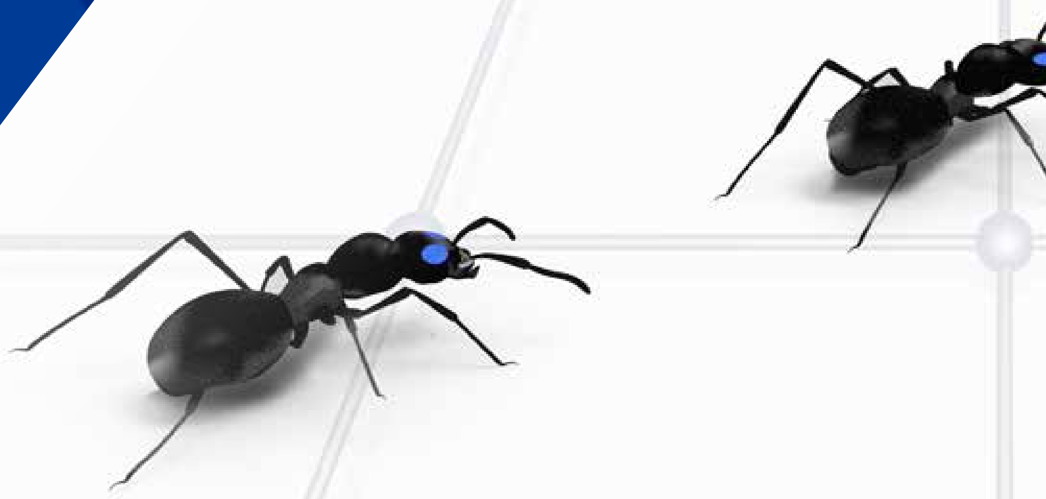
ellipsiz

forward solutions

FUNDAMENTALLY DRIVEN.

ANNUAL REPORT 2016

CONTENTS



At **ELLIPSIZ**, we strongly believe that realising our vision to achieve long-term growth requires harnessing 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.

DISTRIBUTION NETWORK

OUR GLOBAL REACH

OUR BUSINESS

Ellipsiz is a leading probe card and distribution & services solutions provider serving the semiconductor and electronics manufacturing industries.

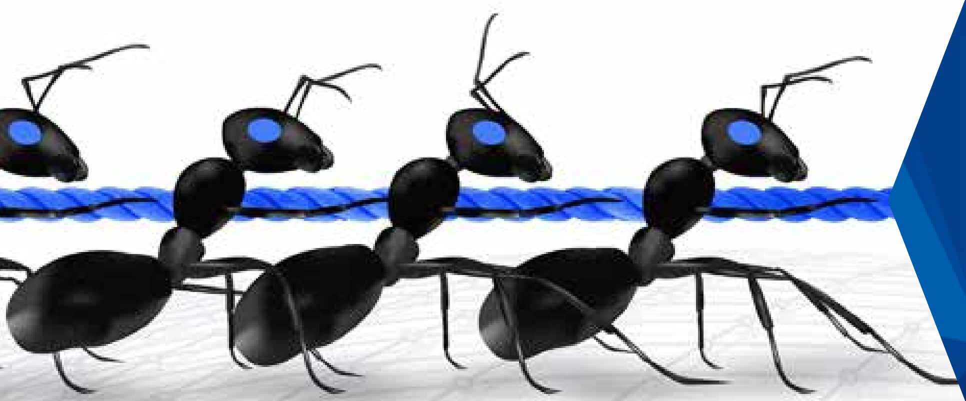
We provide innovative, engineering-focused solutions to the semiconductor and electronics manufacturing chain. Our customers include global semiconductor companies such as integrated design manufacturers and foundries, as well as the electronics contract manufacturers.

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

Ellipsiz is headquartered in Singapore. It has operations in Singapore, China, Japan, Malaysia, Taiwan R.O.C., Thailand, U.S.A. and Vietnam.

- Headquarters
- DSS presence
- PCS Presence: Sales
- PCS Presence: Manufacturing
- PCS Presence: Engineering
- PCS Presence: Repair

FUNDAMENTALLY FOCUSED.



While focusing on continued improvements in our internal processes, systems and operational capabilities, we are at the same time keeping a vigilant lookout for future growth opportunities.

LETTER TO SHAREHOLDERS

Strategy, diligence and integrity are cornerstones of our stability and work culture that develop the solid fundamentals in preparation for challenges tomorrow.

Dear Shareholders,

We are pleased to present another year of positive results with net profit after tax and non-controlling interests (NPATNCI) of $9.6 million on group revenue of $119 million. This is the seventh consecutive year of positive results. Great appreciation to our business partners for their support and to our team across the globe for their efforts to make this sustainable results possible.

The Group has continued with the harnessing of success factors that we believe would sustain our long-term growth. The resolve to be fundamentally disciplined has sharpened our focus to execute business accretive strategies and achieve effective solutions-oriented work ethics that are invaluable to our businesses.

The NPATNCI of the Group from operating activities, excluding certain one-time specific net gains or losses, improved 11% from $7.4 million to $8.2 million for financial year ended 30 June 2016 (FY2016).

PERFORMANCE AND FINANCIAL POSITION

The Group reported revenue of $119 million in FY2016. This was 6% higher compared to FY2015. The increase was attributed to the 15% improvement in revenue from the Probe Card solutions (PCS) business arising from synergies achieved with successful integration of the acquired probe card business since 30 August 2013 and strong revenue during the second half of FY2016.

The improvement in revenue of PCS was partly offset by 8% decline in revenue from the Distribution & Services solutions (DSS) business. Slowdown in equipment and tools sales due to more controlled capital spending by customers led to the decline in revenue of DSS.

REVENUE

$119
MILLION

NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

$9.6
MILLION

TOTAL DIVIDEND PER SHARE [1]

2.50
CENTS

[1] Included interim, final and special dividends. Final and special dividends are subject to approval by shareholders during the Annual General Meeting.

LETTER TO SHAREHOLDERS

Chng Hee Kok
Chairman and
Independent Director

Overall, the Group reported a NPATNCI of $9.6 million for FY2016, an increase of 44%, compared with $6.7 million in the preceding year. Earnings per share (EPS) was 5.74 cents over FY2015's EPS of 4.01 cents.

In FY2016, the Group had one-time net income from recovery of bad debts of $1.2 million (net of tax), dividend income of $0.7 million from a quoted financial investment whereby the investee delisted its shares and is currently in the process of voluntary liquidation, impairment loss of $0.4 million on investment of other financial assets and loss of $0.1 million from disposal of one of its joint ventures. In FY2015, the Group had a one-time loss on disposal of investment in an associate of $0.3 million and additional tax expenses of $0.4 million assessed by tax authority relating to some insurance compensation received for a fire incident that took place in FY2009.

Excluding these one-time specific net gains or losses, the results from operating activities for the Group in FY2016 was $8.2 million. EPS from operating activities rose by 10% from 4.47 cents to 4.94 cents in FY2016.

Improvement in operating results was mainly due to strong revenue from PCS, reduction in net finance expense, partially offset by higher operating expenses incurred during the financial year.

Our financial position remains stable and strong. Shareholders' equity attributable to owners of the Company increased from $121 million to $128 million, resulting from positive results in FY2016. Net assets value per share had also increased from 72.67 cents to 76.43 cents.

Cash and cash equivalents remained stable at $40 million as at 30 June 2016. Although there was no increase in the Group's cash and cash equivalents, our operations continued to generate good positive cashflow from our operating activities during the year. The surplus funds generated from our operations were utilised to improve our engineering and manufacturing capabilities through purchase of new equipment and machineries, reward our shareholders by paying FY2015 final dividends and FY2016 interim dividend, as well as improve further our financial position by reducing our interest-bearing borrowings. During the year, the Group's net cash improved from $32.0 million to $36.2 million.

FUNDAMENTALLY DRIVEN

The Group remains fundamentally focused on improving our internal processes, systems and operational capabilities, while keeping a vigilant lookout for growth opportunities that produce synergies integral towards sustaining our long-term strategy and relevance.

We have successfully grown our PCS business to account for 64% of the Group's total revenue during FY2016 compared with 59% in FY2015 and 25% in FY2011. This translated into a compounded annual growth rate of 12% over the five-year period. The steady growth was a result of our disciplined approach to

Melvin Chan
Chief Executive Officer

acquire advanced probe card technologies over the years and competitive pricing enabled by our cost-effective production capabilities.

PCS remains committed to develop and grow with its customers through its complementary and comprehensive manufacturing, distribution and sales networks. It is building three key strategic and synergistic manufacturing sites across Japan, Vietnam and Taiwan, backed by its established engineering hubs straddling in the United States, Japan and Taiwan. Much focus has been placed on developing the key sites in Taiwan and Japan with full fledged capabilities so that the two operations can closely fit the needs and feel the pulse of, as well as offer compelling proposition to, their customers.

Revenue contribution from DSS declined and accounted for 36% of the Group's total revenue in FY2016. This was lower compared to 41% contribution in FY2015 and 75% contribution in FY2011. While discontinuation of non-core and less profitable business activities in FY2014 and FY2015 was a major factor for the decline, cautious and controlled capital spending by our customers had impacted revenue performance of DSS. To mitigate the cyclicality and seasonality of customers' spending, DSS will continue with collaborative and development efforts across products, markets and business partners to grow recurring sales, harness revenue streams and seek new growth opportunities.

WELCOME

We welcome Mr. Kelvin Lum Wen-Sum to join the Group as Executive Director in March 2016, leading the investment and business development portfolio of the Group. Mr. Lum has past directorships with the LCD Group and was with the financial sector from 1996 to 2002. We believe his experience would be an added asset to the Group and would also broaden and diversify the board's experience as an entirety.

APPRECIATION

Last but not least, we would like to express our gratitude to all of our valuable stakeholders namely our customers, principals, business partners, employees, Board members and loyal shareholders for your strong and unwavering support these past years.

To share the results with our shareholders, the Group is delighted to recommend a final dividend of 0.80 cent a share as well as a special dividend of 1.00 cent a share (total proposed final dividend of 1.80 cents a share) for our shareholders' approval at the 21st Annual General Meeting. The recommended dividends, if approved by shareholders, and the paid interim dividend of 0.70 cent a share would lift total dividend payout to 2.50 cents for FY2016.

Strategy, diligence and integrity are cornerstones of our stability and work culture that develop the solid fundamentals in preparation for challenges tomorrow. In closing, we invite your confidential support to join the team in seizing growth opportunities towards the next phase of sustainable growth.

Chng Hee Kok
Chairman and Independent Director

Melvin Chan
Chief Executive Officer

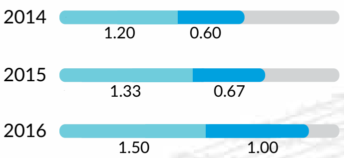
FUNDAMENTALLY
DISCIPLINED.

Strategy, diligence and integrity—these are the cornerstones of our stability and our work culture. Staying relevant in a dynamic marketplace can be daunting, but with our solid fundamentals we can face challenges and seize growth opportunities with confidence.

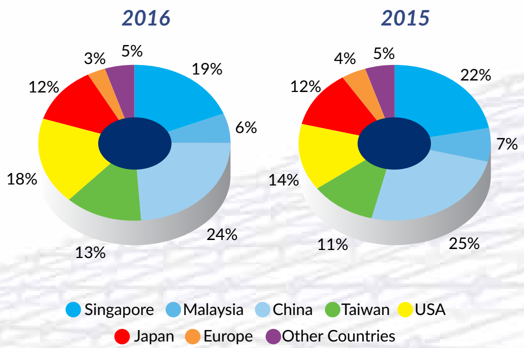
FINANCIAL HIGHLIGHTS

Shareholders' Equity ($ Million)

Total Dividend Payout (Cents)



Revenue By Region



FINANCIAL YEAR ENDED 30 JUNE	2014	2015	2016
RESULTS			
Revenue ($ Million)	144.5	112.5	118.7
Net Profit After Tax And Non-controlling Interests ($ Million)	13.5	6.7	9.6
Net Profit After Tax And Non-controlling Interests Excluding Certain Specific Items ($ Million)	6.4	7.4	8.2
Basic Earnings per Share (Cents)	8.15	4.01	5.74
Interim & Final Dividend per Share (Cents)	1.20	1.33	1.50
Special Dividend per Share (Cents)	0.60	0.67	1.00
FINANCIAL POSITION			
Shareholders' Equity ($ Million)	116.8	121.5	127.7
NAV per Share (Cents)	70.4	72.7	76.4
PROFITABILITY (%)			
Gross Profit Margin	26.9	35.7	35.3
Profit Before Tax Margin	9.6	8.2	9.2
Net Earnings Margin	9.4	5.9	8.1
Return on Equity	11.6	5.5	7.5
Return on Total Assets	8.8	4.3	6.1
LIQUIDITY (TIMES)			
Current Ratio	2.2	2.7	3.2
Quick Ratio	1.9	2.3	2.9
LEVERAGE (%)			
Gross Debts/Equity	8.2	6.8	3.0
EFFICIENCY (DAYS)			
Debtors' Turnover (Days)	80	92	93

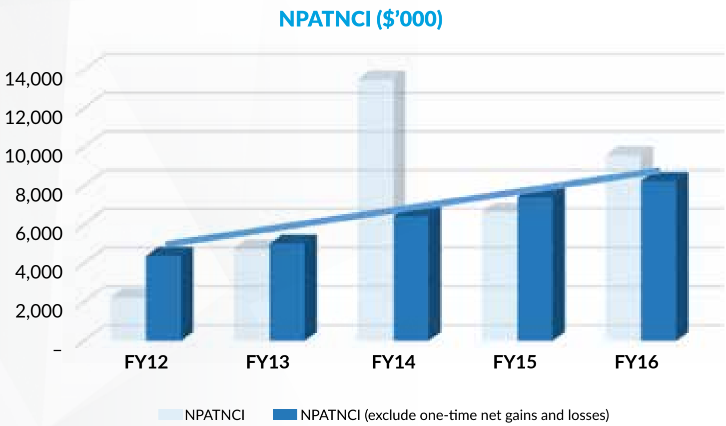
OPERATIONS REVIEW

The Group has continued with the developing and optimising of key strengths that sustain our business efficiency, resiliency and relevancy during FY2016.

The Group has continued with the developing and optimising of key strengths that sustain our business efficiency, resiliency and relevancy during the financial year ended 30 June 2016 (FY2016).

While working on refining our processes, systems and operational capabilities, we have been exploring collaborative opportunities that are synergistic and vital to growth amid the on-going pricing, costing and competitive pressures in an increasingly volatile global economy.

Despite challenging business environment, our operations managed to achieve another year of sustainable growth in FY2016. For the past five years, the Group's reported net profits after tax and non-controlling interests (NPATNCI) might have fluctuated year on year but the NPATNCI, excluding certain one-time net gains or expenses, reflected consistent



and steady growth over the years. This is a payoff for the Group's conscientious and continued efforts over the years to streamline and restructure its operations to bring better returns to the Group.

Probe Card Solutions (PCS) continued to see increased contribution to the Group's total revenue from 59% a year ago to 64% in FY2016. Revenue improved by 15% from $67 million in FY2015 to $77 million in FY2016 as our probe card business continued to reap synergies arising from the acquisition of business from Tokyo Cathode Laboratory (TCL) in the early part of FY2014.

Sales of non-memory (logic) advanced probe cards topped the contribution at 49% of PCS' total revenue for FY2016, followed by cantilever at 37%. Probe cards for LCD driver devices accounted for 8%, while ceramic blade cards made up 1.4% of PCS sales during the year.

PCS shipped a total of 5.7 million points and 21,262 finished probe cards (excluding repairs) in FY2016, up 25% and 12% respectively. Its flagship manufacturing facility in Vietnam produced 49% of the total points, followed by Taiwan at 22% and Japan at 18%.

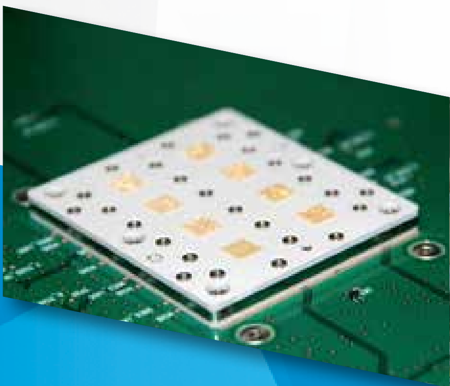
Demand for more functionality and higher performance from mobile and computing devices continues to facilitate the need for advanced probe card products with higher parallelism, tighter pitch and more complex designs. The growth of the "connected" car and growing impact of the Internet of Things (IOT) are factors powering the advanced probe card to remain one of the fastest growing segments.

