ellipsiz

forward solutions

UNLOCKING OPPORTUNITIES

ANNUAL REPORT 2018

VISION

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

MISSION

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

CONTENTS

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

UNLOCKING OPPORTUNITIES

Our team is committed to harnessing our strengths and resources to optimise economic outcomes and delivering sustainable returns to stakeholders. We seek to unlock value by refining our business model and actively seeking opportunities for growth.

ELLIPSIZ WORK ETHOS

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

R I C E

RESPECT FOR INDIVIDUAL

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

INTEGRITY

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

CUSTOMER FOCUS

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

ENTREPRENEURSHIP

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

M A P

MERITOCRACY

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

ACHIEVEMENT ORIENTED

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

PROFIT & LIQUIDITY FOCUS

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

REINFORCING
OUR STRENGTHS

We will continue to reinforce our strengths and fundamentals so as to enhance our ability to capitalise on growth opportunities and expand our businesses.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL ITEMS

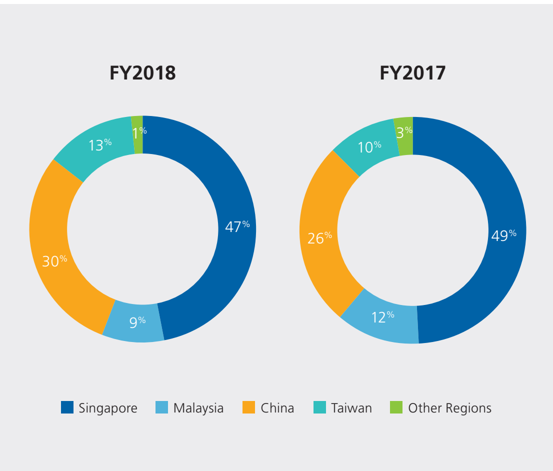
FINANCIAL YEAR ENDED 30 JUNE	2018 $' mil	2017 $' mil
RESULTS		
Revenue[1]	49.1	41.8
Gross profit[1]	11.7	10.2
Profit after tax - continuing operations	(4.8)	0.2
Profit after tax - continuing operations excluding certain specific items[2]	1.4	1.6
Profit after tax - discontinuing operations	13.9	8.3
Profit for the year	9.1	8.5
Interim Dividend per Share (cents)	2.00	1.00
Interim Special Dividend per Share (cents)	8.00	1.50
Final Dividend per Share (cents)	2.00[3]	2.00
Final Special Dividend per Share (cents)	1.00[3]	4.50
FINANCIAL POSITION		
Total assets	138.9	158.8
Total liabilities	13.8	26.9
Shareholders' Equity	124.7	131.5
FINANCIAL RATIOS		
Gross profit margin (%)	23.7	24.4
Earnings per Share (cents)	5.43	5.09
NAV per Share (cents)	74.62	78.67
Return on equity (%)	7.3	6.5
Current ratio (times)	6.9	3.8

1 Revenue and Gross profit for FY2018 and FY2017 relate to continuing operations.

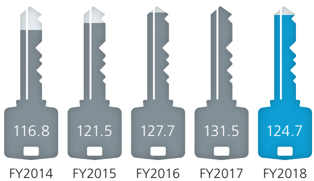
2 Please refer to the Financial Review Section on pages 35 to 37 for details.

3 Final dividend and Final Special dividend are subject to approval by shareholders at the annual general meeting to be held on 18 October 2018.

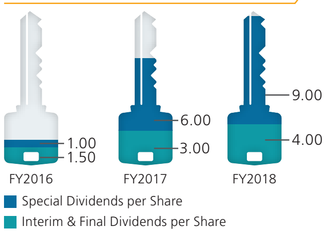
REVENUE BY REGION



SHAREHOLDERS' EQUITY ($ MILLION)



TOTAL DIVIDEND PAYOUT (CENTS)



RESOLUTE
IN VALUE CREATION

We remain resolute in creating value across all our businesses and delivering long-term stable returns to stakeholders.

LETTER TO SHAREHOLDERS

Kelvin Lum Wen-Sum
Chief Executive Officer and Executive Director

Chng Hee Kok
Chairman and Independent Director

LETTER TO SHAREHOLDERS

Dear Shareholders

13.0 CENTS
Total Dividend Per Share

$49.1 MILLION
Revenue

$9.1 MILLION
Net Profit after Tax and Non-Controlling Interests

THE YEAR IN REVIEW

Financial year ended 30 June 2018 ("FY2018") was a year of transition for Ellipsiz. It was the year that the Group's business activities underwent a major change due to disposal of our interest in SV Probe Pte Ltd and certain of its subsidiaries ("SV Group") and the year also saw significant change to the board and senior management team.

Along with these changes, we are pleased to present our ninth year of sustainable positive results, with the Group reporting net profit after tax and non-controlling interests of $9.1 million and revenue of $49.1 million for FY2018.

PERFORMANCE

Consolidated revenue for FY2018 of $49.1 million was an improvement of 18% over the financial year ended 30 June 2017 ("FY2017") of $41.8 million. The revenue of $49.1 million was from our Distribution and Services Solutions ("DSS") business. With the disposal of SV Group and in compliance with Singapore Financial Reporting Standards, the results from SV Group comprising the Probe Cards Solutions ("PCS") business segment was classified as discontinued operations during the year, and the financials for FY2017 were also re-presented for comparative purpose.

The growth in revenue was attributed to the improved performance from our DSS Singapore, China, and Taiwan operations. In line with the higher revenue, segment results of DSS increased by 33% from $2.8 million in FY2017 to $3.8 million in FY2018.

Operating results from continuing operations was a net loss of $4.8 million. The Group incurred a one-time ex-gratia expenses of $4.1 million pertaining to the retirement of the former Chief Executive Officer and former Chief Financial Officer, an exchange loss of $1.9 million and a net fair value loss of $0.2 million on financial assets during the year, which led to the negative operating results. The exchange loss arose mainly from the USD-denominated consideration from the sale of SV Group. Excluding these expenses, our continuing operations contributed an operating profit after tax of $1.4 million.

The disposal of SV Group brought a gain, net of related attributable expenses, of $11.2 million to the Group. Together with PCS' operating profit of $2.7 million for the 4 months from July 2017 to October 2017, profit from discontinued operations, net of tax, was $13.9 million in FY2018.

LETTER TO SHAREHOLDERS

Net profit (from both continuing and discontinued operations) attributable to owners of the Company was $9.1 million in FY2018, an improvement of 7% over FY2017's profit of $8.5 million. Earnings per share increased from 5.09 cents in FY2017 to 5.43 cents in FY2018.

OUR BUSINESSES

During the year, the Group decided to make an exit from probe card activities by disposing its entire interest in SV Group for a total consideration of US$70 million or approximately $95.6 million.

Although the probe card business had contributed significantly to the Group's revenue and profit, we believe the disposal was in the best interests of the Company as it allowed the Company to realise the value in PCS that was built up over the past years when there is a market upturn, thus benefitting its shareholders. The exit from the probe card activities resulted in a net gain on disposal of $11.2 million in FY2018 and the Group's cash and cash equivalents had increased by $62.6 million. $14.2 million of the consideration is held in an escrow account, and is expected to be collected within the next 13 months.

We would like to express our gratitude to the PCS team for their years of hard work in contributing to the Group and we wish them the very best in their future endeavours.

Our DSS business will continue its growth with our sustainable strategy of harnessing its product mix and the collaborative efforts with our business partners to be relevant in the markets that we operate as well as staying ahead of competition. Our DSS operations will continue to reinforce our fundamentals and strengthen our distribution network to enhance our ability to capitalise on growth opportunities. This will enable us to support the needs of our business partners.

Ellipsiz had recently embarked on a new business venture by investing in a company, Kalms Investment Pte Ltd, to carry out technology-enabled retail activities through the use of intelligent vending machines equipped with the latest technology and associated solutions. Technologies have changed the landscape and our lifestyle in many ways. The pace of technological change has been astounding, and today, it is essential to stay abreast of and effectively leverage on technological changes for growing businesses. We believe that the opportunities of this vending retail solutions are extensive and the business model is scalable.

Realising the value of PCS had positioned and given the Group an opportunity to review and renew its business and investment portfolio. We will stay resilient in exploring sustainable and synergistic opportunities for growth. We will also continue our journey with the vision, "*to be best creator of value for our customers, business partners and stakeholders in markets that we participate in*", in mind.

FINANCIAL POSITION & DIVIDENDS

Realising the value of our probe card business had strengthened the financial position of the Group. As at 30 June 2018, cash and cash equivalents was at $73.2 million or 43.83 cents per share, an increase of 36% from FY2017's cash and cash equivalents of 32.17 cents per share. Net asset value and net tangible assets as at 30 June 2018 were at 74.62 cents per share and 65.40 cents per share, respectively.

To share the results with our shareholders, the Company declared an interim dividend of 2.00 cents per share and an interim special dividend of 8.00 cents per share, along with the release of its FY2018 Q2 results announcement. A total dividend amount of $16.7 million was paid in March 2018.

LETTER TO SHAREHOLDERS

The Board is pleased to recommend a final dividend of 2.00 cents per share and a final special dividend of 1.00 cent per share (total proposed final dividends of 3.00 cents per share) for our shareholders' approval at the forthcoming 23rd Annual General Meeting. The proposed dividends, if approved by shareholders, together with the total interim dividends of 10.00 cents per share would lift total dividend payout to 13.00 cents per share for FY2018.

BOARD AND MANAGEMENT CHANGES

On behalf of the Board and management, we would like to express our heartfelt gratitude to Mr Jeffrey Staszak, who retired as Independent Director, Mr Melvin Chan, who retired as Director and CEO and Ms Ong Suat Lian who retired as Director and CFO, for their leadership, contributions and dedication to the Group over the past many years. We also wish to thank Mr Lim Beng Lam who retired as Vice President of the DSS division after serving the Group for more than a decade.

We are pleased to welcome Ms Iris Wu Hwee Tan and Mr Adrian Lum Wen-Hong who joined the Board in January 2018 as Non-Independent Non-Executive Directors. We will undoubtedly benefit from their credentials and extensive experience.

On 8 August 2018, Mr Kelvin Lum Wen-Sum was appointed as Chief Executive Officer of the Group. Together with the new Board and management team, he will lead the Group through the next phase of growth.

OUR APPRECIATION

Last but not least, we would like to express our utmost appreciation to our shareholders, customers, principals and business partners for their strong and unwavering support and to our management team and employees for their dedication, commitment and hard work.

We are committed to remain resolute in creating value across all our businesses and in delivering long-term stable returns to stakeholders. We look forward to your earnest support as we continue to evolve and seize growth opportunities for the next phase of growth.

Chng Hee Kok
Chairman and Independent Director

Kelvin Lum Wen-Sum
Chief Executive Officer and Executive Director

OPERATIONS REVIEW

The Group has endeavoured to maximise and unlock value for shareholders through the sale of its probe card business, continued focus on growing the DSS business, and embarking on new investments during the financial year ended 30 June 2018 ("FY2018"). These activities are in line with our ongoing efforts to develop and optimise key strengths to sustain business efficiency, resiliency and relevancy.

The divestment of the probe card business was timely and prudent; and has unlocked additional resources for the Group to expand its existing DSS business and to explore other opportunities.

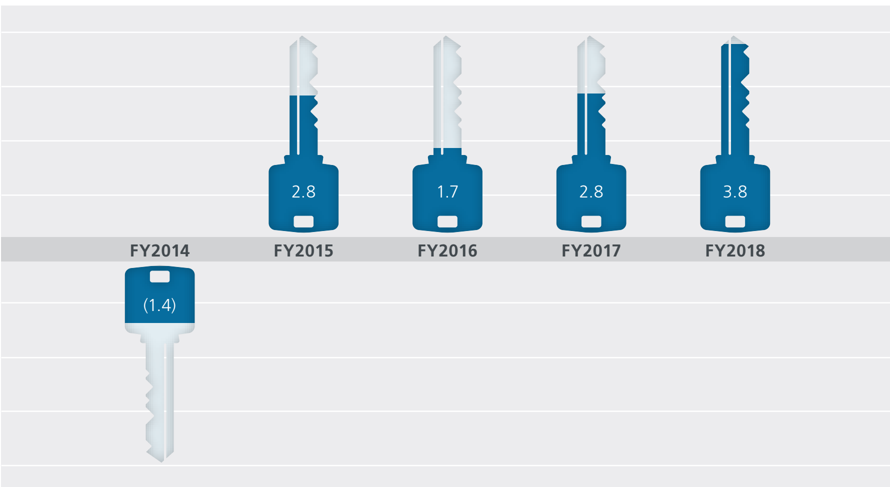
Distribution & Services Solutions DSS reported 18% increase in revenue to $49.1 million for FY2018, and segment results improved 33% to $3.8 million. Since the decision to streamline DSS activities, the DSS segment results had been profitable since FY2015.

OUR BUSINESS

Ellipsiz is a leading distribution & services solutions provider serving the semiconductor and electronics manufacturing industries. We provide innovative, engineering-focused solutions to the semiconductor and electronics manufacturing chain. Our customers include global semiconductor companies such as integrated design manufacturers and foundries, as well as the electronics contract manufacturers.

> "The Group has endeavoured to maximise and unlock value for shareholders through the sale of its probe card business, continued focus on growing the DSS business, and embarking on new investments during FY2018."

DSS SEGMENT RESULTS ($MILLIONS)



ENHANCING OUR RELEVANCE

To enhance the relevance of our value proposition in today's evolving business landscape, we are mindful of the need to remain nimble and agile.

OPERATIONS REVIEW

Our efforts to streamline, consolidate and integrate various DSS businesses over the past few years, have unlocked further cross-marketing and cross-leveraging opportunities between North Asia and Southeast Asia operations. This has created invaluable synergies across markets and distribution networks.

Working closely with existing key principals, DSS continues to introduce new products and services to provide innovative and value-added solutions, in line with technology changes and market trends to meet evolving customers' requirements. We continue to remain focused on maintaining strong relationships with our principals and customers, and forging relationships with new business partners.

While more efforts have been allocated to exploring new feasible opportunities, DSS remains committed to diversifying cautiously and to managing its business prudently. DSS continues to stay lean so as to to retain the necessary flexibility to respond to the fast changing and highly competitive environment, while upholding our commitment to provide sustainable products and services relevant to our customers.

"We remain steadfast in adapting to this volatile business environment by staying relevant, and by focusing on, and meeting the needs of our stakeholders."

New Investments On 19 June 2018, the Group through its wholly-owned subsidiary, EIR Investments Pte Ltd, took on a 50% stake in Kalms Investment Pte Ltd, which in turn owns a 90% stake in Kalms (Singapore) Pte Ltd ("Kalms SG"). Kalms SG is in the business of technology-enabled retail through the use of intelligent vending machines equipped with the latest technology and associated solutions. As at 30 June 2018, Kalms SG has deployed its intelligent vending machines across Singapore at locations such as Raffles City, International Plaza and Changi Airport.

Overall, the Group is cognizant of increasing geo-political and global trade uncertainties challenging the geographical markets in which we operate. Nevertheless, we remain steadfast in adapting to this volatile business environment by staying relevant, and by focusing on, and meeting the needs of our stakeholders.

STAFF ACTIVITIES

Charity event, Singapore Operations

Family Day excursion, China Operations

Chinese New Year gathering, Malaysia Operations

Bonding session, Taiwan Operations

BOARD OF DIRECTORS

Chng Hee Kok

Kelvin Lum

Amos Leong

CHNG HEE KOK

Chairman and Independent Director

Mr Chng Hee Kok was appointed Chairman and Independent Director on 1 September 2015. He is also a member of the Audit, Nominating and Remuneration Committees.

Mr Chng was formerly a Member of Parliament of Singapore from 1984 to 2001. His business experience and leadership positions spanned across Manufacturing, Property Development, Hotel Management, Trading, Entertainment and Food & Beverage Industries. He was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Limited, Hartawan Holdings Limited, HG Metals Manufacturing Limited and LH Group Limited. He held past directorships at Public Utilities Board, Sentosa Development Corporation and Singapore Institute of Directors.

