 30 June 2010	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Xavier Chong Fook Choy	3,300,000	0.64	3,540,000	0.69	165,200	0.03	3,300,000	0.64
Melvin Chan Wai Leong	3,150,000	0.61	3,150,000	0.61	-	-	3,150,000	0.61
Phoon Wai Meng	800,000	0.16	800,000	0.16	-	-	800,000	0.16
Jeffrey Staszak	800,000	0.16	800,000	0.16	-	-	800,000	0.16
Amos Leong Hong Kiat	650,000	0.13	650,000	0.13	-	-	650,000	0.13

Director	Awards granted for financial year ended 30 June 2010		Aggregate awards granted since commencement to 30 June 2010		Aggregate awards vested since commencement to 30 June 2010		Aggregate awards outstanding as at 30 June 2010	
	No. of share awards	%	No. of share awards	%	No. of share awards	%	No. of share awards	%
Xavier Chong Fook Choy	-	-	103,000	0.02	103,000	0.02	-	-

The percentage is computed based on the options or awards granted, exercised or vested divided by the total number of ordinary shares issued by the Company as at 30 June 2010.

Since the commencement of the "Ellipsiz Share Option Plan", no option has been granted to the controlling shareholders of the Company or their associates. The aforesaid group of persons is also not eligible to participate in the "Ellipsiz Restricted Stock Plan".

No participant under the Plans has been granted 5% or more of the total options granted under the Plans.

None of the options are granted at a subscription price which is at a discount of the shares' market price immediately prior to the date of grant, as this is not allowed under the rules of the "Ellipsiz Share Option Plan".

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

No awards were granted under the "Ellipsiz Restricted Stock Plan" during the year.

Warrants

As at the balance sheet date, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants outstanding as at 1 July 2009	Warrants issued	Warrants exercised	Warrants outstanding as at 30 June 2010	Date of expiration
28 January 2009	41,836,918	41,873,918	7,288,445	34,548,473	27 January 2012

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at an exercise price of S$0.035 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company. During the financial year, the Company issued 7,288,445 shares pursuant to the exercise of warrants as disclosed above.

As at the end of the financial year, except as reported above and disclosed in the Note 28 to the financial statements, no other options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries. Except for the above mentioned outstanding warrants, no other options to take up unissued shares of the Company or its subsidiaries were outstanding as at the end of the financial year.

Audit Committee

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

- Phoon Wai Meng — Chairman
- Jeffrey Staszak
- Amos Leong Hong Kiat

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

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

Specific responsibilities of the Audit Committee include:

(a) review of financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

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

(c) discussion with the external auditors on the overall scope of work of the audit and its effectiveness, the results of the audit and evaluation of the internal control system, auditors' management letter and the responses from management;

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

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

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

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

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

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

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

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

On behalf of the Board of Directors

Xavier Chong Fook Choy
Director

Melvin Chan Wai Leong
Director

Singapore
9 September 2010

STATEMENT BY DIRECTORS

Year ended 30 June 2010

In our opinion:

(a) the financial statements set out on pages 48 to 116 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Xavier Chong Fook Choy
Director

Melvin Chan Wai Leong
Director

Singapore
9 September 2010

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

We have audited the accompanying financial statements of Ellipsiz Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 30 June 2010, the statements of comprehensive income, statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 116.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial positions, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2010 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
9 September 2010

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	3	8,953	13,660	9	8
Intangible assets	4	34,943	36,163	5	9
Subsidiaries	5	-	-	84,754	83,324
Associates	6	4,692	4,382	3,216	3,018
Joint ventures	7	1,050	209	-	-
Financial assets	8	4,000	-	4,000	-
Amounts due from related parties	9	-	-	1,058	1,652
Deferred tax assets	10	2,221	2,220	3	7
		55,859	56,634	93,045	88,018
Current assets					
Inventories	11	10,423	10,245	-	-
Project-in-progress	12	2,904	823	-	-
Convertible loan receivable	13	-	-	-	-
Trade and other receivables	14	40,388	26,796	388	42
Amounts due from related parties	9	107	160	9,427	11,374
Cash and cash equivalents	15	38,242	32,433	11,680	3,649
Asset classified as held for sale	16	2,678	-	-	-
		94,742	70,457	21,495	15,065
Total assets		150,601	127,091	114,540	103,083
Equity attributable to Owners of the Company					
Share capital	17	86,855	129,578	86,855	129,578
Reserves	18	9,872	(52,706)	16,826	(42,514)
		96,727	76,872	103,681	87,064
Non-controlling interests		2,216	2,614	-	-
Total equity		98,943	79,486	103,681	87,064
Non-current liabilities					
Interest-bearing borrowings	19	3,550	5,604	2,204	3,442
Deferred tax liabilities	10	607	1,000	-	-
		4,157	6,604	2,204	3,442
Current liabilities					
Trade and other payables	20	32,549	27,380	1,303	2,035
Provisions	21	1,529	2,131	-	-
Amounts due to related parties	9	462	82	3,927	5,270
Interest-bearing borrowings	19	9,606	9,470	3,104	4,911
Redeemable convertible preference shares	22	78	78	-	-
Current tax payable		3,277	1,860	321	361
		47,501	41,001	8,655	12,577
Total liabilities		51,658	47,605	10,859	16,019
Total equity and liabilities		150,601	127,091	114,540	103,083

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Revenue	23	150,521	149,598	13,447	4,556
Cost of revenue		(114,625)	(143,933)	-	-
Gross profit		35,896	5,665	13,447	4,556
Other income		23,731	2,557	7,139	780
Distribution expenses		(14,901)	(14,505)	-	-
Administrative expenses		(17,521)	(21,186)	(2,633)	(4,135)
Research and development expenses		(2,275)	(3,066)	-	-
Other expenses		(3,820)	(9,565)	(2,244)	(11,573)
Results from operating activities	24	21,110	(40,100)	15,709	(10,372)
Finance income		79	151	118	39
Finance expenses		(625)	(819)	(263)	(380)
Net finance expenses	25	(546)	(668)	(145)	(341)
Share of results of associates (net of tax)		242	(687)	-	-
Share of results of joint ventures (net of tax)		32	(61)	-	-
Profit/(Loss) before income tax		20,838	(41,516)	15,564	(10,713)
Income tax (expenses)/credit	26	(517)	1,045	7	(73)
Profit/(Loss) for the year		20,321	(40,471)	15,571	(10,786)
Other comprehensive income					
Exchange differences on translation of financial statements of foreign operations		108	4,715	-	-
Exchange differences on monetary items forming part of net investments in foreign operations		(1,923)	(1,020)	-	-
Net change in fair value of available-for-sale financial assets		251	(27)	251	(27)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		(14)	(13)	(14)	(13)
Other comprehensive income for the year, net of nil income tax		(1,578)	3,655	237	(40)
Total comprehensive income for the year		18,743	(36,816)	15,808	(10,826)

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Profit/(Loss) attributable to:					
Owners of the Company		20,708	(38,908)	15,571	(10,786)
Non-controlling interests		(387)	(1,563)	-	-
Profit/(Loss) for the year		20,321	(40,471)	15,571	(10,786)
Total comprehensive income attributable to:					
Owners of the Company		19,179	(35,250)	15,808	(10,826)
Non-controlling interests		(436)	(1,566)	-	-
Total comprehensive income for the year		18,743	(36,816)	15,808	(10,826)
Earnings per share	27				
- Basic earnings per share (cents)		4.05	(10.66)		
- Diluted earnings per share (cents)		3.85	(10.66)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2010

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Compensation reserve $'000	Exchange translation reserve $'000	Accumulated profits/ (losses) $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2008	121,112	(11,720)	40	464	(11,428)	5,188	103,656	3,589	107,245
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(38,908)	(38,908)	(1,563)	(40,471)
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	4,718	-	4,718	(3)	4,715
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(1,020)	-	(1,020)	-	(1,020)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(27)	-	-	-	(27)	-	(27)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	(13)	-	-	-	(13)	-	(13)
Total other comprehensive income	-	-	(40)	-	3,698	-	3,658	(3)	3,655
Total comprehensive income for the year	-	-	(40)	-	3,698	(38,908)	(35,250)	(1,566)	(36,816)
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issuance of shares pursuant to the rights issue	8,794	-	-	-	-	-	8,794	-	8,794
Share issuance expenses	(329)	-	-	-	-	-	(329)	-	(329)
Issuance of shares pursuant to exercise of warrants	1	-	-	-	-	-	1	-	1
Total contributions by and distributions to Owners	8,466	-	-	-	-	-	8,466	-	8,466
Arising from acquisition of remaining interest from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(163)	(163)
Capital contribution by non-controlling interests of subsidiaries	-	-	-	-	-	-	-	784	784
Dividend paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	(30)	(30)
Total transactions with Owners	8,466	-	-	-	-	-	8,466	591	9,057
Balance as at 30 June 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2010

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Compensation reserve $'000	Exchange translation reserve $'000	Accumulated (losses)/ profits $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2009	129,578	(11,720)	-	464	(7,730)	(33,720)	76,872	2,614	79,486
Total comprehensive income for the year									
Profit/(Loss) for the year	-	-	-	-	-	20,708	20,708	(387)	20,321
Other comprehensive income									
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	157	-	157	(49)	108
Exchange differences on monetary items forming part of net investments in foreign operations	-	-	-	-	(1,923)	-	(1,923)	-	(1,923)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	251	-	-	-	251	-	251
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	(14)	-	-	-	(14)	-	(14)
Total other comprehensive income	-	-	237	-	(1,766)	-	(1,529)	(49)	(1,578)
Total comprehensive income for the year	-	-	237	-	(1,766)	20,708	19,179	(436)	18,743
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Issuance of shares pursuant to exercise of warrants	255	-	-	-	-	-	255	-	255
Capital reduction	(42,978)	-	-	-	-	42,978	-	-	-
Value of employee services received for issue of share options	-	-	-	554	-	-	554	-	554
Total contributions by and distributions to Owners	(42,723)	-	-	554	-	42,978	809	-	809
Arising from acquisition of remaining interest from non-controlling interest of a subsidiary	-	-	-	-	-	(133)	(133)	(84)	(217)
Capital contribution by non-controlling interest of subsidiary	-	-	-	-	-	-	-	122	122
Total transactions with Owners	(42,723)	-	-	554	-	42,845	676	38	714
Balance as at 30 June 2010	86,855	(11,720)	237	1,018	(9,496)	29,833	96,727	2,216	98,943

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2010

Company	Share capital $'000	Fair value reserve $'000	Compensation reserve $'000	Accumulated (losses)/profit $'000	Total equity $'000
Balance as at 1 July 2008	121,112	40	464	(32,192)	89,424
Total comprehensive income for the year					
Loss for the year	-	-	-	(10,786)	(10,786)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	(27)	-	-	(27)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(13)	-	-	(13)
Total other comprehensive income	-	(40)	-	-	(40)
Total comprehensive income for the year	-	(40)	-	(10,786)	(10,826)
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to the rights issue	8,794	-	-	-	8,794
Share issuance expenses	(329)	-	-	-	(329)
Issuance of shares pursuant to exercise of warrants	1	-	-	-	1
Total transactions with Owners	8,466	-	-	-	8,466
Balance as at 30 June 2009	129,578	-	464	(42,978)	87,064
Balance as at 1 July 2009	129,578	-	464	(42,978)	87,064
Total comprehensive income for the year					
Profit for the year	-	-	-	15,571	15,571
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax	-	251	-	-	251
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	(14)	-	-	(14)
Total other comprehensive income	-	237	-	-	237
Total comprehensive income for the year	-	237	-	15,571	15,808
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of shares pursuant to exercise of warrants	255	-	-	-	255
Capital reduction	(42,978)	-	-	42,978	-
Value of employee services received for issue of share options	-	-	554	-	554
Total transactions with Owners	(42,723)	-	554	42,978	809
Balance as at 30 June 2010	86,855	237	1,018	15,571	103,681