During the year, PCS made great strides with its advanced probe cards to address some of the evolving technological challenges for wafer probing. Development efforts were made to existing products such as its Modular Space Transformer™, large array vertical, Multi-MLO and higher parallel CMOS Image Sensor (CIS) cards to meaningfully lower the cost of test and ownership through longer probe card life, maximisation of yields, reduced test cycle time and higher parallelism.

For the fourth consecutive year, PCS was recognised by its customers as a THE BEST Subsystems Supplier according to VLSIresearch's 2016 Customer Satisfaction Survey (CSS). PCS, which was ranked in the top 3 for three straight years, received high praise in commitment to customers, trustworthiness and product performance. In addition, PCS is viewed as a highly customer-oriented supplier and that 100% of the respondents said they would return to PCS for their probe card solutions.

PCS' continuing priority remains to improve productivity and efficiency. An additional focal point is to ensure consistent manufacturing knowledge and skill flow to establish reliable and consistent product quality across all of our facilities supported by our strong engineering and technological hubs in the United States and Japan.

PCS remains committed to enhance and optimise its complementary and comprehensive manufacturing, distribution and sales networks. It is building strategic and synergistic manufacturing sites across China, Vietnam, Japan and Taiwan to meet demand for higher value-added and shorter lead time activities. It is also developing Japan and Taiwan as key distribution locations that offer compelling propositions to its customers in the region. With the diligent development of solid fundamentals, PCS believes it is capable of meeting test challenges and seizing opportunities that sustain its growth.



We believe we have strong fundamentals that equip our operations in meeting challenges, seizing growth opportunities and achieving a fundamentally brighter tomorrow, with confidence.

Distribution & Services Solutions (DSS) reported 8% decline in revenue from $46 million in FY2015 to $42 million in FY2016. Its contribution to the Group's total revenue decreased from 41% a year ago to 36% in FY2016.

The decline was a result of the slowdown in equipment and tools sales due to more controlled capital spending by customers as the mobile, tablet and PC markets slackened since the beginning of FY2016.

Despite the drop in revenue, DSS remains to be a profitable business unit, contributing positively to the net results of the Group. This was the fruit of prior focused and disciplined labour to develop new revenues through establishment of new business partners that broaden our offerings and market potentials, as well as the successful penetration of niche products into targeted markets of China, Taiwan and Singapore that enhanced revenues, including recurrent revenues.

While developing and sustaining revenues efforts remain vital to DSS, the consolidation and integration of its North Asia and Southeast Asia operations would continue to achieve greater relevance to business partners and to capitalise on the cross-leveraging of resources and cross-sales opportunities.

As efforts of integration continued to keep DSS lean, it will also focus on maintaining strong relationship with customers and stakeholders to reap synergies integral to sustainable growth.

Overall, business environment across the industries and geographical markets that the Group operates in are continuing to see challenges amidst the macroeconomics uncertainties. However, we believe we have strong fundamentals that equip our operations in meeting challenges, seizing growth opportunities and achieving a fundamentally brighter tomorrow, with confidence.

The team remains committed to continue building our fundamentals, staying focused and disciplined in improving our manufacturing and engineering capabilities, synergising the various operations across the globe to create a robust business model and optimum cost structure that will deliver sustainable results and reap more business as well as growth opportunities and potentials that we have.

FUNDAMENTALLY SYNERGISTIC.

As we strive towards long-term growth and boosting our staying power, synergy is integral to our strategy—optimising our far-reaching business network while maintaining strong partnerships with customers and stakeholders.

BOARD OF DIRECTORS

CHNG HEE KOK

Chairman and Independent Director

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

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

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

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

BOARD OF DIRECTORS

MELVIN CHAN WAI LEONG

Executive Director and
Chief Executive Officer

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

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

Mr. Chan is also a board member of JEP Holdings Ltd, a SGX Catalist listed company, since 4 June 2010.

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

ONG SUAT LIAN

Executive Director and
Chief Financial Officer

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

Ms. Ong joined Ellipsiz in June 2001 as Finance Manager and was promoted as Group Finance Director in 2004. Her portfolio spans from operational and managerial accounting, treasury and risk management to financial reporting and compliance. With more than 20 years of experience in corporate accounting and finance, Ms. Ong's knowledge and experience is invaluable to the Group in ensuring optimal use of financial resources. Previously, Ms. Ong held numerous financial and accounting positions at Zagro Asia Limited, Sincere Watch Limited as well as United Leasing and Services Pte Ltd.

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

KELVIN LUM WEN-SUM

Executive Director

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

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

Mr. Lum is currently a member of the School Management Committees of Nanyang Primary School and Nanyang Kindergarten.

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

JEFFREY STASZAK
Independent Director

Jeffrey Staszak was appointed to Ellipsiz's Board as an Independent Director on 17 April 2006. He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and a member of both the Audit and Remuneration committees.

Mr. Staszak was recently the President and Chief Executive Officer of Volterra Semiconductor Corporation, a leading provider of high-performance analog and mixed-signal power management semiconductors, since 1999 to September 2013. Earlier, Mr. Staszak served as Senior Vice President in the Storage Product Group of Texas Instruments Inc. and as Senior Vice President and General Manager of the Storage Products Division of Silicon Systems, Inc.

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

AMOS LEONG HONG KIAT
Independent Director

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

Mr. Leong, who has accumulated considerable expertise in the electronics manufacturing industry, is the President & Chief Executive Officer of the Univac Group. He began his career in 1987 as a supply-chain engineer in the manufacturing operations of Hewlett-Packard Singapore and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. Subsequently, he was appointed as the Vice President and General

BOARD OF DIRECTORS

Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the separation of the latter from Hewlett-Packard. In 2004, Mr. Leong moved to his current leadership role for the Univac Group. Mr. Leong is also a non-executive director of Fischer Tech Ltd.

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

CLEMENT LEOW WEE KIA

Independent Director

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

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

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

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

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

KEY EXECUTIVES

KEVIN M. KURTZ
President and CEO
Probe Card Solutions

Kevin M. Kurtz is the President and CEO of SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd. He oversees our Probe Card Solutions (PCS) business and counts over 25 years of experience in the probe card industry. The veteran brings with him knowledge and expertise that benefits and positions PCS towards sustainable growth. Prior to joining SV Probe, Kevin was Vice President at Cerprobe Corp., and he also served briefly as Vice President for Test Operations at Kulicke and Soffa (K&S) after K&S acquired Cerprobe in late 2000. Earlier on, he held various positions in Sales and Marketing with Probe Technology Inc. Kevin holds a B.Sc in Business Administration from San Jose State University, United States.

TONY GUNG KWUN YUAN
Vice President
Distribution and Services Solutions
Probe Card Solutions (Taiwan Operations)

Tony Gung Kwun Yuan is the Vice President for our Distribution and Services solutions division in China and Taiwan as well as the General Manager of our Probe Card Solutions (Taiwan). His portfolio includes overseeing the trading and distribution activities of electronics test and measurement tools, wafer fab equipment, consumables, the provision of Printed Circuit Board Assembly (PCBA) Test and Inspection services as well as the managing of probe card activities in Taiwan. Tony has accumulated considerable sales, engineering and business management expertise in the electronics manufacturing test industry, particularly in China and Taiwan. Prior to joining the Group, Tony held numerous engineering and managerial positions in Agilent Technologies, Hewlett Packard and one of IBM's strategically invested R&D company in Taiwan. Tony holds a Master's as well as Bachelor Degree in Control Engineering from the National CHIAO-TUNG University, Taiwan.

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

Lim Beng Lam is the Vice President for Distribution and Services Solutions division in Singapore and Malaysia. He oversees the trading and distribution of wafer fab equipment, specialty chemicals and consumables, electronics measurement tools, the provision of reliability test services businesses, the sales and support services activities of our Probe Card Solutions (PCS) in

Southeast Asia and our PCS operations in China. With more than 20 years of industry experience, Beng Lam possesses a good mix of expertise and foresight to drive performances at the respective product segments. Prior to the current role, Beng Lam was the Vice President of Sales at SV Probe. Previously, he was also Sales Director at Lam Research Corp., and served in various management positions at CEI Contract Manufacturing Ltd and Texas Instruments Singapore. Beng Lam holds a B.Sc in Chemistry and Mathematics from the National University of Singapore and a Master of Business Administration from the Oklahoma City University, United States.

PETE ROGAN

Vice President of Engineering
Probe Card Solutions

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

YOSHIHIDE MIURA

Vice President
Probe Card Solutions (Japan Operations)

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

CORPORATE INFORMATION

HEADQUARTER
Ellipsiz Ltd
(Reg. No. 199408329R)
54 Serangoon North Avenue 4
#05-02
Singapore 555854
Tel: (65) 6518 2200
Fax: (65) 6269 2638

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

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

Partner-in-charge: Ms. Ang Fung Fung
(effective FY2014; 3rd 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 SECRETARY
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

BOARD OF DIRECTORS
Chng Hee Kok
Chairman and Independent Director

Melvin Chan Wai Leong
Director and Chief Executive Officer

Ong Suat Lian
Director and Chief Financial Officer

Kelvin Lum Wen-Sum
Executive Director
(Appointed to the Board of Directors with effect from 1 March 2016)

Jeffrey Staszak
Independent Director

Amos Leong Hong Kiat
Independent Director

Clement Leow Wee Kia
Independent Director

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

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

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

The board of directors (the “Board”) of Ellipsiz Ltd. (the “Company”) is committed in its continuing efforts to achieve high standards of corporate governance and business conduct to enhance long term shareholder value and safeguard the interests of its stakeholders.

The Company has adopted a framework of corporate governance policies and practices in line with the principles set out in the Code of Corporate Governance 2012 (the “Code”).

The Company’s corporate governance processes and activities for the financial year are outlined below.

BOARD MATTERS

The Board’s Conduct of Affairs
Principle 1: Effective Board to lead and control the Group

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. Its roles include, approval of the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing the Group’s financial performance; ensuring the implementation of appropriate systems to manage the principal risks of the Group’s businesses, including safeguarding of shareholders’ interests and Group’s interests; setting standards and values (including ethical standards); ensuring that obligations to shareholders and other stakeholders are understood and met; and considering sustainability issues as part of its strategic formulation.

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

There are three sub-committees appointed by the Board, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. As at date of the report, all the members of the sub-committees are non-executive and independent directors.

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

The Board currently holds four scheduled meetings each year. Pursuant to the Company’s constitution, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges to address specific significant matters or developments that may arise between scheduled Board meetings. In the financial year ended 30 June 2016, four scheduled Board meetings were held.

The number of meetings held by the Board and the Board sub-committees and the attendance of the members for the financial year ended 30 June 2016 ("FY2016") are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	4	4	4	4
DIRECTORS				
Mr. Chng Hee Kok (appointed on 1 September 2015)	3 out of 3	3 out of 3[2]	3 out of 3[2]	3 out of 3[2]
Mr. Melvin Chan Wai Leong	4	4[1]	4[3]	4[1]
Ms. Ong Suat Lian	4	4[1]	4[1]	3[1]
Mr. Kelvin Lum Wen-Sum (appointed on 1 March 2016)	1 out of 1	1 out of 1[1]	1 out of 1[1]	1 out of 1[1]
Mr. Jeffrey Staszak	4	4	4	4
Mr. Amos Leong Hong Kiat	4	4	4	4
Mr. Clement Leow Wee Kia	4	4	4[4]	4

[1] By invitation / In attendance
[2] 1 by invitation and 2 as member of the committee.
[3] 2 as member of the committee and 2 by invitation.
[4] 2 by invitation and 2 as member of the committee.

Newly appointed directors will undergo an orientation programme, which will include briefings by the Chairman of the Nominating Committee, the Chief Executive Officer ("CEO") and management on the businesses and activities of the Group, its investments, any pending acquisition projects, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group. Directors receive updates on developments in relevant new laws and regulations such as those relating to finance and corporate governance, and the Company will consider further training where necessary.

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

Board Composition and Guidance
Principle 2: Strong and independent Board

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

During FY2016, the Board comprises the following members:

Director	Designation	Date of joining the Board	Last date of re-election as director
Mr. Chng Hee Kok ("Mr. HK Chng")	Chairman and Independent Director	1 September 2015	19 October 2015
Mr. Melvin Chan Wai Leong ("Mr. Melvin Chan")	Chief Executive Officer	4 January 2008	18 October 2013
Ms. Ong Suat Lian ("Ms. SL Ong")	Chief Financial Officer	12 February 2015	19 October 2015
Mr. Kelvin Lum Wen-Sum ("Mr. Kelvin Lum")	Executive Director	1 March 2016	-
Mr. Jeffrey Staszak	Independent Director	17 April 2006	19 October 2015
Mr. Amos Leong Hong Kiat ("Mr. Amos Leong")	Independent Director	1 May 2009	17 October 2014
Mr. Clement Leow Wee Kia ("Mr. Clement Leow")	Independent Director	8 May 2015	19 October 2015

Effective 1 March 2016, the Board appointed Mr. Kelvin Lum as an executive director. Mr. Kelvin Lum's role is to oversee the business development and investments functions of the Group.

The Nominating Committee assesses the independence of the directors of the Company on an annual basis, based on the guidelines on criteria of independence stated in the Code and a self-declaration assessment completed by each director. For FY2016, the Nominating Committee has determined that save for the CEO and the Chief Financial Officer ("CFO") who are executive directors, and Mr Kelvin Lum who is an executive director and also the son of Mr. David Lum Kok Seng, a substantial shareholder, all the other four directors namely, Mr. HK Chng, Mr. Jeffrey Staszak, Mr. Amos Leong and Mr. Clement Leow are independent.

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

The Nominating Committee aims to achieve a Board composition with diverse skill sets, including industry knowledge, financial, investment and legal expertise.

The Nominating Committee is also satisfied that the independent directors have the requisite experience, expertise and standing, the Board is able to exercise objective judgment independently, and no individual or small groups of individuals dominate the Board's decision-making.

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

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

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

Prior to the appointment of Mr. Chng as Chairman, Mr. Jeffrey Staszak, the Lead Independent Director, temporarily covered the role of a chairman till 31 August 2015. On 1 September 2015, Mr. HK Chng was appointed as non-executive Chairman of the Board. Mr. HK Chng is also an independent director.

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

Mr. Melvin Chan, the CEO, is primarily responsible for the operations and performance of the Group; charting of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance. Mr. Melvin Chan is not related to Mr. HK Chng.

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

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

During FY2016, the Nominating Committee comprises:

- Mr. Jeffrey Staszak (Chairman)
- Mr. Amos Leong Hong Kiat
- Mr. Melvin Chan Wai Leong (Resigned on 5 November 2015)
- Mr. Chng Hee Kok (Appointed on 5 November 2015)
- Mr. Clement Leow Wee Kia (Appointed on 5 November 2015)

All of the existing members of the Committee are independent directors. The Committee is responsible for nominations for the appointment, re-appointment, election and re-election of directors and members of the Remuneration Committee and Audit Committee. It assists the Board in ensuring that directors appointed to the Board and its sub-committees possess the relevant background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director, through his unique contributions, brings to the Board an independent objective perspective to enable balanced and well-considered decisions to be made. It reviews the Board's succession plans for directors (in particular, the CEO and Chairman), as well as key executives of the Group.

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

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

A newly appointed director must also submit himself to re-election at the annual general meeting immediately following his appointment by the Board.

The Nominating Committee has set objective criteria for evaluating the Board's as well as each individual director's effectiveness during the financial year. The assessment is based on evaluation questionnaires that contain both qualitative and quantitative performance criteria. To ensure that each director has sufficient and adequate time on affairs of the Company, the Board has set guidelines that each director shall not have more than five listed company board representations unless prior consent is obtained from the Chairman of the Board and the Nominating Committee, after considering the principal commitments of the director. The key information regarding directors such as academic and professional qualifications are set out on pages 15 to 18.

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

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

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

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

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

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

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

REMUNERATION MATTERS

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

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

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

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

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

Remuneration Committee

The Remuneration Committee comprises:
Mr. Clement Leow Wee Kia (Chairman)
Mr. Chng Hee Kok (Appointed on 5 November 2015)
Mr. Jeffrey Staszak
Mr. Amos Leong Hong Kiat

All members of the Remuneration Committee are independent and non-executive directors. The Remuneration Committee is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of directors, the CEO, the CFO and other key management personnel of the Group, including director's fees, salaries, allowances, bonuses and benefits-in-kind and obligations of the Group in the event of termination. The Committee reviews policies governing compensation and promotion of key management personnel of the Group to ensure that these are consistent with the Group's strategy and performance. The Committee's recommendations are made in consultation with the Board, and submitted for endorsement by the Board. The members of the Remuneration Committee do not decide on their own remuneration. The Committee also oversaw the implementation of the Ellipsiz Share Option Plan ("ESOP"), which expired on 28 November 2011, without prejudice to the options that were previously granted under the Plan and all such options which were outstanding also expired on 24 August 2015.