Mr Chng currently serves as Independent Director in Samudera Shipping Line Ltd, Full Apex (Holdings) Limited, Luxking Group Holdings Limited, United Food Holdings Limited and Chaswood Resources Holdings Ltd.

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

KELVIN LUM WEN-SUM

Chief Executive Officer and Executive Director

Mr Kelvin Lum has been an Executive Director of Ellipsiz Ltd since 1 March 2016 and was appointed as the Chief Executive Officer with effect from 8 August 2018. He is also a member of the Nominating Committee.

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

BOARD OF DIRECTORS

Clement Leow

Iris Wu

Adrian Lum

for spearheading the growth of the business, ensuring its sustainability, and developing strategic partnerships and alliances.

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

Prior to joining Ellipsiz Ltd, Mr Lum was the Managing Director of LCD Global Investments Ltd where he oversaw the Group's strategic investments and global operations.

Mr Lum currently serves as a Non-independent Non-executive Director of Lum Chang Holdings Limited. He also sits on the School Management Committees of Nanyang Primary School and Nanyang Kindergarten, and was appointed a director of Nanyang Girls' High School Ltd in July 2017.

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

AMOS LEONG HONG KIAT

Independent Director

Mr Amos Leong is an Independent Director of Ellipsiz Ltd since 1 May 2009. He was appointed Chairman of the Audit Committee on 25 August 2011 and member of the Company's Nominating and Remuneration Committees.

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

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

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

BOARD OF DIRECTORS

CLEMENT LEOW WEE KIA

Independent Director

Mr Clement Leow has been an Independent Director of the Company since 8 May 2015 and was appointed Chairman of the Nominating Committee on 7 November 2017 in addition to his role as Chairman of the Remuneration Committee and a member of the Audit Committee.

Mr Leow is the Chief Executive Officer and Executive Director of Crowe Horwath Capital Pte Ltd and was previously Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr Leow, who has held senior positions in corporate finance and banking in Singapore, has over 18 years of corporate finance experience in initial public offering, mergers & acquisitions including corporate advisory transactions.

Mr Leow has also been appointed to the Institute of Banking and Finance Singapore, Capital Markets and Financial Markets Working Group.

Mr Leow is presently the independent director of Catalist listed MSM International Limited, Mainboard listed Lum Chang Holdings Limited and Overseas Education Limited.

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

IRIS WU HWEE TAN

Non-Independent Non-Executive Director

Ms Iris Wu was appointed to Ellipsiz's Board as a Non-independent Non-executive Director and a member of the Company's Audit Committee on 8 January 2018.

Prior to joining Ellipsiz, Ms Wu was Executive Director and Company Secretary of LCD Global Investments Ltd, overseeing an extensive corporate affairs portfolio covering financial, taxation, corporate secretarial and legal matters, and playing an active role in the execution of strategic decisions.

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

ADRIAN LUM WEN-HONG

Non-Independent Non-Executive Director

Mr Adrian Lum was appointed to Ellipsiz's Board on 8 January 2018 as a Non-independent Non-executive Director.

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

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

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

KEY EXECUTIVES

Chow Ching Sian

Jeff Chuang

Joseph Kang

Ray Goh

Boey Gim Poay

KEY EXECUTIVES

CHOW CHING SIAN

Chief Financial Officer
Corporate Office

Ms Chow Ching Sian was appointed the Chief Financial Officer of Ellipsiz Ltd on 8 August 2018. She is responsible for the finance function including accounting, taxation, audit, treasury; and compliance, legal and company secretarial functions of the Group. Ms Chow has more than 17 years of experience in the areas of financial and management reporting, taxation, compliance, risk management, audit, acquisitions & divestments and equity fund-raising activities.

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

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

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

JOSEPH KANG BOON TECK

Vice President, Operations
Corporate Office

Mr Joseph Kang joined Ellipsiz Ltd on 5 September 2018. He assists the CEO in corporate development as well as overseeing the operations of the DSS business. Mr Kang has more than three decades of experience in Semiconductor-related sales and marketing in Asia.

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

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

KEY EXECUTIVES

JEFF CHUANG CHU MOU

General Manager
Distribution & Services Solutions
Taiwan & China

Mr Jeff Chuang joined iNETest Taiwan in 2003. He oversees the DSS activities in Taiwan and China. Mr Chuang has been responsible for DSS Electronics Manufacturing Technology ("EMT") sales activities in North Asia (including Taiwan, North and South China) for the past 15 years. In recent years, his portfolio has expanded to include semiconductor sales activities in Taiwan.

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

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

RAY GOH LING HWEE

General Manager
Distribution & Services Solutions
Singapore

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

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

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

BOEY GIM POAY

General Manager
Distribution & Services Solutions
Malaysia

Mr Boey Gim Poay joined iNETest Malaysia in 2003. He is responsible for DSS activities in Malaysia as well as Electronics Manufacturing Technology sales and marketing services in South Asia Pacific region.

Mr Boey has more than 20 years of experience in the industry and for the past 15 years, he has been instrumental in developing and cultivating strategic partnerships with various key principals and customers for DSS in Malaysia, Vietnam and China.

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

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

CORPORATE INFORMATION

HEADQUARTER

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Fax: (65) 6269 2638

STOCK LISTING

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

INDEPENDENT AUDITOR

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

Partner-in-charge: Ang Fung Fung
(effective FY2014; 5th year-in-charge)

REGISTRAR AND SHARE TRANSFER OFFICE

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

COMPANY SECREARY

Chan Yuen Leng, LL.B. (Hons)

PRINCIPAL BANKERS

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

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

CIMB Bank Berhad
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

BOARD OF DIRECTORS

Chng Hee Kok
Chairman and Independent Director

Kelvin Lum Wen-Sum
Chief Executive Officer and Executive Director

Amos Leong Hong Kiat
Independent Director

Clement Leow Wee Kia
Independent Director

Iris Wu Hwee Tan
Non-Independent Non-Executive Director
(Appointed on 8 January 2018)

Adrian Lum Wen-Hong
Non-Independent Non-Executive Director
(Appointed on 8 January 2018)

AUDIT COMMITTEE

Chairman : Amos Leong Hong Kiat
Members : Chng Hee Kok
Clement Leow Wee Kia
Iris Wu Hwee Tan
(Appointed on 8 January 2018)

NOMINATING COMMITTEE

Chairman : Clement Leow Wee Kia
(Appointed on 7 November 2017)
Members : Chng Hee Kok
Amos Leong Hong Kiat
Kelvin Lum Wen-Sum
(Appointed on 8 January 2018)

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE

The board of directors (the "Board") of Ellipsiz Ltd (the "Company") is committed in its continuing efforts to achieve high standards of corporate governance and business conduct to enhance long term shareholder value and safeguard the interests of its stakeholders. The Company has adopted a framework of corporate governance policies and practices in line with the principles set out in the Code of Corporate Governance 2012 (the "Code"). The Company's corporate governance processes and activities for the financial year are outlined below.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Group

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

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

To facilitate the Board in the discharge of its oversight function and ensuring good corporate governance, certain responsibilities of the Board have been delegated to various sub-committees, which review and make recommendations to the Board on specific areas. There are three sub-committees appointed by the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

The Board currently holds at least four scheduled meetings each year. Pursuant to the Company's constitution, Board meetings may be conducted by way of telephone or video conferencing.

In addition to the four scheduled meetings, the Board may hold ad-hoc meetings and discussions throughout the year, by way of telephone conferences and email exchanges to address specific significant matters or developments which may arise between scheduled Board meetings. In the financial year ended 30 June 2018 ("FY2018"), five Board meetings were held.

CORPORATE GOVERNANCE

The number of Board and sub-committee meetings held in FY2018 and the attendance of each director of the Company ("Director") at these meetings were as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	4	3	3
Director				
Mr Chng Hee Kok ("Mr HK Chng")	5	4	3	3
Mr Melvin Chan Wai Leong ("Mr Melvin Chan") (retired on 31 January 2018)	2	NA	NA	NA
Ms Ong Suat Lian ("Ms SL Ong") (retired on 31 January 2018)	2	NA	NA	NA
Mr Kelvin Lum Wen-Sum[(1)] ("Mr Kelvin Lum")	5	NA	1	NA
Mr Jeffrey Staszak (retired on 19 October 2017)	1	1	1	1
Mr Amos Leong Hong Kiat ("Mr Amos Leong")	5	4	3	3
Mr Clement Leow Wee Kia ("Mr Clement Leow")	5	4	3	3
Ms Iris Wu Hwee Tan ("Ms Iris Wu") (appointed on 8 January 2018)	3	2	NA	NA
Mr Adrian Lum Wen-Hong ("Mr Adrian Lum") (appointed on 8 January 2018)	3	NA	NA	NA

Note:
(1) Mr Kelvin Lum was appointed as a member of the NC on 8 January 2018.

A formal letter is sent to newly appointed Directors upon their appointment explaining their duties and obligations as a Director. Newly appointed Directors will undergo an orientation programme, which will include briefings by the Chairman of the NC, the Chief Executive Officer ("CEO") and management on the businesses and activities of the Group, its investments, any pending merger and acquisition projects, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group. Directors receive updates on developments in relevant new laws and regulations such as those relating to finance and corporate governance, and the Company will arrange for further training where necessary.

CORPORATE GOVERNANCE

Board Composition and Guidance
Principle 2: Strong and independent Board

The Board consists of six members, three of whom are independent Directors.

The size and composition of the Board are reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skill sets and core competencies for effective decision-making.

The composition of the Board and the dates of appointment and re-election of Directors to the Board are set out below:

Director	Designation	Date of Appointment to the Board	Date of Last Re-election to the Board
Mr HK Chng	Chairman and Independent Director	1 September 2015	19 October 2015
Mr Kelvin Lum	Chief Executive Officer and Executive Director	1 March 2016	19 October 2016
Mr Amos Leong	Independent Director	1 May 2009	19 October 2016
Mr Clement Leow	Independent Director	8 May 2015	19 October 2017
Ms Iris Wu	Non-Independent Non-Executive Director	8 January 2018	-
Mr Adrian Lum	Non-Independent Non-Executive Director	8 January 2018	-

The NC assesses the independence of the Directors annually, based on the guidelines on criteria of independence specified in the Code and a self-declaration assessment completed by each Director.

Under the Code, a Director who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the best interests of the Company, is considered to be independent.

Each of Mr HK Chng and Mr Clement Leow is independent from the management and has no business relationship with the Company and is also independent from the substantial shareholder of the Company.

The NC noted that Mr Amos Leong was first appointed to the Board on 1 May 2009 and has served on the Board since then. Having taken into account the views of the NC, the Board has determined that Mr Leong should nonetheless be considered independent notwithstanding that he has served on the Board for a continuous period of more than nine years. In assessing his independence, the NC took into consideration that (1) Mr Leong has declared that he does not have any relationship with the Company, its substantial shareholder and/or executives that could interfere or be reasonably perceived to interfere, with his independent business judgment,

CORPORATE GOVERNANCE

(2) he does not have any relationship with customers, clients, principals or suppliers of the Group, (3) there was a change in the senior management of the Company during the financial year, in particular, the CEO and the Chief Financial Officer ("CFO") who had served the Company for more than nine years had retired and new management is in place, (4) he does not hold substantial interests in the Company, and (5) he constructively challenges and participates objectively in developing strategic plans of the Group with the rest of the Directors and senior management at the Board and the sub-committee meetings. Consequently, the Board is satisfied that Mr Leong's independent judgment and ability to act in the interests of all shareholders of the Company as a whole would not be impeded.

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

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

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

Chairman and CEO
Principle 3: Clear division of responsibilities between leadership of the Board and the executives managing the Company's business. No one individual should represent a considerable concentration of power

There is a clear separation of the roles and responsibilities of the Chairman and the CEO as the roles are separately held by Mr HK Chng and Mr Kelvin Lum. This is to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making. The Chairman is also an independent Director.

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

The CEO is primarily responsible for the operations and performance of the Group; execution of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance. The Chairman and the CEO are not immediate family members.

Board Membership & Performance
Principle 4: Formal and transparent process for appointment and re-appointment of Directors
Principle 5: Formal assessment of the effectiveness of the Board, its committees and contribution of each Director

CORPORATE GOVERNANCE

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

Nominating Committee
The NC comprises:

Mr Clement Leow (Chairman)
Mr HK Chng
Mr Amos Leong
Mr Kelvin Lum

Three out of four of the members of the NC are independent Directors. The NC is responsible for nominations for the appointment, re-appointment, election and re-election of Directors and members of the RC and AC. 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/her unique contributions, brings to the Board an independent objective perspective to enable balanced and well-considered decisions to be made. It reviews the Board's succession plans for Directors (in particular, the Chairman and CEO), as well as key executives of the Group.

When the need for a new director arises, either to replace a Director who has resigned or to enhance the Board's composition, the NC will short-list potential candidates. It will evaluate, amongst others, the skills and expertise of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. It also reviews and approves nominations for senior management positions in the Group, in particular, the CEO and CFO.

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

A newly appointed Director must also submit himself/herself for re-election at the annual general meeting immediately following his/her appointment to the Board. Ms Iris Wu and Mr Adrian Lum who were appointed on 8 January 2018 are submitting themselves for re-election at the annual general meeting to be held on 18 October 2018 ("AGM").

The NC has set objective criteria for evaluating the Board's as well as each individual Director's effectiveness during the financial year. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria. To ensure that each Director has sufficient and adequate time on the affairs of the Group, the Board has set guidelines that each Director shall not have more than five listed company board representations unless prior consent is obtained from the Chairman of the Board and the NC, and after considering the principal commitments of the Director. The key information regarding Directors such as academic and professional qualifications are set out on pages 14 to 16 of the Annual Report.

CORPORATE GOVERNANCE

The following Directors hold directorships in other listed companies as at the date of this report:

Director	Present	Preceding three years
Mr HK Chng	Luxking Group Holdings Limited United Food Holdings Limited Full Apex (Holdings) Limited Samudera Shipping Line Ltd Chaswood Resources Holdings Ltd	LH Group Limited People's Food Holdings Limited Pacific Century Regional Developments Limited Chinasing Investment Holdings Limited China Flexible Packaging Holdings Limited Infinio Group Ltd
Mr Kelvin Lum	Lum Chang Holdings Limited	-
Mr Amos Leong	-	Fischer Tech Ltd
Mr Clement Leow	MSM International Limited Overseas Education Limited Lum Chang Holdings Limited	JB Food Limited

The NC has evaluated the principal commitments and directorships held by Mr HK Chng and is of the opinion that Mr HK Chng is able to and has been adequately carrying out his duties as a Director.

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

The Company Secretary attended all Board, AC, NC and RC meetings in the financial year. The Company Secretary advises the Company on procedures and relevant company legislation, rules and regulations, which are applicable to the Company.

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

CORPORATE GOVERNANCE

REMUNERATION MATTERS
Procedures for Developing Remuneration Policies
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and fixing remuneration packages of Directors

Level and Mix of Remuneration
Principle 8: Appropriate remuneration to attract, retain and motivate Directors and key executives

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

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

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

Remuneration Committee
The RC comprises:

Mr Clement Leow (Chairman)
Mr HK Chng
Mr Amos Leong

All members of the RC are independent Directors. The RC is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of the Directors, CEO, CFO and other key management personnel of the Group, including Director's fees, salaries, allowances, bonuses and benefits-in-kind and obligations of the Group in the event of termination. The RC reviews policies governing compensation and promotion of key management personnel of the Group to ensure that these are consistent with the Group's strategy and performance. The RC's recommendations are made in consultation with the Board, and submitted for endorsement by the Board.

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

Mr Kelvin Lum has served as an executive Director of the Company since his appointment to the Board on 1 March 2016. He was appointed as the CEO of the Company after the end of FY2018 with effect from 8 August 2018. Mr Lum's employment contract as the CEO of the Company is for an initial term of three years. After the initial term, the employment contract may be terminated by either party serving the requisite prior notices. Mr Lum's remuneration package consists of basic

CORPORATE GOVERNANCE

and variable components, and other appropriate benefits-in-kind. His performance is evaluated by the RC based on a formal employee evaluation process. The performance related elements in the CEO's bonus scheme are both quantitative and qualitative in nature. Part of his bonuses is determined based on the performance of the Group and part is based on meeting certain performance indicators that are aligned with the strategic direction set by the Board for the Group. For FY2018, the RC is satisfied that most of the performance indicators for Mr Lum are met.