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2010

	Group	
	2010	2009
	$'000	$'000
Operating activities		
Profit/(Loss) for the year	20,321	(40,471)
Adjustments for:		
(Reversal of allowance)/Allowance for:		
- doubtful debts from trade and other receivables	(123)	101
- doubtful convertible loan receivable	-	1,598
- inventory obsolescence	483	2,942
Amortisation of intangible assets	452	491
Bad debts written off	128	164
Depreciation of property, plant and equipment	4,645	8,349
Reversal of grant income	-	122
Government grant - Jobs Credit Scheme	(539)	(447)
(Gain)/Loss on disposals of:		
- an associate	-	(13)
- other financial assets	(14)	(13)
- property, plant and equipment	(174)	54
Interest income	(79)	(151)
Interest expenses	625	819
Property, plant and equipment written off:		
- others	15	347
- arising from fire incident	-	7,495
Inventories written off:		
- others	242	777
- arising from fire incident	-	3,238
Impairment losses on property, plant and equipment:		
- others	128	3,313
- arising from fire incident	-	1,322
Impairment losses on:		
- intangible assets	-	136
- investment in associate	-	1,850
- other financial assets	2,150	5,899
Impairment of goodwill	-	384
Provision for restructuring cost	577	459
Retrenchment benefits/provision for retrenchment	498	90
Provision for other liabilities arising from fire incident	115	847
Insurance income	(22,344)	-
Share based expenses	554	-
Share of results of associates and joint ventures (net of tax)	(274)	748
Income tax expenses/(credit)	517	(1,045)
	7,903	(595)

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

	Group 2010 $'000	Group 2009 $'000
Changes in working capital:		
Inventories	(1,135)	1,369
Project-in-progress	(1,652)	1,317
Trade and other receivables	(11,359)	10,751
Amounts due from related parties (trade)	113	486
Trade and other payables	5,167	(8,131)
Amounts due to related parties (trade)	1	(16)
Restructuring cost paid	(978)	(6,278)
Retrenchment cost paid	(559)	-
Other liabilities arising from fire incident paid	(321)	-
Insurance claim received	2,964	-
(Placement)/Release of pledged deposits with financial institutions	(555)	2,391
Cash (used in)/generated from operations	(411)	1,294
Interest received	79	151
Interest paid	(362)	(628)
Tax credit received	1,459	1,806
Income taxes paid	(899)	(445)
Cash flows (used in)/generated from operating activities	(134)	2,178
Investing activities		
Amounts due from related parties (non-trade)	(61)	(3)
Investment in a joint venture	(832)	(261)
Acquisition of non-controlling interest of a subsidiary	-	(163)
Proceeds from disposals of:		
- an associate	-	616
- other financial assets	14	18
- property, plant and equipment	579	277
Purchase of:		
- intangible assets	(186)	(818)
- other financial assets	(5,913)	(15)
- property, plant and equipment[(1) (2)]	(1,071)	(2,903)
Insurance claim received	14,078	-
Cash flows generated from/(used in) investing activities	6,608	(3,252)

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

	Note	Group 2010 $'000	Group 2009 $'000
Financing activities			
Acquisition of non-controlling interest of a subsidiary		(217)	-
Amounts due to related parties (non-trade)		385	(62)
Capital injection from non-controlling interests of subsidiaries		122	784
Dividends paid to non-controlling interest of a subsidiary		-	(30)
Grant received		-	162
Government grant - Jobs Credit Scheme received		539	447
Interest paid		(263)	(191)
Issuance of shares		255	8,466
Repayment of bank loans		(12,858)	(19,343)
Repayment of hire purchase and finance lease creditors		(698)	(631)
Proceed from bank loans		11,414	18,317
Proceed from finance lease creditors		207	-
Cash flows (used in)/generated from financing activities		(1,114)	7,919
Net increase in cash and cash equivalents		5,360	6,845
Cash and cash equivalents at beginning of year		31,166	24,167
Effect of exchange rate fluctuations on cash held		(246)	154
Cash and cash equivalents at end of year	15	36,280	31,166

Significant non-cash transactions

(1) Property, plant and equipment amounting to $Nil (2009: $243,000) were acquired through hire purchase arrangements and finance leases.

(2) Included in the insurance income was $2,678,000 relating to claims on compensation for the restoration of leasehold building damaged in the fire incident. The insurer made payment of $2,551,000 direct to the contractor that performed the restoration work.

The effect of acquiring additional non-controlling interest of a subsidiary is set out below:

	Group 2010 $'000	Group 2009 $'000
Acquisition of non-controlling interest of a subsidiary	84	163
Equity	133	-
Consideration paid, satisfied in cash	217	163

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 September 2010.

1 DOMICILE AND ACTIVITIES

Ellipsiz Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 29 Woodlands Industrial Park E1, #04-01/06 NorthTech, Lobby 1, Singapore 757716.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

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

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 3 - measurement of recoverable amounts of property, plant and equipment
- Note 4 - measurement of recoverable amounts of intangible assets
- Note 4 - measurement of recoverable amounts relating to goodwill impairment
- Note 5 - valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 5 - measurement of recoverable amounts of subsidiaries
- Note 6 - measurement of recoverable amounts of associates
- Note 8 - measurement of recoverable amounts of financial assets
- Note 21 - measurement of provisions
- Note 28 - measurement of share-based payments

Changes in accounting policy

With effect from 1 July 2009, the Group adopted the following new or amended FRSs which are relevant to the Group's operations:

FRS 1 (revised 2008)	*Presentation of Financial Statements*
FRS 27 (revised 2009) and FRS 103 (revised 2009)	*Consolidated and Separate Financial Statements, and Business Combinations*
Amendments to FRS 107	*Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
FRS 108	*Operating Segments*

(i) Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) Accounting for business combinations

From 1 July 2009, the Group has applied FRS 103 *Business Combinations* (2009) for all business combinations. The change in accounting policy is applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- 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.

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

Costs related to the acquisition, other than those associated with the issues of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisition prior to 1 July 2009

For the acquisition prior to 1 July 2009, business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Transactions costs, other than those associated with the issues of debt or equity securities, that the Group incurs in connection with a business combination were capitalised as part of the cost of acquisition.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Negative goodwill in a business combination represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition and is recognised immediately in profit or loss.

(iii) Accounting for acquisition of non-controlling interests

From 1 July 2009, the Group has applied FRS 27 *Consolidated and Separate Financial Statements* (2009) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

(iv) Financial instruments: Disclosures

The Group applies the amendments to FRS 107 *Financial Instruments: Disclosures*, which became effective as of 1 January 2009. As a result, the Group discloses the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis. Previously, the Group disclosed the maximum amount of issued financial guarantees in the contractual maturity analysis only if the Group assessed that it is probable that the guarantee would be called upon.

FRS 107 does not require comparative information to be restated and therefore, the contractual maturity analysis for the comparative period has not been represented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(v) Determination and presentation of operating segments

From 1 July 2009, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 *Operating Segments*. Previously, operating segments were determined and presented in accordance with FRS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Certain comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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

2.2 Consolidation

Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See Note 2.1 (ii).

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are the entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses and equity movements of associates and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation (Note 2.8), which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollar at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollar at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisition prior to 1 January 2005, the exchange rates at the date of acquisitions were used.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed off, in part or in full, the relevant amount in the exchange translation reserve is transferred to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the foreign operation is disposed off, the cumulative amount in equity is transferred to the profit or loss as an adjustment to the profit or loss arising on disposal.

2.4 Loans from subsidiaries

In the Company's financial statements, the interest-free inter-company loans from the subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as interest income in the Company's profit or loss. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in the profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

2.5 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Assets under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold land and building	30 years
Leasehold improvements	shorter of 3 to 30 years and remaining lease period
Furniture and fittings	3 to 10 years
Office equipment	1 to 10 years
Computers	1 to 6 years
Motor vehicles	2 to 10 years
Plant and machinery	3 to 11 years
Mechanical and electrical facilities	3 to 10 years

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

2.6 Intangible assets

Computer software

Computer software which has useful life and does not form an integral part of related hardware is measured at cost less accumulated amortisation and impairment losses.

Computer software is amortised in the profit or loss on the straight-line basis over its estimated useful life of 1 to 5 years, from the date on which they are available for use.

Research and development expenditure

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the products or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the profit or loss as an expense when it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line method over the estimated useful life of 5 years.

Technology licence and intellectual properties

Technology licence and intellectual properties represent patents, registered designs, technical data, know-how, and other intellectual property rights related to or connected with the processing, manufacturing, repair, rework and sale of probe cards.

Technology licence and intellectual properties are measured at cost less accumulated amortisation and impairment losses. The cost of intangible assets acquired in the business combination is their fair values at the date of acquisition. Technology licence and intellectual properties are amortised in the profit or loss on a straight-line basis over their estimated economic useful lives of 20 years from the date on which they are available for use.

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.10.

2.7 Affiliates

An affiliate is defined as one, other than a related corporation, which has common direct or indirect shareholders or common directors with the Company.

2.8 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, related party balances, convertible loan receivable, financial liabilities, and trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. Purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, amounts due from related parties and convertible loan receivable.

Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the cash flow statement, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand. Bank overdraft that is repayable on demand and that forms an integral part of the Group's cash management is included as a component of cash and cash equivalents.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt security are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (Note 2.3), are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in other comprehensive income and presented within equity in the fair value reserve is transferred to profit or loss.

Non-derivative financial liabilities

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

The Group has the following non-derivative financial liabilities: trade and other payables, amounts due to related parties and interest-bearing borrowings.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedging activities

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Group entities' other comprehensive income. On consolidation, such differences are recognised directly in equity, in the exchange translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed off, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair values of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset is recognised by transferring the cumulative loss that has been recognised in other comprehensive income, to profit or loss.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt security are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in other comprehensive income.

Intra-group financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company will treat the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2.9 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 2.5. Rental income is recognised on a straight-line basis over the lease term.

2.10 Impairment – non-financial assets

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

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

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

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

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

2.11 Convertible loan receivable

Convertible loan receivable is recognised initially at fair value. The difference between the fair value of the receivables and loan amount at the inception date is recognised in profit or loss. Subsequently, the loan is measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

2.12 Inventories

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

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

2.13 Project-in-progress

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

If payments received from customers exceed the income recognised, the difference is presented as part of trade and other payables in the balance sheet.

2.14 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.15 Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

Government grant – Jobs Credit Scheme

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

2.16 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" have been put in place to grant share options and award shares to eligible employees and participants, respectively. Details of the "Ellipsiz Share Option Plan" and "Ellipsiz Restricted Stock Plan" are disclosed in the Directors' Report.

The fair value of share options and share awards granted is recognised as an employee expense with a corresponding increase in equity in the Group's consolidated financial statements. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options and awards. At each balance sheet date, the Group revises its estimates of the number of options and awards that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

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

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

2.17 Provision

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

Warranties

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

Restructuring/Retrenchment

A provision for restructuring/retrenchment is recognised when the Group has approved a detailed and formal restructuring/ retrenchment plan, and the plan has either commenced or has been announced publicly. Future operating costs are not provided for.

2.18 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, goods and services taxes or other sales taxes, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the sale of equipment is recognised upon completion of installation. Recognition of revenue pertaining to the provision of warranty and maintenance services is deferred and recognised over the period of warranty or services provision.

Service income is recognised over the period in which the services are rendered. Revenue from service contracts are recognised based on the percentage-of-completion method. The stage of completion is determined by reference to the percentage of actual costs incurred to date to estimated total costs to completion for each contract. Costs incurred which have not been invoiced to customers are recorded in the project-in-progress account. All known or anticipated losses are provided for as soon as they are known.

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Commission income and management fees are recognised on an accrual basis.

Dividend income is recognised in profit or loss when the right to receive payment is established.

2.19 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for the planning, directing and controlling the activities of the Company. The directors of the Company, and also general manager, directors, presidents and vice presidents of the subsidiaries, are considered as key management personnel of the Group.