Remuneration Information

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

The non-executive directors have no written service contracts with the Company. None of the executive directors (including the CEO and CFO) and the top five key management personnel of the Group are entitled to any payment of compensation upon termination of service, retirement or any post-employment benefits. In line with past practice, the directors are paid director's fees, subject to shareholders' approval at annual general meetings. No individual director fixes his own remuneration. As may be noted from the table below, the performance related elements of remuneration (that is, performance based bonuses) form a significant proportion of the total remuneration of the executive directors. Their performance was evaluated by the Remuneration Committee based on a formal employee evaluation process. The performance related elements in the executive directors' bonus schemes are both quantitative and qualitative in nature. Part of their bonuses is determined based on the net results of the Group and part is based on meeting certain performance indicators that are aligned with the strategic direction set by the Board for the Group. For FY2016, the Remuneration Committee is satisfied that most of the performance indicators for the executive directors are met.

The remuneration information of the directors in FY2016 is as set out below:

Director	Remuneration band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus	Total
Mr. Chng Hee Kok	Below $250,000	100%	–	–	100%
Mr. Melvin Chan Wai Leong	$1,000,000 to $1,249,999	–	58%	42%	100%
Mr. Kelvin Lum Wen-Sum (Appointed on 1 March 2016)	Below $250,000	–	85%	15%	100%
Ms. Ong Suat Lian	$500,000 to $749,999	–	57%	43%	100%
Mr. Jeffrey Staszak	Below $250,000	100%	–	–	100%
Mr. Amos Leong Hong Kiat	Below $250,000	100%	–	–	100%
Mr. Clement Leow Wee Kia	Below $250,000	100%	–	–	100%

The Company believes that the disclosure requirements on the details and remuneration of each director, CEO and top five key management personnel are disadvantageous to its business interests, given that it is operating in a highly competitive industry. The Company has instead presented the remuneration in bands of $250,000. The top five key management personnel of the Group (who are not directors) are Mr. Kevin M. Kurtz, Mr. Lim Beng Lam, Mr. Tony Gung Kwun Yuan, Mr. Pete Rogan and Mr. Yoshihide Miura. The total remuneration for FY2016 for the said key management personnel was $1.65 million and their remuneration packages in bands of $250,000 are as follows:

	Number of key executive
Less than $250,000	2
$250,000 to $499,999	3

The profiles of the Group's key management are set out on pages 19 to 20 of the Annual Report. The Group adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that are tied to business and individual performance based on financial and business budgets that were approved by the Board at the beginning of the financial year. For FY2016, these performance conditions set for the executive directors and key management personnel were met. This framework enables the Group to align key executive compensation with the interests of shareholders and promotes the long-term success of the Group. There are no employees in the Group who are immediate family members of a director or the CEO.

Ellipsiz Share Option Plan

The salient details of the ESOP and the details of the options granted are provided in the Directors' Report and note 25 to the financial statements in the audited accounts. Since the commencement of ESOP, no options have been granted to controlling shareholders of the Company or their associates. Details of the options granted to directors and details of participants who have been granted 5% or more of the total options available under the Plan are provided in the Directors' Report.

The ESOP expired on 28 November 2011, without prejudice to the options that were previously granted under the Plan. All outstanding options under the ESOP also expired on 24 August 2015.

ACCOUNTABILITY & AUDIT

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

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

Management keeps the Board informed of the Group's performance through presentations at quarterly Board meetings, regular updates and informal discussions. The Board receives detailed information on the Group's performance, position and prospects, including management accounts and detailed presentations by each senior manager of the various business groups at these quarterly meetings. The Singapore Exchange Securities Trading Limited requires directors to issue a Negative Assurance Statement to accompany its quarterly financial results announcement, confirming that nothing has come to the attention of the Board that may render the financial results to be false or misleading. In addition, the directors also issue a statement that the Company has procured undertakings from the Company's directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual in its quarterly and yearly financial results announcement.

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

The Group has put in place a system of internal controls to ensure that proper accounting records are kept, information is reliable, the Group's assets are safeguarded and business risks identified and contained. Based on the reports from the external and internal auditors, the self-assessments and actions taken by the management, the on-going reviews and continuing efforts at enhancing controls and processes, the Board, with the concurrence of Audit Committee, considers that the present framework of internal controls, including financial, operational, compliance and information technology controls and its risk management systems are adequate to provide reasonable assurance of the integrity and availability of information, the effectiveness and efficiency of operations, the safeguarding of assets and compliance with applicable rules and regulations. The Board, however, recognises that no cost effective system of internal controls could provide absolute assurance against the occurrence of errors and irregularities.

The Board has received assurance from the CEO and CFO of the Company (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) regarding the effectiveness of the Company's risk management and internal control systems, as at 30 June 2016.

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

Risk Management

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

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

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

The Audit Committee comprises the following members:
Mr. Amos Leong Hong Kiat (Chairman)
Mr. Chng Hee Kok (Appointed on 5 November 2015)
Mr. Jeffrey Staszak
Mr. Clement Leow Wee Kia

All members of the Audit Committee are independent directors.

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

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

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

- review and discuss with external auditors the overall scope of work of the audit and its effectiveness, the assistance given by the Company's officers to the auditors, the results of the audit and the evaluation of the internal control system, external auditors' management letter and the responses from management;

- review the independence and objectivity of external auditors annually;

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

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

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

- review the adequacy and effectiveness of the internal audit services provided and recommend the appointment or re-appointment (as appropriate) of the internal audit firm to the Board on an annual basis; and

- review interested person transactions between the Group and interested persons, if any.

The Committee is also tasked with advising the Board on the appointment and re-appointment of external auditors of the Company at each annual general meeting, and approving their remuneration and terms of engagement. In accordance with Chapter 12 of the Singapore Exchange Listing Manual, the Audit Committee also reviews the non-audit services provided by the auditors and ensures that the non-audit services shall not affect the independence of the external auditors. Please refer to note 21 to the financial statements for a breakdown of fees paid and payable to the auditors of the Company for audit and non-audit services for the financial year. The Audit Committee is of the opinion that the fees incurred for non-audit services provided by the auditors are not material and does not affect the independence of the auditors. Changes to accounting standards and issues which may have a direct impact on financial statements are highlighted to the Committee from time to time by the external auditors.

With regards to Listing Rule 716, the Committee is satisfied that the appointment of different auditors for its subsidiaries or significant associated companies during the year would not compromise the standards and effectiveness of the audit of the Group.

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

The Audit Committee has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at its forthcoming annual general meeting.

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

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

Shareholder Rights
Principle 14: Recognise, protect and facilitate of shareholders' rights Communication with Shareholders
Principle 15: Regular, effective and fair communication with shareholders Conduct of Shareholder Meeting
Principle 16: Greater shareholder participation at AGMs

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

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

The Group currently does not have a dedicated investor relations team and the role is performed by the executive directors. The Company is in the process of reviewing if a dedicated team needs to be appointed to perform the function.

Under the Company's constitution a registered shareholder may appoint one or two proxies to attend an annual general meeting, to speak and vote in place of the shareholder. In addition, under Section 181(1C) of the Companies Act, a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than 2 proxies in accordance with the specified conditions set out in the Act. Voting in absentia by mail, facsimile or email has yet to be introduced because such voting methods will need to be carefully reviewed in terms of costs and feasibility to ensure that there is no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

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

All information presented by the CEO on the Group's performance, prospects and plans during the annual general meeting are posted on SGXNET. The minutes of annual general meetings are given to shareholders upon request.

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

SECURITIES TRADING

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

INTERESTED PERSON TRANSACTIONS

The Company does not have any general mandate from shareholders for interested person transactions. All interested person transactions are subject to review by the Board and the Audit Committee to ensure that the transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. During FY2016, the total transactions with interested persons are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Mr. Melvin Chan Wai Leong (CEO and executive director) Rental expenses	$132,000	NIL

The total value of interested person transactions of $132,000 is approximately 0.17% of the Group's audited consolidated net tangible assets of FY2015.

MATERIAL CONTRACTS

Except as disclosed in the notes 21 and 26 of the financial statements, since the end of the last financial year, there are no material contracts of the Company and its subsidiaries involving the interests of the CEO, any Director or any controlling shareholder, still subsisting at the end of FY2016. Except as disclosed in the notes 21 and 26 of the financial statements, no such contracts have been entered into since the end of the last financial year.

RESULTS OF OPERATIONS

Revenue and gross profits
The Group had revenue of $118.7 million for the financial year ended 30 June 2016 (FY2016), a 6% increase when compared with the performance in the previous financial year (FY2015). FY2016 revenue from PCS was an improvement of 15% while Distribution and Services solutions (DSS) had a decrease of 8% over FY2015. Slowdown in equipment and tools sales due to more controlled capital spending by customers led to the decline in revenue of DSS.

Gross profit for FY2016 was $41.9 million, an improvement of 4%, resulting from higher revenue achieved in the financial year. Gross profit margin dropped marginally by 0.4%.

Our PCS activities in Taiwan and USA had stronger FY2016 revenue while Europe saw a decline of 21%. Singapore and Malaysia had lower revenue due to the slowdowns in DSS activities.

Other income
Other income increased from $1.4 million in FY2015 to $2.9 million in FY2016. During the financial year, the Group recovered certain debts totalling $1.4 million, which were previously written off as the debtor was in bankruptcy proceedings and there was high level of uncertainty in the recovery of the debts. The bankruptcy proceedings were completed in October 2015 and the Group recovered part of the previously written off debts as final payment to creditors. Additionally, the Group had in the financial year, received dividend distribution of $673,000 from one of its quoted financial investment, when the investee delisted its shares and proceeded with liquidation process.

Other than the above mentioned one-time income, the Group recorded gain on disposal of asset classified as held for sale of $0.4 million but the exchange gain of $0.6 million in FY2015 did not recur in FY2016. Details of the other income are disclosed in note 21 to the financial statements.

Operating expenses
Total operating expenses increased by 5% from $33.1 million to $34.8 million. Included in other expenses in FY2015 was loss of $343,000 on disposal of investment of an associate while in FY2016, there was an impairment loss of $401,000 on investment in other financial asset and loss of $143,000 from disposal of one of its joint ventures. Excluding these one-time expenses in both financial years, operating expenses was an increase of $1.5 million from $32.8 million to $34.3 million.

Distribution cost increased due to recording of higher commission in FY2016 resulting from higher revenue while the increase in administrative cost was mainly a result of the incurrence of relocation costs by our Japan operations for moving of offices and the recording of higher professional fees by the Group during the year.

Net finance (expenses)/income
The incurrence of lower finance expenses, and receipt of higher finance income, led to the decrease of net finance expenses from $167,000 to $64,000 in FY2016.

Share of results of associates and joint ventures
The Group recorded profits of $981,000 and $54,000 from share of results from its associates and joint ventures, respectively, for FY2016.

Income taxes
In FY2016, the Group recorded tax expense of $1.4 million, mainly for the tax expense in the current financial year and an adjustment for the net movement in deferred taxes. Included in current tax expenses was one-time tax expenses of $0.2 million incurred in relation to the recovery of bad debts that were explained earlier.

Net profit attributable to Owners of the Company
The Group had net profits after taxes and non-controlling interests of $9.6 million for the financial year as compared to FY2015's profits of $6.7 million. In FY2016, the Group recorded one-time income from recovery of bad debts of $1.2 million (net of tax), dividend income of $0.7 million from a quoted financial investment, whereby the investee delisted its shares and currently in the process of voluntary liquidation, impairment loss of $0.4 million on investment of other financial assets, and loss on disposal of a joint venture of $0.1 million. In FY2015, the Group had a one-time loss on disposal of investment in an associate of $0.3 million and recorded additional tax of $0.4 million assessed by authority on some insurance compensation received for a fire incident that took place in FY2009.

Excluding the one-time income and expenses, the Group had profits of $8.2 million from its operating activities in FY2016, an improvement of 11% over FY2015's operating profits of $7.4 million.

FINANCIAL CONDITIONS

Non-current assets
The non-current assets decreased by 1% from $70.9 million as at 30 June 2015 to $70.1 million as at 30 June 2016. The disposal of a joint venture and the decrease in carrying amount of financial assets, as a result of the adverse movement in the market price of a quoted investment and decrease in the fair value of a quoted investment arising from the payment of the first interim liquidating dividend; partially offset by the higher investment in associate resulting from the recording of share of results, were the main causes for the net 1% movement in non-current assets.

Current assets
Total current assets as at 30 June 2016 was $86.3 million, an increase of 4% as compared to the $83.0 million as at 30 June 2015. There was a 22% increase in receivables but this was partially offset by 19% decrease in inventories and the completion of the disposal of asset classified as held for sale during the financial year.

Current and non-current liabilities

Total liabilities as at 30 June 2016 stood at $28.3 million, a decrease of 12% from $32.1 million as at 30 June 2015. The decrease was mainly due to the repayment of interest-bearing borrowings and lower current tax payable as at 30 June 2016.

Non-controlling interests

There was no material movement in non-controlling interests.

LIQUIDITY AND CAPITAL RESERVES

The net cash outflow of the Group for financial year ended 30 June 2016 was $0.4 million. This can be accounted by:

(a) cash inflow of $8.4 million for operating activities;
(b) cash outflow of $0.5 million for investing activities; and
(c) cash outflow of $8.3 million for financing activities.

The positive results in the financial year, partially offset by net negative cash movement in working capital, led to the cash inflow from operating activities of $8.4 million in FY2016.

Purchase of plant and equipment and intangible assets, partially offset by the proceed from disposal of asset classified as held for sale as at 30 June 2015 and the cash dividend received from other financial assets led to the net cash outflow of $0.5 million for investing activities.

Net repayment of interest-bearing borrowings and payments of dividend were the main causes for the cash outflow of $8.3 million for financing activities.

As at 30 June 2016, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $40.0 million.

RISK MANAGEMENT

The Audit Committee assumes the supervisory responsibility for the Group's risk management function. The objective of risk management is to safeguard the Group's assets and our stakeholders' investment so as to steer the Group to the next level of growth whilst operating within the Group's risk parameters. The Committee works with the management team to identify the key risk areas and establishes the appropriate mitigating controls and monitoring processes. Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. Together with on-going reviews and assessments by the Board, the Committee, management and internal auditors, continuing efforts will be made at enhancing controls and processes that need improvement.

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

GEOPOLITICAL & MACROECONOMIC RISKS

We operate in, and sell our products and services to customers in various countries, including Singapore, Malaysia, China, the Philippines, Thailand, Taiwan R.O.C., Vietnam, Japan, Europe and the United States. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. With globalisation, our market, our supply chains and our value chain are closely interconnected such that any change in the fiscal and monetary policies implemented by the governments of any of these countries will directly and indirectly result in currency and interest rate fluctuations, high inflation rate, capital restrictions, and changes in duties and taxes that are detrimental to our business which could materially and adversely affect our operations, financial performance and future growth. Our businesses are also affected by macroeconomic factors such as the performance of the US and major economies in Asia and Europe as they have an impact on the end market consumption, consumer sentiment and consequently, the market demand for our products and services. The uncertain political and global economic environment will affect the demand for and consumption of electronic gadgets and instruments, which in turn lead to uncertainties in capital spending by our customers. Success rate on the implementation of policies to rebuild confidence and stability, and policy efforts including fiscal consolidation would continue to pose significant macroeconomic risks to the operating performance of our businesses.

OBSOLESCENCE & INTELLECTUAL PROPERTY RISKS

The technologies in the industries we operate in are subject to constant change and innovation; this might shorten the life span of our intellectual property and inventories and render them obsolete. Any inability to anticipate demand fluctuations could potentially lead to write off of intellectual property value, inventory obsolescence, and hence, leading to longer cash conversion cycle and other related costs that could adversely affect our financial position. In addition to obsolescence risk, the inability to obtain patents and other intellectual property rights that are crucial to the protection of our technological know-how and competitive advantage would adversely impact our operations and financial performance.

LOSS OF KEY PRODUCTS DISTRIBUTORSHIPS & SERVICE CONTRACTS

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

MANPOWER RISK

Success of our business depends on the continued efforts and abilities of our management team and technical personnel. Should any of our key employees voluntarily terminate their employment, this could have a material adverse effect on our business and results. However, increase in job mobility and more competitive market salary have resulted difficulty in retaining or replacing with suitably qualified personnel. Similarly, if we are not being able to attract suitably qualified personnel for our expansion programme, this could also have an adverse impact on our future business growth.