The CEO and the top five key management personnel of the Group are not entitled to any payment of compensation upon termination of service, retirement or any post-employment benefits.

The Company is of the view that the disclosure requirements on the details and remuneration of each Director, the CEO and the top five key management personnel are disadvantageous to its business interests, given that it is operating in a highly competitive industry. The Company has instead presented the remuneration in bands of $250,000.

The remuneration information of the Directors in FY2018 is as set out below:

Director	Remuneration band	Fees	Salary and Allowance	Bonus	Ex-gratia	Total
Mr HK Chng	Below $250,000	100%	-	-	-	100%
Mr Melvin Chan(1)	$3,500,000 to $3,749,999	-	12%	-	88%	100%
Mr Kelvin Lum(2)	$500,000 to $749,999	-	63%	37%	-	100%
Ms SL Ong(3)	$750,000 to $999,999	-	22%	-	78%	100%
Mr Jeffrey Staszak(4)	Below $250,000	100%	-	-	-	100%
Mr Amos Leong	Below $250,000	100%	-	-	-	100%
Mr Clement Leow	Below $250,000	100%	-	-	-	100%
Ms Iris Wu(5)	Below $250,000	100%	-	-	-	100%
Mr Adrian Lum(6)	Below $250,000	100%	-	-	-	100%

Notes:

(1) Mr Melvin Chan ceased to be a member of the Board and CEO of the Company on 31 January 2018. Salary and allowance are pro-rated accordingly.

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

(3) Ms SL Ong ceased to be a member of the Board and CFO of the Company on 31 January 2018. Salary and allowance are pro-rated accordingly.

(4) Mr Jeffrey Staszak ceased to be a member of the Board, Chairman of NC and member of AC and RC on 19 October 2017. Fees are pro-rated accordingly.

(5) Ms Iris Wu was appointed as a member of the Board and AC on 8 January 2018. Fees are pro-rated accordingly.

(6) Mr Adrian Lum was appointed as a member of the Board on 8 January 2018. Fees are pro-rated accordingly.

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The top five key management personnel of the Group (who are not Directors) are Ms Chow Ching Sian, Mr Joseph Kang Boon Teck, Mr Jeff Chuang Chu Mou, Mr Ray Goh Ling Hwee and Mr Boey Kim Poay. The profiles of the Group's key management are set out on pages 17 to 19 of the Annual Report. The Group adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that are tied to business and individual performance based on financial and business budgets that were approved by the Board. For FY2018, these performance conditions set were met. This framework enables the Group to align key executives' compensation with the interests of shareholders and promotes the long-term success of the Group.

The total remuneration of the top five key management personnel in FY2018 was approximately $1.0 million and their remuneration packages in bands of $250,000 were as follows:

	Number of key executives(1)
Below $250,000	4
$250,000 to $499,999	1

Note:

(1) Included in the top five key management personnel are Mr Lim Beng Lam and Ms Pearl Cheng. Mr Lim Beng Lam retired as Vice President of Distribution and Services Solutions division on 31 March 2018. Ms Pearl Cheng resigned as Group Financial Controller of the Company on 18 May 2018. Their remunerations are pro-rated accordingly. Ms Chow Ching Sian and Mr Joseph Kang Boon Teck joined the Company on 8 August 2018 and 5 September 2018 respectively.

Save that Mr Kelvin Lum, the CEO, is the brother of Mr Adrian Lum who is a Director as disclosed in Note 2 of the remuneration table on page 28, no other employees in the Group are immediate family members of a Director or the CEO.

ACCOUNTABILITY & AUDIT

Accountability

Principle 10: Board to present balanced and understandable assessment of the Group's performance and position

The Board keeps the shareholders updated on the businesses and performance of the Group through releases of the Group's quarterly and full year financial results, publication of the Company's annual report and timely releases of material and/or price sensitive information through SGXNET. The Company also maintains a corporate website through which shareholders are able to access information on the Group.

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

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The Singapore Exchange Securities Trading Limited ("SGX-ST") requires Directors to issue a negative assurance statement to accompany each quarterly financial results announcement confirming that, to the best of their knowledge, nothing has come to the attention of the Board that may render the financial results to be false or misleading in any material respect. In addition, the Directors also issue a statement that the Company has procured undertakings from the Company's Directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual in its quarterly and yearly financial results announcements.

Internal Controls
Principle 11: Sound system of risk management and internal controls

The Group has put in place a system of internal controls to ensure that proper accounting records are kept, information is reliable, the Group's assets are safeguarded and business risks identified and contained. Based on the reports from the external and internal auditors, self-assessments and actions taken by the management, the on-going reviews and continuing efforts in enhancing controls and processes, the Board, with the concurrence of the AC, is of the opinion that the present framework of internal controls addressing financial, operational, compliance and information technology controls and its risk management systems are adequate to provide reasonable assurance of the integrity and 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. For FY2018, the Board has received assurance from the CEO and CFO of the Company (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) regarding the effectiveness of the Company's risk management and internal control systems. The Group has also put in place certain processes and a whistle-blowing policy by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Risk Management
As the Company does not have a risk management committee, the AC assumes the supervisory responsibility of the Group's risk management function. The AC and senior management seek to identify areas of significant business risks, including revenue loss, property loss and breach of information security, as well as appropriate measures to control and mitigate these risks. In determining the appropriate measures, the cost of control and the impact of risks occurring will be balanced with the benefits of reducing risks.

Audit Committee
Principle 12: Establishment of an Audit Committee with written terms of reference

The AC comprises:

Mr Amos Leong (Chairman)
Mr HK Chng
Mr Clement Leow
Ms Iris Wu

CORPORATE GOVERNANCE

The majority of the members of the AC are independent Directors.

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

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

In assisting the Board to fulfil its responsibilities in ensuring the integrity of financial reporting and that sound internal control systems are in place, the AC met periodically during the financial year with the management, internal and external auditors, as appropriate, to:

- review the statement of financial position and statement of changes in equity of the Company, and the consolidated financial statements of the Group;
- review the quarterly and full year results announcements;
- discuss with external auditors on the overall scope of work of the audit and its effectiveness, the assistance given by the Company's officers to the auditors, the results of the audit and the evaluation of the internal control system, the external auditors' management letter and the responses from management;
- review the independence and objectivity of the external auditors annually;
- review and recommend the appointment or re-appointment of external auditors;
- review the nature and extent of non-audit services provided by the external auditors to the Group and the Company;
- review and discuss with internal auditors on the overall scope of work of the internal audit and its effectiveness, the results of the internal auditors' report and the evaluation of the internal control system, the recommendations presented and the responses from management;
- review and consider the adequacy and effectiveness of internal controls, addressing financial, operational, compliance and information technology controls after considering the internal auditors' report;
- review the adequacy and effectiveness of the internal audit services provided and recommend the appointment or re-appointment of the internal audit firm; and
- review interested person transactions between the Group and interested persons.

The AC is tasked with advising the Board on the appointment or 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 SGX-ST Listing Manual, the AC also reviews the non-audit services provided by the external auditors and ensures that the non-audit services shall not affect the independence of the auditors. The external auditors' fees for FY2018 breakdown into audit and non-audit fees are disclosed in Note 20 to the financial statements. The AC is of the opinion that the fees incurred for non-audit services provided by the external auditors are not material and do not affect their independence.

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Pursuant to Rule 716 of the SGX-ST Listing Manual, the AC is satisfied that the appointment of different auditors for its subsidiaries or significant associated companies during the financial year would not compromise the standards and effectiveness of the audit of the Group.

The AC 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 external and internal auditors have unrestricted access to the AC. The AC meets with the internal and external auditors without the presence of the management at least once a year. The AC has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at its forthcoming AGM.

During the financial year, the AC performed independent review of the financial statements of the Group before the announcement of the Group's quarterly and full-year results. In the process, the AC considered the reasonableness of estimates, judgments and assumptions made and applied by the management for key financial issues, including impairment testing, critical accounting policies and any significant matters which would have a material impact on the financial statements.

In its review of the financial statements for the year ended 30 June 2018, the AC also considered the report from the external auditors and the methodology applied and key assumptions used in determining the valuation and value-in-use of non-financial assets, set out in the key audit matter ("KAM") of the independent auditors' report on pages 47 to 49. The AC concurred with management on the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements, for the KAM addressed by the external auditors in their report.

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

The Group outsources its internal audit function to a professional internal audit firm. The AC approves the appointment, evaluation and compensation of the internal audit firm. It also reviews and approves the audit plan presented by the internal audit firm and the firm reports directly to the AC on its findings and conclusions. The internal audit firm is independent of the activities that it audits. It reviews the Group's material internal controls including financial, operational, compliance and information technology controls as well as risk management and has unfettered access to the AC.

Shareholder Rights
Principle 14: Recognise, protect and facilitate the exercise of shareholders' rights

Communication with Shareholders
Principle 15: Regular, effective and fair communication with shareholders

CORPORATE GOVERNANCE

Conduct of Shareholder Meeting
Principle 16: Greater shareholder participation at general meetings

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

At annual general meetings, shareholders are given opportunity to express their views and make enquiries regarding the operations of the Group. Board members and management are present at these meetings to address any questions that shareholders may have concerning the Group. The external auditors are also present to answer queries from shareholders. It is at these meetings that the Company will solicit and understand the views and opinions of its shareholders.

Under the Company's constitution a registered shareholder may appoint one or two proxies to attend general meetings, to speak and vote in place of the shareholder. In addition, under Section 181(1C) of the Companies Act, Chapter 50 of Singapore (the "Act"), a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than two proxies in accordance with the specified conditions set out in the Act. Voting in absentia by mail, facsimile or email has yet to be introduced because such voting methods will need to be carefully reviewed in terms of costs and feasibility to ensure that there is no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

Separate resolutions are tabled at general meetings on each substantially separate issue. The Company treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of directors and approval of directors' fees, as distinct subjects and submits them to the annual general meeting as separate resolutions. All resolutions are put to the vote by electronic poll voting at general meetings. Voting by poll allows for a transparent voting process as shareholders will be able to demonstrate their concerns in a manner that reflect their shareholdings. Independent scrutineers are appointed to conduct the voting process. They explain the e-polling process to shareholders and verify and tabulate the votes cast at the end of each resolution. The number of votes for and against each resolution and their respective percentages of the total votes cast are shown on the screen to shareholders at the end of voting for each resolution before the chairman of the meeting declares the results of each poll. The results of the poll for each resolution at a general meeting, showing the number of votes cast for and against each resolution and their respective percentages of the total votes cast and the name of the scrutineers are also announced via SGXNET after each general meeting. The minutes of general meetings are available to shareholders for inspection upon their request.

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

CORPORATE GOVERNANCE

SECURITIES TRADING

In line with Rule 1207(19) of the SGX-ST Listing Manual, the Group has issued guidelines on share dealings to all employees of the Group, setting out the implications of insider trading, prohibiting securities dealings by Directors and employees for short-term considerations and whilst in possession of unpublished price sensitive information, and during the periods commencing one month before the announcement of its full year results and two weeks before the announcement of its quarterly results.

INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate from its shareholders for interested person transactions ("IPTs") for the period under review. All IPTs are subject to review by the Board and the AC to ensure that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. During FY2018, the transactions with interested persons were as follows:

Name of interested person	Aggregate value of all IPTs during FY2018 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000
Mr Melvin Chan (former CEO and executive Director) - Ex-gratia payment[1] - Consultancy services	 3,300 500
Ms SL Ong (former CFO and executive Director) - Ex-gratia payment[1]	 770

(1) The ex-gratia payments are included in the remuneration table on page 28 and also disclosed in note 25 of the financial statements.

MATERIAL CONTRACTS

Save as disclosed in the table above, there were no material contracts or loans of the Company and its subsidiaries involving the interests of the CEO, any Director or any controlling shareholder of the Company, either still subsisting at the end of FY2018 or if not then subsisting, were entered into during FY2018.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

The Group reported revenue of $49.1 million in financial year ended 30 June 2018 ("FY2018") and revenue of $41.8 million in the previous financial year ("FY2017"). Profit, net of tax in FY2018 was $9.1 million compared to $8.5 million in FY2017.

Discontinued operations contributed a net profit of $13.9 million in FY2018 and $8.3 million in FY2017.

Continuing operations recorded a net loss of $4.8 million in FY2018 against a marginal net profit of $0.2 million in FY2017.

Discontinued operations (Disposal of Probe Card Solutions Business Segment)

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

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

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

In compliance with Singapore Financial Reporting Standards, the performance of the Disposal Group comprising mainly the performance of the Probe Card Solutions business segment, together with the gain on the sale of the Disposal Group and expenses attributable to the Disposal, are reported as discontinued operations in FY2018.

The Group's profit from discontinued operations, net of tax, increased by 67% from $8.3 million in FY2017 to $13.9 million in FY2018. The profit in FY2017 comprised the full year (12 months) results of the Probe Card Solutions business segment, whereas the profit in FY2018 comprised 4 months results of the said segment and the gain on sale of the Disposal Group, net of attributable expenses, of $11.2 million.

Continuing operations

Revenue from continuing operations was $49.1 million in FY2018, an improvement of 18% over the revenue of $41.8 million in FY2017. Growth was mainly from the Distribution and Services Solutions' Singapore, China and Taiwan operations. Consequently, gross profit increased by 15% from $10.2 million to $11.7 million. Gross profit margin was approximately 24% for both financial years.

The Group reported a loss, net of tax of $4.8 million from continuing operations in FY2018 compared to a profit, net of tax of $0.2 million in FY2017.

FINANCIAL REVIEW

In FY2018, the Group had incurred a one-time ex-gratia expenses of $4.1 million approved by the Board in November 2017 for the former Chief Executive Officer and former Chief Financial Officer upon their retirement on 31 January 2018, recorded a net fair value loss of $0.2 million on financial assets and suffered an exchange loss of $1.9 million. In FY2017, the Group made an impairment provision of $1.6 million on financial asset, recorded a loss on liquidation of a subsidiary of $0.2 million, incurred additional professional fee expense of $0.2 million to manage a mandatory cash offer exercise and recognised a gain on disposal of an associate (net of related tax) of $0.6 million. Excluding the aforementioned items, the Group's net profit from continuing operations was $1.4 million in FY2018 which was comparable to that in FY2017.

Other income
Other income decreased from $1.6 million in FY2017 to $0.1 million in FY2018. The higher other income in FY2017 was mainly due to the recognition of a gain on disposal of an associate of $1.2 million.

Operating expenses
Total operating expenses increased by 53% from $10.9 million in FY2017 to $16.6 million in FY2018. In FY2018, the Group had incurred a one-time ex-gratia expenses of $4.1 million. In FY2017, the Group had provided impairment loss of $1.6 million on financial asset, recorded a loss of $0.2 million on liquidation of a subsidiary and incurred additional professional fee expense of $0.2 million in respect of a mandatory cash offer exercise.

Excluding the one-off expenses, the operating expenses increased by 41% from $8.9 million in FY2017 to $12.5 million in FY2018. The increase was mainly due to an exchange loss of $1.9 million, a net fair value loss of $0.2 million arising from unfavourable movement in market prices of quoted financial assets and increased operating expenses in line with the higher revenue achieved. The exchange exposure was mainly due to the USD-denominated consideration from the sale of the Disposal Group in October 2017.

Finance income
In FY2018, the Group's finance income had increased from $0.1 million to $0.4 million when compared to the previous year, mainly because of interest earned from cash received from the sale of the Disposal Group.

Share of results of associates and joint venture
The disposal of interest in an associate in FY2017 led to the lower share of results in FY2018 compared to FY2017. The share of results of a joint venture was in respect of the investment in Kalms Investment Pte Ltd.

Tax expense
Tax expense decreased by 50% from $1.0 million in FY2017 to $0.5 million in FY2018. The drop was mainly because in FY2017, there was a one-off capital gain tax expense of $0.6 million relating to the disposal of an associate.

Net profit attributable to owners of the Company
Aggregating continuing and discontinued operations, the net profit attributable to owners of the Company of $9.1 million in FY2018 had improved by 7% over FY2017's net profit of $8.5 million.