2.20 Finance income and expenses

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

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

2.21 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.22 Dividends

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

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Mechanical and electrical facilities $'000	Assets under construction $'000	Total $'000
Cost										
At 1 July 2008	4,458	7,523	712	1,423	5,312	452	56,919	403	42	77,244
Additions	-	176	36	75	391	20	2,223	-	225	3,146
Disposals/Write off	-	(3,505)	(161)	(455)	(175)	(28)	(24,593)	(19)	(45)	(28,981)
Translation difference on consolidation	138	175	23	16	162	15	1,652	-	2	2,183
At 30 June 2009	4,596	4,369	610	1,059	5,690	459	36,201	384	224	53,592
Additions	-	28	25	37	246	55	494	-	2,737	3,622
Disposals/Write off	(2,505)	(42)	(11)	(34)	(1,564)	(207)	(681)	(31)	-	(5,075)
Transfer to assets classified as held for sale	-	-	-	-	-	-	-	-	(2,678)	(2,678)
Reclassification	-	-	-	-	-	-	283	-	(283)	-
Translation difference on consolidation	(100)	(129)	(17)	(39)	(132)	(12)	(1,443)	-	-	(1,872)
At 30 June 2010	1,991	4,226	607	1,023	4,240	295	34,854	353	-	47,589
Accumulated depreciation and impairment losses										
At 1 July 2008	1,158	3,216	527	1,168	4,251	276	35,754	222	-	46,572
Depreciation charge for the year	116	941	75	204	659	62	6,258	34	-	8,349
Impairment losses/ (Reversal)	1,322	240	24	(117)	65	71	3,030	-	-	4,635
Disposals/Write off	-	(1,339)	(135)	(401)	(137)	(25)	(18,729)	(42)	-	(20,808)
Translation difference on consolidation	2	59	17	7	116	8	975	-	-	1,184
At 30 June 2009	2,598	3,117	508	861	4,954	392	27,288	214	-	39,932
Depreciation charge for the year	58	454	40	89	406	23	3,547	28	-	4,645
Impairment losses	-	-	-	-	-	-	29	99	-	128
Disposals/Write off	(2,505)	(32)	(5)	(25)	(1,562)	(165)	(347)	(14)	-	(4,655)
Translation difference on consolidation	(5)	(92)	(16)	(33)	(118)	(9)	(1,141)	-	-	(1,414)
At 30 June 2010	146	3,447	527	892	3,680	241	29,376	327	-	38,636
Carrying amount										
At 1 July 2008	3,300	4,307	185	255	1,061	176	21,165	181	42	30,672
At 30 June 2009	1,998	1,252	102	198	736	67	8,913	170	224	13,660
At 30 June 2010	1,845	779	80	131	560	54	5,478	26	-	8,953

Leasehold land and building and plant and machinery of the Group with carrying amounts of $1,782,000 (2009: $1,911,000) and $1,227,000 (2009: $509,000), respectively, have been pledged to banks as securities for certain bank loans (Note 19).

The carrying amount of property, plant and equipment includes amounts totalling $738,000 (2009: $1,023,000) for the Group in respect of assets acquired under hire purchase agreements and finance leases (Note 19).

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2008	62	44	1,461	1,567
Additions	-	3	1	4
At 30 June 2009	62	47	1,462	1,571
Additions	-	-	8	8
Write off	-	-	(1,395)	(1,395)
At 30 June 2010	62	47	75	184
Accumulated depreciation				
At 1 July 2008	62	43	1,447	1,552
Depreciation charge for the year	-	2	9	11
At 30 June 2009	62	45	1,456	1,563
Depreciation charge for the year	-	1	6	7
Write off	-	-	(1,395)	(1,395)
At 30 June 2010	62	46	67	175
Carrying amount				
At 1 July 2008	-	1	14	15
At 30 June 2009	-	2	6	8
At 30 June 2010	-	1	8	9

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cost of revenue	3,980	7,192	-	-
Distribution expenses	138	181	-	-
Administrative expenses	391	813	7	11
Research and development expenses	136	163	-	-
	4,645	8,349	7	11

Impairment losses

During the year, the Group recognised impairment losses totalling $128,000 (2009: $4,635,000) on property, plant and equipment.

Having regard to the current economic conditions, the Group carried out a review on the recoverable amounts of certain property, plant and equipment during the year. The review led to the recognition of impairment losses of $128,000 and $Nil (2009: $2,766,000 and $547,000) on property, plant and equipment of the Distribution and Services solutions and Probe Card solutions respectively in profit or loss for the year.

The recoverable amounts of the property, plant and equipment were based on their value-in-use, and the discount rate used ranged from 10.7% to 12.2% (2009: 10.1%) and 9.4% (2009: 7.5%) for Distribution and Services solutions and Probe Card solutions, respectively.

Impairment losses for the year were included in the following line items of the statement of comprehensive income:

	Group 2010 $'000	Group 2009 $'000
Cost of revenue	128	4,073
Administrative expenses	-	562
	128	4,635

Property, plant and equipment written off

In 2009, property, plant and equipment with total carrying amount of $7,495,000 were written off due to the fire incident. $6,827,000 and $668,000 were recorded in cost of revenue and administrative expenses respectively.

4 INTANGIBLE ASSETS

Group	Computer software $'000	Development expenditure $'000	Technology licence $'000	Intellectual property $'000	Goodwill $'000	Total $'000
Cost						
At 1 July 2008	2,173	3,920	1,699	5,932	28,206	41,930
Additions	79	-	517	222	-	818
Write off	-	(3,920)	-	-	-	(3,920)
Translation difference on consolidation	-	-	46	418	828	1,292
At 30 June 2009	2,252	-	2,262	6,572	29,034	40,120
Additions	19	-	-	167	-	186
Write off	(1,808)	-	-	-	-	(1,808)
Translation difference on consolidation	-	-	(108)	(318)	(602)	(1,028)
At 30 June 2010	463	-	2,154	6,421	28,432	37,470
Accumulated amortisation and impairment losses						
At 1 July 2008	1,929	3,920	337	612	-	6,798
Amortisation for the year	76	-	87	328	-	491
Impairment losses	136	-	-	-	384	520
Write off	-	(3,920)	-	-	-	(3,920)
Translation difference on consolidation	1	-	24	43	-	68
At 30 June 2009	2,142	-	448	983	384	3,957
Amortisation for the year	38	-	85	329	-	452
Write off	(1,808)	-	-	-	-	(1,808)
Translation difference on consolidation	1	-	(23)	(52)	-	(74)
At 30 June 2010	373	-	510	1,260	384	2,527
Carrying amount						
At 1 July 2008	244	-	1,362	5,320	28,206	35,132
At 30 June 2009	110	-	1,814	5,589	28,650	36,163
At 30 June 2010	90	-	1,644	5,161	28,048	34,943

Company	Computer software $'000
Cost	
At 1 July 2008	1,821
Additions	8
At 30 June 2009	1,829
Write off	(1,808)
At 30 June 2010	21
Accumulated amortisation and impairment losses	
At 1 July 2008	1,816
Amortisation for the year	4
At 30 June 2009	1,820
Amortisation for the year	4
Write off	(1,808)
At 30 June 2010	16
Carrying amount	
At 1 July 2008	5
At 30 June 2009	9
At 30 June 2010	5

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cost of revenue	419	466	-	-
Distribution expenses	1	2	-	-
Administrative expenses	32	23	4	4
	452	491	4	4

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2010 $'000	2009 $'000
Probe Card solutions	12,293	12,895
Distribution and Services solutions	15,755	15,755
	28,048	28,650

The recoverable amount of a CGU is determined annually based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering periods within one to five years.

Key assumptions used for value-in-use calculations

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

	Group	
	Growth rate %	**Discount rate %**
2010		
Probe Card solutions	1.9 - 11.7	9.4
Distribution and Services solutions	1.0 - 10.0	10.7 - 12.2
2009		
Probe Card solutions	2.4 - 8.0	10.1
Distribution and Services solutions	1.3 - 8.2	7.5

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

The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

In 2009, arising from the fire incident at the wafer reclaim facility, the goodwill relating to the wafer reclaim business, part of Distribution and Services solutions, of $384,000 was deemed to be impaired, as the recoverable value of the CGU to which the goodwill was allocated cannot be determined with virtual certainty.

Impairment losses for other intangible assets

In 2009, an impairment loss of $136,000 was recognised to write down the carrying value of computer software attributable to certain manufacturing activities within the Distribution and Services solutions. The recoverable amount of the computer software was based on its value-in-use and the discount rate used was 7.5%.

Impairment losses of all intangible assets for the year were included in the following line items of the statement of comprehensive income:

	Group	
	2010 $'000	**2009 $'000**
Cost of revenue	-	123
Administrative expenses	-	13
Other operating expenses	-	384
	-	520

5 SUBSIDIARIES

	Company 2010 $'000	Company 2009 $'000
Equity investments at cost	130,304	131,351
Quasi-equity loans to subsidiaries	6,183	6,470
Less: Impairment losses	(51,733)	(54,497)
	84,754	83,324

Loans to subsidiaries are unsecured and interest-free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, part of the Company's investments in subsidiaries, they are stated at cost less impairment losses.

During the year, the Company reversed impairment losses of $2,764,000 (2009: recognised impairment losses of $9,414,000) on its investments in certain subsidiaries to reflect its recoverable amounts. The recoverable amounts were based on its value-in-use, and determined using discount rates as described in Note 4.

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
(17)	Antech Instruments Pte Ltd	Inactive	Singapore	-	100
(2)	iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	100	100
(3)	Ellipsiz Taiwan Inc. and its subsidiary:	Dealers of scientific instruments, electronics equipment, commission agents and provision of technical services and support	Taiwan	78	78
	(4) CrystalTech Scientific Corp	Trading of scientific and electronic equipment	British Virgin Islands	78	78

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
(1)	Ellipsiz Testlab Pte Ltd	Provision of reliability testing services for semiconductor and electronics industry	Singapore	92	92
(17)	Solidvision Pte Ltd and its subsidiary:	Investment holding	Singapore	-	100
	(16) Factech Semiconductor Sdn. Bhd.	Inactive	Malaysia	100	100
(1)	Ellipsiz DSS Pte. Ltd. (Formerly known as Ellipsiz MicroFab Pte. Ltd.)	Provision of management services; inactive in 2009	Singapore	100	100
(17)	Factech Pte Ltd	Inactive	Singapore	-	100
(17)	ESI Instruments Pte Ltd	Inactive	Singapore	-	100
(17)	outsoz.com Inc.	Inactive	USA	-	100
(17)	Ellipsiz USA Inc.	Inactive	USA	-	100
(1)	Ellipsiz Singapore Pte Ltd and its subsidiaries:	Trading of scientific instruments, electronic equipment and provision of technical services and support and commission agents	Singapore	100	100
	(1) E+HPS Pte. Ltd. (E+HPS) and its subsidiaries:	Provision of general constructional, hook up and building works	Singapore	51	51
	(4) HPS Engineering (Suzhou) Co., Ltd.	Provision of general constructional, hook up and building works	China	51	51
	(4) E+HPS Engineering (Suzhou) Co., Ltd.	Provision of general constructional, hook up and building works	China	51	51
(1)	Ellipsiz Ventures Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	2009 %
	(4) Ellipsiz Semiconductor Technology (Shenzhen) Ltd	Investment holding and provision of back-end services of integrated circuit designing	China	100	100
	(1) Ellipsiz Semilab Holdings Pte. Ltd. and its subsidiary:	Investment holding	Singapore	74	74
	(4) Ellipsiz Semilab (Shanghai) Co., Ltd.	Provision of integrated circuits testing services	China	74	74
(4)	Ellipsiz (Shanghai) International Ltd	Sales representation services and distribution of consumable products, failure analysis equipment and optical equipment	China	100	100
(3)	Ellipsiz Second Source Inc., Taiwan	Provision of pump refurbishment services and trading of original equipment and manufacturer parts	Taiwan	100	100
(1)	Ellipsiz ISP Pte. Ltd.	Polishing and reclamation of semiconductor wafers	Singapore	100	100
(1)	FMB Industries Pte. Ltd. (FMB)	Trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries	Singapore	100	100
(1)	SV Probe Pte. Ltd. and its subsidiaries:	Provision of probe card designing, repair and distribution and engineering solutions to the semiconductor industry through its applications engineering team, and provides repair and maintenance support	Singapore	100	100

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
(4) SV Technology Inc.	Provision of technology services, including technology transfer, training, technical and consultancy services, expert advice and technical assistance	Republic of Mauritius	100	100
(5) SV Probe Technology Taiwan Co. Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(6) SV Probe Vietnam Co., Ltd	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100
(1) SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards for the electronics industry	USA	100	100
(17) SV Probe China Co., Ltd.	Inactive	China	-	100
(7) SV Probe Technology S.A.S.	Trading, sales and after sales support of probe cards	France	100	100
(4) SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	100	100
(4) SV Probe Korea Co., Ltd	Inactive; Manufacturing and trading, sales and after sales support of probe cards in 2009	Korea	100	100
(1) iNETest Resources Pte. Ltd. (iNETest Resources) and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
(8) Oriental International Technology Limited	Provision of solutions for in-circuit and functional testing	Hong Kong	100	100

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	2009 %
(9) iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(9) iNETest Resources (China) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(1) Testel Solutions Pte. Ltd. and its subsidiaries:	Sales and manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Singapore	51	51
(9) ATE Technology (Shanghai) Inc.	Sales and manufacturing of fixtures for electronics manufacturing testing products	China	51	51
(9) iNETest International Trading (Shanghai) Co., Ltd.	Inactive; General trading in year 2009	China	51	51
(14) iNETest Resources HK Limited	Inactive	Hong Kong	100	100
(10) iNETest Resources (Thailand) Ltd	Provision of sales and service support activities	Thailand	100	100
(11) iNETest Technologies India Pvt. Ltd (iNETest India)	General trading and engineering services, provision of general constructional, hook up and building works	India	100	60
(1) Ellipsiz Communications Pte. Ltd. and its subsidiaries:	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Singapore	70	70
(3) Ellipsiz Communications Taiwan Ltd	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Taiwan	70	70

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	2009 %
[12][15] Ellipsiz Communications (NZ) Limited	Trading of test and measurement equipment and the provision of related engineering and after sales support services	New Zealand	36	36
[13][15] Ellipsiz Communications (Australia) Pty Limited	Trading of test and measurement equipment and the provision of related engineering and after sales support services	Australia	36	36

(1) Audited by KPMG LLP.
(2) Audited by Parker Randall Chew, Malaysia.
(3) These subsidiaries are audited by other member firms of KPMG International.
(4) These subsidiaries are not required to be audited for the current year by the laws of the respective countries of incorporation.
(5) Audited by Deloitte & Touche, Taiwan, Republic of China.
(6) Audited by Auditing and Consulting Co. Ltd, Vietnam.
(7) Audited by In Extenso, France.
(8) Audited by Singapore Assurance PAC, Singapore.
(9) Audited by Grant Thornton, China.
(10) Audited by Tsedeq Accounting and Tax Co., Ltd, Thailand.
(11) Audited by S.R. Batliboi & Co., India.
(12) Audited by HWI Limited, New Zealand.
(13) Audited by RP Campbell Associates, Australia.
(14) Audited by World Link CPA Limited, Hong Kong.
(15) These entities are considered subsidiaries through de facto control.
(16) These subsidiaries are in the process of liquidation.
(17) Liquidated during the year.