CYCLICALITY OF THE SEMICONDUCTOR AND EMS INDUSTRIES

We operate mainly in the semiconductor and EMS industries. The semiconductor industry is highly cyclical due to the abrupt fluctuations in supply and demand of semiconductors. The timing, length and severity of such fluctuations are becoming increasingly difficult to predict. In addition, the industry faces constant pricing pressure due to continued intense competition and cost cuts by semiconductor manufacturers. In the event of a prolonged change, especially during a downturn, in the semiconductor industry, the Group's operating results could be materially affected. The EMS industry is deemed to be less cyclical compared to the semiconductor industry, but it is highly seasonal with the second half of the calendar year typically stronger than the first. Pricing is also under constant pressure in this industry and product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers and under such event, there could be an adverse impact on our financial performance.

FOREIGN EXCHANGE RISK

As the Group is involved in global distribution, it is exposed to foreign exchange risks for its sales, purchases, trade receivables, trade payables and cash and cash equivalents denominated in foreign currencies. The currency giving rise to this risk is primarily US Dollar. Currently, the Group relies primarily on natural hedging between its sales and purchases, its trade receivables and trade payables and if the need arises, the Group hedges its foreign exchange exposure with close monitoring from management. However, there are still risks arising from foreign exchange especially if there are sharp movements in exchange rates. Our financial performance could be adversely affected under those circumstances.

REGULATORY AND COMPLIANCE RISKS

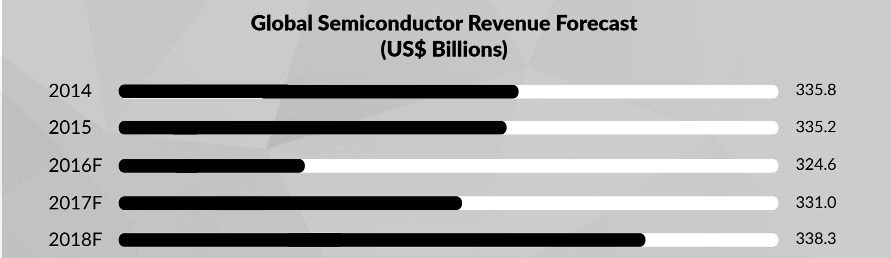
The Group's global operations are subject to government laws and regulations of the countries it operates in. This may impact or limit our flexibility to respond to market conditions, competition, new technologies or changes in cost structures. The new government legislation, regulations and policies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

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

According to the World Semiconductor Trade Statistics' (WSTS) Spring 2016 Market Forecast update, the global semiconductor market is expected to decline by 3.2% in 2016 to US$325 billion.

For 2016, the largest growth is expected across sensors, discrete semiconductors and analog with the largest decline expected in memory and optoelectronics.

The semiconductor market is forecast to grow 2% in 2017 and 2.2% in 2018 by the WSTS to approximately US$331 billion and US$338 billion, respectively amid growth across all major product categories, except logic, and all regions. The regions of Japan and the Asia-Pacific are projected to show the highest growth rate in 2017.



Source: World Semiconductor Trade Statistics (WSTS), August 2016

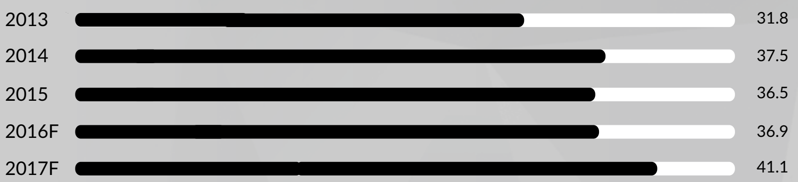
Following a contraction of 3% in 2015, Semiconductor Equipment and Materials International (SEMI) in its mid-year edition of the SEMI Capital Equipment Forecast has projected a 1.1% growth for the worldwide semiconductor equipment market in 2016 to about US$37 billion.

SEMI expected equipment spending to accelerate in the second half of 2016 following a slow start in the beginning of the year as device manufacturers began to ramp investments in key industry segments. For the year, front-end wafer processing equipment is forecast to grow 1.9% to US$29 billion, while the test equipment segment is expected to be essentially flat at US$3 billion. Assembly and packaging equipment and other front-end equipment are forecast to contract 5% and 2.1% to about US$2 billion each for both segments.

Equipment spending in Korea, North America, Japan and Taiwan are expected to contract in 2016. Growth is, however, expected for the rest of the regions led by the Rest of the World with a growth of 58.9% followed by China's growth of 30.8% and Europe's 6.2% growth. Despite the slight contraction, Taiwan is forecast to continue to be the world's largest spender with US$9 billion estimated for 2016. China is projected to be the second largest spender at US$6.4 billion followed by Korea at US$6.2 billion.

Capital spending is expected to improve into 2017 with growth tagged at 11.2% to approximately US$41 billion driven by foundries, memory (both 3D NAND and DRAM), MPU, power and investments in China.

Global Semiconductor Equipment Sales Forecast (US$ Billions)



Source: Semiconductor Equipment and Materials International (SEMI), July 2016

For 2017, the front-end wafer processing equipment segment is expected to lead with a 12.8% increase to US$33 billion, while other front-end equipment is forecast to grow 10.2% to US$2 billion. The Test equipment as well as Assembly and Packaging equipment are forecast to expand by 3.5% and 2.5% to US$3 billion and US$2 billion, respectively.

Taiwan is projected to maintain its leading position with a spending of US$10 billion for 2017, which translated into an increase of 5.9%. Korea is expected to overtake China with a growth of 29.5% to US$8 billion, while China is projected to grow 12.9% to US$7 billion.

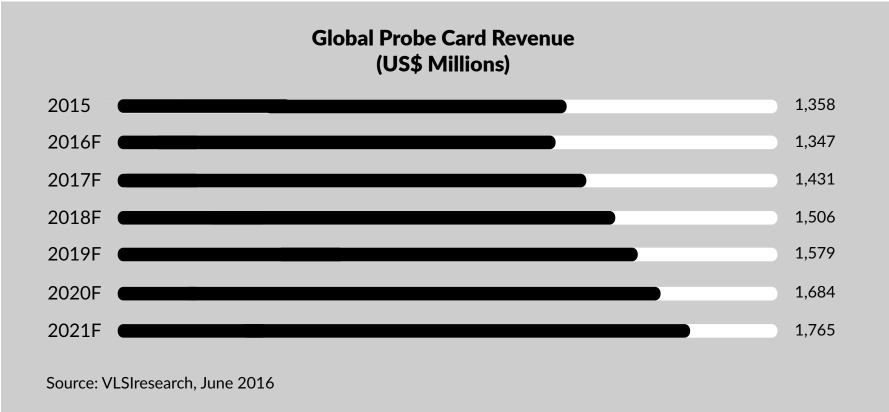
Elsewhere, Europe is forecast to expand by 18.8% and the Rest of World by 17.6%. Japan, on the other hand, would be the only region with a contraction estimated at 7%.

The probe card market, including service and support, is forecast to decline about 1% to approximately US$1.35 billion in 2016 following a lack of growth in 2015, according to the Probe Card Market 2015 Report Forecast Update by VLSIresearch in June 2016.

An upward trend is expected by 2017 with sales of probe cards growing at a compound annual growth rate (CAGR) of 5.6% from 2016 to 2021 to reach a value in excess of US$1.76 billion by 2021.

Revenue from semiconductor probe cards is expected to yield a CAGR of 5.8% over a five year period to US$1.69 billion in 2021. Revenue growth for advanced probe cards is forecast at a CAGR of 6.2% to approximately US$1.4 billion in 2021, under which advanced non-memory applications are forecast to experience a CAGR of 7.2% to US$770 million, compared to advanced memory probe cards with a CAGR of 5.1% to US$644.5 million in 2021.

Within the total non-memory probe card market where PCS participates, all types of probe cards are expected to grow over the next five years, according to VLSIresearch in June 2016. However, the MEMS probe card segment is expected to grow at the fastest CAGR rate of 10% to become the largest non-memory market contributor at US$343 million in 2021. Vertical probe cards are expected to grow at a CAGR of 4.7% to US$319 million in 2021, while cantilever probe cards are expected to grow at a 4.4% to US$250 million.



Separately, the revenues for the FPD probe card are expected to decline at a CAGR of almost 1% to about US$43 million by 2021. However, advanced probe cards for FPD are expected to experience slight CAGR growth of 0.9% to US$20.4 million with the epoxy/cantilever probe cards decreasing at a CAGR of -2.4% to about US$22.1 million.

The Group will continue with the building of our fundamentals, staying focused and disciplined in improving our capabilities, as well as synergising our global operating presence towards the creation of a robust business model to deliver sustainable results and remain relevant to all of our stakeholders.

FINANCIAL STATEMENTS CONTENTS

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 2016.

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

(a) the financial statements set out on pages 54 to 137 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 2016 and the financial performance and changes in equity of the Group and the Company and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Chng Hee Kok	Chairman	(Appointed on 1 Septemeber 2015)
Melvin Chan Wai Leong		
Jeffrey Staszak		
Amos Leong Hong Kiat		
Ong Suat Lian		
Clement Leow Wee Kia		
Kelvin Lum Wen-Sum		(Appointed on 1 March 2016)

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/ date of appointment	Holdings at end of the year	Holdings at 21/7/2016
Name of director and corporation in which interests are held			
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	5,705,723[(1)]	6,278,753	6,278,753

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year	Holdings at 21/7/2016
Jeffrey Staszak			
Ellipsiz Ltd			
- ordinary shares			
- interest held	30,000[1]	30,000	30,000
- options to subscribe for ordinary shares at[2]			
- S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards (expired on 24/08/2015)	300,000	–	–
Amos Leong Hong Kiat			
Ellipsiz Ltd			
- ordinary shares			
- interest held	30,000[1]	–	–
- deemed interest	–	30,000	30,000
- options to subscribe for ordinary shares at[2]			
- S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards (expired on 24/08/2015)	300,000	–	–
Ong Suat Lian			
Ellipsiz Ltd			
- ordinary shares			
- interest held	178,899[1]	178,899	178,899
- options to subscribe for ordinary shares at[2]			
- S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards (expired on 24/08/2015)	1,100,000	–	–

(1) On 30 October 2015, the Group completed a share consolidation exercise. Accordingly, the number of shares as at the beginning of the financial year, as stated in this table has been retrospectively adjusted by consolidating every 10 existing issued ordinary shares into 3 ordinary shares.

(2) Options refer to the options to subscribe for ordinary shares of the Company granted to employees and Directors of the Group pursuant to the Company's "Ellipsiz Share Option Plan" approved by its shareholders on 28 November 2001. The said Plan has expired and there are no unexercised options outstanding under the said Plan.

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 2016.

Except as disclosed under the "Share Plans" section of this statement, 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.

SHARE PLANS

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" (the "Plan"). The Plan enabled selected employees and non-executive directors of the Group to subscribe for shares in the Company.

On 26 October 2009 and 25 August 2010, the Company approved and granted options under the Plan. Details of outstanding options granted on the unissued ordinary shares of the Company during the financial year, are set out in note 25 to the financial statements. All share options were either exercised or expired before the share consolidation took effect on 30 October 2015. There is therefore no outstanding option under the Plan.

The Plan was administered by the Remuneration Committee.

Other salient details regarding the Plan are set out below:

(a) The total number of new shares over which options may be granted pursuant to the Plan, when added to the number of new shares issued and issuable in respect of all options granted, and all awards granted under the Ellipsiz Restricted Stock Plan (which has expired on 28 November 2011 with no outstanding awards thereunder), shall not exceed 15% of the issued share capital of the Company (or such other limit that may be imposed by the Companies Act or the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual) on the day preceding the relevant date of grant.

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

Details of options granted to Directors under the Plan are as follows:

Director	Options granted for financial year ended 30 June 2016		Aggregate options granted since commencement to 30 June 2016		Aggregate options exercised since commencement to 30 June 2016		Aggregate options expired as at 30 June 2016		Aggregate options outstanding as at 30 June 2016	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Melvin Chan Wai Leong	–	–	5,250,000	0.94	2,100,000	0.38	3,150,000	0.56	–	–
Jeffrey Staszak	–	–	1,100,000	0.19	–	–	1,100,000	0.19	–	–
Amos Leong Hong Kiat	–	–	950,000	0.17	–	–	950,000	0.17	–	–
Ong Suat Lian	–	–	2,367,000	0.42	34,000	0.01	2,333,000	0.41	–	–

Details of participant (other than the Directors) who received more than 5% of the total number of options made available under the Plan are as follows:

Participant	Options granted for financial year ended 30 June 2016 No. of share options	%	Aggregate options granted since commencement to 30 June 2016 No. of share options	%	Aggregate options exercised since commencement to 30 June 2016 No. of share options	%	Aggregate options expired as at 30 June 2016 No. of share options	%	Aggregate options outstanding as at 30 June 2016 No. of share options	%
Kevin M. Kurtz	–	–	3,000,000	0.54	500,000	0.09	2,500,000	0.45	–	–

The percentage is computed based on the options granted, exercised or vested divided by the total number of ordinary shares issued by the Company before the share consolidation exercise was completed on 30 October 2015.

Since the commencement of the Plan, no option has been granted to the controlling shareholders of the Company or their associates.

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

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

As at the end of the financial year, except as reported above and disclosed in note 25 to the financial statements, no other options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

AUDIT COMMITTEE

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

- Amos Leong Hong Kiat Chairman
- Chng Hee Kok (Appointed on 5 November 2015)
- Jeffrey Staszak
- Clement Leow Wee Kia

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

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance 2012.

Specific responsibilities of the Audit Committee include:

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

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

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

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

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

(f) review and discuss with internal auditors the overall scope of work of the internal audit and its effectiveness, the results of the internal audits and the recommendations presented;

(g) review and consider the adequacy of internal controls, addressing financial, operational and compliance risks after considering the internal auditors' report;

(h) review the effectiveness of the internal audit services provided and recommending their appointment or re-appointment to the Directors; and

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

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

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

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

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

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

MATERIAL CONTRACTS

Except as disclosed in the notes 21 and 26 to the financial statements, since the end of the last financial year, there are no material contracts of the Company and its subsidiaries involving the interests of the chief executive officer, any Director or any controlling shareholder, still subsisting at the end of the financial year ended 30 June 2016. Except as disclosed in notes 21 and 26 to the financial statements, no such contracts have been entered into since the end of the last financial year.