Excluding the items highlighted in the third paragraph under "Continuing Operations" above, and the

FINANCIAL REVIEW

gain net of related expenses for the sale of the Disposal Group of $11.2 million, the Group's net profit was $4.1 million in FY2018 compared to $9.9 million FY2017. This was mainly because the operating results from the Probe Card Solutions business segment under discontinued operations in FY2018 was for 4 months ended 31 October 2017 compared to the full year (12 months) in FY2017.

FINANCIAL POSITION

Non-current assets

Non-current assets decreased by 28% from $62.1 million as at 30 June 2017 to $44.5 million as at 30 June 2018.

Property, plant and equipment, intangible assets and deferred tax assets decreased mainly due to the sale of the Disposal Group. Financial assets increased mainly due to favourable movement in the quoted price of an available-for-sale financial asset. Other receivables of $9.5 million was in respect of the non-current portion of consideration from the sale of the Disposal Group held in an escrow account. Increase in joint ventures was attributed to the investment in Kalms Investment Pte Ltd. Decrease in associate was due to the disposal of a 49% interest in Advantech Corporation (Thailand) Co., Ltd.

Current assets

Total current assets as at 30 June 2018 decreased marginally by 2%. The increase in cash and cash equivalents was offset by decreases in inventories and trade and other receivables as a result of the sale of the Disposal Group.

Current and non-current liabilities

Total liabilities as at 30 June 2018 amounted to $13.8 million, a decrease of 49% from $26.9 million as at 30 June 2017 as a result of the sale of the Disposal Group.

Non-controlling interests

The non-controlling interests as at 30 June 2018 was $0.4 million.

CASH FLOWS AND LIQUIDITY

The Group's cash and cash equivalents increased by $19.4 million from $53.8 million as at 30 June 2017 to $73.2 million as at 30 June 2018.

This increase was mainly attributable to:
(a) cash outflow of $2.5 million from operating activities;
(b) cash inflow of $50.3 million from investing activities; and
(c) cash outflow of $28.0 million from financing activities.

The Group's cash outflow from operating activities of $2.5 million was mainly due to the one-time payment of ex-gratia expenses and transaction costs relating to the sale of the Disposal Group.

The cash inflow of $50.3 million from investing activities was mainly from the proceeds relating to the sale of the Disposal Group which was partially offset by the investments in a joint venture and certain financial assets.

Payment of FY2017 final and final special dividends approved at the annual general meeting in October 2017 and interim and interim special dividends declared along with the second quarter results of FY2018 led to the negative cash flow of $28.0 million from financing activities.

RISK MANAGEMENT

The Audit Committee assumes the supervisory responsibility for the Group's risk management function. The objective of risk management is to safeguard the Group's assets and our stakeholders' investment so as to steer the Group to the next level of sustainable growth whilst operating within the Group's risk parameters. The Committee works with the management team to identify the key risk areas and establishes the appropriate mitigating controls and monitoring processes.

Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. Together with on-going reviews and assessments by the Board, the Committee, management and internal auditors, continuing efforts will be made at enhancing controls and processes that need improvement.

Risks identified by the Group can broadly be categorised into strategic, operational, financial and compliance risks. During the year, the key risks faced by the Group are summarised as follows:

GEOPOLITICAL & MACROECONOMIC RISKS
We operate and provide our product and service solutions to customers in various countries, including Singapore, Malaysia, China and Taiwan. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. With globalisation, our markets, our supply chains and our value chain are closely interconnected such that any change in the fiscal and monetary policies implemented by the governments of any of these countries will directly or indirectly result in currency and interest rate fluctuations, high inflation rates, capital restrictions, and changes in duties and taxes that are detrimental to our business which could materially and adversely affect our operations, financial performance and future growth. Our business is also affected by macroeconomic factors such as the performance of the U.S., China and other major economies in Asia and Europe as they have an impact on the end market consumption, supply chain, consumer sentiment, and consequently, the market demand for our product and service solutions. The uncertain political and global economic environment will affect the demand for and consumption of phones, computers, electronic gadgets and instruments, which in turn lead to uncertainties in capital spending by our customers. Success rates on the implementation of policies to rebuild confidence and stability, and policy efforts including fiscal consolidation would continue to pose significant macroeconomic risks to the operating performance of our business.

INVENTORY OBSOLESCENCE RISK
The technologies in the industries we operate are subject to constant change and innovation; this might shorten the life span of our inventories and render them obsolete. Any inability to anticipate demand fluctuations could potentially lead to write off of inventory, and hence, leading to longer cash conversion cycle and other related costs that could adversely affect our financial position.

LOSS OF KEY PRODUCTS DISTRIBUTORSHIPS & SERVICE CONTRACTS
We are constantly facing intense competition from other leading players, and it is imperative that we identify, expand and secure exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and electronics manufacturing services ("EMS") industries, and provide unparalleled services to our customers through service contracts. Loss of key product distributorships and service contracts as well as the inability to boost our product and service solutions would have a material adverse impact on our business as well as financial results.

RISK MANAGEMENT

MANPOWER RISK

Success of our business depends on the continued efforts and abilities of our management team and technical personnel. Increase in job mobility and more competitive market salary could result in difficulty in retaining or replacing suitably qualified personnel. Furthermore, if we are not able to attract suitably qualified personnel, this could also hamper our plans for future business growth.

CYCLICALITY OF THE SEMICONDUCTOR AND EMS INDUSTRIES

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

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

CUSTOMER CONCENTRATION RISK

The industries in which our customers operate continue to undergo consolidation, mergers and acquisitions due to climbing costs and increasing appeal of economies of scale. Hence, some of our customers are becoming larger and we are exposed to concentration of revenue risks from these major customers.

FOREIGN EXCHANGE RISK

As the Group is involved in regional distribution, 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. Currently, the Group relies primarily on natural hedging between its sales and purchases, its trade receivables and trade payables and if the need arises, the Group hedges its foreign exchange exposure with close monitoring from management. However, there is still risk arising from foreign exchange especially if there are sharp movements in exchange rates. Our financial performance could be adversely affected under those circumstances.

REGULATORY AND COMPLIANCE RISKS

The Group's regional operations are subject to government laws and regulations of the countries in which they operate. This may impact or limit our flexibility to respond to market conditions, competition, new technologies or changes in cost structures. New government legislations, regulations and policies may also increase our operating and compliance costs and in turn may adversely affect our operating results.

INDUSTRY OUTLOOK

According to the World Semiconductor Trade Statistics' (WSTS) re-calculated Spring 2018 Market Forecast released in August 2018, the worldwide semiconductor market is projected to be strong with 15.7% growth to US$477 billion in 2018.

For 2018, largest growth is expected across memory integrated circuits (ICs) at 30.5% to US$162 billion, analog ICs at 12% to US$59 billion, discretes at 11.5% to US$24 billion and optoelectronics at 9.4% to US$38 billion. All geographical regions are expected to grow in 2018, with the highest growth rates in Asia Pacific and Europe at 16.3% and 15.8%, respectively.

In 2019, WSTS expects all major product categories and regions to grow with the overall global semiconductor market at 5.2%, with optoelectronics contributing the highest growth at 7.5% followed by sensors at 6.8%.

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

Source: World Semiconductor Trade Statistics (WSTS), August 2018

SEMICONDUCTOR EQUIPMENT MARKET OUTLOOK

The Semiconductor Equipment and Materials International (SEMI) Mid-Year Forecast projected the worldwide sales of new semiconductor manufacturing equipment to increase by 10.8% to US$62.7 billion in 2018, exceeding the historic high of US$56.6 billion set in 2017. SEMI forecasted another record-breaking year for the equipment market in 2019 with 7.7% growth to US$67.6 billion.

The SEMI Mid-Year Forecast also predicted wafer processing equipment to grow 11.7% in 2018 to US$50.8 billion, while the other front-end segment, consisting of fab facilities equipment, wafer manufacturing, and mask/reticle equipment, is expected to increase by 12.3% to US$2.8 billion. The assembly and packaging equipment segment is projected to grow 8.0% to US$4.2 billion in 2018, while semiconductor test equipment is forecast to increase by 3.5% to US$4.9 billion.

In 2018, South Korea is forecast to remain as the largest equipment market for the second year in a row at US$18.0 billion. China is predicted to rise in the rankings in 2018 to claim the second spot from Taiwan for the first time with a 43.5% growth in market to US$11.8 billion, and to the top position

INDUSTRY OUTLOOK

in 2019 with another robust 46.7% growth to US$17.3 billion. Equipment spending across all regions is anticipated to experience growth in 2018, with the exception of Taiwan expecting to decline to US$10.7 billion before rebounding to US$12.3 billion in 2019. China, South Korea and Taiwan are forecast to remain the top three markets in 2018 and 2019.

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

Source: Semiconductor Equipment and Materials International (SEMI), July 2018

Electronics Manufacturing Services ("EMS") & Original Design Manufacturing ("ODM") Market Outlook

According to New Venture Research (NVR), the worldwide contract manufacturing industry comprising of EMS and ODM grew by 10.8% to US$471 billion in 2017. NVR expected the combined market growth to be at a 7.5% CAGR over the next five years.

FINANCIAL STATEMENTS CONTENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2018.

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

(a) the financial statements set out on pages 52 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Chng Hee Kok	Chairman
Kelvin Lum Wen-Sum	
Amos Leong Hong Kiat	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	(Appointed on 8 January 2018)
Adrian Lum Wen-Hong	(Appointed on 8 January 2018)

DIRECTORS' INTERESTS

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

	Holdings at beginning of the year	**Holdings at end of the year**	**Holdings at 21/7/2018**
Name of director and corporation in which interests are held			
Amos Leong Hong Kiat			
Ellipsiz Ltd			
- ordinary shares			
- deemed interests	30,000	30,000	30,000

DIRECTORS' STATEMENT

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year or at 21 July 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at the end of the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

AUDIT COMMITTEE

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

- Amos Leong Hong Kiat Chairman
- Chng Hee Kok
- Clement Leow Wee Kia
- Iris Wu Hwee Tan (Appointed on 8 January 2018)

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 Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Code of Corporate Governance 2012.

Specific responsibilities of the Audit Committee include:

(a) review of the statement of financial position and the statement of changes in equity of the Company, and the consolidated financial statements of the Group;

(b) review of the quarterly and full year results announcements;

(c) discussions with external auditors on the overall scope of work of the audit and its effectiveness, the assistance given by the Company’s officers to the auditors, the results of the audit and the evaluation of the internal control system, the auditors’ management letter and the responses from management;

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

DIRECTORS' STATEMENT

(e) review of and recommending the appointment or re-appointment of external auditors;

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

(g) review of and discussion with internal auditors on the overall scope of work of the internal audit and its effectiveness, the results of the internal auditors' report and the evaluation of the internal control system, the recommendations presented and the responses from management;

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

(i) review of the adequacy and effectiveness of the internal audit services provided and recommend the appointment or re-appointment of the internal audit firm; and

(j) review of interested person transactions between the Group and interested persons.

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

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

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

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

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

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Chng Hee Kok
Director

Kelvin Lum Wen-Sum
Director

10 September 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ellipsiz Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 130.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets *Refer to note 2.8 – Accounting policies: Impairment of non-financial assets and notes 3 to 4*	
The key audit matter	**How the matter was addressed in our audit**
The Group's statement of financial position includes goodwill, arising from the past acquisitions in its Distribution and Services Solutions ("DSS") cash-generating unit ("CGU"). As the other non-financial assets, property, plant and equipment ("PPE") and intangible assets ("IA"), relate to the same CGU to which the goodwill is allocated to, they were included and assessed concurrently in the annual goodwill impairment. The determination of the recoverable amount of the CGU requires judgement on the part of both identifying and valuing the CGU. Forecasting and discounting of future cash flows is highly judgemental and subjective as it involves making assumptions relating to estimates on revenue growth rates, gross profit growth rates and discount rates. Goodwill, IA and PPE form approximately 12% of the Group's total assets. Changes in the assumptions used in the value-in-use ("VIU") calculations could affect the recoverable amount of the CGU.	Our procedures included, among others: • We evaluated the identification of the CGU within the Group against the requirements of the accounting standards. • We evaluated the key assumptions used in the cash flow projections, such as revenue growth rates, gross profit growth rates and discount rates, by comparing them to industry benchmarks and historical trends. • We assessed the reliability of the forecast through a review of actual current year performance against the corresponding forecast by management in prior year. • We tested the mathematical accuracy of the VIU computation and agreed relevant data to the most recent financial budget and approved forecast. • We performed breakeven analyses to assess the sensitivity of the recoverable amount against certain key assumptions used in the cash flow projections. • We assessed the sufficiency of related disclosures in note 4 to the financial statements, including the sensitivities of the recoverable amount to variations in assumptions.

INDEPENDENT AUDITORS' REPORT

Impairment of non-financial assets (cont'd)
Refer to note 2.8 – Accounting policies: Impairment of non-financial assets and notes 3 to 4 (cont'd)
Findings
We found the Group's identification of the CGU to be appropriate against the requirements of the accounting standards. We considered that the forecasts and key assumptions used by the Group in its impairment assessment of the DSS CGU to be within an acceptable range in accordance with historical performance and industry data. We have assessed the sensitivity of the recoverable amount by performing breakeven analyses and found that a reasonably possible decrease of 2.2% in revenue growth rate or 2.0% in gross profit growth rate could cause the recoverable amount of the DSS CGU to be equal to its carrying amount. We agree with management that no impairment was required for the DSS CGU as at the balance sheet date. We found the Group's disclosure in the financial statements to be compliant with the financial reporting standards and have appropriately disclosed the inherent degree and subjectivity in the estimates.

Other information

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial

INDEPENDENT AUDITORS' REPORT

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 September 2018

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current assets					
Property, plant and equipment	3	792	10,984	17	5
Intangible assets and goodwill	4	15,415	41,425	–	–
Subsidiaries	5	–	–	41,375	79,749
Associate	6	–	862	–	–
Joint ventures	7	9,920	71	–	–
Financial assets	8	8,581	5,179	8,577	4,952
Other receivables	9	9,506	–	9,506	–
Deferred tax assets	10	297	3,612	–	–
		44,511	62,133	59,475	84,706
Current assets					
Inventories	11	2,713	7,843	–	–
Trade and other receivables	9	16,105	35,036	4,815	187
Amounts due from related parties	12	–	–	6	251
Financial assets	8	2,335	–	2,335	–
Cash and cash equivalents	13	73,244	53,762	56,627	23,091
		94,397	96,641	63,783	23,529
Total assets		138,908	158,774	123,258	108,235
Equity attributable to Owners of the Company					
Share capital	14	89,566	89,566	89,566	89,566
Reserves	15	(5,309)	(17,051)	7,535	3,910
Retained earnings		40,461	58,969	19,674	11,656
		124,718	131,484	116,775	105,132
Non-controlling interests		404	413	–	–
Total equity		125,122	131,897	116,775	105,132
Non-current liabilities					
Provisions	18	113	244	–	–
Interest-bearing borrowings	16	–	205	–	–
Deferred tax liabilities	10	–	903	–	–
		113	1,352	–	–
Current liabilities					
Trade and other payables	17	13,183	21,917	1,718	1,459
Provisions	18	197	257	–	–
Amounts due to related parties	12	73	74	4,765	546
Interest-bearing borrowings	16	–	946	–	–
Current tax payable		220	2,331	–	1,098
		13,673	25,525	6,483	3,103
Total liabilities		13,786	26,877	6,483	3,103
Total equity and liabilities		138,908	158,774	123,258	108,235