Additional interests in subsidiaries

On 26 January 2010, E+HPS, a 51% owned subsidiary of the Company, entered into an agreement to acquire the remaining 40% equity shareholding in iNETest India from the non-controlling interest, for an aggregate consideration of US$155,000 (approximately $217,000). Upon completion of this acquisition, Ellipsiz's effective equity in iNETest India increased from 60% to 80.4%.

The Group subsequently streamlined its business by transferring its entire 40% stake in iNETest India from E+HPS to iNETest Resources. As a result, iNETest India has become a wholly-owned subsidiary of the Group. The aggregate consideration payable for the share transfer is US$155,000 (approximately $217,000).

On 16 April 2009, the Company entered into an agreement to purchase the remaining 7.53% equity shareholding in FMB from the non-controlling interest of the subsidiary, for a cash consideration of $163,000. The consideration approximates the fair value of interest acquired.

6 ASSOCIATES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Investments in associates	5,569	5,569	4,868	4,868
Share of post-acquisition reserves	300	58	-	-
Exchange translation reserve	673	605	-	-
	973	663	-	-
Less: Impairment losses	(1,850)	(1,850)	(1,652)	(1,850)
	4,692	4,382	3,216	3,018

In 2009, an allowance for impairment loss amounting to $1,850,000 was made to reduce the carrying amount of an investment in an associate to its recoverable amount. The recoverable amount was based on its value-in-use, and determined using a discount rate of 7.8%.

During the year, the Company reversed impairment loss of $198,000 on its investment in the associate to reflect its recoverable amount, determined using a discount rate of 11.0%.

Details of the associates are as follows:

	Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
(1)(4)	Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	35	35
(2)	Kita Manufacturing Co., Ltd	Design and manufacturing of spring pin, contact probe and other precision metal parts for semiconductor and PCB assemblies industry	Japan	40	40
(3)(4)	IRC Technologies Ltd	Provision of solutions for electronic manufacturing industry, and trading of instruments and equipment	Thailand	49	49

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

(2) Audited by Azusa Audit Corporation, Japan.

(3) Audited by Chayapat Ordinary Partnership, Thailand.

(4) The associates are held through iNETest Resources.

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

	Group	
	2010	2009
	$'000	$'000
Results		
Revenue	30,163	23,862
Expenses	(29,833)	(25,472)
Profit/(Loss) before taxation	330	(1,610)
Taxation	218	(102)
Profit/(Loss) after taxation	548	(1,712)
Assets and liabilities		
Non-current assets	20,376	19,364
Current assets	22,616	22,802
Current liabilities	(18,472)	(12,527)
Non-current liabilities	(13,216)	(19,231)
Net assets	11,304	10,408

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

Subsequent to the balance sheet date, one of the associates called for further capital injections from the shareholders. The Group through iNETest Resources injected cash of THB4,410,000 ($196,000) for its proportionate interest in the associate.

7 JOINT VENTURES

	Group	
	2010	2009
	$'000	$'000
Investments in joint ventures	670	669
Quasi-equity loan to a joint venture	831	-
	1,501	669
Share of post-acquisition reserves	(419)	(451)
Exchange translation reserve	(32)	(9)
	(451)	(460)
	1,050	209

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

Details of the joint ventures are as follows:

	Name of joint venture	Principal activities	Country of incorporation and business	Effective equity held by the Group 2010 %	Effective equity held by the Group 2009 %
(1)	Suzhou Silicon Information Technologies Co., Ltd	Development, production, sale and distribution of digital internet set-top boxes and other similar electrical communication devices, including provision of relevant technical and after sale services	China	50	50
(2)	iNETest-NewTek Co., Ltd	Sales and servicing of electronic manufacturing, test and inspection equipment, test and measurement equipment, semiconductor and related equipment, and application engineering services and system integration services	Vietnam	46	46
(3)	Lucky City Group Company Limited	Investment holding	Hong Kong	26	-

(1) This joint venture is held through Ellipsiz Ventures Pte Ltd and not required to be audited for the current year by the laws of its country of incorporation.

(2) The joint venture is held through iNETest Resources and audited by Asnaf Vietnam Auditing Company Limited, Vietnam.

(3) The joint venture is held through E+HPS and audited by Lui Siu Tang & Company, Hong Kong.

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

	Group 2010 $'000	Group 2009 $'000
Results		
Revenue	1,826	634
Expenses	(1,756)	(765)
Profit/(Loss) before and after taxation	70	(131)
Assets and liabilities		
Non-current assets	905	247
Current assets	1,247	602
Current liabilities	(1,797)	(425)
Net assets	355	424

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

8 FINANCIAL ASSETS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cost				
Unquoted equity securities available-for-sale	2,313	2,313	2,313	2,313
Unquoted debt security available-for-sale	5,603	5,603	-	-
Quoted equity securities available-for-sale	6,446	296	6,446	296
	14,362	8,212	8,759	2,609
Less: Impairment losses				
Unquoted equity securities available-for-sale	(2,313)	(2,313)	(2,313)	(2,313)
Unquoted debt security available-for-sale	(5,603)	(5,603)	-	-
Quoted equity securities available-for-sale	(2,446)	(296)	(2,446)	(296)
	(10,362)	(8,212)	(4,759)	(2,609)
	4,000	-	4,000	-

The Group and the Company recognised impairment losses of $2,150,000 (2009: $5,899,000 and $296,000) respectively, on financial assets during the year due to uncertainty over the future business prospects of the investees.

9 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Loans to Subsidiaries	-	-	3,674	2,217
Amounts due from:				
Subsidiaries				
- trade	-	-	5,951	4,372
- non-trade	-	-	2,453	7,988
Less: Impairment loss	-	-	(1,593)	(1,551)
	-	-	6,811	10,809
Amounts due from:				
Affiliates				
- trade	22	157	-	-
- non-trade	154	154	-	-
Less: Impairment loss	(154)	(154)	-	-
	22	157	-	-

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Amounts due from:				
Joint venture (non-trade)	64	3	-	-
Associate (trade)	21	-	-	-
	85	3	-	-
	107	160	10,485	13,026
Represented by:				
Current portion	107	160	9,427	11,374
Non-current portion	-	-	1,058	1,652
	107	160	10,485	13,026
Loans from:				
- affiliate	(135)	(75)	-	-
- subsidiaries	-	-	-	(4,048)
	(135)	(75)	-	(4,048)
Amounts due to:				
Joint venture (trade)	(7)	(7)	-	-
Non-controlling interests (non-trade)	(320)	-	-	-
Subsidiaries (non-trade)	-	-	(3,927)	(1,222)
	(327)	(7)	(3,927)	(1,222)
Current portion	(462)	(82)	(3,927)	(5,270)

Loans to subsidiaries are unsecured and bear interest at a range from 5.0% to 5.5% (2009: 5.0%) per annum with fixed monthly repayments over a period of 3 months and 4 years.

Loans from subsidiaries were unsecured and interest-free. It had been fully settled during the year.

Loan from an affiliate is unsecured and bears an interest of 2.0% plus SIBOR (2009: 2.0% plus SIBOR) per annum.

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

The ageing of related party receivables at the balance sheet date is:

Group	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Not past due	22	-	68	-
Past due 0 – 30 days	-	-	37	-
Past due 31 – 120 days	-	-	29	-
More than one year	24	-	26	-
No credit term	215	(154)	154	(154)
	261	(154)	314	(154)

Company	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Not past due	6,467	-	4,788	-
Past due 0 – 30 days	290	-	-	-
Past due 31 – 120 days	2,301	-	-	-
More than one year	567	-	1,801	-
No credit term	2,453	(1,593)	7,988	(1,551)
	12,078	(1,593)	14,577	(1,551)

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At 1 July	154	154	1,551	1,551
Impairment losses recognised	-	-	42	-
At 30 June	154	154	1,593	1,551

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

10 DEFERRED TAX ASSETS

Recognised deferred tax assets and liabilities

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

Group	At 1 July 2009 $'000	Recognised in profit or loss (Note 26) $'000	Translation difference $'000	At 30 June 2010 $'000
Deferred tax assets				
Property, plant and equipment	187	205	(13)	379
Inventories	387	(120)	(10)	257
Trade and other receivables	66	(45)	(2)	19
Trade and other payables	554	46	(21)	579
Tax value of loss carry-forward	921	(281)	(24)	616
Other items	883	217	(54)	1,046
	2,998	22	(124)	2,896
Deferred tax liabilities				
Property, plant and equipment	(960)	433	27	(500)
Intangible assets	(763)	43	37	(683)
Inventories	-	(37)	(2)	(39)
Other items	(55)	(6)	1	(60)
	(1,778)	433	63	(1,282)
Net deferred tax assets	1,220	455	(61)	1,614

	At 1 July 2008 $'000	Recognised in profit or loss (Note 26) $'000	Translation difference $'000	At 30 June 2009 $'000
Deferred tax assets				
Property, plant and equipment	56	127	4	187
Inventories	378	(4)	13	387
Trade and other receivables	91	(28)	3	66
Trade and other payables	836	(327)	45	554
Tax value of loss carry-forward	2,692	(1,908)	137	921
Other items	561	288	34	883
	4,614	(1,852)	236	2,998
Deferred tax liabilities				
Property, plant and equipment	(2,513)	1,641	(88)	(960)
Intangible assets	(958)	263	(68)	(763)
Trade and other receivables	(81)	81	-	-
Other items	(129)	79	(5)	(55)
	(3,681)	2,064	(161)	(1,778)
Net deferred tax assets	933	212	75	1,220

Company	At 1 July 2008 $'000	Recognised in profit or loss (Note 26) $'000	At 30 June 2009 $'000	Recognised in profit or loss (Note 26) $'000	At 30 June 2010 $'000
Deferred tax assets					
Other items	9	1	10	(4)	6
Deferred tax liabilities					
Property, plant and equipment	(3)	-	(3)	-	(3)
Net deferred tax assets	6	1	7	(4)	3

Deferred tax assets and liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax assets	2,221	2,220	3	7
Deferred tax liabilities	(607)	(1,000)	-	-
	1,614	1,220	3	7

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group	
	2010	**2009**
	$'000	**$'000**
Deductible temporary differences	2,850	2,182
Unutilised tax losses	32,973	33,714
	35,823	35,896

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries concerned can utilise the benefit.

11 INVENTORIES

	Group	
	2010	**2009**
	$'000	**$'000**
Raw materials	4,171	4,844
Work-in-progress	960	745
Finished goods	4,559	4,009
Inventories-in-transit	733	647
	10,423	10,245

During the year, raw materials and consumables, and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $87,632,000 (2009: $99,840,000).