AUDITORS

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

On behalf of the Board of Directors

____

Melvin Chan Wai Leong
Director

____

Kelvin Lum Wen-Sum
Director

5 September 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ellipsiz Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 30 June 2016, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 137.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ellipsiz Ltd

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, the statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 September 2016

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	3	11,840	11,365	4	6
Intangible assets	4	41,213	41,974	–	–
Subsidiaries	5	–	–	79,602	85,513
Associates	6	8,385	6,350	4,868	4,868
Joint ventures	7	68	118	–	–
Financial assets	8	5,203	7,687	4,970	7,523
Deferred tax assets	10	3,374	3,403	84	84
		70,083	70,897	89,528	97,994
Current assets					
Inventories	11	9,115	11,185	–	–
Trade and other receivables	9	37,157	30,466	187	209
Amounts due from related parties	12	–	117	361	393
Assets classified as held for sale	13	–	991	–	–
Cash and cash equivalents	14	40,036	40,279	16,938	18,338
		86,308	83,038	17,486	18,940
Total assets		156,391	153,935	107,014	116,934
Equity attributable to Owners of the Company					
Share capital	15	89,566	89,566	89,566	89,566
Reserves	16	38,171	31,893	15,815	16,750
		127,737	121,459	105,381	106,316
Non-controlling interests		385	398	–	–
Total equity		128,122	121,857	105,381	106,316
Non-current liabilities					
Provisions	19	214	–	–	–
Interest-bearing borrowings	17	471	511	–	–
Deferred tax liabilities	10	581	580	–	–
		1,266	1,091	–	–
Current liabilities					
Trade and other payables	18	22,572	21,965	1,426	1,768
Provisions	19	231	100	–	–
Amounts due to related parties	12	72	116	–	8,625
Interest-bearing borrowings	17	3,347	7,783	–	–
Current tax payable		781	1,023	207	225
		27,003	30,987	1,633	10,618
Total liabilities		28,269	32,078	1,633	10,618
Total equity and liabilities		156,391	153,935	107,014	116,934

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

STATEMENTS OF
COMPREHENSIVE INCOME

Year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Revenue	20	118,735	112,515	5,053	4,129
Cost of revenue		(76,863)	(72,384)	–	–
Gross profit		41,872	40,131	5,053	4,129
Other income		2,936	1,355	3,385	1,883
Distribution expenses		(13,362)	(12,335)	–	–
Administrative expenses		(17,245)	(17,051)	(3,415)	(3,131)
Research and development expenses		(3,616)	(3,309)	–	–
Other expenses		(588)	(407)	(469)	–
Results from operating activities	21	9,997	8,384	4,554	2,881
Finance income		99	73	61	12
Finance expenses		(163)	(240)	–	–
Net finance (expenses)/income	22	(64)	(167)	61	12
Share of results of associates (net of tax)		981	1,171	–	–
Share of results of joint ventures (net of tax)		54	(112)	–	–
Profit before income tax		10,968	9,276	4,615	2,893
Income tax (expense)/credit	23	(1,365)	(2,612)	–	14
Profit for the year		9,603	6,664	4,615	2,907
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences arising from the:					
- liquidation of a subsidiary reclassified to profit or loss		–	(16)	–	–
- disposal of an associate reclassified to profit or loss		–	248	–	–
- disposal of joint ventures reclassified to profit or loss		137	–	–	–
- monetary items forming part of net investments in foreign operations		(185)	74	–	–
- translation of financial statements of foreign operations		2,260	2,079	–	–
Net change in fair value of available-for-sale financial assets		(2,553)	(1,881)	(2,553)	(1,881)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		401	–	401	–
Tax effect		–	–	–	–
Other comprehensive income for the year, net of income tax		60	504	(2,152)	(1,881)
Total comprehensive income for the year		9,663	7,168	2,463	1,026

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Profit attributable to:					
Owners of the Company		9,598	6,663	4,615	2,907
Non-controlling interests		5	1	–	–
Profit for the year		9,603	6,664	4,615	2,907
Total comprehensive income attributable to:					
Owners of the Company		9,676	7,148	2,463	1,026
Non-controlling interests		(13)	20	–	–
Total comprehensive income for the year		9,663	7,168	2,463	1,026
Earnings per share[(1)]	24				
- Basic earnings per share (cents)		5.74	4.01		
- Diluted earnings per share (cents)		5.74	4.01		

(1) On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the earnings per share (note 24).

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Exchange translation reserve $'000	Accumulated profits $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2014	88,773	(11,651)	4,093	2,481	(14,781)	47,887	116,802	378	117,180
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	6,663	6,663	1	6,664
Other comprehensive income									
Exchange differences arising from the									
- liquidation of a subsidiary	–	–	–	–	(16)	–	(16)	–	(16)
- disposal of an associate	–	–	–	–	248	–	248	–	248
- monetary items forming part of net investments in foreign operations	–	–	–	–	74	–	74	–	74
- translation of financial statements of foreign operations	–	–	–	–	2,060	–	2,060	19	2,079
Net change in fair value of available-for-sale financial assets	–	–	(1,881)	–	–	–	(1,881)	–	(1,881)
Total other comprehensive income, net of income tax	–	–	(1,881)	–	2,366	–	485	19	504
Total comprehensive income for the year	–	–	(1,881)	–	2,366	6,663	7,148	20	7,168

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Exchange translation reserve $'000	Accu-mulated profits $'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									
Issuance of shares pursuant to the exercise of share options									
- Exercise price	602	–	–	–	–	–	602	–	602
- Value of employees services received	191	–	–	(191)	–	–	–	–	–
Final dividend of 0.60 cents per share in respect of 2014[(1)]	–	–	–	–	–	(995)	(995)	–	(995)
Special dividend of 0.60 cents per share in respect of 2014[(1)]	–	–	–	–	–	(995)	(995)	–	(995)
Interim dividend of 0.67 cents per share in respect of 2015[(1)]	–	–	–	–	–	(1,106)	(1,106)	–	(1,106)
Total contributions by and distributions to Owners	793	–	–	(191)	–	(3,096)	(2,494)	–	(2,494)
Changes in ownership interests in subsidiary									
Arising from liquidation of a subsidiary reclassified to profit or loss	–	3	–	–	–	–	3	–	3
Total changes in ownership interests in subsidiary	–	3	–	–	–	–	3	–	3
Total transactions with Owners	793	3	–	(191)	–	(3,096)	(2,491)	–	(2,491)
Balance as at 30 June 2015	89,566	(11,648)	2,212	2,290	(12,415)	51,454	121,459	398	121,857

(1) On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2014, interim and final and special dividend in respect of 2015 (see note 15).

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

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

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2014, interim and final and special dividend in respect of 2015 (see note 15).

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

STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2016

Company	Share capital $'000	Fair value reserve $'000	Share-based compen-sation reserve $'000	Accu-mulated profits $'000	Total equity $'000
Balance as at 1 July 2014	88,773	4,093	2,481	12,437	107,784
Total comprehensive income for the year					
Profit for the year	–	–	–	2,907	2,907
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	–	(1,881)	–	–	(1,881)
Total other comprehensive income, net of income tax	–	(1,881)	–	–	(1,881)
Total comprehensive income for the year	–	(1,881)	–	2,907	1,026
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Issuance of share pursuant to the exercise of share options					
- Exercise price	602	–	–	–	602
- Value of employees services received	191	–	(191)	–	–
Final dividend of 0.60 cents per share in respect of 2014[1]	–	–	–	(995)	(995)
Special dividend of 0.60 cents per share in respect of 2014[1]	–	–	–	(995)	(995)
Interim dividend of 0.67 cents per share in respect of 2015[1]	–	–	–	(1,106)	(1,106)
Total transactions with Owners	793	–	(191)	(3,096)	(2,494)
Balance as at 30 June 2015	89,566	2,212	2,290	12,248	106,316

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2014, interim and final and special dividend in respect of 2015 (see note 15).

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

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

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the final and special dividend in respect of 2014, interim and final and special dividend in respect of 2015 (see note 15).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities		
Profit for the year	9,603	6,664
Adjustments for:		
Allowance/(Reversal of allowance) for:		
- doubtful debts from trade and other receivables	376	(10)
- inventory obsolescence	888	466
Amortisation of intangible assets	1,031	744
Bad debts recovered	(1,403)	–
Bad debts written off	20	–
Depreciation of property, plant and equipment	2,929	2,774
Dividend income from other financial asset	(673)	–
Gain on disposal of property, plant and equipment	(12)	(209)
Gain on disposal of assets classified as held for sale	(361)	–
Gain on liquidation of subsidiaries	–	(13)
Interest income	(99)	(73)
Interest expenses	163	240
Inventories written off	–	97
Impairment loss on other financial asset	401	–
Loss on disposal of an associate	–	343
Loss on disposal of a joint venture	143	–
Reversal of provision for retrenchment costs	–	(203)
Share of results of associates and joint ventures (net of tax)	(1,035)	(1,059)
Income tax expenses	1,365	2,612
Operating profit before working capital changes	13,336	12,373
Changes in:		
Amounts due from related parties (trade)	1	87
Amounts due to related parties (trade)	–	52
Inventories	1,344	1,306
Post-acquisition integration and restructuring costs paid	–	(1,594)
Retrenchment costs paid	–	(139)
Release of pledged deposits with financial institutions	214	1,425
Trade and other receivables	(5,367)	3,800
Trade and other payables	461	(2,194)
Cash generated from operations	9,989	15,116
Interest received	99	73
Interest paid	(163)	(240)
Income tax paid	(1,581)	(871)
Net cash generated from operating activities	8,344	14,078

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

Year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from investing activities			
Amounts due from related parties (non-trade)		116	134
Dividend received from associates		134	958
Dividend received from other financial asset		673	–
Purchase of intangible assets		(279)	(1,033)
Purchase of property, plant and equipment[1][2]		(2,644)	(2,699)
Purchase of other financial assets		(39)	(3)
Proceeds from disposal of property, plant and equipment		40	500
Proceeds from disposal of an associate		–	1,209
Proceeds from disposal of a joint venture		95	–
Proceeds from disposal of assets classified as held for sale		1,432	–
Net cash used in investing activities		(472)	(934)
Cash flows from financing activities			
Amounts due to related parties (non-trade)		(44)	–
Dividend paid		(3,398)	(3,096)
Issuance of new shares		–	602
Proceeds from bank loans		2,927	7,899
Repayment of bank loans		(7,711)	(9,460)
Repayment of finance lease creditors		(36)	(93)
Net cash used in financing activities		(8,262)	(4,148)
Net (decrease)/increase in cash and cash equivalents		(390)	8,996
Cash and cash equivalents at beginning of year		40,065	30,377
Effect of exchange rate changes on balances in foreign currencies		361	692
Cash and cash equivalents at end of year	14	40,036	40,065

[1] Property, plant and equipment amounting to $61,000 (2015: $Nil) were acquired through finance lease.

[2] The Group accrued reinstatement cost of $264,000 (2015: $Nil) under property, plant and equipment.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 September 2016.

1 DOMICILE AND ACTIVITIES

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

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

The financial statements of the Group as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgements

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

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.

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 intangible assets are disclosed in note 4 and the carrying amounts of property, plant and equipment, intangible assets, subsidiaries, associates and joint ventures are disclosed in notes 3 to 7.

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan and receivables, at the reporting date is disclosed in note 29.

Useful lives of property, plant and equipment and intangible assets (excluding goodwill)

Property, plant and equipment and intangible assets (excluding goodwill) are depreciated or amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 39 years. The carrying amounts of these assets are disclosed in notes 3 and 4. Changes in the expected level of usage and technological developments could impact the economics of useful lives and the residual values of these assets, and therefore future depreciation or amortisation charges could be revised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

Taxation

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events.

In addition, certain subsidiaries of the Group have potential tax benefits arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

On 7 July 2016, one of shareholders of the Company made a mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the shareholder. On 24 August 2016, the shareholder had acquired 54.41% of the total number of issued shares.

This substantial change in the Company's shareholdings may affect the ability of the Company and its subsidiaries residing in Singapore and the United States of America to carry forward its recognised deferred tax assets of $3,108,000 arising from unutilised tax losses and credits, unabsorbed wear and tear allowances and other temporary differences as well as the unrecognised temporary differences amounting to $13,473,000.

The Group intends to apply to the relevant tax authorities for a waiver on the basis that the change in shareholdings was not for the purpose of obtaining any tax advantage. The full impact to the financial statements is subject to the outcome of the waiver appeal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

Taxation (cont'd)

The carrying amounts of the Group's deferred tax assets and liabilities, and tax receivables are disclosed in notes 10 and 9, respectively, and the carrying amount of current tax payable is $781,000 (2015: $1,023,000).

New/revised standards and interpretations

The Group and the Company adopted the new or revised standards and interpretations that came into effect from 1 July 2015. The adoption of these new or revised standards and interpretations does not have a significant impact on the financial statements.

New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

- FRS 115 *Revenue from Contracts with Customers*

  FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services*.

  The Group is currently assessing the impact upon adoption of this standard in the financial year ending 30 June 2019.

- FRS 109 *Financial Instruments*

  FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

  The Group is currently assessing the impact on adoption of this standard in the financial year ending 30 June 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

New standards and interpretations not adopted (cont'd)

- FRS 101 *First-time Adoption of Financial Reporting Standards*

  The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") from the financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1 *First-time Adoption of IFRS* when transitioning to the new reporting framework.

  The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements for the financial year ending 30 June 2019.

- FRS 116 *Leases*

  FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

  FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

  When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The Group is currently assessing the impact on adoption of this standard for the financial year ending 30 June 2020.

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

2.2 Basis of consolidation

Business combinations

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Subsidiaries (cont'd)

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

Loss of control

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Accounting for subsidiaries, associates and joint ventures by the Company

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

2.3 Foreign currency

Foreign currency transactions

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation (note 2.6), which are recognised in other comprehensive income.

Foreign operations

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

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

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and when the Group has an obligation, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets

Computer software

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

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

Research and development expenditure

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

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

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

Technology licence and intellectual property

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets (cont'd)

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.

2.6 Financial instruments

Non-derivative financial assets

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

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

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

Loans and receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

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

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

Available-for-sale financial assets

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

Available-for-sale financial assets comprise equity securities, debt 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 expire.

The Group classifies its non-derivative financial liabilities into other financial liabilities, which comprise: trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income), amounts due to related parties and interest-bearing borrowings. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (cont'd)

Offsetting of financial assets and liabilities

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

Derivative financial instruments and hedging activities

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the other comprehensive income to the extent that the hedge is effective, and are presented within equity in the exchange translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in the exchange translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

Economic hedges

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

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

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

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 in the Group and economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

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

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

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

Available-for-sale financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment (cont'd)

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.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Inventories

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

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

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

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

2.10 Assets held for sale

Non-current assets are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

2.11 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 revenue on a systematic basis over the useful life of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Employee benefits

Defined contribution plans

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

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

Employee leave entitlement

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

Short-term benefits

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

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

Share-based payments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Employee benefits (cont'd)

Share-based payments (cont'd)

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

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

2.13 Provision

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

Warranties

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

Restoration cost

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

2.14 Revenue recognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue recognition (cont'd)

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.

2.15 Key management personnel

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

2.16 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.

2.17 Income tax expense

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Income tax expense (cont'd)

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

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

A deferred tax asset is recognised 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.

2.18 Dividends

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

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 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.

3 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and building $'000	Leasehold land and building $'000	Leasehold improvements $'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 2014		2,968	1,975	3,495	566	1,167	3,797	158	31,287	2	45,415
Additions		9	56	203	3	31	318	194	1,874	11	2,699
Disposals		–	–	(110)	(15)	(22)	(347)	(8)	(1,384)	–	(1,886)
Reclassification to assets classified as held for sale	13	(998)	–	–	–	–	–	–	–	–	(998)
Translation difference on consolidation		(425)	165	123	8	(50)	243	8	2,302	1	2,375
At 30 June 2015		1,554	2,196	3,711	562	1,126	4,011	352	34,079	14	47,605
Additions		–	13	1,365	8	87	201	23	1,215	57	2,969
Disposals		–	–	(983)	(19)	(38)	(173)	(15)	(2,463)	–	(3,691)
Liquidation of a subsidiary		–	–	(239)	(7)	(36)	(194)	–	(8)	–	(484)
Translation difference on consolidation		432	(4)	3	15	96	(20)	1	(59)	(2)	462
At 30 June 2016		1,986	2,205	3,857	559	1,235	3,825	361	32,764	69	46,861

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2016

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Freehold land and building $'000	Leasehold land and building $'000	Leasehold improve-ments $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Assets under con-struction $'000	Total $'000
Accumulated depreciation and impairment losses											
At 1 July 2014		63	378	2,614	376	576	3,234	122	25,345	–	32,708
Depreciation charge for the year		77	53	330	63	133	335	26	1,757	–	2,774
Disposals		–	–	(74)	(6)	(18)	(325)	(8)	(1,164)	–	(1,595)
Reclassification to assets classified as held for sale	13	(7)	–	–	–	–	–	–	–	–	(7)
Translation difference on consolidation		(10)	33	123	8	(6)	209	8	1,995	–	2,360
At 30 June 2015		123	464	2,993	441	685	3,453	148	27,933	–	36,240
Depreciation charge for the year		66	62	449	58	141	315	36	1,802	–	2,929
Disposals		–	–	(974)	(18)	(28)	(173)	(8)	(2,462)	–	(3,663)
Liquidation of a subsidiary		–	–	(239)	(7)	(36)	(194)	–	(8)	–	(484)
Translation difference on consolidation		29	(2)	2	8	40	(19)	–	(59)	–	(1)
At 30 June 2016		218	524	2,231	482	802	3,382	176	27,206	–	35,021
Carrying amounts											
At 1 July 2014		2,905	1,597	881	190	591	563	36	5,942	2	12,707
At 30 June 2015		1,431	1,732	718	121	441	558	204	6,146	14	11,365
At 30 June 2016		1,768	1,681	1,626	77	433	443	185	5,558	69	11,840

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Leasehold land and building and plant and machinery of the Group with carrying amounts of $1,477,000 (2015: $1,524,000) and $530,000 (2015: $641,000), respectively, have been pledged to banks as securities for certain bank loans (note 17).

The carrying amount of property, plant and equipment includes amounts totalling $76,000 (2015: $42,000) for the Group in respect of assets acquired under finance leases (note 17).