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2018

	Note	Group 2018 $'000	Group 2017[1] $'000
Continuing operations			
Revenue	19	49,146	41,790
Cost of revenue		(37,486)	(31,612)
Gross profit		11,660	10,178
Other income		113	1,589
Distribution expenses		(3,645)	(2,825)
Administrative expenses		(10,789)	(6,130)
Other expenses		(2,138)	(1,908)
Results from operating activities	20	(4,799)	904
Finance income	21	430	70
Share of results of associates (net of tax)	6	118	207
Share of results of a joint venture (net of tax)	7	(80)	–
(Loss)/Profit before tax		(4,331)	1,181
Tax expense	22	(503)	(1,015)
(Loss)/Profit from continuing operations		(4,834)	166
Discontinued operations			
Profit from discontinued operations (net of tax)	23	13,903	8,327
Profit for the year		9,069	8,493
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences arising from:			
- liquidation of subsidiaries reclassified to profit or loss		21	(206)
- disposal of subsidiaries reclassified to profit or loss		9,164	–
- disposal of associates reclassified to profit or loss		(16)	41
- monetary items forming part of net investments in foreign operations		(98)	383
- translation of financial statements of foreign operations		(964)	690
Net change in fair value of available-for-sale financial assets		3,625	(18)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	1,578
Tax effect		–	–
Other comprehensive income for the year, net of tax		11,732	2,468
Total comprehensive income for the year		20,801	10,961

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Year ended 30 June 2018

	Note	Group 2018 $'000	Group 2017[1] $'000
(Loss)/Profit attributable to:			
Owners of the Company			
- Continuing operations, net of tax		(4,835)	174
- Discontinued operations, net of tax		13,903	8,327
		9,068	8,501
Non-controlling interests		1	(8)
Profit for the year		9,069	8,493
Total comprehensive income attributable to:			
Owners of the Company			
- Continuing operations, net of tax		(2,278)	2,273
- Discontinued operations, net of tax		23,088	8,660
		20,810	10,933
Non-controlling interests		(9)	28
Total comprehensive income for the year		20,801	10,961
Earnings per share	24		
- Basic (cents)		5.43	5.09
- Diluted (cents)		5.43	5.09
(Loss)/Earnings per share - continuing operations attributable to Owners of the Company	24		
- Basic (cents)		(2.89)	0.10
- Diluted (cents)		(2.89)	0.10

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2018

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 30 June 2018

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 30 June 2018

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2017	89,566	(11,648)	1,620	2,290	(9,313)	58,969	131,484	413	131,897
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	9,068	9,068	1	9,069
Other comprehensive income									
Exchange differences arising from:									
- liquidation of subsidiaries	–	–	–	–	21	–	21	–	21
- disposal of subsidiaries	–	–	–	–	9,164	–	9,164	–	9,164
- disposal of an associate	–	–	–	–	(16)	–	(16)	–	(16)
- monetary items forming part of net investments in foreign operations	–	–	–	–	(98)	–	(98)	–	(98)
- translation of financial statements of foreign operations	–	–	–	–	(954)	–	(954)	(10)	(964)
Net change in fair value of available-for-sale financial assets	–	–	3,625	–	–	–	3,625	–	3,625
Total other comprehensive income, net of tax	–	–	3,625	–	8,117	–	11,742	(10)	11,732
Total comprehensive income for the year	–	–	3,625	–	8,117	9,068	20,810	(9)	20,801

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
Year ended 30 June 2018

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 2.00 cents per share in respect of 2017	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Final special dividend of 4.50 cents per share in respect of 2017	–	–	–	–	–	(7,521)	(7,521)	–	(7,521)
Interim dividend of 2.00 cents per share in respect of 2018	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Interim special dividend of 8.00 cents per share in respect of 2018	–	–	–	–	–	(13,371)	(13,371)	–	(13,371)
Total contributions by and distributions to Owners	–	–	–	–	–	(27,576)	(27,576)	–	(27,576)
Total transactions with Owners	–	–	–	–	–	(27,576)	(27,576)	–	(27,576)
Balance as at 30 June 2018	89,566	(11,648)	5,245	2,290	(1,196)	40,461	124,718	404	125,122

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Profit for the year		9,069	8,493
Adjustments for:			
(Reversal of allowance)/Allowance for:			
- doubtful debts from trade and other receivables	9	(5)	(20)
- inventory obsolescence	11	225	325
Amortisation of intangible assets	4	372	1,092
Depreciation of property, plant and equipment	3	893	3,216
Dividend income from other financial assets		(44)	(70)
Fair value changes of financial assets		222	–
Gain on disposal of property, plant and equipment		(13)	(147)
Gain on disposal of subsidiaries	23	(14,164)	–
Loss/(Gain) on liquidation of subsidiaries		21	(206)
Gain on disposal of associates	20	(8)	(1,249)
Interest income		(436)	(105)
Interest expenses		24	67
Inventories written off		–	206
Impairment loss on a joint venture		64	–
Impairment loss on other financial assets		–	1,578
Property, plant and equipment written off		39	50
Share of results of associates and joint ventures (net of tax)		(38)	(207)
Tax expense		1,070	3,106
Operating (loss)/profit before working capital changes		(2,709)	16,129
Changes in:			
Inventories		(920)	856
Trade and other receivables		534	3,108
Trade and other payables		2,306	(1,065)
Cash (used in)/generated from operations		(789)	19,028
Interest received		401	105
Interest paid		(24)	(67)
Tax paid		(2,112)	(1,460)
Net cash (used in)/from operating activities		(2,524)	17,606

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from investing activities			
Dividend received from an associate	6	747	–
Dividends received from other financial assets		44	70
Investment in a joint venture	7	(10,000)	–
Net cash inflow on disposal of subsidiaries	23	62,571	–
Purchase of intangible assets	4	(115)	(625)
Purchase of property, plant and equipment [(1)]		(710)	(2,172)
Purchase of other financial assets		(2,557)	(7)
Proceeds from disposal of property, plant and equipment		110	147
Proceeds from disposal of associates		249	8,641
Net cash from investing activities		50,339	6,054
Cash flows from financing activities			
Dividends paid		(27,576)	(7,186)
Proceeds from bank loans		471	–
Repayment of bank loans		(851)	(2,682)
Repayment of finance lease creditors		(5)	(21)
Net cash used in financing activities		(27,961)	(9,889)
Net increase in cash and cash equivalents		19,854	13,771
Cash and cash equivalents at beginning of year		53,762	40,036
Effect of exchange rate fluctuations on cash held		(372)	(45)
Cash and cash equivalents at end of year	13	73,244	53,762

[(1)] The Group accrued reinstatement costs of $113,000 (2017: $127,000) under property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 September 2018.

1. DOMICILE AND ACTIVITIES

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

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

The financial statements as at and for the year ended 30 June 2018 comprised the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures. The Company's immediate and ultimate holding company is Bevrian Pte Ltd, a company incorporated in Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

Key sources of estimation uncertainty

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indications exist. The other non-financial assets, such as property, plant and equipment, intangible assets (excluding goodwill), subsidiaries, associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessments of goodwill are disclosed in note 4 and the carrying amounts of property, plant and equipment, intangible assets and goodwill, subsidiaries, associates and joint ventures are disclosed in notes 3 to 7.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in note 28.

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 July 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

From 1 July 2017, as a result of the amendments to FRS 7, the Group has provided an additional disclosure in note 16 in relation to the changes in liabilities arising from financial activities for the year ended 30 June 2018. Comparative information has not been presented.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Revised standards (cont'd)

Other than the amendments to FRS 7, the adoption of the other amendments did not have any impact on the current or prior period and is not likely to affect future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, and have been applied consistently by Group entities.

The comparative consolidated statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (note 23).

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Business combinations (cont'd)

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

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

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (cont'd)

Foreign currency transactions (cont'd)

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

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange translation reserve in equity.

2.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and when the Group has an obligation, 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/expenses in profit or loss.

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

The estimated useful lives are as follows:

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

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

2.5 Intangible assets

Computer software

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

Amortisation is calculated on a straight-line basis over its estimated useful life of 1 to 5 years, from the date on which they are available for use.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets (cont'd)

Research and development

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as an expense when it is incurred. Amortisation is calculated on a straight-line method over the estimated useful life of 20 years, from the date on which they are available for use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Technology licence and intellectual property

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

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

Goodwill

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is included within the carrying amounts of investments in associates and joint ventures.

Goodwill represents the excess of the fair value of the consideration transferred, the recognised amount of any non-controlling interests in the acquiree and the fair value of the pre-existing equity interest in the acquiree, if the business combination is achieved in stages, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset.

The Group classifies its non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

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

Loans and receivables comprise trade and other receivables (excluding prepayments and tax receivables), amounts due from related parties and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Loans and receivables (cont'd)

Cash and cash equivalents comprise cash balances and bank deposits. For the purposes of the cash flow statement, cash and cash equivalents exclude short-term deposits which are pledged to the bank as security and cannot be withdrawn on demand.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, and other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (note 2.3), are recognised directly in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in the fair value reserve is reclassified to profit or loss.

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

Non-derivative financial liabilities

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

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

The Group classifies its non-derivative financial liabilities into other financial liabilities, which comprise trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income), amounts due to related parties and interest-bearing borrowings. These are initially measured at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Offsetting of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantee contracts are accounted for as insurance contract and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares, warrants and share options are recognised as a deduction from equity, net of any tax effects.

2.7 Leases

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

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

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

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (cont'd)

Available-for-sale financial assets (cont'd)

of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro-rata* basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (cont'd)

Non-financial assets (cont'd)

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

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

2.9 Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

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

2.10 Government grants

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Employee benefits

Defined contribution plans

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

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitlement

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

Short-term benefits

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

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

2.12 Provisions

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

Warranties

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Provisions (cont'd)

Restoration cost

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

2.13 Revenue

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

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

Service income is recognised over the period in which the services are rendered.

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

Commission income and management fees are recognised on an accrual basis. Dividend income is recognised in profit or loss when the right to receive payment is established.

2.14 Key management personnel

Key management personnel of the Company and the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and the Group respectively. These include the directors, chief executive officer ("CEO"), chief financial officer, presidents, vice presidents and officers who hold equivalent positions at the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Finance income and expenses

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

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

2.16 Tax expense

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

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that takes into account uncertainty related to income taxes if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Tax expense (cont'd)

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.17 Discontinued operations

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

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

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

2.18 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Segment reporting

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

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

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

2.20 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, share options and awards granted to directors and employees.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Group										
Cost										
At 1 July 2016	1,986	2,205	3,857	559	1,235	3,825	361	32,764	69	46,861
Additions	–	18	200	51	71	255	29	341	1,334	2,299
Disposals	–	–	(13)	–	(3)	(487)	–	(1,869)	–	(2,372)
Write-off	–	–	(952)	(23)	(95)	(391)	(30)	(945)	–	(2,436)
Reclassification	(19)	–	19	–	(3)	9	–	513	(519)	–
Translation difference on consolidation	(166)	59	72	(2)	(33)	118	3	985	5	1,041
At 30 June 2017	1,801	2,282	3,183	585	1,172	3,329	363	31,789	889	45,393
Additions	–	–	162	9	12	167	–	466	7	823
Disposals	–	–	(412)	(54)	(80)	(259)	–	(317)	–	(1,122)
Disposal of subsidiaries	(1,741)	(2,250)	(2,404)	(383)	(963)	(2,896)	(213)	(28,497)	(486)	(39,833)
Write-off	–	–	(104)	(7)	(6)	(43)	–	(2,620)	–	(2,780)
Reclassification	–	–	20	–	–	–	–	388	(408)	–
Translation difference on consolidation	(60)	(32)	(27)	(5)	(22)	(34)	(3)	(418)	(2)	(603)
At 30 June 2018	–	–	418	145	113	264	147	791	–	1,878
Accumulated depreciation and impairment losses										
At 1 July 2016	218	524	2,231	482	802	3,382	176	27,206	–	35,021
Depreciation for the year	71	75	850	48	155	300	40	1,677	–	3,216
Disposals	–	–	(13)	–	(3)	(487)	–	(1,869)	–	(2,372)
Write-off	–	–	(946)	(23)	(91)	(383)	(30)	(913)	–	(2,386)
Reclassification	(3)	–	3	–	(3)	9	–	(6)	–	–
Translation difference on consolidation	(16)	14	56	–	(14)	96	2	792	–	930
At 30 June 2017	270	613	2,181	507	846	2,917	188	26,887	–	34,409

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Group										
Accumulated depreciation and impairment losses										
At 1 July 2017	270	613	2,181	507	846	2,917	188	26,887	–	34,409
Depreciation for the year	21	32	192	9	60	112	24	443	–	893
Disposals	–	–	(328)	(54)	(78)	(258)	–	(307)	–	(1,025)
Disposal of subsidiaries	(218)	(636)	(1,590)	(313)	(723)	(2,546)	(144)	(23,733)	–	(29,903)
Write-off	–	–	(104)	(7)	(6)	(40)	–	(2,584)	–	(2,741)
Translation difference on consolidation	(73)	(9)	(49)	(5)	(15)	(32)	(2)	(362)	–	(547)
At 30 June 2018	–	–	302	137	84	153	66	344	–	1,086
Carrying amounts										
At 1 July 2016	1,768	1,681	1,626	77	433	443	185	5,558	69	11,840
At 30 June 2017	1,531	1,669	1,002	78	326	412	175	4,902	889	10,984
At 30 June 2018	–	–	116	8	29	111	81	447	–	792

Plant and machinery with carrying amounts of $Nil (2017: $486,000) had been pledged to banks as securities for certain bank loans (note 16).

The carrying amount of property, plant and equipment for the Group includes amounts of $Nil (2017: $57,000) in respect of assets acquired under finance leases (note 16).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 July 2016	9	5	12	26
Additions	1	–	2	3
Write-off	–	–	(1)	(1)
At 30 June 2017	10	5	13	28
Additions	–	–	16	16
Disposals	–	(2)	(1)	(3)
Write-off	–	–	(3)	(3)
At 30 June 2018	10	3	25	38
Accumulated depreciation				
At 1 July 2016	9	5	8	22
Depreciation for the year	*	*	2	2
Write-off	–	–	(1)	(1)
At 30 June 2017	9	5	9	23
Depreciation for the year	*	*	3	3
Disposals	–	(2)	(1)	(3)
Write-off	–	–	(2)	(2)
At 30 June 2018	9	3	9	21
Carrying amounts				
At 1 July 2016	–	–	4	4
At 30 June 2017	1	–	4	5
At 30 June 2018	1	–	16	17

* Amount less than $1,000.

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

	Group 2018 $'000	Group 2017 $'000
Cost of revenue	668	2,340
Distribution expenses	52	190
Administrative expenses	146	483
Research and development expenses	27	203
	893	3,216

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

4. INTANGIBLE ASSETS AND GOODWILL

	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Group						
Cost						
At 1 July 2016	842	2,106	10,447	6,738	27,371	47,504
Additions – acquired	338	–	–	–	–	338
Additions – internally developed	–	–	–	287	–	287
Write-off	(7)	–	–	–	–	(7)
Translation difference on consolidation	(1)	55	279	178	313	824
At 30 June 2017	1,172	2,161	10,726	7,203	27,684	48,946
Additions – acquired	18	–	–	–	–	18
Additions – internally developed	–	–	–	97	–	97
Disposal of subsidiaries	(891)	(2,131)	(10,571)	(7,197)	(12,119)	(32,909)
Translation difference on consolidation	(15)	(30)	(155)	(103)	(172)	(475)
At 30 June 2018	284	–	–	–	15,393	15,677
Accumulated amortisation						
At 1 July 2016	695	1,119	3,586	891	–	6,291
Amortisation for the year	93	112	751	136	–	1,092
Write-off	(7)	–	–	–	–	(7)
Translation difference on consolidation	–	29	93	23	–	145
At 30 June 2017	781	1,260	4,430	1,050	–	7,521
Amortisation for the year	46	36	180	110	–	372
Disposal of subsidiaries	(556)	(1,278)	(4,546)	(1,145)	–	(7,525)
Translation difference on consolidation	(9)	(18)	(64)	(15)	–	(106)
At 30 June 2018	262	–	–	–	–	262
Carrying amounts						
At 1 July 2016	147	987	6,861	5,847	27,371	41,213
At 30 June 2017	391	901	6,296	6,153	27,684	41,425
At 30 June 2018	22	–	–	–	15,393	15,415

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

4. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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

	Group	
	2018	**2017**
	$'000	**$'000**
Cost of revenue	346	1,055
Distribution expenses	2	1
Administrative expenses	6	14
Research and development expenses	18	22
	372	1,092

Annual impairment tests for cash-generating units containing goodwill

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

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

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

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

Key assumptions used for value-in-use calculations

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

	Revenue growth rate %	**Gross profit growth rate %**	**Discount rate %**
Group			
2018			
Distribution and Services Solutions	5.2	3.3	14.0
2017			
Distribution and Services Solutions	5.8	5.1	12.2

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

4. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

The weighted average revenue growth rates used are based on the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the CGU. No growth has been projected on the cash flows beyond the five-year period covered by the financial budget and projection. The values assigned to the key assumptions represent management's assessment of future trends in the industries that the CGU operate in.