12 PROJECT-IN-PROGRESS

		Group	
		2010	**2009**
	Note	**$'000**	**$'000**
Cost incurred and attributable profits		11,823	16,362
Progress billings		(10,799)	(16,963)
		1,024	(601)
Comprising:			
Project-in-progress		2,904	823
Excess of progress billings over project-in-progress	20	(1,880)	(1,424)
		1,024	(601)

13 CONVERTIBLE LOAN RECEIVABLE

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Convertible loan receivable	1,598	1,598	1,598	1,598
Less: Impairment losses	(1,598)	(1,598)	(1,598)	(1,598)
	-	-	-	-

The unsecured convertible loan, denominated in US dollar, extended to a third party bore interest charged at 1.0% per annum. Pursuant to the terms of the agreement, the Company has the option to convert the loan into equity shares of the third party at the conversion rate prescribed in the agreement.

The convertible loan receivable is impaired as there is uncertainty in the recoverability of the loan.

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade receivables				
Trade receivables	34,301	24,166	-	-
Less: Impairment losses	(509)	(953)	-	-
Net trade receivables	33,792	23,213	-	-
Other receivables				
Tax receivables	54	149	-	-
Refundable deposits	1,024	1,178	20	19
Sundry receivables	3,850	775	375	23
Less: Impairment losses	(132)	(112)	(22)	(22)
Net sundry receivables	3,718	663	353	1
Prepayments	1,800	1,593	15	22
	40,388	26,796	388	42

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

During the year, the Group renegotiated the terms of a long outstanding trade receivable of $151,000. If it had not been for this renegotiation, the receivable would have been overdue more than 365 days.

Impairment losses

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

Group	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Trade receivables				
Not past due	21,522	-	17,454	-
Past due 0 – 30 days	8,302	-	2,615	-
Past due 31 – 120 days	3,774	-	2,581	(12)
Past due 121 – 365 days	173	(1)	656	(405)
More than one year	530	(508)	860	(536)
	34,301	(509)	24,166	(953)
Other receivables[(1)]				
Not past due	2,823	-	252	-
Past due 0 – 30 days	6	-	35	-
Past due 31 – 120 days	45	-	26	-
Past due 121 – 365 days	1	-	-	-
More than one year	52	(41)	52	(22)
No credit term	1,947	(91)	1,588	(90)
	4,874	(132)	1,953	(112)

[(1)] Excludes tax receivables and prepayments.

Company	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Other receivables[(1)]				
More than one year	23	(22)	23	(22)
No credit term	372	-	19	-
	395	(22)	42	(22)

[(1)] Excludes tax receivables and prepayments.

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At 1 July	1,065	1,086	22	-
Impairment losses (reversed)/recognised	(123)	101	-	22
Impairment utilised	(303)	(121)	-	-
Translation difference on consolidation	2	(1)	-	-
At 30 June	641	1,065	22	22

Based on historical default rates, the Group believes that no further impairment is necessary in respect of the trade and other receivables. The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade and other receivables. If the financial conditions of the debtors were to deteriorate in the future, actual write-off would be higher than expected.

15 CASH AND CASH EQUIVALENTS

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Cash at banks and in hand		30,352	30,190	6,176	3,449
Deposits with financial institutions		7,890	2,243	5,504	200
		38,242	32,433	11,680	3,649
Bank overdraft	19	(285)	(145)		
Deposits held as securities by financial institutions	19	(1,677)	(1,122)		
Cash and cash equivalents in the consolidated cash flow statement		36,280	31,166		

The weighted average effective rates per annum relating to cash and cash equivalents, excluding bank overdraft, at the balance sheet date for the Group and the Company are 0.43% (2009: 3.85%) and 0.22% (2009: 0.10%) respectively. Interest rates reprice weekly, monthly or yearly.

The deposits placed with financial institutions as securities relate to banking facilities granted to certain subsidiaries of the Group.

16 ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2010	2009
	$'000	$'000
Property, plant and equipment	2,678	-

During the year, Ellipsiz ISP Pte. Ltd., a wholly-owned subsidiary of the Company (within Distributions and Services solutions segment), entered into an agreement to sell its leasehold building to a third party for cash consideration of $4,400,000. Subsequent to the balance sheet date, the sale transaction was completed.

17 SHARE CAPITAL

	Group and Company	
	2010	2009
	No. of shares	No. of shares
	'000	'000
Fully paid ordinary shares, with no par value:		
Ordinary shares		
At 1 July	506,940	255,658
Issuance of shares pursuant to the rights issue	-	251,245
Issuance of shares pursuant to the exercise of warrants	7,288	37
At 30 June	514,228	506,940

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, unless voting by show of hands is applied according to the Company's Articles of Association. All shares rank equally with regards to the Company's residual assets.

Rights issue and warrants

In January 2009, the Company completed its exercise of renounceable non-underwritten rights issue and warrants, on basis of 6 rights shares with 1 free detachable warrant for every 5 existing ordinary shares of the Company.

Pursuant to this exercise, the Company had:

(a) on 23 January 2009 issued approximately 251,245,000 new ordinary shares at an issue price of $0.035 per rights share and hence, the share capital of the Company increased by approximately $8,470,000 after deducting costs approximating $329,000 incurred for the exercise; and

(b) on 28 January 2009 issued 41,874,000 warrants. Each warrant holder is entitled to subscribe one new ordinary share of the Company at the exercise price of $0.035 per share, at any time during the exercise period of three years from date of issue.

At balance sheet date, 34,549,000 (2009: 41,837,000) warrants were outstanding.

The Company had utilised approximately $6,500,000 and $2,000,000 of the net proceeds from the issuance of rights shares as working capital for the Probe Card solutions and Distribution and Services solutions businesses of the Group, respectively, *via* injection of additional share capital into the relevant wholly-owned subsidiaries of the Group.

Others

The Group had not acquired any treasury shares during the year. Hence, there were no treasury shares held by the Group at the balance sheet dates.

Capital reduction

On 21 October 2009, the Company obtained shareholders' approval on the capital reduction exercise to reduce and cancel the issued and paid-up share capital of the Company by $42,978,000, with a corresponding write off of the accumulated losses of the Company by the same amount.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

18 RESERVES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Capital reserve	(11,720)	(11,720)	-	-
Fair value reserve	237	-	237	-
Compensation reserve	1,018	464	1,018	464
Exchange translation reserve	(9,496)	(7,730)	-	-
Accumulated profits/(losses)	29,833	(33,720)	15,571	(42,978)
	9,872	(52,706)	16,826	(42,514)

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

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments held until the investments are derecognised.

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

The exchange translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Company and the exchange differences on monetary items which form part of the Group and the Company's net investments in foreign operations, provided certain conditions are met.

The accumulated profits/(losses) of the Group includes losses of $119,000 (2009: $393,000) attributable to associates and joint ventures.

19 INTEREST-BEARING BORROWINGS

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Non-current liabilities					
Secured bank loans		185	517	-	-
Unsecured bank loans[1]		2,974	4,392	2,204	3,442
Obligations under hire purchase agreements and finance leases		391	695	-	-
		3,550	5,604	2,204	3,442
Current liabilities					
Bank overdraft	15	285	145	-	-
Secured bank loans		1,905	1,469	-	-
Unsecured bank loans[1]		6,935	7,155	3,104	4,911
Obligations under hire purchase agreements and finance leases		481	701	-	-
		9,606	9,470	3,104	4,911

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

Maturity of liabilities (excluding finance lease liabilities)

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	9,125	8,769	3,104	4,911
After 1 year but within 5 years	3,159	4,909	2,204	3,442
	12,284	13,678	5,308	8,353

The secured bank loans are secured on the following assets:

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Leasehold land and building	3	1,782	1,911	-	-
Plant and machinery	3	1,227	509	-	-
Deposits with financial institutions	15	1,677	1,122	-	-
Total carrying amount		4,686	3,542	-	-

Obligations under hire purchase agreements and finance leases

Group	2010 Principal $'000	2010 Interest $'000	2010 Payments $'000	2009 Principal $'000	2009 Interest $'000	2009 Payments $'000
Payable within 1 year	481	34	515	701	79	780
Payable after 1 year but within 5 years	391	44	435	695	43	738
Total	872	78	950	1,396	122	1,518

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2010 $'000	2009 $'000
Group				
S$ floating rate loan	1.50% + bank's cost of fund	2011	1,866	3,733
S$ fixed rate loans	2.05% to 5.25%	2010 to 2013	4,894	6,725
US$ fixed rate loans	1.35% to 7.50%	2010 to 2012	4,010	2,171
MYR fixed rate loans	3.97% to 4.45%	2010 to 2011	1,229	640
NTD fixed rate loan	3.16%	2010	-	264
S$ finance lease liabilities	2.90% to 3.50%	2010 to 2012	122	404
US$ finance lease liabilities	5.50% to 16.40%	2011 to 2012	549	992
MYR finance lease liability	4.00%	2015	201	-
Bank overdraft	1.50% + Prime lending rate	2010 to 2011	285	145
			13,156	15,074
Company				
S$ floating rate loan	1.50% + bank's cost of fund	2011	1,866	3,733
S$ fixed rate loan	5.00%	2013	3,442	4,620
			5,308	8,353

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

Group	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 1 to 5 years $'000
2010				
Non-derivative financial liabilities				
Variable interest rate loan	1,866	1,886	1,886	-
Fixed interest rate loans	10,133	10,527	7,350	3,177
Finance lease liabilities	872	950	515	435
Redeemable convertible preference shares	78	78	78	-
Trade and other payables[1]	29,516	29,516	29,516	-
Amounts due to related parties	462	507	507	-
Bank overdraft	285	285	285	-
	43,212	43,749	40,137	3,612
2009				
Non-derivative financial liabilities				
Variable interest rate loan	3,733	3,812	3,812	-
Fixed interest rate loans	9,800	10,522	5,256	5,266
Finance lease liabilities	1,396	1,518	780	738
Redeemable convertible preference shares	78	78	78	-
Trade and other payables[1]	24,819	24,819	24,819	-
Amounts due to related parties	82	82	82	-
Bank overdraft	145	145	145	-
	40,053	40,976	34,972	6,004

Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
2010				
Non-derivative financial liabilities				
Variable interest rate loan	1,866	1,886	1,886	-
Fixed interest rate loans	3,442	3,684	1,382	2,302
Trade and other payables[1]	1,268	1,268	1,268	-
Amounts due to related parties	3,927	3,927	3,927	-
Recognised financial liabilities	10,503	10,765	8,463	2,302
Intra-group financial guarantee	5,030	9,860	9,860	-
	15,533	20,625	18,323	2,302
2009				
Non-derivative financial liabilities				
Variable interest rate loan	3,733	3,812	3,812	-
Fixed interest rate loans	4,620	5,065	1,382	3,683
Trade and other payables[1]	1,977	1,977	1,977	-
Amounts due to related parties	5,270	6,188	6,188	-
Recognised financial liabilities	15,600	17,042	13,359	3,683

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

20 TRADE AND OTHER PAYABLES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade payables		11,896	11,085	-	-
Excess of progress billings over project-in-progress	12	1,880	1,424	-	-
Liability for short-term accumulating compensated absences		944	1,024	35	58
Accrued expenses		14,626	10,515	1,038	1,944
Other payables		2,994	3,219	230	33
Deferred income		209	113	-	-
		32,549	27,380	1,303	2,035

21 PROVISIONS

Group	Warranties $'000	Restructuring/ Retrenchment $'000	Others $'000	Total $'000
At 1 July 2009	104	1,180	847	2,131
Provision made	397	1,075	115	1,587
Provision utilised	(289)	(1,537)	(321)	(2,147)
Translation difference	(5)	(37)	-	(42)
At 30 June 2010	207	681	641	1,529

Warranties

The provision for warranties relates to provision of after-sales warranty in respect of products and services sold. The provision is based on estimates made from historical warranty data associated with similar services. The Group expects to incur the liability over the next one year.

Restructuring/Retrenchment

The restructuring provision relates to the rationalisation exercise carried out across the Group with the objective to improve efficiency in the production operations located in United States of America, France and Singapore. The retrenchment provision relates to the rationalisation exercise of the Group's production operations in Singapore and China, with the objective to achieve cost efficiency. The provisions relates mainly to severance payments and outplacement fees. The estimated costs were computed based on formal plans approved by management of the Group.

Others

The other provision relates to estimated liabilities expected to be incurred over the next one year to settle its present obligations arising from the fire incident at the wafer reclaim facility.

22 REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The redeemable convertible preference shares relate to preference shares of $1 each issued by a subsidiary to a non-controlling interest of the subsidiary fully paid at a premium of $999 per share for cash to provide additional working capital for the subsidiary. Holders of preference shares are entitled to redeem the preference shares based on a formula in the Memorandum of Articles of the subsidiary.