	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 July 2014	9	7	21	37
Additions	–	–	1	1
At 30 June 2015	9	7	22	38
Additions	–	–	3	3
Write off	–	(2)	(13)	(15)
At 30 June 2016	9	5	12	26
Accumulated depreciation				
At 1 July 2014	9	7	11	27
Depreciation charge for the year	–	*	5	5
At 30 June 2015	9	7	16	32
Depreciation charge for the year	–	*	5	5
Write off	–	(2)	(13)	(15)
At 30 June 2016	9	5	8	22
Carrying amounts				
At 1 July 2014	–	–	10	10
At 30 June 2015	–	–	6	6
At 30 June 2016	–	–	4	4

* Amount less than $1,000.

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cost of revenue	2,186	2,062	–	–
Distribution expenses	134	163	–	–
Administrative expenses	461	407	5	5
Research and development expenses	148	142	–	–
	2,929	2,774	5	5

4 INTANGIBLE ASSETS

	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Group						
Cost						
At 1 July 2014	719	1,941	9,665	5,133	27,248	44,706
Additions – acquired	17	–	–	–	–	17
Additions – internally developed	30	–	–	986	–	1,016
Write off	(9)	–	–	–	–	(9)
Translation difference on consolidation	14	158	797	459	887	2,315
At 30 June 2015	771	2,099	10,462	6,578	28,135	48,045
Additions – acquired	18	–	–	–	–	18
Additions – internally developed	87	–	–	174	–	261
Write off	(49)	–	–	–	–	(49)
Liquidation of a subsidiary	–	–	–	–	(744)	(744)
Translation difference on consolidation	15	7	(15)	(14)	(20)	(27)
At 30 June 2016	842	2,106	10,447	6,738	27,371	47,504

4 INTANGIBLE ASSETS (CONT'D)

	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Accumulated amortisation and impairment losses						
At 1 July 2014	583	834	2,358	476	744	4,995
Amortisation for the year	70	105	555	14	–	744
Write off	(9)	–	–	–	–	(9)
Translation difference on consolidation	14	73	214	40	–	341
At 30 June 2015	658	1,012	3,127	530	744	6,071
Amortisation for the year	71	112	477	371	–	1,031
Write off	(49)	–	–	–	–	(49)
Liquidation of a subsidiary	–	–	–	–	(744)	(744)
Translation difference on consolidation	15	(5)	(18)	(10)	–	(18)
At 30 June 2016	695	1,119	3,586	891	–	6,291
Carrying amounts						
At 1 July 2014	136	1,107	7,307	4,657	26,504	39,711
At 30 June 2015	113	1,087	7,335	6,048	27,391	41,974
At 30 June 2016	147	987	6,861	5,847	27,371	41,213

4 INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 July 2014 and 30 June 2015	11
Write off	(11)
At 30 June 2016	–
Accumulated amortisation	
At 1 July 2014 and 30 June 2015	11
Write off	(11)
At 30 June 2016	–
Carrying amounts	
At 1 July 2014, 30 June 2015 and 30 June 2016	–

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

	Group	
	2016 $'000	**2015 $'000**
Cost of revenue	1,011	710
Administrative expenses	20	34
	1,031	744

Annual impairment tests for cash-generating units containing goodwill

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

	Group	
	2016 $'000	**2015 $'000**
Probe Card solutions	11,981	11,999
Distribution and Services solutions	15,390	15,392
	27,371	27,391

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

4 INTANGIBLE ASSETS (CONT'D)

Key assumptions used for value-in-use calculations

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

	Group	
	Revenue growth rate %	**Discount rate %**
2016		
Probe Card solutions	5.1	15.4
Distribution and Services solutions	5.0	13.2
2015		
Probe Card solutions	5.2	17.1
Distribution and Services solutions	6.2	13.1

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

No sensitivity analysis was disclosed for the Probe Card solutions CGU as the Group believes that any reasonable possible change in the above key assumptions for the Probe Card solutions CGU is not likely to materially cause the recoverable amount to be lower than its carrying amount. For the Distribution and Services solutions CGU, if the growth rate decreased by 3.0% (2015: 0.9%), the estimated recoverable amount would be equal to the carrying amount.

5 SUBSIDIARIES

	Company	
	2016 $'000	**2015 $'000**
Equity investments at cost	119,963	125,866
Quasi-equity loan to a subsidiary	5,535	5,543
Less: Impairment losses	(45,896)	(45,896)
	79,602	85,513

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

5 SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(1)	Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100
(1)	SV Probe Pte. Ltd. and its subsidiaries:	Provision of probe card designing, manufacturing, repair and distribution and engineering solutions to the semiconductor industry through its applications engineering team, and provides repair and maintenance support	Singapore	100	100
(4)	SV Technology Inc.	Provision of technology services, including technology transfer, training, technical and consultancy services, expert advice and technical assistance	Republic of Mauritius	100	100
(2)	SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100

5 SUBSIDIARIES (CONT'D)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2016 %	2015 %
(2)	SV Probe Vietnam Co., Ltd.	Production, installation and designing of probe cards, accessories, spare parts and tools for manufacturing semiconductor products	Vietnam	100	100
(4)	SV Probe Inc.	Design, research and development and manufacturing, trading, sales and after sales support of probe cards	USA	100	100
(5)	SV Probe Technology S.A.S.	Trading, sales and after sales support of probe cards	France	100	100
(6)	SV Probe (SIP) Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	China	100	100
(1)	Tokyo Cathode Laboratory (Singapore) Pte. Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Singapore	100	100
(4)	TCL Yamaichi Taiwan Inc.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(4)	Hokko Electronics Co., Ltd	Manufacturing and trading, sales and after sales support of probe cards	Japan	100	100
(4)	SV TCL Kabushiki Kaisha	Design, manufacturing, sales and after sales support of probe cards	Japan	100	100

5 SUBSIDIARIES (CONT'D)

	Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2016 %	2015 %
(1)	iNETest Resources Pte. Ltd. and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
(7)	Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(8)	Ellipsiz iNETest (Shanghai) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(4)	Ellipsiz iNETest Co., Ltd.	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
(3)	iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	100	100
(4)	Ellipsiz Taiwan Inc. and its subsidiary:	Inactive	Taiwan	78	78
(4)	CrystalTech Scientific Inc.	Inactive	British Virgin Islands	78	78

5 SUBSIDIARIES (CONT'D)

(1) Audited by KPMG LLP, Singapore.
(2) These subsidiaries are audited by other member firms of KPMG International.
(3) Audited by ACT Partners, Malaysia.
(4) These subsidiaries are not required to be audited for the current year under the laws of the respective countries of incorporation.
(5) This subsidiary is not required to be audited for the current year as the subsidiary has entered into liquidation subsequent to the balance sheet date.
(6) Audited by Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd., China and has local statutory financial year ending 31 December.
(7) Audited by Suzhou Joining Certified Public Accountants Co., Ltd., China and has local statutory financial year ending 31 December.
(8) Audited by Shanghai Xiao Tian Cheng Certified Public Accountants Co., Ltd., China and has local statutory financial year ending 31 December.

6 ASSOCIATES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investments in associates	5,139	5,139	4,868	4,868
Share of post-acquisition reserves	2,912	2,065	–	–
Exchange translation reserve	334	(854)	–	–
	3,246	1,211	–	–
	8,385	6,350	4,868	4,868

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2016 %	2015 %
(1)(3) Advantech Corporation (Thailand) Co., Ltd.	Trading and engineering services	Thailand	49	49
(2) Kita Manufacturing Co., Ltd ("Kita")	Design and manufacturing of spring pin, contact probe and other precision metal parts for semiconductor and PCB assemblies industry	Japan	40	40

(1) Audited by Tsedeq Accounting and Tax Co., Ltd., Thailand and has local statutory financial year ending 31 December.
(2) Not required to be audited for the current year under the laws of incorporation.
(3) Held through iNETest Resources Pte. Ltd.

6 ASSOCIATES (CONT'D)

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

	Kita $'000	Immaterial associates $'000	Total $'000
2016			
Revenue	20,814		
Profit for the year	2,050		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	2,050		
Non-current assets	18,076		
Current assets	18,570		
Non-current liabilities	(7,314)		
Current liabilities	(14,886)		
Net assets attributable to investee's shareholders	14,446		
Group's interest in net assets of investee at end of the year	5,778	682	6,460
Goodwill	1,925	–	1,925
Carrying amount of interest in investee at end of the year	7,703	682	8,385
Group's share of:			
- Profit for the year	820	161	981
- Other comprehensive income	–	–	–
- Total comprehensive income	820	161	981

6 ASSOCIATES (CONT'D)

	Kita $'000	Immaterial associates $'000	Total $'000
2015			
Revenue	22,683		
Profit for the year	2,388		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	2,388		
Non-current assets	11,683		
Current assets	13,134		
Non-current liabilities	(4,493)		
Current liabilities	(10,189)		
Net assets attributable to investee's shareholders	10,135		
Group's interest in net assets of investee at end of the year	4,054	691	4,745
Goodwill	1,605	–	1,605
Carrying amount of interest in investee at end of the year	5,659	691	6,350
Group's share of:			
- Profit for the year	955	216	1,171
- Other comprehensive income	–	–	–
- Total comprehensive income	955	216	1,171

The Group received dividends of $134,000 (2015: $958,000) from its investments in associates.

At the reporting date, an associate has capital commitments of $59,000 (2015: $453,000) and contingent liabilities of $Nil (2015: $Nil).

7 JOINT VENTURES

	Group 2016 $'000	Group 2015 $'000
Investments in joint ventures	669	885
Share of post-acquisition reserves	(640)	(804)
Exchange translation reserve	39	37
	(601)	(767)
	68	118

During the year, iNETest Resources Pte Ltd entered into an agreement to dispose its 49% equity interest in Global Technosoft Pte. Ltd., for cash consideration of $95,000. The transaction was completed in April 2016.

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Country of incorporation and business	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(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)(4) iNETest-NewTek Co., Ltd	Sales and servicing of electronic manufacturing, test and inspection equipment, test and measurement equipment, semiconductor and related equipment, and application engineering services and system integration services	Vietnam	46	46
(3)(4) Global Technosoft Pte. Ltd.	General trading and investments	Singapore	–	49

7 JOINT VENTURES (CONT'D)

(1) Held through Ellipsiz DSS Pte. Ltd. and audited by Jiangsu Teaching Accounting Firm Co., Ltd., China and has local statutory financial year ending 31 December.
(2) Held through iNETest Resources Pte. Ltd. and audited by Asnaf Vietnam Auditing Company Limited, Vietnam.
(3) Held through iNETest Resources Pte. Ltd. and audited by Singapore Assurance PAC, Singapore and has local statutory financial year ending 31 March.
(4) Although the Group held less than 50% of the voting rights, it was able to exercise joint control over the financial and operating policies of the entities via investors' agreements.

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

	2016 $'000	2015 $'000
Carrying amount of interests in immaterial joint ventures	68	118
Group's share of:		
- Profit/(Loss) for the year	54	(112)
- Other comprehensive income	–	–
- Total comprehensive income	54	(112)
Group's share of cumulative unrecognised losses	130	70

At the reporting date, the joint ventures have no capital commitments and contingent liabilities (2015: $Nil).

In the prior year, the Company provided a corporate guarantee amounting to $473,000 to a bank for a banking facility made available to a joint venture, of which the joint venture had utilised $Nil. The corporate guarantee was released upon disposal of the joint venture during the year.

8 FINANCIAL ASSETS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted investment fund available-for-sale	230	160	–	–
Quoted equity securities available-for-sale	4,973	7,527	4,970	7,523
	5,203	7,687	4,970	7,523

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables				
Trade receivables	34,851	26,339	–	–
Less: Impairment losses	(461)	(254)	–	–
	34,390	26,085	–	–
Other receivables				
Sundry receivables	2,006	3,489	171	191
Less: Impairment losses	(1,042)	(900)	–	–
	964	2,589	171	191
Tax receivables	1	28	–	–
Refundable deposits	796	520	1	1
Prepayments	1,006	1,244	15	17
	2,767	4,381	187	209
	37,157	30,466	187	209

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

Impairment losses

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

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Trade receivables				
Not past due	29,135	–	20,480	–
Past due 0 - 30 days	4,160	–	2,956	–
Past due 31 - 120 days	910	–	1,289	–
Past due 121 - 365 days	176	–	1,124	–
More than one year	470	(461)	490	(254)
	34,851	(461)	26,339	(254)
Other receivables[1]				
Not past due	1,713	–	2,659	–
Past due 121 - 365 days	–	–	27	–
More than one year	1,089	(1,042)	1,323	(900)
	2,802	(1,042)	4,009	(900)

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses (cont'd)

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Company				
Other receivables[(1)]				
Not past due	172	–	192	–

(1) Excludes tax receivables and prepayments.

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

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 July	1,154	1,152	–	–
Impairment/(Reversal of impairment) losses made	376	(10)	–	–
Provision utilised	(16)	–	–	–
Translation difference on consolidation	(11)	12	–	–
At 30 June	1,503	1,154	–	–

During the year, an impairment loss of $376,000 (2015: $Nil) was made in respect of trade and sundry receivables that relates to a debtor that encountered financial difficulties and had defaulted on its instalment payment due to the Group.

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

10 DEFERRED TAX

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

	At 1 July $'000	Recognised in profit or loss (note 23) $'000	Translation difference $'000	At 30 June $'000
Group				
2016				
Deferred tax assets				
Property, plant and equipment	99	(88)	3	14
Inventories	193	(4)	(9)	180
Trade and other payables	484	(51)	–	433
Tax losses and tax credits carried forward	4,044	437	(28)	4,453
Other items	362	(29)	34	367
	5,182	265	–	5,447
Deferred tax liabilities				
Property, plant and equipment	(231)	19	–	(212)
Intangible assets	(1,645)	(190)	(22)	(1,857)
Investments in associates	(370)	(143)	(64)	(577)
Other items	(113)	102	3	(8)
	(2,359)	(212)	(83)	(2,654)
2015				
Deferred tax assets				
Property, plant and equipment	85	8	6	99
Inventories	194	(9)	8	193
Trade and other payables	501	(52)	35	484
Tax losses carried forward	4,559	(749)	234	4,044
Other items	251	97	14	362
	5,590	(705)	297	5,182
Deferred tax liabilities				
Property, plant and equipment	(428)	222	(25)	(231)
Intangible assets	(1,684)	172	(133)	(1,645)
Investments in associates	–	(370)	–	(370)
Other items	(43)	(73)	3	(113)
	(2,155)	(49)	(155)	(2,359)

10 DEFERRED TAX (CONT'D)

	At 1 July 2014 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2015 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2016 $'000
Company					
Deferred tax assets					
Other items	61	(48)	13	6	19
Tax losses carried forward	–	72	72	(6)	66
	61	24	85	–	85
Deferred tax liability					
Property, plant and equipment	(2)	1	(1)	–	(1)

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax assets	3,374	3,403	84	84
Deferred tax liabilities	(581)	(580)	–	–
	2,793	2,823	84	84

At 30 June 2016, deferred tax liabilities amounting to $274,000 (2015: $364,000) have not been recognised for taxes that would be payable on the undistributed earnings of certain overseas subsidiaries as it would not be distributed in the foreseeable future.

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group		Company	
	2016 $'000	2015 $'000 (Restated)[1]	2016 $'000	2015 $'000
Deductible temporary differences	1,957	2,243	35	–
Unutilised tax losses and tax credits	17,171	23,507	1,639	739
	19,128	25,750	1,674	739

[1] These have been restated based on latest tax returns. The restatement has no impact on the Group's statement of financial position and statement of comprehensive income.

10 DEFERRED TAX (CONT'D)

Unrecognised temporary differences (cont'd)

Unutilised tax losses and tax credits of the Group amounting to $3,733,000 (2015: $7,291,000) will expire between 2017 to 2024 (2015: 2016 to 2024). 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 subsidiaries concerned can utilise the benefit.

11 INVENTORIES

	Group	
	2016	**2015**
	$'000	**$'000**
Raw materials	4,504	5,635
Work-in-progress	1,219	719
Finished goods	2,742	4,326
Inventories-in-transit	650	505
	9,115	11,185

During the year, raw materials and consumables and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $70,179,000 (2015: $64,640,000).

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from:				
Subsidiaries (trade)	–	–	361	393
Joint ventures				
- loan	–	112	–	–
- trade	–	1	–	–
- non-trade	–	4	–	–
	–	117	–	–
	–	117	361	393

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

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Amounts due to:				
Subsidiaries (non-trade)	–	–	–	(8,625)
Joint ventures				
- trade	(72)	(72)	–	–
- non-trade	–	(44)	–	–
	(72)	(116)	–	–
	(72)	(116)	–	(8,625)

In the prior year, the loan to a joint venture was unsecured and bore interest at 5% per annum. The loan was repaid during the year.