For the DSS CGU, if the revenue growth rate decreased by 2.2% (2017: 2.5%) or gross profit growth rate decreased by 2.0% (2017: 1.7%), the estimated recoverable amount would be equal to the carrying amount.

5. SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Equity investments at cost	77,271	119,963
Quasi-equity loans to subsidiaries	10,000	5,682
Less: Impairment losses	(45,896)	(45,896)
	41,375	79,749

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

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
(1) Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

5. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
(1) EIR Investments Pte. Ltd.	Investment holding	Singapore	100	–
(6) SV Probe Pte. Ltd. and its subsidiaries:	Provision of probe card designing, manufacturing, repair and distribution and engineering solutions to the semiconductor industry through its applications engineering team, and provides repair and maintenance support	Singapore	–	100
(6) SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	–	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
(6) SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards	USA	–	100
(6) SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	–	100
(6) Hokko Electronics Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Japan	–	100
(6) SV TCL Kabushiki Kaisha	Design, manufacturing, sales and after sales support of probe cards	Japan	–	100
(5) SV Technology Inc.	Develop probe card technology and provision of related services	Republic of Mauritius	100	100
(7) Tokyo Cathode Laboratory (Singapore) Pte. Ltd.	Inactive	Singapore	100	100
(8) TCL Yamaichi Taiwan Inc.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

5. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
(1) iNETest Resources Pte. Ltd. and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
(3) Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(3) Ellipsiz iNETest (Shanghai) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(2) Ellipsiz iNETest Co., Ltd.	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
(4) iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	100	100
(5) Ellipsiz Taiwan Inc. and its subsidiary:	Inactive	Taiwan	78	78
(5) CrystalTech Scientific Inc.	Inactive	British Virgin Islands	78	78

(1) Audited by KPMG LLP, Singapore.

(2) Audited by other member firms of KPMG International.

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

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

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

(6) Subsidiaries disposed of during the year.

(7) Not required to be audited for the current year as this subsidiary underwent voluntary liquidation, and was dissolved on 31 July 2018.

(8) Not required to be audited for the current year as this subsidiary is currently undergoing voluntary liquidation.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

6. ASSOCIATE

	Group 2018 $'000	Group 2017 $'000
Interest in an associate	–	271
Share of post-acquisition reserves	–	598
Exchange translation reserve	–	(7)
	–	591
	–	862

Details of the associate are as follows:

Name of associate	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
[1][2] Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	–	49

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

[2] Held through iNETest Resources Pte. Ltd.

Subsequent to the disposal of Advantech Corporation (Thailand) Co., Ltd. (which was completed on 3 May 2018), the Group has no investment in associates as at 30 June 2018.

Summarised financial information of the associates representing the Group's share, is as follows:

	Group 2018 $'000	Group 2017 $'000
Profit for the year	118	207
Other comprehensive income	–	–
Total comprehensive income	118	207

During the year, the Group received dividend of $747,000 (2017: $Nil) from its investment in an associate.

At the reporting date, the associate has no capital commitments (2017: $Nil) and contingent liabilities (2017: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

7. JOINT VENTURES

	Group 2018 $'000	Group 2017 $'000
Interests in joint ventures	10,261	669
Share of post-acquisition reserves	(271)	(640)
Exchange translation reserve	(70)	42
	(341)	(598)
	9,920	71

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
(1) Suzhou Silicon Information Technologies Co., Ltd	Development, production, sale and distribution of digital internet set-top boxes and other similar electrical communication devices, including provision of relevant technical and after sale services	China	50	50
(2)(3) iNETest-NewTek Co., Ltd	Sales and servicing of electronic manufacturing, test and inspection equipment, test and measurement equipment, semiconductor and related equipment, and application engineering services and system integration services	Vietnam	46	46
(4) Kalms Investment Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	50	–
(5) Kalms (Singapore) Pte. Ltd.	Provider and operator of retail solutions through intelligent automated retail machines	Singapore	45	–
(6) Innovend Pte. Ltd.	Distribution of intelligent automated retail machines	Singapore	45	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

7. JOINT VENTURES (CONT'D)

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

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

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

(4) Held through EIR Investments Pte. Ltd. and audited by other accounting firm and has financial year ending 30 June.

(5) Held through Kalms Investment Pte. Ltd. and audited by other accounting firm and has financial year ending 30 June.

(6) Held through subsidiary of Kalms Investment Pte. Ltd., Kalms (Singapore) Pte. Ltd., and audited by other accounting firm and has financial year ending 30 June.

The Company's wholly-owned subsidiary, EIR Investments Pte. Ltd. ("EIR"), had on 25 May 2018, entered into a subscription agreement to subscribe for 15,000,000 ordinary shares (the "Subscription") of Kalms Investment Pte. Ltd. ("KIPL") for total consideration of $10,000,000. The Subscription was completed on 19 June 2018. Upon completion of the Subscription, EIR holds 50% of the enlarged share capital of KIPL and consequently, the Company, through EIR, holds KIPL as a joint venture. A provisional amount of $5,338,000 of goodwill arising from this acquisition has been recognised as at 30 June 2018.

The following table summarises the financial information of the Group's material joint venture based on its financial statements prepared in accordance with FRS, for the period from 20 June 2018 to 30 June 2018, and modified for fair value adjustments on acquisition. The table also includes summarised financial information of the Group's interest in the remaining individually immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

7. JOINT VENTURES (CONT'D)

	Kalms $'000	Immaterial joint ventures $'000	Total $'000
2018			
Carrying amount in net assets of investees at beginning of the year	–	71	71
Group's share of:			
- Loss for the year/Total comprehensive income	(80)	–	(80)
Impairment loss	–	(64)	(64)
Acquisition during the year	4,662	–	4,662
Goodwill	5,338	–	5,338
Translation difference	–	(7)	(7)
Carrying amount of interests in investees at the end of the year	9,920	–	9,920
2017			
Carrying amount of interests in immaterial joint ventures		71	71
Group's share of:			
- Profit for the year/Total comprehensive income		–	–

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

At the reporting date, the Group's share of total commitments and contingent liabilities in the joint ventures amounted to $1,114,000 (2017: $Nil) and $Nil (2017: $Nil) respectively.

8. FINANCIAL ASSETS

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current assets				
Available-for-sale financial assets:				
- Unquoted investment fund	4	223	–	–
- Quoted equity securities	8,577	4,956	8,577	4,952
	8,581	5,179	8,577	4,952
Current assets				
Financial assets at fair value through profit or loss:				
- Quoted equity securities	2,335	–	2,335	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

9. TRADE AND OTHER RECEIVABLES

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

Balance as at 30 June 2018 includes 15% of the initial consideration, in relation to the disposal of SV Probe Pte. Ltd. and certain of its subsidiaries detailed in note 23, that is held in an escrow account.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The ageing of trade and other receivables (excluding tax receivables and prepayments) at the reporting date was:

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

Excludes tax receivables and prepayments.

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

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
At 1 July	1,503	1,503	–	–
Reversal of impairment	(5)	(20)	–	–
Allowance utilised	(1,426)	–	–	–
Translation difference on consolidation	(4)	20	–	–
At 30 June	68	1,503	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses (cont'd)

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

10. DEFERRED TAX ASSETS AND LIABILITIES

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

	At 1 July $'000	Recognised in profit or loss from discontinued operations $'000	Recognised in profit or loss[1] (note 22) $'000	Translation difference $'000	Disposal of subsidiaries (note 23) $'000	At 30 June $'000
Group						
2018						
Deferred tax assets						
Property, plant and equipment	231	(13)	67	(3)	(215)	67
Inventories	568	(6)	–	(10)	(526)	26
Trade and other payables	775	(166)	17	(14)	(574)	38
Tax losses and tax credits carried forward	3,992	851	(538)	(48)	(4,115)	142
Other items	147	(14)	18	(2)	(122)	27
	5,713	652	(436)	(77)	(5,552)	300
Deferred tax liabilities						
Property, plant and equipment	(327)	–	–	5	319	(3)
Intangible assets	(1,733)	(679)	–	25	2,387	–
Investments in associates	(70)	–	70	–	–	–
Other items	(874)	75	9	12	778	–
	(3,004)	(604)	79	42	3,484	(3)

[1] The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

10. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 July $'000	Recognised in profit or loss from discontinued operations $'000	Recognised in profit or loss[(1)] (note 22) $'000	Translation difference $'000	Disposal of subsidiaries (note 23) $'000	At 30 June $'000
Group						
2017						
Deferred tax assets						
Property, plant and equipment	14	215	–	2	–	231
Inventories	180	376	2	10	–	568
Trade and other payables	433	359	(27)	10	–	775
Tax losses and tax credits carried forward	4,453	(332)	(196)	67	–	3,992
Other items	367	(140)	(74)	(6)	–	147
	5,447	478	(295)	83	–	5,713
Deferred tax liabilities						
Property, plant and equipment	(212)	(107)	–	(8)	–	(327)
Intangible assets	(1,857)	146	–	(22)	–	(1,733)
Investments in associates	(577)	–	428	79	–	(70)
Other items	(8)	(877)	6	5	–	(874)
	(2,654)	(838)	434	54	–	(3,004)

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

	At 1 July 2016 $'000	Recognised in profit or loss $'000	At 30 June 2017 $'000	Recognised in profit or loss $'000	At 30 June 2018 $'000
Company					
Deferred tax assets					
Other items	19	(19)	–	–	–
Tax losses carried forward	66	(66)	–	–	–
	85	(85)	–	–	–
Deferred tax liability					
Property, plant and equipment	(1)	1	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

10. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	297	3,612	–	–
Deferred tax liabilities	–	(903)	–	–
	297	2,709	–	–

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

Unrecognised temporary differences

The following temporary differences have not been recognised:

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

Unutilised tax losses and tax credits of the Group amounting to $288,000 (2017: $2,872,000) will expire in 2021 (2017: 2018 to 2037). The remaining unutilised tax losses and tax credits and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

11. INVENTORIES

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

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

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

12. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Amounts due from:				
Subsidiaries				
- Trade	–	–	–	197
- Non-trade	–	–	6	54
	–	–	6	251
Amounts due to:				
Subsidiaries (non-trade)	–	–	(1,219)	(546)
Joint ventures (trade)	(73)	(74)	–	–
	(73)	(74)	(1,219)	(546)
Loans due to subsidiaries	–	–	(3,546)	–
	(73)	(74)	(4,765)	(546)

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

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

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

	Gross 2018 $'000	Impairment losses 2018 $'000	Gross 2017 $'000	Impairment losses 2017 $'000
Company				
Not past due	6	–	133	–
Past due 1 - 30 days	–	–	118	–
	6	–	251	–

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

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at banks and in hand	24,479	44,757	10,124	15,976
Short-term deposits	48,765	9,005	46,503	7,115
Cash and cash equivalents in the consolidated statement of cash flows	73,244	53,762	56,627	23,091

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company were 1.47% (2017: 0.86%) and 1.46% (2017: 0.76%) respectively. Interest rates are repriced weekly, monthly or yearly.

14. SHARE CAPITAL

	Company	
	2018 No. of shares '000	2017 No. of shares '000
Fully paid ordinary shares, with no par value:		
At 1 July and 30 June	167,128	167,128

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

14. SHARE CAPITAL (CONT'D)

Capital management

Capital consists of total equity of the Group.

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

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

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

15. RESERVES

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	(11,648)	(11,648)	–	–
Fair value reserve	5,245	1,620	5,245	1,620
Share-based compensation reserve	2,290	2,290	2,290	2,290
Translation reserve	(1,196)	(9,313)	–	–
	(5,309)	(17,051)	7,535	3,910

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

16. INTEREST-BEARING BORROWINGS

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

Maturity of liabilities (excluding finance lease liabilities)

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

The bank loans were secured over the following assets:

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

Finance lease liabilities

Finance lease liabilities were payable as follows:

	2018 Principal $'000	2018 Interest $'000	2018 Total $'000	2017 Principal $'000	2017 Interest $'000	2017 Total $'000
Group						
Within one year	–	–	–	16	3	19
Between one to five years	–	–	–	41	2	43
	–	–	–	57	5	62

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

16. INTEREST-BEARING BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

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

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

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	After 5 years $'000
Group					
2018					
Non-derivative financial liabilities					
Trade and other payables^	12,484	(12,484)	(12,484)	–	–
Amounts due to related parties	73	(73)	(73)	–	–
	12,557	(12,557)	(12,557)	–	–

^ Excludes liability for short-term accumulating compensated absences and deferred income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

16. INTEREST-BEARING BORROWINGS (CONT'D)

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	After 5 years $'000
Group					
2017					
Non-derivative financial liabilities					
Fixed interest rate loans	239	(244)	(78)	(166)	–
Variable interest rate loans	855	(870)	(870)	–	–
Finance lease liabilities	57	(62)	(19)	(43)	–
Trade and other payables^	20,182	(20,182)	(20,182)	–	–
Amounts due to related parties	74	(74)	(74)	–	–
	21,407	(21,432)	(21,223)	(209)	–

		Cash flows	
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000
Company			
2018			
Non-derivative financial liabilities			
Trade and other payables^	1,645	(1,645)	(1,645)
Amounts due to related parties	4,765	(4,765)	(4,765)
Recognised financial liabilities	6,410	(6,410)	(6,410)
Intra-group financial guarantees	–	(6,007)	(6,007)
	6,410	(12,417)	(12,417)
2017			
Non-derivative financial liabilities			
Trade and other payables^	1,323	(1,323)	(1,323)
Amounts due to related parties	546	(546)	(546)
Recognised financial liabilities	1,869	(1,869)	(1,869)
Intra-group financial guarantees	–	(17,022)	(17,022)
	1,869	(18,891)	(18,891)

^ Excludes liability for short-term accumulating compensated absences and deferred income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

16. INTEREST-BEARING BORROWINGS (CONT'D)

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

	Interest-bearing borrowings $'000	Finance lease liabilities $'000	Total $'000
Balance at 1 July 2017	1,094	57	1,151
Cash flows			
Proceeds from borrowings	471	–	471
Repayment of borrowings	(851)	–	(851)
Repayment of finance lease creditors	–	(5)	(5)
Disposal of subsidiaries (note 23)	(703)	(50)	(753)
Non-cash items			
Foreign exchange movement	(11)	(2)	(13)
	(1,094)	(57)	(1,151)
Balance at 30 June 2018	–	–	–

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade payables	4,994	8,093	–	–
Accrued expenses	4,521	9,228	1,589	1,242
Other payables	2,969	2,861	56	81
Liability for short-term accumulating compensated absences	324	1,533	73	136
Deferred income	375	202	–	–
	13,183	21,917	1,718	1,459

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

18. PROVISIONS

	Warranties $'000	Restoration costs $'000	Total $'000
Group			
At 1 July 2017	116	385	501
Provisions made	231	113	344
Provisions reversed	(127)	–	(127)
Provisions utilised	(20)	–	(20)
Disposal of subsidiaries (note 23)	–	(382)	(382)
Translation difference	(3)	(3)	(6)
At 30 June 2018	197	113	310

	Group	
	2018 $'000	2017 $'000
Represented by:		
Current	197	257
Non-current	113	244
	310	501

Warranties

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

Restoration costs

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

19. REVENUE

	Continuing operations		Discontinued operations (note 23)	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Group				
Sale of goods	37,785	30,763	23,812	74,876
Service income	6,982	7,037	–	–
Commission income	4,379	3,990	–	–
	49,146	41,790	23,812	74,876

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

20. RESULTS FROM OPERATING ACTIVITIES

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

	Note	Group 2018 $'000	Group 2017[1] $'000
Other income			
Dividend income from other financial assets		44	70
Gain on disposal of property, plant and equipment		17	132
Gain on disposal of associates		8	1,249
Sundry income		44	138
		113	1,589
Staff costs			
Salaries, bonuses and other staff costs		10,444	9,734
Contributions to defined contribution plans		1,035	884
Increase in liability for short-term accumulating compensated absences		111	28
Ex-gratia benefits		4,070	–
		15,660	10,646
Other expenses			
Audit fees paid/payable to:			
- auditors of the Company		185	168
- other auditors		20	13
Non-audit fees paid/payable to:			
- auditors of the Company		25	25
- other auditors		32	10
(Reversal of allowance)/Allowance for:			
- doubtful debts from trade receivables	9	(5)	(20)
- inventory obsolescence		93	14
Amortisation of intangible assets		4	5
Depreciation of property, plant and equipment		205	285
Inventories written off		–	9
Impairment loss on a joint venture		64	–
Impairment loss on other financial assets		–	1,578
Fair value changes of financial assets		222	–
Loss on liquidation of a subsidiary		–	248
Property, plant and equipment written off		39	21
Exchange loss, net		1,922	82
Operating lease expenses		744	964

[1] The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

20. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

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

	Group	
	2018	**2017[(1)]**
	$'000	**$'000**
Directors' remuneration		
Directors' fees:		
- directors of the Company	248	230
Staff costs:		
- directors of the Company	5,469	2,391
- other directors	954	863
	6,671	3,484

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

	2018	**2017**
	Number	**Number**
Company*		
$3,500,000 to $3,749,999	1	–
$1,000,000 to $1,249,999	–	1
$750,000 to $999,999	1	–
$500,000 to $749,999	1	2
Below $250,000	6	4
	9	7

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

21. FINANCE INCOME

	Group	
	2018	**2017[(1)]**
	$'000	**$'000**
Finance income		
Interest income from:		
- financial institutions	404	70
- third parties	26	–
	430	70

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

22. TAX EXPENSE

	Group	
	2018	2017[1]
	$'000	$'000
Current tax expense		
Current year	187	754
Withholding tax	80	6
Over provision in prior years	(121)	(236)
Capital gain tax	–	630
	146	1,154
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	357	13
Under provision in prior years	–	13
Recognition of previously unrecognised deferred tax assets	–	(165)
	357	(139)
Tax expense on continuing operations	503	1,015

Tax expense on continuing operations excluded tax expense on discontinued operations of $567,000 (2017: $2,091,000), which had been included in profit from discontinued operations (note 23), net of tax, in the consolidated statement of comprehensive income.