23 REVENUE

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Sale of goods	116,853	112,054	-	-
Service income	30,129	35,343	-	-
Lease income	626	39	-	-
Commission income	2,913	2,162	-	-
Dividend income	-	-	9,788	1,746
Management fees	-	-	3,659	2,810
	150,521	149,598	13,447	4,556

24 RESULTS FROM OPERATING ACTIVITIES

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

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Other income					
Rental income		321	410	-	-
Sundry income		339	577	-	-
Reversal of grant income		-	(122)	-	-
Government grant					
- Jobs Credit Scheme		539	447	24	20
Gain on disposals of:					
- an associate		-	13	-	-
- other financial assets		14	13	14	13
- property, plant and equipment		174	-	-	-
Reversal of impairment of investments in subsidiaries	5	-	-	2,764	-
Reversal of impairment of investment in associate	6	-	-	198	-
Reversal of provision for liabilities for a subsidiary		-	-	1,120	-
Gain on liquidation of subsidiaries		-	-	3,019	147
Insurance claim income		22,344	-	-	-
Exchange gain, net		-	1,219	-	600
		23,731	2,557	7,139	780

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Staff costs					
Wages, salaries and other staff costs		44,582	51,627	1,528	1,401
Contributions to defined contribution plans		2,223	2,704	66	109
Increase/(Decrease) in liability for short-term accumulating compensated absences		(5)	955	(24)	7
Share based expenses		554	-	202	-
		47,354	55,286	1,772	1,517
Other expenses					
Non-audit fees paid/payable to auditors of the Company		41	365	8	26
Depreciation of property, plant and equipment	3	4,645	8,349	7	11
Amortisation of intangible assets	4	452	491	4	4
(Reversal of Allowance)/Allowance for:					
- doubtful debts from trade and other receivables	14	(123)	101	-	22
- doubtful debts from subsidiaries	9	-	-	42	-
- convertible loan receivable	13	-	1,598	-	1,598
- inventory obsolescence		483	2,942	-	-
Loss on disposals of property, plant and equipment		-	54	-	-
Impairment losses on investments in subsidiaries	5	-	-	-	9,414
Inventories written off:					
- arising from fire incident		-	3,238	-	-
- others		242	777	-	-
Bad debts written off		128	164	-	-
Property, plant and equipment written off:					
- arising from fire incident	3	-	7,495	-	-
- others	15	347	-	-	-
Impairment losses on property, plant and equipment:					
- arising from fire incident	3	-	1,322	-	-
- others	3	128	3,313	-	-
Impairment losses on:					
- intangible assets	4	-	136	-	-
- investment in associate	6	-	1,850	-	1,850
- other financial assets	8	2,150	5,899	2,150	296
Impairment of goodwill	4	-	384	-	-

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Provision for restructuring/ retrenchment cost	21	577	549	-	-
Provision for other liabilities arising from fire incident	21	115	847	-	-
Expenses arising from fire incident:					
- retrenchment benefits		498	352	-	-
- incidental expenses		-	333	-	-
Share based expenses		554	-	202	-
Exchange loss, net		1,025	-	94	-
Operating lease expenses		4,643	4,261	8	12

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

	Group		Company	
	2010	2009	2010	2009
Directors' remuneration	$'000	$'000	$'000	$'000
Directors' fees:				
- directors of the Company	190	208	190	208
Staff costs				
- directors of the Company	728	757	728	757
- other directors	2,483	2,488	-	-
	3,401	3,453	918	965

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

	2010	2009
Company	Number	Number
$500,000 and above	1	1
$250,000 to $499,999	-	1
Below $250,000	4	5
	5	7

25 NET FINANCE EXPENSES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Finance income				
Interest income from:				
- financial institutions	65	141	7	1
- subsidiaries	-	-	111	38
- associate	1	-	-	-
- third parties	13	10	-	-
	79	151	118	39

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Finance expenses				
Interest expense to:				
- hire purchase arrangements and finance leases	(67)	(167)	-	-
- financial institutions	(550)	(629)	(263)	(191)
- affiliates	(8)	(4)	-	-
- third party	-	(19)	-	-
Interest expense arising from the unwinding of discount implicit in the interest-free loans from subsidiaries	-	-	-	(189)
	(625)	(819)	(263)	(380)
Net finance expenses recognised in profit or loss	(546)	(668)	(145)	(341)

26 INCOME TAX EXPENSES/(CREDIT)

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current tax expenses				
Current year	1,678	669	212	74
Withholding tax	79	58	-	-
Refund of tax loss carry-back	(1,301)	(1,372)	-	-
Group tax relief	-	(31)	-	-
Under/(Over) provision in prior years	516	(157)	(223)	-
	972	(833)	(11)	74
Deferred tax expenses				
Origination and reversal of temporary differences	(700)	(212)	4	(1)
Under provision in prior years	172	80	-	-
Change in tax rate	73	(80)	-	-
	(455)	(212)	4	(1)
Total income tax expenses/(credit)	517	(1,045)	(7)	73

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Reconciliation of effective tax rate				
Profit/(Loss) for the year	20,321	(40,471)	15,571	(10,786)
Total income tax expenses/(credit)	517	(1,045)	(7)	73
Profit/(Loss) before income tax	20,838	(41,516)	15,564	(10,713)
Income tax at 17% (2009: 17%)	3,542	(7,058)	2,646	(1,821)
Effect of changes in tax rates	73	(80)	-	-
Effect of different tax rates in other countries	(1,627)	(2,722)	-	-
Income not subject to tax	(3,970)	(1,037)	(3,077)	(326)
Expenses not deductible for tax purposes	1,500	3,272	647	2,220
Withholding tax	79	58	-	-
Deferred tax assets not recognised	232	6,630	-	-
Group tax relief	-	(31)	-	-
Under/(Over) provision in prior years	688	(77)	(223)	-
	517	(1,045)	(7)	73

One of the subsidiaries was granted tax exemption status, for a period of four years from its first profitable year, which commenced in 2005, and a tax exemption status on 50% of its taxable profits in the following four years by the Vietnamese tax authorities.

27 EARNINGS PER SHARE

	Group 2010 $'000	Group 2009 $'000
Basic earnings per share is based on:		
Profit/(Loss) for the year attributable to Owners of the Company	20,708	(38,908)
	No. of shares '000	**No. of shares '000**
Weighted average number of:		
- shares outstanding during the year	506,940	255,658
- shares issued during the year:		
- pursuant to the rights issue	-	109,446
- pursuant to the exercise of warrants	4,634	2
	511,574	365,106

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and warrants with the potential ordinary shares weighted for the year outstanding.

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

Group	2010 No. of shares '000	2009 No. of shares '000
Weighted average number of shares issued, used in the calculation of basic earnings per share	511,574	365,106
Dilutive effect of warrants	26,961	-
Weighted average number of ordinary shares (diluted)	538,535	365,106

As at 30 June 2010, 26,300,000 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

28 EQUITY COMPENSATION BENEFITS

The "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans", were approved and adopted at an Extraordinary General Meeting held on 28 November 2001. The "Ellipsiz Share Option Plan" enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge.

The Plans are administered by the Remuneration Committee.

Ellipsiz Share Option Plan

On 26 October 2009, the Company approved and granted new options under the "Ellipsiz Share Options Plan". Information with respect to the options granted under the "Ellipsiz Share Option Plan" on unissued ordinary shares of the Company as at the end of the year are as follows:

2010

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2009	Options granted	Options exercised	Options forfeited	Number of options outstanding at 30 June 2010	Options exercisable at 1 July 2009	Options exercisable at 30 June 2010	Proceeds on exercise of options during the year credited to share capital $'000	Market price of shares at exercise date of option $	Number of option holders at 30 June 2010	Exercise periods
26/10/2009	0.135	-	9,066,664	-	(300,000)	8,766,664	-	-	-	-	34	26/10/2010 to 25/10/2014
26/10/2009	0.135	-	9,066,666	-	(300,000)	8,766,666	-	-	-	-	34	26/10/2011 to 25/10/2014
26/10/2009	0.135	-	9,066,670	-	(300,000)	8,766,670	-	-	-	-	34	26/10/2012 to 25/10/2014
		-	27,200,000	-	(900,000)	26,300,000	-	-	-			

2009

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2008	Options granted	Options exercised	Options expired	Number of options outstanding at 30 June 2009	Options exercisable at 1 July 2008	Options exercisable at 30 June 2009	Proceeds on exercise of options during the year credited to share capital $'000	Market price of shares at exercise date of option $	Number of option holders at 30 June 2009	Exercise periods
11/3/2004	0.64	176,370	-	-	(176,370)	-	176,370	-	-	-	-	11/3/2005 to 11/3/2009
11/3/2004	0.64	191,370	-	-	(191,370)	-	191,370	-	-	-	-	11/3/2006 to 11/3/2009
11/3/2004	0.64	122,060	-	-	(122,060)	-	122,060	-	-	-	-	11/3/2007 to 11/3/2009
		489,800	-	-	(489,800)	-	489,800	-	-			

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions

Date of vesting of options	26 October 2010	26 October 2011	26 October 2012
Fair value at measurement date	$0.044	$0.054	$0.062
Share price based on volume-weighted average share price on grant date	$0.125	$0.125	$0.125
Exercise price at grant date	$0.135	$0.135	$0.135
Expected volatility	68.08%	68.08%	68.08%
Expected option life	2.0 years	3.0 years	4.0 years
Expected dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	0.74%	0.92%	1.25%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Ellipsiz Restricted Stock Plan

There were no awards granted during the year. At balance sheet date, there were Nil (2009: Nil) outstanding awards.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making the financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Sales to:				
- associates	-	9	-	-
- joint venture	1	-	-	-
- non-controlling interest of subsidiary	71	-	-	-
- other affiliates	83	2,537	-	-
Management fee income from:				
- subsidiaries	-	-	3,659	2,810
Dividend income from:				
- subsidiaries	-	-	9,788	1,746
Service fee income from:				
- associate	83	31	-	-
Service fee expenses paid to:				
- subsidiary	-	-	(36)	(15)
Interest expenses paid to:				
- affiliate[1]	(8)	(4)	-	-
Rental expenses paid to:				
- director	(125)	(128)	-	-
- associate	(33)	-	-	-
- non-controlling interest of subsidiary	(47)	-	-	-
- other affiliate	(33)	-	-	-

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

The Group, in normal course of business, transacts with associates and affiliates on terms agreed between the parties.

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Short-term employee benefits	3,288	3,500	983	940
Post-employment benefits	113	125	26	25
Share-based payments	375	-	156	-
	3,776	3,625	1,165	965

30 COMMITMENTS

Lease commitments

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Receivable:				
Within 1 year	101	112	-	-
After 1 year but within 5 years	51	158	-	-
	152	270	-	-
Payable:				
Within 1 year	2,588	3,282	-	-
After 1 year but within 5 years	1,812	4,111	-	-
After 5 years	586	548	-	-
	4,986	7,941	-	-

Capital commitments

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments contracted but not provided for	80	239	-	-

Corporate guarantees

At balance sheet date, the Company provided corporate guarantees amounting to $9,860,000 (2009: $19,609,000) to banks for banking facilities of $11,360,000 (2009: $19,621,000) made available to its subsidiaries, of which the subsidiaries have utilised $5,030,000 (2009: $2,602,000).

31 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

The carrying amounts of trade and other receivables represent the Group's exposure to credit risk.

Management has evaluated the credit standing of customers with significant outstanding balances with the Group at the balance sheet date. As the majority of them are multinational corporations, management has reasonable grounds to believe that the Group does not have significant credit risk at the balance sheet date. Credit risks arising from sales are evaluated on an on-going basis. The receivables are also monitored continually and hence the Group does not expect to incur material credit losses.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

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

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

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. At the balance sheet date, the Group has unutilised credit facilities of $18,725,000 (2009: $12,788,000).

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available.

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Sensitivity analysis

For the variable rate financial assets and liabilities, an increase of 100 basis points (2009: 100 basis points) in interest rate at the balance sheet date would increase (decrease) equity and profit or loss for the year attributable to Owners of the Company by the amounts shown below. A decrease in 100 basis points (2009: 100 basis points) in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		**Company**	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Profit or loss for the year attributable to Owners of the Company	(18)	(31)	(15)	(31)

There is no direct impact on other components of equity.

Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also incurs foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are US dollar, Japanese yen, Euro, Singapore dollar, Malaysia ringgit, Vietnamese dong, Chinese renminbi, Thai baht, Hong Kong dollar, New Zealand dollar and British pound. The Group hedges its foreign currency exposure should the need arise through close monitoring from management. At the balance sheet date, the Group did not hold any hedging positions.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
- British pound	237	-	237	-
Trade and other receivables				
- US dollar	14,664	9,337	-	-
- Japanese yen	743	336	-	-
- Malaysia ringgit	-	247	-	-
- Singapore dollar	81	107	-	-
- Euro	13	-	-	-
- Vietnamese dong	3	-	-	-
	15,504	10,027	-	-
Amounts due from related parties				
- US dollar	5,506	13,976	5,793	11,925
- Singapore dollar	979	1,391	-	-
- Malaysia ringgit	19	18	19	18
- Japanese yen	23	-	-	-
- Thai baht	48	-	-	-
	6,575	15,385	5,812	11,943
Cash and cash equivalents				
- US dollar	9,647	6,491	642	436
- Singapore dollar	173	6,737	-	-
- Japanese yen	5	223	-	-
- Euro	14	4	-	-
- Hong Kong dollar	9	-	-	-
- Vietnamese dong	47	-	-	-
- Malaysia ringgit	2	-	-	-
	9,897	13,455	642	436

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade and other payables				
- US dollar	5,556	4,655	-	-
- Singapore dollar	587	633	-	-
- Thai baht	57	201	-	-
- Malaysia ringgit	161	136	-	-
- Vietnamese dong	55	43	-	-
- Euro	30	-	-	-
- British pound	61	-	-	-
	6,507	5,668	-	-
Amounts due to related parties				
- US dollar	6,051	10,432	-	2,449
- Singapore dollar	6,328	3,337	-	-
- Malaysia ringgit	19	459	-	433
- Chinese renminbi	2,570	3,131	14	13
- New Zealand dollar	244	182	-	-
- Japanese yen	23	-	-	-
- Thai baht	150	-	-	-
	15,385	17,541	14	2,895
Interest-bearing borrowings				
- US dollar	1,919	185	-	-
- Singapore dollar	568	739	-	-
	2,487	924	-	-
Redeemable convertible preference shares				
- Singapore dollar	78	78	-	-

Sensitivity analysis

A 1% (2009: 1%) strengthening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the balance sheet date would increase (decrease) equity and profit or loss for the year attributable to Owners of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Equity	2	-	2	-
Profit or loss for the year attributable to Owners of the Company	54	58	63	79

There is no direct impact on other components of equity.

A 1% (2009: 1%) weakening of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the balance sheet date would have had the equal but opposite effect on the above currencies to the amounts mentioned above, on the basis that all other variables remain constant.

Sensitivity analysis-equity price risk

A 10% increase (decrease) in the underlying prices of quoted equity security available-for-sale at the reporting date would increase (decrease) equity of the Group and the Company by $400,000 (2009: $Nil). This analysis assumes that all other variables remain constant.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including convertible loan receivable, trade and other receivables, related party balances, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

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

32 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	Available-for-sale financial assets $'000	Loan and receivables $'000	Liabilities held at amortised cost $'000	Total $'000
Group					
2010					
Assets					
Financial assets	8	4,000	-	-	4,000
Amounts due from related parties	9	-	107	-	107
Convertible loan receivable	13	-	-	-	-
Trade and receivables (excluding prepayments)	14	-	38,588	-	38,588
		4,000	38,695	-	42,695

	Note	Available-for-sale financial assets $'000	Loan and receivables $'000	Liabilities held at amortised cost $'000	Total $'000
Group					
2010					
Liabilities					
Amounts due to related parties	9	-	-	462	462
Interest-bearing borrowings	19	-	-	12,871	12,871
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	-	-	29,516	29,516
Redeemable convertible preference shares	22	-	-	78	78
		-	-	42,927	42,927
2009					
Assets					
Financial assets	8	-	-	-	-
Amounts due from related parties	9	-	160	-	160
Convertible loan receivable	13	-	-	-	-
Trade and other receivables (excluding prepayments)	14	-	25,203	-	25,203
		-	25,363	-	25,363
Liabilities					
Amounts due to related parties	9	-	-	82	82
Interest-bearing borrowings	19	-	-	14,929	14,929
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	-	-	24,819	24,819
Redeemable convertible preference shares	22	-	-	78	78
		-	-	39,908	39,908
Company					
2010					
Assets					
Financial assets	8	4,000	-	-	4,000
Amounts due from related parties	9	-	10,485	-	10,485
Convertible loan receivable	13	-	-	-	-
Trade and other receivables (excluding prepayments)	14	-	373	-	373
		4,000	10,858	-	14,858

	Note	Available-for-sale financial assets $'000	Loan and receivables $'000	Liabilities held at amortised cost $'000	Total $'000
Company					
2010					
Liabilities					
Amounts due to related parties	9	-	-	3,927	3,927
Interest-bearing borrowings	19	-	-	5,308	5,308
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	-	-	1,268	1,268
		-	-	10,503	10,503
2009					
Assets					
Financial assets	8	-	-	-	-
Amounts due from related parties	9	-	13,026	-	13,026
Convertible loan receivable	13	-	-	-	-
Trade and other receivables (excluding prepayments)	14	-	20	-	20
		-	13,046	-	13,046
Liabilities					
Amounts due to related parties	9	-	-	5,270	5,270
Interest-bearing borrowings	19	-	-	8,353	8,353
Trade and other payables (excluding excess of progress billings over project-in-progress, liability for short-term accumulating compensated absences and deferred income)	20	-	-	1,977	1,977
		-	-	15,600	15,600

33 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Distribution and Services solutions : Distribution of equipment and tools for semiconductor and electronics manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; and provision of facilities management services including turnkey facilities hookup, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterisation services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs; provision of outsourcing services for reclamation of silicon wafers; trading of test wafers used in wafer fabs and trading of consumable products.

Probe Card solutions	:	Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results before income tax, net finance costs and share of results of associates and joint ventures, as included in the internal management reports that are reviewed by the Group's CEO. Segment results is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Reportable segments

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
Group	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue and expense								
Total revenue from external customers	104,598	101,630	45,923	47,968	-	-	150,521	149,598
Inter-segment revenue	1,068	662	108	7	(1,176)	(669)	-	-
	105,666	102,292	46,031	47,975			150,521	149,598
Segment results	20,128	(19,968)	2,050	(18,429)	-	-	22,178	(38,397)
Unallocated corporate results							(1,068)	(1,703)
							21,110	(40,100)
Share of results of associates and joint ventures								
- allocated to reportable segments	255	(29)	19	(699)	-	-	274	(728)
- unallocated corporate & others							-	(20)
Profit/(Loss) before interest income/(expenses) and taxation							21,384	(40,848)
Interest income							79	151
Interest expense							(625)	(819)
Income taxes							(517)	1,045
Non-controlling interests							387	1,563
Profit/(Loss) for the year							20,708	(38,908)

Group	Distribution and Services solutions 2010 $'000	Distribution and Services solutions 2009 $'000	Probe Card solutions 2010 $'000	Probe Card solutions 2009 $'000	Eliminations 2010 $'000	Eliminations 2009 $'000	Consolidated 2010 $'000	Consolidated 2009 $'000
Assets and liabilities								
Segment assets	76,900	60,333	48,505	54,936	-	-	125,405	115,269
Investments in associates								
- allocated to reportable segments	1,160	933	3,532	3,449	-	-	4,692	4,382
Investments in joint ventures								
- allocated to reportable segments	218	209	-	-	-	-	218	209
- unallocated corporate & others							832	-
Tax receivables	-	92	54	57	-	-	54	149
Deferred tax assets	139	363	2,079	1,850	-	-	2,218	2,213
Unallocated corporate assets							17,182	4,869
Total assets							150,601	127,091
Segment liabilities	26,990	22,123	6,312	6,599	-	-	33,302	28,722
Interest-bearing borrowings	4,641	3,005	3,207	3,716	-	-	7,848	6,721
Income tax liabilities	2,423	1,070	1,140	1,429	-	-	3,563	2,499
Unallocated corporate liabilities							6,945	9,663
Total liabilities							51,658	47,605
Capital expenditure								
- allocated to reportable segments	3,160	1,510	640	2,442	-	-	3,800	3,952
- unallocated corporate expenses							8	12
							3,808	3,964
Other non-cash items								
Depreciation of property, plant and equipment								
- allocated to reportable segments	722	2,677	3,916	5,661	-	-	4,638	8,338
- unallocated corporate expenses							7	11
							4,645	8,349
Amortisation of intangible assets								
- allocated to reportable segments	34	72	414	415	-	-	448	487
- unallocated corporate expenses							4	4
							452	491

Group	Distribution and Services solutions 2010 $'000	Distribution and Services solutions 2009 $'000	Probe Card solutions 2010 $'000	Probe Card solutions 2009 $'000	Eliminations 2010 $'000	Eliminations 2009 $'000	Consolidated 2010 $'000	Consolidated 2009 $'000
(Gain)/Loss on disposals of property, plant and equipment								
- allocated to reportable segments	(181)	4	7	50	-	-	(174)	54
Property, plant and equipment written off								
- allocated to reportable segments	9	168	6	179	-	-	15	347
- arising from fire incident	-	7,495	-	-	-	-	-	7,495
							15	7,842
Allowance for inventory obsolescence								
- allocated to reportable segments	156	863	327	2,079	-	-	483	2,942
Inventory written off								
- allocated to reportable segments	23	190	219	587	-	-	242	777
- arising from fire incident	-	3,238	-	-	-	-	-	3,238
							242	4,015
(Reversal of Allowance)/ Allowance for doubtful trade and other receivables								
- allocated to reportable segments	(43)	10	(80)	69	-	-	(123)	79
- unallocated corporate expenses							-	22
							(123)	101
Allowance for doubtful convertible loan receivable								
- unallocated corporate expenses							-	1,598
Bad debts written off								
- allocated to reportable segments	128	163	-	1	-	-	128	164
Impairment losses on property, plant and equipment								
- allocated to reportable segments	128	2,766	-	547	-	-	128	3,313
- arising from fire incident	-	1,322	-	-	-	-	-	1,322
							128	4,635

Group	Distribution and Services solutions 2010 $'000	Distribution and Services solutions 2009 $'000	Probe Card solutions 2010 $'000	Probe Card solutions 2009 $'000	Eliminations 2010 $'000	Eliminations 2009 $'000	Consolidated 2010 $'000	Consolidated 2009 $'000
Impairment losses on intangible assets								
- allocated to reportable segments	-	136	-	-	-	-	-	136
Impairment of goodwill								
- allocated to reportable segments	-	384	-	-	-	-	-	384
Impairment loss on investment in associate								
- allocated to reportable segments	-	-	-	1,850	-	-	-	1,850
Impairment losses on other financial assets								
- allocated to reportable segments	-	-	-	5,603	-	-	-	5,603
- unallocated corporate expenses							2,150	296
							2,150	5,899

Geographical segments

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

Group	Singapore 2010 $'000	Singapore 2009 $'000	Other Asean Countries 2010 $'000	Other Asean Countries 2009 $'000	China & Taiwan 2010 $'000	China & Taiwan 2009 $'000	USA 2010 $'000	USA 2009 $'000	Europe 2010 $'000	Europe 2009 $'000	Other Regions 2010 $'000	Other Regions 2009 $'000	Consolidated 2010 $'000	Consolidated 2009 $'000
Total revenue from external customers	48,764	52,359	32,512	25,190	29,556	29,516	26,248	29,328	4,075	5,166	9,366	8,039	150,521	149,598
Non-current segment assets	24,674	28,437	5,458	6,162	2,548	1,742	9,336	11,545	24	49	1,856	1,888	43,896	49,823
Investments in associates	-	-	1,160	933	-	-	-	-	-	-	3,532	3,449	4,692	4,382
Investments in joint ventures	-	-	218	209	832	-	-	-	-	-	-	-	1,050	209
Investments in other financial assets	3,763	-	-	-	-	-	-	-	237	-	-	-	4,000	-
Deferred tax assets													2,221	2,220
Total non-current assets	28,437	28,437	6,836	7,304	3,380	1,742	9,336	11,545	261	49	5,388	5,337	55,859	56,634
Capital expenditures	2,922	1,384	540	1,398	191	234	137	275	5	115	13	558	3,808	3,964

34 DIVIDENDS

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

Company	**2010** **$'000**	**2009** **$'000**
Final tax-exempt (one-tier) dividends of 0.15 cents per share	771	-
Special tax-exempt (one-tier) dividends of 1.10 cents per share	5,657	-
	6,428	-

The proposed dividends have not been provided for at the balance sheet date.