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

The ageing of related party receivables at the reporting date is:

	Gross	Impairment losses	Gross	Impairment losses
	2016	2016	2015	2015
	$'000	$'000	$'000	$'000
Group				
Not past due	–	–	116	–
More than one year	–	–	1	–
	–	–	117	–
Company				
Not past due	361	–	179	–
Past due 31 - 120 days	–	–	107	–
Past due 121 - 365 days	–	–	107	–
	361	–	393	–

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

13 ASSETS CLASSIFIED AS HELD FOR SALE

In the prior year, SV TCL Kabushiki Kaisha, a wholly-owned subsidiary (within the Probe Card solutions segment), entered into an agreement to sell one of its freehold land and building to a third party for a cash consideration of $1,374,000 (JPY125,000,000). The purpose of the sale transaction was to consolidate its offices in Tokyo and the transaction was completed in October 2015.

14 CASH AND CASH EQUIVALENTS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Cash at banks and in hand		32,434	35,768	9,871	14,326
Deposits with financial institutions		7,602	4,511	7,067	4,012
		40,036	40,279	16,938	18,338
Deposits held as securities by financial institutions	17	–	(214)		
Cash and cash equivalents in the consolidated statement of cash flows		40,036	40,065		

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 1% (2015: 0.70%) and 0.87% (2015: 0.57%), respectively. Interest rates reprice weekly, monthly and yearly.

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

Cash and bank balances totalling the equivalent of $1,295,000 (2015: $2,007,000) are held in a country which operates foreign exchange controls.

15 SHARE CAPITAL

	Group and Company 2016 No. of shares '000	Group and Company 2015 No. of shares '000
Fully paid ordinary shares, with no par value:		
At 1 July	557,094	552,794
Issuance of shares pursuant to exercise of share options	–	4,300
Number of shares before share consolidation	557,094	557,094
Reduction in number of shares arising from share consolidation	(389,966)	–
At 30 June	167,128	557,094

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

15 SHARE CAPITAL (CONT'D)

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

Treasury shares

The Group had not acquired any treasury shares during the year. Hence, there were no treasury shares held by the Group at the reporting date (2015: Nil).

Capital management

Capital consists of total equity of the Group.

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

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

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

16 RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	(11,648)	(11,648)	–	–
Fair value reserve	60	2,212	60	2,212
Share-based compensation reserve	2,290	2,290	2,290	2,290
Exchange translation reserve	(10,185)	(12,415)	–	–
Accumulated profits	57,654	51,454	13,465	12,248
	38,171	31,893	15,815	16,750

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 investments held until the investments are derecognised.

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

16 RESERVES (CONT'D)

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

17 INTEREST-BEARING BORROWINGS

	Group	
	2016	2015
	$'000	$'000
Non-current liabilities		
Secured bank loans	44	162
Unsecured bank loans	366	333
Obligations under finance leases	61	16
	471	511
Current liabilities		
Secured bank loans	838	188
Unsecured bank loans[(1)]	2,492	7,569
Obligations under finance leases	17	26
	3,347	7,783
	3,818	8,294

(1) In the prior year, one of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loan of JPY7,760,000 or $85,000. The bank loan was fully repaid during the year.

Maturity of liabilities (excluding finance lease liabilities)

	Group	
	2016	2015
	$'000	$'000
Within 1 year	3,330	7,757
After 1 year but within 5 years	410	495
	3,740	8,252

The borrowings are secured on the following assets:

		Group	
	Note	2016	2015
		$'000	$'000
Leasehold land and building	3	1,477	1,524
Plant and machinery	3	530	641
Deposits with financial institutions	14	–	214
		2,007	2,379

17 INTEREST-BEARING BORROWINGS (CONT'D)

Obligations under finance leases

	2016 Principal $'000	2016 Interest $'000	2016 Total $'000	2015 Principal $'000	2015 Interest $'000	2015 Total $'000
Group						
Within 1 year	17	4	21	26	1	27
Between 1 to 5 years	61	5	66	15	3	18
After 5 years	–	–	–	1	*	1
Total	78	9	87	42	4	46

* Amount less than $1,000.

Terms and debt repayment schedule

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

	Nominal interest rate	Financial year of maturity	2016 $'000	2015 $'000
Group				
US$ fixed rate loans	1.36% to 1.38%	2016	–	729
JPY fixed rate loans	1.20% to 2.05%	2016 to 2021	1,226	1,735
US$ floating rate loan	1-month cost of funds + 3.20%	2016	–	192
US$ floating rate loan	Bank's cost of funds + 2.25%	2016 to 2017	2,025	3,380
US$ floating rate loan	Adjusted every 3 months according to bank's policy	2016 to 2017	24	120
US$ floating rate loan	1-month cost of funds + 2.50%	2016 to 2018	333	556
NTD floating rate loan	1-year time saving deposit interest + 1.25%	2016 to 2018	132	230
NTD floating rate loan	Bank's cost of funds + 2.25%	2016	–	1,310
JPY finance lease liabilities	3.07% to 4.92%	2016 to 2021	78	42
			3,818	8,294

17 INTEREST-BEARING BORROWINGS (CONT'D)

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

		Cash flows			
	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Between 1 to 5 years $'000	After 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Fixed interest rate loans	1,226	1,235	975	260	–
Variable interest rate loans	2,514	2,559	2,402	157	–
Finance lease liabilities	78	87	21	66	–
Trade and other payables(1)	20,831	20,831	20,831	–	–
Amounts due to related parties	72	72	72	–	–
	24,721	24,784	24,301	483	–
2015					
Non-derivative financial liabilities					
Fixed interest rate loans	2,464	2,471	2,471	–	–
Variable interest rate loans	5,788	5,885	5,378	507	–
Finance lease liabilities	42	46	27	18	1
Trade and other payables(1)	20,176	20,176	20,176	–	–
Amounts due to related parties	116	116	116	–	–
	28,586	28,694	28,168	525	1
Company					
2016					
Non-derivative financial liabilities					
Trade and other payables(1)	1,313	1,313	1,313	–	–
Recognised financial liabilities	1,313	1,313	1,313	–	–
Intra-group financial guarantees	–	16,678	16,678	–	–
	1,313	17,991	17,991	–	–
2015					
Non-derivative financial liabilities					
Trade and other payables(1)	1,692	1,692	1,692	–	–
Amounts due to related parties	8,625	8,625	8,625	–	–
Recognised financial liabilities	10,317	10,317	10,317	–	–
Intra-group financial guarantees	–	19,911	19,911	–	–
	10,317	30,228	30,228	–	–

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

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables	8,037	9,013	–	–
Accrued expenses	10,646	8,723	1,226	1,616
Other payables	2,148	2,440	87	76
Liability for short-term accumulating compensated absences	1,638	1,441	113	76
Deferred income	103	348	–	–
	22,572	21,965	1,426	1,768

19 PROVISIONS

	Warranties $'000	Restoration costs $'000	Total $'000
Group			
At 1 July 2015	100	–	100
Provision made	215	264	479
Provision reversed	(98)	–	(98)
Provision utilised	(22)	–	(22)
Translation difference	(6)	(8)	(14)
At 30 June 2016	189	256	445

	Group	
	2016 $'000	2015 $'000
Represented by:		
Current	231	100
Non-current	214	–
	445	100

Warranties

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

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. The restoration amount is expected to be incurred at the end of the lease period of the office premises and warehouses that will occur in the next 1 to 5 years.

20 REVENUE

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Sale of goods	109,111	101,068	–	–
Service income	6,918	7,856	–	–
Commission income	2,658	3,064	–	–
Lease income	48	527	–	–
Dividend income	–	–	2,682	2,086
Management fees	–	–	2,371	2,043
	118,735	112,515	5,053	4,129

21 RESULTS FROM OPERATING ACTIVITIES

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Other income				
Bad debts recovered	1,403	–	–	–
Dividend income from an associate	–	–	–	52
Dividend income from other financial asset	673	–	673	–
Exchange gain, net	–	584	–	529
Gain on disposal of property, plant and equipment	12	209	–	–
Gain on disposal of assets classified as held for sale	361	–	–	–
Gain on liquidation of subsidiaries	–	13	2,676	1,137
Rental income	29	16	–	–
Sundry income	458	533	36	165
	2,936	1,355	3,385	1,883
Staff costs				
Wages, salaries and other staff costs	42,124	38,661	2,386	1,754
Contributions to defined contribution plans	2,203	2,002	135	66
Increase/(Decrease) in liability for short-term accumulating compensated absences	824	(47)	69	(2)
	45,151	40,616	2,590	1,818

21 RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Other expenses					
Audit fees paid/payable to:					
- auditors of the Company		332	326	85	85
- other auditors		113	111	–	–
Non-audit fees paid/payable to:					
- auditors of the Company		39	40	15	15
- other auditors		27	14	–	–
Allowance/(Reversal of allowance) for:					
- doubtful debts from trade and other receivables	9	376	(10)	–	–
- inventory obsolescence		888	466	–	–
Amortisation of intangible assets	4	1,031	744	–	–
Bad debts written off		20	–	–	–
Depreciation of property, plant and equipment	3	2,929	2,774	5	5
Inventories written off		–	97	–	–
Impairment of other financial assets		401	–	401	–
Loss on disposal of an associate		–	343	–	–
Loss on disposal of a joint venture		143	–	–	–
Reversal of provision for retrenchment costs		–	(203)	–	(151)
Exchange loss, net		12	–	68	–
Operating lease expenses		2,406	2,256	–	–

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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	259	483	259	483
Staff costs:				
- directors of the Company	1,928	1,141	1,928	1,141
- other directors	2,135	2,449	–	–
	4,322	4,073	2,187	1,624

21 RESULTS FROM OPERATING ACTIVITIES (CONT'D)

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

	2016 Number	2015 Number
Company[1]		
$1,000,000 to $1,249,999	1	–
$750,000 to $999,999	–	1
$500,000 to $749,999	1	–
$250,000 to $499,999	–	2
Below $250,000	5	4
	7	7

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

22 NET FINANCE (EXPENSES)/INCOME

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Finance income				
Interest income from:				
- financial institutions	90	36	61	12
- joint venture	4	7	–	–
- third parties	5	30	–	–
	99	73	61	12
Finance expenses				
Interest expense to:				
- finance leases	(4)	(9)	–	–
- financial institutions	(159)	(231)	–	–
	(163)	(240)	–	–
Net finance (expenses)/income	(64)	(167)	61	12

23 INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current tax				
Current year	1,937	1,294	–	–
Withholding tax	157	410	–	11
(Over)/Underprovision in prior years	(31)	462	–	–
Utilisation of previously unrecognised deferred tax assets	(645)	(308)	–	–
	1,418	1,858	–	11

23 INCOME TAX EXPENSE/(CREDIT) (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax				
Origination and reversal of temporary differences	816	986	–	(25)
Overprovision in prior years	(504)	(232)	–	–
Recognition of previously unrecognised deferred tax assets	(365)	–	–	–
	(53)	754	–	(25)
Total income tax expense/(credit)	1,365	2,612	–	(14)
Reconciliation of effective tax rate				
Profit for the year	9,603	6,664	4,615	2,907
Income tax expenses/(credit)	1,365	2,612	–	(14)
Profit before income tax	10,968	9,276	4,615	2,893
Income tax at 17% (2015: 17%)	1,865	1,577	785	492
Effect of different tax rates in other countries	443	525	–	–
Tax incentive	(175)	–	–	–
Income not subject to tax	(169)	(542)	(1,027)	(648)
Expenses not deductible for tax purposes	399	387	83	5
Withholding tax	157	410	–	11
Deferred tax assets not recognised	390	333	159	126
Recognition of previously unrecognised deferred tax assets	(365)	–	–	–
Utilisation of previously unrecognised deferred tax assets	(645)	(308)	–	–
(Over)/Underprovision in prior years	(535)	230	–	–
	1,365	2,612	–	(14)

24 EARNINGS PER SHARE

	Group	
	2016	2015
	$'000	$'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	9,598	6,663

24 EARNINGS PER SHARE (CONT'D)

	Group	
	No. of shares '000	No. of shares '000
Weighted average number of:		
- shares outstanding during the year	167,128	165,838[1]
- shares issued during the year:		
- pursuant to the exercise of share options	–	279[1]
	167,128	166,117

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

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

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of shares issued, used in the calculation of diluted earnings per share	167,128	166,117[1]

As at 30 June 2016, there were no outstanding options.

As at 30 June 2015, 8,269,000 share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

[1] On 30 October 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 3 ordinary shares. Accordingly, retrospective adjustments have been made to the weighted average number of shares.

25 EQUITY COMPENSATION BENEFITS

The "Ellipsiz Share Option Plan" (the "Plan"), was approved and adopted at an Extraordinary General Meeting held on 28 November 2001. The Plan enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The Plan expired on 28 November 2011, without prejudice to the options that were previously granted under the Plan.

The Plan was administered by the Remuneration Committee.

25 EQUITY COMPENSATION BENEFITS (CONT'D)

Ellipsiz Share Option Plan

On 26 October 2009 and 25 August 2010, the Company approved and granted new options under the Plan. Information with respect to the options granted under the Plan on unissued ordinary shares of the Company as at the end of the year are as follows:

Date of grant of options	Exercise price $	Number of options outstanding at 1 July	Options granted	Options exercised	Options forfeited	Number of options expired	Number of options outstanding at 30 June	Options exercisable at 1 July	Options exercisable at 30 June	Proceeds on exercise of options during the year credited to share capital $'000	Market price of shares at exercise date of option $	Number of option holders at 30 June	Exercise periods
2016													
25/08/2010	0.140	4,134,375	–	–	–	(4,134,375)	–	4,134,375	–	–	–	–	25/08/2011 to 24/08/2015
25/08/2010	0.140	4,134,375	–	–	–	(4,134,375)	–	4,134,375	–	–	–	–	25/08/2012 to 24/08/2015
		8,268,750	–	–	–	(8,268,750)	–	8,268,750	–	–			
2015													
26/10/2009	0.135	5,200,330	–	–	–	(5,200,330)	–	5,200,330	–	–	–	–	26/10/2010 to 25/10/2014
26/10/2009	0.135	6,850,001	–	–	–	(6,850,001)	–	6,850,001	–	–	–	–	26/10/2011 to 25/10/2014
26/10/2009	0.135	6,850,004	–	–	–	(6,850,004)	–	6,850,004	–	–	–	–	26/10/2012 to 25/10/2014
25/08/2010	0.140	6,881,250	–	(2,150,000)	(596,875)	–	4,134,375	6,881,250	4,134,375	301	0.142	19	25/08/2011 to 24/08/2015
25/08/2010	0.140	6,881,250	–	(2,150,000)	(596,875)	–	4,134,375	6,881,250	4,134,375	301	0.142	19	25/08/2012 to 24/08/2015
		32,662,835	–	(4,300,000)	(1,193,750)	(18,900,335)	8,268,750	32,662,835	8,268,750	602			

25 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Fair value of share options and assumptions

Date of vesting of options	26 October 2010	26 October 2011	26 October 2012	25 August 2011	25 August 2012
Fair value at measurement date	$0.044	$0.054	$0.062	$0.041	$0.048
Share price based on volume-weighted average share price on grant date	$0.125	$0.125	$0.125	$0.150	$0.150
Exercise price at grant date	$0.135	$0.135	$0.135	$0.140	$0.140
Expected volatility	68.08%	68.08%	68.08%	48.23%	48.23%
Expected option life	2.0 years	3.0 years	4.0 years	2.0 years	3.0 years
Expected dividend yield	0.00%	0.00%	0.00%	1.87%	1.87%
Risk-free interest rate	0.74%	0.92%	1.25%	0.74%	0.92%

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

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

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Sales and service income to:				
- joint venture	–	65	–	–
- associate	–	7	–	–

26 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Purchase from/Service fee paid to:				
- joint venture	–	(72)	–	–
Rental expenses paid to a director	(132)	(124)	–	–

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Directors' fees	259	483	259	483
Short-term employee benefits	4,260	4,150	1,892	1,432
Post-employment benefits	147	170	36	27
	4,666	4,803	2,187	1,942

27 COMMITMENTS

Lease commitments

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

	Group	
	2016	2015
	$'000	$'000
Payable:		
Within 1 year	1,785	1,638
After 1 year but within 5 years	2,543	1,034
After 5 years	21	1
	4,349	2,673

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

27 COMMITMENTS (CONT'D)

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $16,678,000 (2015: $19,911,000) to banks for banking facilities made available to its subsidiaries (2015: its subsidiaries and a joint venture), of which the subsidiaries have utilised $2,439,000 (2015: the subsidiaries and a joint venture had utilised $9,574,000).