	Group	
	2018	2017[1]
	$'000	$'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax from continuing operations	(4,331)	1,181
Income tax at 17% (2017: 17%)	(736)	201
Effect of different tax rates in foreign jurisdictions	2	33
Tax exempt income	(177)	(306)
Non-deductible expenses	397	533
Withholding tax	80	6
Deferred tax assets not recognised	1,103	325
Recognition of previously unrecognised deferred tax assets	–	(165)
Utilisation of previously unrecognised deferred tax assets	(45)	(19)
Over provision in prior years	(121)	(223)
Capital gain tax	–	630
	503	1,015

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

23. DISCONTINUED OPERATIONS

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

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

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

Effect of disposal on the financial position of the Group

	Group 2018 $'000
Property, plant and equipment	9,930
Intangible assets	13,265
Other investment	221
Deferred tax assets	2,542
Inventories	5,699
Trade and other receivables	22,808
Cash and cash equivalents	14,104
Trade and other payables	(10,699)
Provisions	(382)
Interest-bearing borrowings	(753)
Current tax payable	(795)
Deferred tax liabilities	(474)
Goodwill on consolidation disposed	12,119
Net carrying amount of assets disposed	67,585
Translation reserve reclassified to profit or loss	9,164
Gain on disposal	14,164
Net consideration(1)	90,913
Less:	
Consideration held in an escrow account(2)	(14,238)
Consideration received, satisfied in cash	76,675
Cash and cash equivalents disposed of	(14,104)
Net cash inflow	62,571

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

23. DISCONTINUED OPERATIONS (CONT'D)

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

(1) Net consideration comprised:

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

(2) 85% of the initial consideration was paid to the Company in cash and the remaining 15% of the initial consideration is being held in an escrow account. 5% and 10% of the initial consideration will be released to the Company 12 months and 24 months from the Completion respectively.

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

For the current year, the results of the Disposal Group and the gain from sale of Disposal Group, net of related expenses, have been presented as discontinued operations in the consolidated statement of comprehensive income. The comparative consolidated statement of comprehensive income has been re-presented below to show the discontinued operations separately from continuing operations.

	Group	
	2018 $'000	2017 $'000
Revenue	23,812	74,876
Cost of revenue	(13,495)	(43,004)
	10,317	31,872
Expenses	(6,987)	(21,422)
Results from operations from discontinued operations	3,330	10,450
Net finance expense	(18)	(32)
Operating profit before tax from discontinued operations	3,312	10,418
Tax expense	(567)	(2,091)
Operating profit from discontinued operations, net of tax	2,745	8,327
Gain on sale of Disposal Group	14,164	–
Expenses attributable to sale of Disposal Group	(3,006)	–
	11,158	–
Profit from discontinued operations, net of tax	13,903	8,327
Basic earnings per share (cents)	8.32	4.98
Diluted earnings per share (cents)	8.32	4.98

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

23. DISCONTINUED OPERATIONS (CONT'D)

As the Completion took place on 31 October 2017, the operating profit from the Disposal Group for the current year was for four months, from 1 July 2017 to 31 October 2017. For the year ended 30 June 2018, the profit from discontinued operations of $13,903,000 (2017: $8,327,000) was attributable entirely to the Owners of the Company.

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

Cash flow statement disclosures

	Group	
	2018	**2017**
	$'000	**$'000**
Cash flows from/(used in) discontinued operations		
Net cash from operating activities	3,798	16,188
Net cash used in investing activities	(447)	(2,470)
Net cash used in financing activities	(403)	(8,374)
	2,948	5,344

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

24. EARNINGS PER SHARE

	Group			
	2018		**2017**	
	Continuing operations	**Discontinued operations (note 23)**	**Continuing operations**	**Discontinued operations (note 23)**
	$'000	**$'000**	**$'000**	**$'000**
Basic earnings per share is based on:				
(Loss)/Profit for the year attributable to Owners of the Company	(4,835)	13,903	174	8,327

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

24. EARNINGS PER SHARE (CONT'D)

	Group 2018 No. of shares '000	Group 2017 No. of shares '000
Weighted average number of:		
- shares outstanding during the year	167,128	167,128

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

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group 2018 $'000	Group 2017 $'000
Sale to a former affiliate	9	–
Services rendered by a former affiliate	(21)	–
Rental expenses paid to a former director	(73)	(124)
Consultancy fee paid to a director	(35)	–

Key management personnel compensation

Key management personnel compensation comprised:

	Group 2018 $'000	Group 2017[1] $'000
Directors' fees	248	230
Short-term employee benefits	2,559	3,268
Post-employment benefits	163	88
Ex-gratia benefits	4,070	–
	7,040	3,586

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23). The information presented only pertained to the continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

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26. COMMITMENTS

Lease commitments

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

	Group	
	2018	**2017**
	$'000	**$'000**
Within one year	546	1,711
Between one and five years	760	4,166
More than five years	–	30
	1,306	5,907

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

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $6,007,000 (2017: $17,022,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised $Nil (2017: $807,000).

Capital commitments

At the reporting date, the Group had capital commitments of $Nil (2017: $45,000) to purchase plant and equipment.

27. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk

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

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

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

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

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

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

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

Cash and short-term deposits are placed with financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At the reporting date, the Group has unutilised credit facilities of $6,007,000 (2017: $18,311,000).

Market risk

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

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

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

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

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

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

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade and other receivables				
- US dollar	20,890	10,530	14,259	–
- Singapore dollar	–	54	–	–
	20,890	10,584	14,259	–
Amounts due from related parties				
- US dollar	3,851	7,020	–	5,757
- Thai baht	209	274	–	–
	4,060	7,294	–	5,757
Cash and cash equivalents				
- US dollar	8,454	21,237	4,367	12,109
- Singapore dollar	–	253	–	–
	8,454	21,490	4,367	12,109
Trade and other payables				
- US dollar	(3,943)	(3,006)	–	–
- Singapore dollar	(139)	(402)	–	–
- Vietnamese dong	–	(918)	–	–
	(4,082)	(4,326)	–	–
Amounts due to related parties				
- US dollar	(6,023)	(18,966)	(4,765)	(546)
- Singapore dollar	(393)	(812)	–	–
- Chinese renminbi	(2,089)	(1,454)	–	–
- Thai baht	(117)	(117)	–	–
	(8,622)	(21,349)	(4,765)	(546)
Net exposure	20,700	13,693	13,861	17,320

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A 1% (2017: 1%) strengthening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would increase profit for the year attributable to Owners of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Profit for the year attributable to Owners of the Company	170	115	115	144

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

Equity price risk

The Group is exposed to investment risks from the available-for-sale financial assets held and financial assets at fair value through profit or loss. The market values of these investments are subject to fluctuations due to volatility of the equity markets.

The primary goal of the Group's investment strategy is to maximise returns on capital to shareholders. The Group mitigates this risk through stringent selection of investment opportunities and proper structuring of the investment transactions. Changes in the share prices of the listed investments are also monitored for divestment decision-making as well as provision for any potential impairment loss.

Sensitivity analysis

A 10% (2017: 10%) increase in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase equity of the Group and the Company by $858,000 (2017: $496,000). A 10% (2017: 10%) decrease in the underlying prices of quoted equity securities available-for-sale would have an equal but opposite effect on the equity of the Group and Company. This analysis assumes that all other variables remain constant.

A 10% (2017: Nil) increase in the underlying prices of quoted equity securities at fair value through profit or loss at the reporting date would increase profit before tax of the Group and Company by $233,000 (2017: $Nil). A 10% (2017: Nil) decrease in the underlying prices of quoted equity securities at fair value through profit or loss would have an equal but opposite effect on the profit before tax of the Group and Company. This analysis assumes that all other variables remain constant.

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in measuring fair values is disclosed in the specific notes to that asset or liability.

(1) Available-for-sale financial assets and financial assets at fair value through profit or loss

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

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

The fair value of fixed rate loans is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying amounts of the loans approximate their fair values.

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

The fair value of non-current financial assets is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The impact of discounting is not material.

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

(3) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, amount due to/(from) related parties, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or that they are repriced frequently.

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2018				
Financial assets				
Unquoted investment fund				
- available-for-sale	–	4	–	4
Quoted equity securities				
- available-for-sale	8,577	–	–	8,577
- fair value through profit or loss	2,335	–	–	2,335
	10,912	4	–	10,916
2017				
Financial assets				
Unquoted investment fund				
- available-for-sale	–	223	–	223
Quoted equity securities				
- available-for-sale	4,956	–	–	4,956
	4,956	223	–	5,179
Company				
2018				
Financial assets				
Quoted equity securities				
- available-for-sale	8,577	–	–	8,577
- fair value through profit or loss	2,335	–	–	2,335
	10,912	–	–	10,912
2017				
Financial assets				
Quoted equity securities				
- available-for-sale	4,952	–	–	4,952

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group						
2018						
Assets						
Financial assets	8	8,581	2,335	–	–	10,916
Trade and other receivables##	9	–	–	25,234	–	25,234
Cash and cash equivalents	13	–	–	73,244	–	73,244
		8,581	2,335	98,478	–	109,394
Liabilities						
Amounts due to related parties	12	–	–	–	(73)	(73)
Trade and other payables^	17	–	–	–	(12,484)	(12,484)
		–	–	–	(12,557)	(12,557)
2017						
Assets						
Financial assets	8	5,179	–	–	–	5,179
Trade and other receivables##	9	–	–	33,698	–	33,698
Cash and cash equivalents	13	–	–	53,762	–	53,762
		5,179	–	87,460	–	92,639
Liabilities						
Amounts due to related parties	12	–	–	–	(74)	(74)
Interest-bearing borrowings	16	–	–	–	(1,151)	(1,151)
Trade and other payables^	17	–	–	–	(20,182)	(20,182)
		–	–	–	(21,407)	(21,407)

Excludes tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences and deferred income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company						
2018						
Assets						
Financial assets	8	8,577	2,335	–	–	10,912
Trade and other receivables##	9	–	–	14,294	–	14,294
Amounts due from related parties	12	–	–	6	–	6
Cash and cash equivalents	13	–	–	56,627	–	56,627
		8,577	2,335	70,927	–	81,839
Liabilities						
Amounts due to related parties	12	–	–	–	(4,765)	(4,765)
Trade and other payables^	17	–	–	–	(1,645)	(1,645)
		–	–	–	(6,410)	(6,410)
2017						
Assets						
Financial assets	8	4,952	–	–	–	4,952
Trade and other receivables##	9	–	–	172	–	172
Amounts due from related parties	12	–	–	251	–	251
Cash and cash equivalents	13	–	–	23,091	–	23,091
		4,952	–	23,514	–	28,466

Excludes tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences and deferred income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company						
2017						
Liabilities						
Amounts due to related parties	12	–	–	–	(546)	(546)
Trade and other payables^	17	–	–	–	(1,323)	(1,323)
		–	–	–	(1,869)	(1,869)

^ Excludes liability for short-term accumulating compensated absences and deferred income.

29. OPERATING SEGMENTS

Previously, the Group had two reportable segments, as described below, which were the Group's strategic business units. During the year, the Group disposed one of its reportable segments, Probe Card Solutions, and this segment is presented as discontinued operations (note 23).

The strategic business units offered different products and services, and were managed separately because they required different technologies and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviewed internal management reports on at least a quarterly basis, up to the date of disposal of the strategic business unit. The following summary describes the operations in each of the Group's reportable segments:

Distribution and Services Solutions : Distribution of equipment and tools for semiconductor and electronics manufacturing, integrated circuit ("IC") failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; provision of facilities management services including chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; and trading of consumable products.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Probe Card Solutions : Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry; this segment was disposed in October 2017 (note 23).