35 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the following events arise:

(1) a 51% owned subsidiary has established a branch company, E+HPS Phil Inc., in the Philippines (E+HPS Phil) and has injected US$200,000 ($277,000 equivalents) cash into the branch. The principal activities of E+HPS Phil are those relating to the provision of mechanical and electrical services for commercial and industrial projects in the Philippines;

(2) on 25 August 2010, the Company granted the following:

(a) 20,500,000 new share options under the "Ellipsiz Share Option Plan" to qualified directors and employees to subscribe to the Company's ordinary share at an exercise price of $0.14 each. The share options are exercisable in two equal tranches on or after 25 August 2011 and 25 August 2012 and will expire on 24 August 2015.

(b) 2,500,000 new awards under the "Ellipsiz Restricted Stock Plan" to qualified directors and employees. The awards will vest on 30 June 2011.

36 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards, amendments to standards and interpretations that are not yet effective for the year ended 30 June 2010 have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company.

STATISTICS OF SHAREHOLDERS

as at 9 September 2010

Number of Shares Issued	:	517,292,361			
Issued and Paid Up Capital	:	S$87,291,129.56			
Class of Shares	:	Ordinary Shares			
Voting Rights	:	On shows of hands	:	1 vote
		On a poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT 9 SEPTEMBER 2010

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 999	31	0.65	11,795	0.00
1,000 to 10,000	1,987	41.45	10,016,516	1.94
10,001 to 1,000,000	2,728	56.92	216,524,886	41.86
1,000,001 and above	47	0.98	290,739,164	56.20
Total	4,793	100.00	517,292,361	100.00

Based on information available to the Company as at 9 September 2010, approximately 77.94% of the issued share capital of the Company is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

TOP 20 SHAREHOLDERS AS AT 9 SEPTEMBER 2010

No.	Name of shareholders	Number of shares	% of issued share capital
1	CHONG FOOK CHOY	52,576,744	10.16
2	PHILLIP SECURITIES PTE LTD	38,252,000	7.39
3	CHAN WAI LEONG	25,409,572	4.91
4	TEEM HOLDING PTE LTD	19,959,272	3.86
5	OCBC SECURITIES PRIVATE LTD	14,767,423	2.85
6	TAN TAI WEI	9,839,000	1.90
7	TAN CHONG GIN	9,000,000	1.74
8	DBS NOMINEES PTE LTD	8,790,200	1.70
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,222,600	1.59
10	KIM ENG SECURITIES PTE. LTD.	7,304,000	1.41
11	IP YUEN KWONG	6,686,000	1.29
12	CIMB SECURITIES (S'PORE) PTE LTD	6,205,600	1.20
13	OCBC NOMINEES SINGAPORE PTE LTD	6,019,560	1.16
14	CHEW SHIT FUN	5,955,000	1.15
15	AMFRASER SECURITIES PTE LTD	5,290,000	1.02
16	LEONG HONG KAH	5,000,000	0.97
17	CITIBANK NOMINEES SINGAPORE PTE LTD	4,357,000	0.84
18	TEO CHOON HIANG	3,992,000	0.78
19	DB NOMINEES (S) PTE LTD	3,614,454	0.70
20	TAN TIEW KOON	3,502,833	0.69
Total		244,743,258	47.31

SUBSTANTIAL SHAREHOLDERS AS AT 9 SEPTEMBER 2010

Name of shareholders	Shareholders registered in the name of the substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Total	% of issued share capital
CHONG FOOK CHOY	52,576,744	-	52,576,744	10.16
CHAN WAI LEONG	25,409,572	*19,959,272	45,368,844	8.77

* Mr. Chan is deemed to be interested in 19,959,272 shares held by Teem Holding Pte Ltd by virtue of his 71% interest in Teem Holding Pte Ltd

There are no treasury shares held as at 9 September 2010.

STATISTICS OF WARRANTHOLDERS

as at 9 September 2010

DISTRIBUTION OF WARRANTHOLDERS AS AT 9 SEPTEMBER 2010

Range of warrantholdings	Number of warrantholders	% of warrantholders	Number of warrants	% of issued warrants
1 to 999	176	21.65	87,109	0.28
1,000 to 10,000	450	55.35	1,753,666	5.57
10,001 to 1,000,000	180	22.14	9,993,003	31.74
1,000,001 and above	7	0.86	19,650,548	62.41
Total	813	100.00	31,484,326	100.00

TOP 20 WARRANTHOLDERS AS AT 9 SEPTEMBER 2010

No.	Name of warrantholders	Number of warrants	% of issued warrants
1	CHONG FOOK CHOY	5,779,704	18.36
2	CHAN WAI LEONG	3,333,333	10.59
3	HAY SOOK ANN	2,866,681	9.11
4	TEEM HOLDING PTE LTD	2,500,000	7.94
5	LEONG HONG KAH	2,271,000	7.21
6	PHILLIP SECURITIES PTE LTD	1,816,497	5.77
7	TAN CHONG GIN	1,083,333	3.44
8	KIM ENG SECURITIES PTE. LTD.	360,332	1.14
9	MU SHEN	350,000	1.11
10	TAN SOCK KEOW	330,000	1.05
11	HEW YOON FONG	313,000	0.99
12	CITIBANK NOMINEES SINGAPORE PTE LTD	306,666	0.97
13	CHEW WEE TENG	300,000	0.95
14	DBS NOMINEES PTE LTD	291,034	0.92
15	NG TIE JIN (HUANG ZHIREN)	277,000	0.88
16	HSBC (SINGAPORE) NOMINEES PTE LTD	273,066	0.87
17	OCBC SECURITIES PRIVATE LTD	254,997	0.81
18	KOH WAN TIONG	229,000	0.73
19	WEE CHEE HONG	200,000	0.64
20	SUN JEN-HO	166,666	0.53
Total		23,302,309	74.01

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the Company will be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 on 20 October 2010 at 3.00 p.m. to transact the following businesses.

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2010, together with the Auditors' Report thereon.

(Resolution 1)

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

(Resolution 2)

(ii) To re-elect Mr. Phoon Wai Meng (Independent/Non-Executive Director) who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election.

(Resolution 3)

3. To approve directors' fees of S$190,000 for the financial year ended 30 June 2010 (2009: S$207,988).

(Resolution 4)

4. To approve a final tax-exempt (one-tier) dividend of 0.15 cents per ordinary share for the financial year ended 30 June 2010.

(Resolution 5)

5. To approve a special tax-exempt (one-tier) dividend of 1.10 cents per ordinary share for the financial year ended 30 June 2010.

(Resolution 6)

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

(Resolution 7)

As Special Business

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

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

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

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

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

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

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares, excluding treasury shares, (as calculated in accordance with sub-paragraph 2 below but subject to sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to members of the Company (including shares to be issued in pursuance of Instruments made or to be made pursuant to this Resolution) does not exceed 20 per cent. of the total number of shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below):

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Security Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above and sub-paragraph (3) below, the percentage of issued shares shall be based on the

Company's total number of issued shares, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

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

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

(3) the 50 per cent. limit in sub-paragraph (1) above may be increased to 100 per cent. if the Company undertakes pro-rata renounceable rights issues;

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

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

[See Explanatory note(i)]

(Resolution 8)

8. "That authority be and is hereby given to directors of the Company to:

(a) grant options in accordance with the terms and conditions of the Ellipsiz Share Option Plan ("ESOP") and/or grant awards in accordance with the terms and conditions of the Ellipsiz Restricted Stock Plan ("ERSP"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOP and/or such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the ERSP PROVIDED ALWAYS that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOP and ERSP shall not exceed 15 per cent. of the issued share capital of the Company from time to time."

[See Explanatory note(ii)]

(Resolution 9)

9. "That:

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

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

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

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

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

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

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

(iii) the date on which the share purchases have been carried out to the full extent mandated;

(c) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of a share for the five consecutive market days on which the shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, and in the case of a Market Purchase, deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase of shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Limit" means that number of issued shares representing 10 per cent. of the total number of issued shares as at the date of the passing of this resolution; and

"Maximum Price", in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duty, clearance fees, and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase of a share, 105 per cent. of the Average Closing Price of the shares; and

(ii) in the case of an Off-Market Purchase of a share pursuant to an equal access scheme, 110 per cent. of the Average Closing Price of the shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory note (iii)]

(Resolution 10)

Any Other Business

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

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

Notice of Books Closure

NOTICE IS HEREBY GIVEN the Transfer Books and the Register of Members of the Company will be closed on 8 November 2010 (Monday) after 5.00 p.m. to 9 November 2010 (Tuesday), both dates inclusive, to determine the members' entitlement to the proposed final and special dividends to be paid on 23 November 2010 (Tuesday), subject to and contingent upon members' approval for the proposed dividends being obtained at the forthcoming 15th Annual General Meeting of the Company. In respect of shares deposited in securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the dividends to CDP account holders in accordance with its normal practice.

Duly completed registrable transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M&C Services Private Limited, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 8 November 2010 (Monday), will be registered to determine members' entitlements to the Dividends.

Dated: 4 October 2010
By Order of the Board

Anne Choo and Chan Yuen Leng
Joint Company Secretaries

Singapore

Notes:

A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify on each instrument of proxy the number of shares in respect of which the appointment is made, failing which the appointment shall be deemed to be in the alternative. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. If the member is a corporation, the instrument appointing the proxy or representative must be under seal or the hand of an officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the registered office of the Company at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore 757716 not less than 48 hours before the time appointed for the meeting.

Explanatory Notes on Special Business to be transacted:

(i) The Ordinary Resolution 8 proposed in item 7 above is to enable the directors of the Company to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent. of the total number of issued shares excluding treasury shares of the Company with a sub-limit of 20 per cent. for issues other than on a pro-rata basis to members save that such number may be up to 100 per cent. of the issued shares excluding treasury shares in the capital of the Company in relation to a pro-rata renounceable rights issue to existing members. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares will be calculated based on the Company's total number of issued shares excluding treasury shares at the time that Resolution 8 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 8 is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will enable the directors of the Company, from the date of the above meeting until the next annual general meeting, to grant options and awards, and to allot and issue shares in the Company of up to a number not exceeding in total 15 per cent. of the issued share capital of the Company from time to time pursuant to the exercise of the options under the ESOP and the vesting of awards under the ERSP.

(iii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will renew the mandate approved by members of the Company on 21 October 2009 authorising the Company to purchase its own shares subject to and in accordance with the rules of the SGX-ST. Please refer to the letter to members dated 4 October 2010 for details.

PROXY FORM

15th Annual General Meeting

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

IMPORTANT

1 For investors who have used their CPF monies to buy shares in the capital of Ellipsiz Ltd, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________ *(Name)* *NRIC/Passport No. ______________________

of ____ *(Address)*

being *a member/members of ELLIPSIZ LTD hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

*and/or

Name	Address	NRIC/Passport Number	Proportion of shareholding (%)

or failing him/her or both of the persons mentioned above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 29 Woodlands Industrial Park E1, Lobby 1, #04-01/06, NorthTech, Singapore (757716) on 20 October 2010 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of 15th Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as he/they may think fit at his/their discretion, as he/they will on any other matters arising at the 15th Annual General Meeting and any adjournment thereof.)

		Please indicate your vote for or against with a tick	
No	**Resolution**	**For**	**No**
	Ordinary Business		
1	Adoption of the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2010, together with the Auditors' Report thereon.		
2	Re-election of Mr Melvin Chan Wai Leong as director.		
3	Re-election of Mr Phoon Wai Meng as director.		
4	Approval of directors' fees of S$190,000 for the financial year ended 30 June 2010 (2009: S$207,988).		
5	Approval of final tax-exempt (one-tier) dividend of 0.15 cents per share.		
6	Approval of special tax-exempt (one-tier) dividend of 1.10 cents per share.		
7	Re-appointment of KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
	Special Business		
8	Authority to allot and issue new shares and convertible securities.		
9	Authority to grant option and issue shares under the Ellipsiz Share Option Plan and to grant awards and issue shares under the Ellipsiz Restricted Stock Plan.		
10	Authority to purchase or acquire the Company's issued ordinary shares.		
11	Any other business.		

* Please delete accordingly

Dated this________________day of ________________2010.

Total Number of Ordinary Shares Held:	

____
* Signature(s) of Member(s) or Common Seal of Corporate Member(s)
* delete as appropriate

IMPORTANT
Please read notes overleaf

Notes:

1. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares in the capital of the Company held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member.

3. Where a member appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and any second named proxy as an alternative to the first named.

4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 29 Woodlands Industrial Park E1 Lobby 1, #04-01/06, NorthTech, Singapore 757716 not later than 48 hours before the time fixed for holding the Annual General Meeting.

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

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

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

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

CORPORATE DIRECTORY

SINGAPORE

Ellipsiz Ltd - Headquarters
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