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

Information about reportable segments

	Distribution and Services Solutions		**Probe Card Solutions (Discontinued operations)**		**Eliminations****		**Consolidated**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017[1]**	**2018**	**2017[1]**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
Revenue and expenses								
Total revenue from external customers	49,146	41,790	23,812	74,876	(23,812)	(74,876)	49,146	41,790
Inter-segment revenue	343	1,085	–	–	(343)	(1,085)	–	–
	49,489	42,875	23,812	74,876			49,146	41,790
Segment results	3,807	2,883	3,330	10,450	(3,344)	(10,487)	3,793	2,846
Unallocated corporate results							(8,592)	(1,942)
							(4,799)	904
Share of results of associates and joint venture								
- allocated to reportable segments	118	122	–	–	–	–	118	122
- unallocated to corporate & others							(80)	85
(Loss)/Profit before finance income and taxation							(4,761)	1,111

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Eliminations**		Consolidated	
	2018	2017	2018	2017	2018	2017(1)	2018	2017(1)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Revenue and expenses (cont'd)								
Finance income							430	70
Tax expense							(503)	(1,015)
Non-controlling interests							(1)	8
(Loss)/Profit from continuing operations, net of tax							(4,835)	174
Profit from discontinued operations, net of tax (note 23)							13,903	8,327
Profit for the year							9,068	8,501
Assets and liabilities								
Segment assets	46,718	42,352	–	83,752	–	–	46,718	126,104
Investments in associates								
- allocated to reportable segments	–	862	–	–	–	–	–	862
Investments in joint ventures								
- allocated to reportable segments	–	71	–	–	–	–	–	71
- unallocated to corporate & others							9,920	–
Tax receivables	51	8	–	43	–	–	51	51
Deferred tax assets	297	716	–	2,896	–	–	297	3,612
Unallocated corporate assets							81,922	28,074
Total assets							138,908	158,774

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Eliminations**		Consolidated	
	2018	2017	2018	2017	2018	2017[(1)]	2018	2017[(1)]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Assets and liabilities (cont'd)								
Segment liabilities	11,746	9,276	–	11,757	–	–	11,746	21,033
Interest-bearing borrowings	–	–	–	1,151	–	–	–	1,151
Tax liabilities	220	179	–	1,957	–	–	220	2,136
Unallocated corporate liabilities							1,820	2,557
Total liabilities							13,786	26,877
Capital expenditure								
- allocated to reportable segments	479	101	443	2,820	(443)	(2,820)	479	101
- unallocated corporate & others							16	3
							495	104
Other items								
Amortisation of intangible assets								
- allocated to reportable segments	4	5	368	1,087	(368)	(1,087)	4	5
Dividend income from other financial assets								
- unallocated corporate income							(44)	(70)
Depreciation of property, plant and equipment								
- allocated to reportable segments	202	283	688	2,931	(688)	(2,931)	202	283
- unallocated corporate expenses							3	2
							205	285

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Eliminations**		Consolidated	
	2018	2017	2018	2017	2018	2017[(1)]	2018	2017[(1)]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Other items (cont'd)								
(Gain)/Loss on disposal of property, plant and equipment								
- allocated to reportable segments	(17)	(132)	4	(15)	(4)	15	(17)	(132)
Inventories written off								
- allocated to reportable segments	–	9	–	197	–	(197)	–	9
Impairment loss on other financial assets								
- unallocated corporate expenses							–	1,578
Loss/(Gain) on liquidation of subsidiaries								
- allocated to reportable segments	–	248	21	(454)	(21)	454	–	248
Gain on disposal of associates								
- allocated to reportable segments	(8)	–	–	–	–	–	(8)	–
- unallocated corporate expenses							–	(1,249)
							(8)	(1,249)
Reversal of allowance for doubtful trade receivables								
- allocated to reportable segments	(5)	(20)	–	–	–	–	(5)	(20)

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Distribution and Services Solutions		Probe Card Solutions (Discontinued operations)		Eliminations**		Consolidated	
	2018	2017	2018	2017	2018	2017(1)	2018	2017(1)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Other items (cont'd)								
Allowance for inventory obsolescence								
- allocated to reportable segments	93	14	132	311	(132)	(311)	93	14
Property, plant and equipment written off								
- allocated to reportable segments	38	23	–	27	–	(27)	38	23
- unallocated corporate expenses							1	–
							39	23
Fair value changes to financial assets								
- unallocated corporate expenses							222	–

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. OPERATING SEGMENTS (CONT'D)

Geographical information

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

	Singapore		Malaysia		China		Taiwan		USA		Japan		Europe		Other regions		Consolidated	
	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group																		
Total revenue from external customers	23,497	24,179	4,957	6,434	19,374	25,723	9,048	13,973	5,420	17,925	6,154	19,141	696	3,020	3,812	6,271	72,958	116,666
Elimination of discontinued operations	(416)	(3,582)	(583)	(1,436)	(4,661)	(14,716)	(2,778)	(9,859)	(5,264)	(17,723)	(6,154)	(19,106)	(692)	(3,020)	(3,264)	(5,434)	(23,812)	(74,876)
Consolidated revenue	23,081	20,597	4,374	4,998	14,713	11,007	6,270	4,114	156	202	–	35	4	–	548	837	49,146	41,790
Non-current segment assets	25,129	40,458	25	31	207	501	352	2,850	–	902	–	2,591	–	23	–	5,053	25,713	52,409
Investment in an associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	862	–	862
Investments in joint ventures	9,920	–	–	–	–	–	–	–	–	–	–	–	–	–	–	71	9,920	71
Investments in other financial assets	8,549	4,910	–	–	–	–	4	–	–	–	–	227	28	42	–	–	8,581	5,179
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	297	3,612
Total non-current assets	43,598	45,368	25	31	207	501	356	2,850	–	902	–	2,818	28	65	–	5,986	44,511	62,133
Capital expenditure	112	63	8	14	34	19	341	8	–	–	–	–	–	–	–	–	495	104

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (note 23).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

30. PROPOSED DIVIDENDS

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

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Final (tax-exempt one-tier) dividend of 2.00 cents per share (2017: 2.00 cents)	3,342	3,343
Final special (tax-exempt one-tier) dividend of 1.00 cent per share (2017: 4.50 cents)	1,672	7,521
	5,014	10,864

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

31. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS

Applicable to financial statements for the year ended 30 June 2019 and thereafter

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

The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International).*

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

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

31. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS (CONT'D)

Applicable to financial statements for the year ended 30 June 2019 and thereafter (cont'd)

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

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1

When the Group adopts SFRS(I) for the financial year ending 30 June 2019, the Group will apply SFRS(I) 1 with 1 July 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective for the financial year ending 30 June 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative translation reserve for all foreign operations to nil at the date of transition, and reclassify the cumulative translation reserve of $9,313,000 as at 1 July 2017 determined in accordance with FRS at the date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

31. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 15 (CONT'D)

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 30 June 2019, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the financial statements for the financial year ending 30 June 2019 will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The Group does not expect significant impact arising from the application of SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the SFRS(I) financial statements for the financial year ending 30 June 2019. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 July 2018.

The following assessments have to be made on the basis of facts and circumstances that existed at 1 July 2018.

- The determination of the business model within which a financial asset is held.
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

The Group has performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information and the Group does not expect the adoption of SFRS(I) 9 to have any significant impact on the financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 9 for the financial year ending 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

31. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS (CONT'D)

Applicable to financial statements for the year ended 30 June 2020 and thereafter

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

Applicable to 30 June 2020 financial statements

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

Mandatory effective date deferred

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

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 July 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group is assessing the impact on its financial statements based on its existing operating lease arrangements (note 26).

32. SUBSEQUENT EVENT

On 6 August 2018, Kalms (Singapore) Pte Ltd, in which the Company's joint venture, Kalms Investment Pte Ltd holds a 90% interest, acquired a 60% interest in Gozen Pte Ltd ("Gozen"), for a purchase consideration of $300,000. The unaudited net asset value of Gozen as at 31 July 2018 was approximately $208,000.

STATISTICS OF SHAREHOLDERS
as at 12 September 2018

Number of Shares Issued	:	167,128,185			
Issued and Paid Up Capital	:	S$89,588,161.50			
Class of Shares	:	Ordinary Shares	Voting Rights	:	1 vote per ordinary Share

Distribution of Shareholders as at 12 September 2018

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	35	1.48	1,314	0.00
100 to 1,000	505	21.31	267,612	0.16
1,001 to 10,000	1,049	44.26	5,187,154	3.10
10,001 to 1,000,000	775	32.70	46,162,137	27.62
1,000,001 and above	6	0.25	115,509,968	69.12
Total	2,370	100.00	167,128,185	100.00

Based on information available to the Company as at 12 September 2018, approximately 39.86% 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 12 September 2018

No.	Name of Shareholders	Number of Shares	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	100,789,556	60.31
2	DBS NOMINEES (PRIVATE) LIMITED	9,751,153	5.83
3	CITIBANK NOMINEES SINGAPORE PTE LTD	1,438,400	0.86
4	OCBC SECURITIES PRIVATE LIMITED	1,288,899	0.77
5	QUEK CHIN CHOO	1,132,000	0.68
6	RAFFLES NOMINEES (PTE.) LIMITED	1,109,960	0.66
7	BEVRIAN PTE LTD	968,300	0.58
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	878,622	0.53
9	TAY BOON HUAT	804,900	0.48
10	UOB KAY HIAN PRIVATE LIMITED	789,660	0.47
11	IP YUEN KWONG	783,500	0.47
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	761,400	0.46
13	LEE LENG GHEE WILLIE	750,000	0.45
14	MAYBANK KIM ENG SECURITIES PTE LTD	685,981	0.41
15	NG THIAM SENG @ EUGENE NG	640,000	0.38
16	HONG LEONG FINANCE NOMINEES PTE LTD	506,700	0.30
17	QUEK AIK WU OR LOO HUI MIN	499,900	0.30
18	PHILLIP SECURITIES PTE LTD	473,610	0.28
19	SNG CHING NGEE	461,000	0.28
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	455,800	0.27
Total		124,969,341	74.77

Substantial Shareholder as at 12 September 2018

Name of Shareholder	Shareholding registered in the name of the Substantial Shareholder	Shareholding held by the Substantial Shareholder in the name of nominees	Total	%
Bevrian Pte Ltd*	968,300	99,493,446	100,461,746	60.11

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

There are no treasury shares held as at 12 September 2018.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of the Company will be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore (769162) on 18 October 2018 at 2.30 p.m. to transact the following businesses.

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2018, together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Mr Chng Hee Kok (independent director and chairman of the board of directors) who is retiring in accordance with Article 91 of the Company's Constitution, and who being eligible, offers himself for re-election.

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

3. To re-elect Mr Amos Leong Hong Kiat (independent director and chairman of the audit committee) who is retiring in accordance with Article 91 of the Company's Constitution, and who being eligible, offers himself for re-election.

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

4. To re-elect Ms Iris Wu Hwee Tan (non-independent director), who was first appointed by the board of directors of the Company on 8 January 2018, in accordance with Article 97 of the Company's Constitution.

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

5. To re-elect Mr Adrian Lum Wen-Hong (non-independent director), who was first appointed by the board of directors of the Company on 8 January 2018, in accordance with Article 97 of the Company's Constitution.

   [See Explanatory Note (i)] **(Resolution 5)**

6. To approve the payment of additional directors' fees of $18,330 for the financial year ended 30 June 2018 (total directors' fees approved for 2018: $230,000; total directors' fees for 2017: $230,000).

   [See Explanatory Note (ii)] **(Resolution 6)**

7. To approve the payment of directors' fees of $297,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears (2018: $248,330).

   [See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. To approve a final (tax exempt one-tier) dividend of 2.00 cents per ordinary share for the financial year ended 30 June 2018.

(Resolution 8)

9. To approve a final special (tax exempt one-tier) dividend of 1.00 cent per ordinary share for the financial year ended 30 June 2018.

(Resolution 9)

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

(Resolution 10)

As Special Business

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

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

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

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

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

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

PROVIDED ALWAYS that:

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

[See Explanatory Note (iv)] **(Resolution 11)**

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(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 purchases of shares by the Company pursuant to the Share Purchase Mandate 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 market days on which the shares are transacted on the SGX-ST immediately preceding the date of On-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 an On-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 an On-Market Purchase of a share, 105 per cent of the Average Closing Price of the shares; and

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

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

[See Explanatory Note (v)] **(Resolution 12)**

Any Other Business

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

NOTICE OF ANNUAL GENERAL MEETING

Notice of Books Closure

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 29 October 2018 after 5.00 p.m. to determine members' entitlements to the proposed dividends to be paid on 20 November 2018, subject to and contingent upon members' approval of the proposed dividends being obtained at the forthcoming 23rd Annual General Meeting of the Company. In respect of shares deposited in securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the dividends to CDP account holders in accordance with its normal practice.

Duly completed registrable transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 29 October 2018 will be registered to determine members' entitlements to the proposed dividends.

2 October 2018
By Order of the Board

Chan Yuen Leng
Company Secretary
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in the Annual General Meeting. Where a member appoints two proxies, he/she shall specify the proportion of the shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and any second named proxy as an alternative to the first named. A member of the Company which is a corporation is entitled to appoint its authorized representative or proxy to vote on its behalf. If the member is a corporation, the instrument appointing the proxy or representative must be under seal or the hand of an officer or attorney duly authorized.

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

A proxy need not be a member of the Company.

The instrument appointing a proxy or corporate representative must be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 not less than 48 hours before the time appointed for the meeting.

Personal Data Privacy

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

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **Resolutions 2 to 5**: Detailed information on these directors, including information to be furnished pursuant to section 4.7 of the 2012 Code of Corporate Governance can be found under "Board of Directors" and "Corporate Governance" sections of the Company's Annual Report 2018.

Mr Chng Hee Kok will, upon re-appointment, continue to serve as chairman of the board and member of each of the audit committee, nominating committee and remuneration committee.

Mr Amos Leong Hong Kiat will, upon re-appointment, continue to serve as chairman of the audit committee and member of each of the nominating committee and remuneration committee.

Ms Iris Wu Hwee Tan will, upon re-appointment continue to serve as a member of the audit committee.

(ii) **Resolution 6:** At the last annual general meeting held on 19 October 2017, members of the Company approved directors' fees of $230,000 for the financial year ending 30 June 2018 ("FY2018"). The Company now proposes to pay additional directors' fees of $18,330 for FY2018, taking into consideration the appointments of Ms Iris Wu Hwee Tan and Mr Adrian Lum Wen-Hong on 8 January 2018 and the retirement of Mr Jeffrey Staszak on 19 October 2017. The total directors' fees for FY2018, after adding the proposed additional fees of $18,330, will amount to $248,330.

(iii) **Resolution 7:** The Company proposes to pay directors' fees for the financial year ending 30 June 2019 quarterly in arrears, instead of at the end of the next financial year, after the annual general meeting is held. This ensures a more timely payment of the fees. The directors' fees are calculated based on, amongst other things, the number of expected board and sub-committee meetings for the financial year ending 30 June 2019 and the number of directors expected to hold office during the course of that financial year. Additional information on directors' fees can be found under the section "Corporate Governance" in the Company's Annual Report 2018. Members' approval is required for the directors' fees under the Companies Act. The aggregate fees paid to directors for the financial year ended 30 June 2018 will be $248,330 if Resolution 6 is passed.

(iv) **Resolution 11:** This ordinary resolution is to enable the directors of the Company to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of 20 per cent for issues other than on a *pro-rata* basis to members. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares, will be calculated based on the Company's total number of issued shares, excluding treasury shares, at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(v) **Resolution 12:** This ordinary resolution will empower the directors of the Company to purchase, on behalf of the Company, ordinary shares in the capital of the Company in accordance with the terms set out in the Company's circular to shareholders dated 2 October 2018 ("**Circular**") as well as the rules and regulations set out in the Companies' Act and the listing rules of the Singapore Exchange Securities Trading Limited. Please refer to the Circular for further details on this resolution.

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

PROXY FORM
23rd ANNUAL GENERAL MEETING

IMPORTANT

1. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes and if used or purported to be used by them. CPF/SRS investors should contact their respective agent banks/SRS operators if they have any queries regarding their appointment as proxies.
2. By submitting an instrument appointing a proxy(xies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 October 2018.

I/We, ____(Name) *NRIC/Passport No./Co. Registration No. ____________________

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

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

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

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

or failing him/her, the Chairman of the Meeting, as *my/our proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore (769162) on 18 October 2018 at 2.30 p.m. and at any adjournment thereof in the following manner.

*I/We direct *my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the Annual General Meeting and any adjournment thereof.

**Delete accordingly.*

(Voting will be conducted by poll.)

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

No.	Resolution	No. of Votes For	No. of Votes Against
Ordinary Business			
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2018, together with the Auditors' Report thereon.		
2	Re-election of Mr Chng Hee Kok as director.		
3	Re-election of Mr Amos Leong Hong Kiat as director.		
4	Re-election of Ms Iris Wu Hwee Tan as director.		
5	Re-election of Mr Adrian Lum Wen-Hong as director.		
6	Approval of additional directors' fees of $18,330 for the financial year ended 30 June 2018 (total directors' fees approved for 2018: $230,000; total directors' fees for 2017: $230,000).		
7	Approval of directors' fees of $297,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears (2018: $248,330).		
8	Approval of final (tax exempt one-tier) dividend of 2.00 cents per ordinary share.		
9	Approval of final special (tax exempt one-tier) dividend of 1.00 cent per ordinary share.		
10	Re-appointment of KPMG LLP as auditors and to authorize the directors to fix their remuneration.		
Special Business			
11	Approval of authority to allot and issue new shares and convertible securities.		
12	Approval of Share Purchase Mandate.		
13	Any other business.		

Dated this ________ day of October 2018.

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to the entire number of ordinary shares in the capital of the Company registered in your name in the Depository Register and the Register of Members.

2. A member who is not a relevant intermediary (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where a member appoints two proxies, the member shall specify the proportion of the shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and any second named proxy shall be deemed to be an alternate to the first named proxy.

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

4. A proxy need not be a member.

5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 not less than 48 hours before the time fixed for holding the Annual General Meeting.

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

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

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

9. In the case of members whose ordinary shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have ordinary shares entered against their names in the Depository Register 72 hours before the time fixed for holding the Annual General Meeting as certified by the Central Depository (Pte) Limited to the Company.

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ellipsiz

forward solutions

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