Capital commitments

At 30 June 2016, the Group has capital commitments of $256,000 (2015: $30,000) to purchase plant and equipment.

28 FINANCIAL RISK MANAGEMENT

Overview

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

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

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

Credit risk

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

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

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

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

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

28 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Cash and fixed 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 obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. At the reporting date, the Group has unutilised credit facilities of $15,295,000 (2015: $10,006,000).

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 on risk.

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

Foreign currency risk

The Group has exposures to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also incurs foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are US dollar, Japanese yen, Euro, Singapore dollar, Malaysia ringgit, Vietnamese dong, Chinese renminbi, Hong Kong dollar, Thai baht, Taiwan dollar and British pound. The Group primarily relies on natural hedging between its sales and purchases, its trade receivables and trade payables. Should the need arise, the Group hedges any further foreign currency exposure through close monitoring from management.

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

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
- British pound	60	509	60	509

28 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables				
- US dollar	12,392	11,144	–	–
- Japanese yen	133	155	–	–
- Singapore dollar	77	4	–	–
- Euro	189	–	–	–
- Vietnamese dong	51	149	–	–
	12,842	11,452	–	–
Amounts due from related parties				
- US dollar	12,012	2,674	5,896	5,616
- Singapore dollar	–	95	–	–
- Japanese yen	378	80	–	–
- Taiwan dollar	–	1,967	–	–
- Thai baht	254	144	–	–
	12,644	4,960	5,896	5,616
Cash and cash equivalents				
- US dollar	8,266	9,548	3,155	1,005
- Singapore dollar	301	556	–	–
- Japanese yen	–	15	–	–
- Euro	72	65	–	–
- Vietnamese dong	35	32	–	–
	8,674	10,216	3,155	1,005
Trade and other payables				
- US dollar	3,661	4,538	–	–
- Singapore dollar	532	350	–	–
- Malaysia ringgit	–	3	–	–
- Vietnamese dong	1,251	428	–	–
- British pound	–	2	–	–
- Japanese yen	–	145	–	–
	5,444	5,466	–	–
Amounts due to related parties				
- US dollar	23,422	13,999	–	–
- Singapore dollar	732	615	–	–
- Japanese yen	378	316	–	–
- Chinese renminbi	2,134	1,549	–	–
- Thai baht	109	114	–	–
	26,775	16,593	–	–

28 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interest-bearing borrowings				
- US dollar	–	729	–	–

Sensitivity analysis

A 1% (2015: 1%) appreciation of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would increase equity and profit or loss for the year attributable to Owners of the Company by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Equity	1	5	1	5
Profit for the year attributable to Owners of the Company	15	32	75	55

A 1% (2015: 1%) depreciation of the above currencies against the functional currency of the respective subsidiaries of the Group and the Company at the reporting date would have had the equal but opposite effect on the above currencies to the amounts mentioned above, on the basis that all other variables remain constant.

Equity price risk

The Group is exposed to investment risks from the available-for-sale assets held. These available-for-sale equity securities are mainly concentrated in the aerospace industry. The market values of these investments are subject to fluctuations due to volatility of the equity markets.

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

28 FINANCIAL RISK MANAGEMENT (CONT'D)

Equity price risk (cont'd)

Sensitivity analysis

A 10% (2015: 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 $497,000 (2015: $752,000). A 10% (2015: 10%) decrease in the underlying prices of quoted equity securities available-for-sale would decrease profit before tax and equity of the Group by $491,000 and $6,000, respectively (2015: decrease equity of the Group by $752,000). This analysis assumes that all other variables remain constant.

Estimation of fair values

Determination of fair values

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

(1) Equity securities and investment fund

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

(2) Interest-bearing borrowings

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

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

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

(3) Other financial assets and liabilities

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

28 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values hierarchy

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2016				
Financial assets				
Unquoted fund available-for-sale	–	230	–	230
Quoted equity securities available-for-sale	4,973	–	–	4,973
	4,973	230	–	5,203
2015				
Financial assets				
Unquoted fund available-for-sale	–	160	–	160
Quoted equity securities available-for-sale	7,527	–	–	7,527
	7,527	160	–	7,687
Company				
2016				
Financial assets				
Quoted equity securities available-for-sale	4,970	–	–	4,970
2015				
Financial assets				
Quoted equity securities available-for-sale	7,523	–	–	7,523

29 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Group					
2016					
Assets					
Financial assets	8	5,203	–	–	5,203
Trade and other receivables (excluding tax receivables and prepayments)	9	–	36,150	–	36,150
Cash and cash equivalents	14	–	40,036	–	40,036
		5,203	76,186	–	81,389
Liabilities					
Amounts due to related parties	12	–	–	72	72
Interest-bearing borrowings	17	–	–	3,818	3,818
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	20,831	20,831
		–	–	24,721	24,721
2015					
Assets					
Financial assets	8	7,687	–	–	7,687
Trade and other receivables (excluding tax receivables and prepayments)	9	–	29,194	–	29,194
Amounts due from related parties	12	–	117	–	117
Cash and cash equivalents	14	–	40,279	–	40,279
		7,687	69,590	–	77,277
Liabilities					
Amounts due to related parties	12	–	–	116	116
Interest-bearing borrowings	17	–	–	8,294	8,294
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	20,176	20,176
		–	–	28,586	28,586

29 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company					
2016					
Assets					
Financial assets	8	4,970	–	–	4,970
Trade and other receivables (excluding prepayments)	9	–	172	–	172
Amounts due from related parties	12	–	361	–	361
Cash and cash equivalents	14	–	16,938	–	16,938
		4,970	17,471	–	22,441
Liabilities					
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	1,313	1,313
		–	–	1,313	1,313
2015					
Assets					
Financial assets	8	7,523	–	–	7,523
Trade and other receivables (excluding prepayments)	9	–	192	–	192
Amounts due from related parties	12	–	393	–	393
Cash and cash equivalents	14	–	18,338	–	18,338
		7,523	18,923	–	26,446
Liabilities					
Amounts due to related parties	12	–	–	8,625	8,625
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	1,692	1,692
		–	–	10,317	10,317

30 OPERATING SEGMENTS

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

Distribution and Services solutions:	Distribution of equipment and tools for semiconductor and electronics manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; provision of facilities management services including turnkey facilities hook-up, chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; test characterisation services including qualification and reliability testing; refurbishment services for pumps used in wafer fabs and trading of consumable products.
Probe Card solutions:	Design, manufacture, repair and sale of probe card solutions for the semiconductor manufacturing industry.

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

30 OPERATING SEGMENTS (CONT'D)

Reportable segments

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Revenue and expenses								
Total revenue from external customers	42,179	45,761	76,556	66,754	–	–	118,735	112,515
Inter-segment revenue	828	604	3	–	(831)	(604)	–	–
	43,007	46,365	76,559	66,754			118,735	112,515
Segment results	1,706	2,775	9,095	6,426	–	–	10,801	9,201
Unallocated corporate results							(804)	(817)
							9,997	8,384
Share of results of associates and joint ventures								
- allocated to reportable segments	215	103	820	956	–	–	1,035	1,059
Profit before finance income/(expenses) and taxation							11,032	9,443
Finance income							99	73
Finance expenses							(163)	(240)
Income tax expenses							(1,365)	(2,612)
Non-controlling interests							(5)	(1)
Profit for the year attributable to Owners of the Company							9,598	6,663

30 OPERATING SEGMENTS (CONT'D)

Reportable segments (Cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group (cont'd)								
Assets and liabilities								
Segment assets	39,344	41,771	83,280	75,381	–	–	122,624	117,152
Investments in associates								
- allocated to reportable segments	682	690	7,703	5,660			8,385	6,350
Investments in joint ventures								
- allocated to reportable segments	68	118	–	–	–	–	68	118
Tax receivables	1	28	–	–	–	–	1	28
Deferred tax assets	947	1,154	2,343	2,165	–	–	3,290	3,319
Assets classified as held for sale	–	–	–	991	–	–	–	991
Unallocated corporate assets							22,023	25,977
Total assets							156,391	153,935
Segment liabilities	8,819	10,503	12,844	9,910	–	–	21,663	20,413
Interest-bearing borrowings	–	729	3,818	7,565	–	–	3,818	8,294
Income tax liabilities	203	105	952	1,273	–	–	1,155	1,378
Unallocated corporate liabilities							1,633	1,993
Total liabilities							28,269	32,078
Capital expenditure								
- allocated to reportable segments	189	430	3,056	3,301	–	–	3,245	3,731
- unallocated corporate & others							3	1
							3,248	3,732

30 OPERATING SEGMENTS (CONT'D)

Reportable segments (cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group (cont'd)								
Other items								
Amortisation of intangible assets								
- allocated to reportable segments	10	24	1,021	720	–	–	1,031	744
Bad debts written off/(recovered), net								
- allocated to reportable segments	20	–	(1,403)	–	–	–	(1,383)	–
Dividend income from other financial asset								
- unallocated corporate income							(673)	–
Depreciation of property, plant and equipment								
- allocated to reportable segments	324	347	2,600	2,422	–	–	2,924	2,769
- unallocated corporate expenses							5	5
							2,929	2,774
(Gain)/Loss on disposals of property, plant and equipment								
- allocated to reportable segments	(17)	22	5	(231)	–	–	(12)	(209)

30 OPERATING SEGMENTS (CONT'D)

Reportable segments (cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group (cont'd)								
Other items (cont'd)								
Gain on disposal of assets classified as held for sale								
- allocated to reportable segments	–	–	(361)	–	–	–	(361)	–
Inventories written off								
- allocated to reportable segments	–	88	–	9	–	–	–	97
Impairment loss on other financial asset								
- unallocated corporate expenses							401	–
Loss on disposal of an associate								
- allocated to reportable segments	–	343	–	–	–	–	–	343
Loss on disposal of a joint venture								
- allocated to reportable segments	143	–	–	–	–	–	143	–

30 OPERATING SEGMENTS (CONT'D)

Reportable segments (cont'd)

	Distribution and Services solutions		Probe Card solutions		Eliminations		Consolidated	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group (cont'd)								
Other items (cont'd)								
Allowance/(Reversal of allowance) for doubtful trade and other receivables								
- allocated to reportable segments	376	–	–	(10)	–	–	376	(10)
(Reversal of allowance)/ Allowance for inventory obsolescence								
- allocated to reportable segments	(5)	(12)	893	478	–	–	888	466
Reversal of provision for retrenchment costs								
- allocated to reportable segments	–	(203)	–	–	–	–	–	(203)

30 OPERATING SEGMENTS (CONT'D)

Geographical segments

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

	Singapore		Malaysia		China		Taiwan		USA		Japan		Europe		Other regions		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group																		
Total revenue from external customers	22,615	24,508	6,571	8,053	28,774	28,444	15,688	11,748	21,120	16,206	14,199	13,305	3,648	4,607	6,120	5,644	118,735	112,515
Non-current segment assets	40,527	41,272	30	32	712	511	2,195	2,141	1,212	916	3,153	2,366	3	19	5,221	6,082	53,053	53,339
Investments in associates	–	–	–	–	–	–	–	–	–	–	7,703	5,660	–	–	682	690	8,385	6,350
Investments in joint ventures	–	47	–	–	–	–	–	–	–	–	–	–	–	–	68	71	68	118
Investments in other financial assets	4,910	7,015	–	–	–	–	–	–	–	–	233	164	60	508	–	–	5,203	7,687
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,374	3,403
Total non-current assets	45,437	48,334	30	32	712	511	2,195	2,141	1,212	916	11,089	8,190	63	527	5,971	6,843	70,083	70,897
Capital expenditure	253	1,372	14	9	58	364	1,118	376	851	168	603	127	–	–	351	1,316	3,248	3,732

31 PROPOSED DIVIDENDS

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

	Group and Company	
	2016	2015
	$'000	$'000
Final (tax exempt one-tier) dividend of 0.80 cents per share (2015: 0.67[1] cents)	1,337	1,114
Special (tax exempt one-tier) dividend of 1.00 cents per share (2015: 0.67[1] cents)	1,671	1,114
	3,008	2,228

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

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

32 SUBSEQUENT EVENT

In July 2016, SV Probe Technology S.A.S., a wholly-owned and inactive subsidiary in France, commenced member's voluntary liquidation process.

STATISTICS OF SHAREHOLDERS

As at 9 September 2016

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

Distribution of Shareholders as at 9 September 2016

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 99	27	1.12	937	0.00
100 to 1,000	490	20.26	253,672	0.15
1,001 to 10,000	1,014	41.94	4,600,740	2.76
10,001 to 1,000,000	879	36.35	50,162,376	30.01
1,000,001 and above	8	0.33	112,110,460	67.08
TOTAL	2,418	100.00	167,128,185	100.00

Based on information available to the Company as at 9 September 2016, approximately 36.12% of the issued share capital of the Company is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

Top 20 Shareholders as at 9 September 2016

No.	Name of shareholders	Number of shares	% of issued share capital
1	CIMB SECURITIES (SINGAPORE) PTE LTD	97,500,007	58.34
2	CHAN WAI LEONG	6,278,753	3.76
3	DBS NOMINEES PTE LTD	2,064,940	1.24
4	OCBC SECURITIES PRIVATE LTD	1,879,199	1.12
5	IP YUEN KWONG	1,277,100	0.76
6	RAFFLES NOMINEES (PTE) LTD	1,065,800	0.64
7	UOB KAY HIAN PTE LTD	1,059,660	0.63
8	WANG LIANG HORNG	1,050,000	0.63
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	912,321	0.55
10	MAYBANK NOMINEES (SINGAPORE) PTE LTD	904,500	0.54
11	OCBC NOMINEES SINGAPORE PTE LTD	875,200	0.52
12	TAY BOON HUAT	804,900	0.48
13	DB NOMINEES (SINGAPORE) PTE LTD	714,120	0.43
14	MAYBANK KIM ENG SECURITIES PTE LTD	708,769	0.42
15	LOCKSON HYDRAULICS & ENGINEERING PTE LTD	626,400	0.37
16	CHEW SHIT FUN	619,600	0.37
17	HONG SHANYA	600,000	0.36
18	PHILLIP SECURITIES PTE LTD	527,010	0.32
19	SNG CHING NGEE	505,800	0.30
20	LIM HEW CHOO	500,000	0.30
	TOTAL	120,474,079	72.08

Substantial Shareholder as at 9 September 2016

Name of shareholder	Shareholding held by the substantial shareholder in the name of nominees	% of issued share capital
BEVRIAN PTE. LTD.*	99,493,446	59.53

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

There are no treasury shares held as at 9 September 2016.

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

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held at 1 Orchid Club Road, Orchid Country Club (Octagon), Singapore 769162 on 19 October 2016 at 3.00 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 2016, together with the Auditors' Report thereon.

(Resolution 1)

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

[See Explanatory Note (i)]

(Resolution 2)

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

[See Explanatory Note (i)]

(Resolution 3)

4. To re-elect Mr. Kelvin Lum Wen-Sum (executive director), who was first appointed by the board of directors of the Company on 1 March 2016, in accordance with Article 97 of the Company's Constitution.

[See Explanatory Note (i)]

(Resolution 4)

5. To approve the payment of additional directors' fees of S$29,170 for the financial year ended 30 June 2016 (total directors' fees paid out for 2016: S$219,170; total directors' fees for 2015: S$218,500).

[See Explanatory Note (ii)]

(Resolution 5)

6. To approve the payment of directors' fees of S$230,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears (2016: *S$259,170).

[See Explanatory Note (iii)]

(Resolution 6)

7. To approve a final (tax exempt one-tier) dividend of 0.80 cent per ordinary share for the financial year ended 30 June 2016.

(Resolution 7)

8. To approve a special (tax exempt one-tier) dividend of 1.00 cent per ordinary share for the financial year ended 30 June 2016.

(Resolution 8)

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

(Resolution 9)

AS SPECIAL BUSINESS

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

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

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

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

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

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

PROVIDED ALWAYS that:

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

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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 10)

11. That:

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

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

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

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

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

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

[See Explanatory Note (v)]

(Resolution 11)

ANY OTHER BUSINESS

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 28 October 2016 after 5.00 p.m. to determine the members' entitlements to the proposed dividends to be paid on 18 November 2016, subject to and contingent upon members' approval of the proposed dividends being obtained at the forthcoming 21st 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 28 October 2016 will be registered to determine members' entitlements to the proposed dividends.

Dated: 3 October 2016
By Order of the Board

____

Chan Yuen Leng
Company Secretary
Singapore

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 (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (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 (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 (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 (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.

Explanatory Notes:

(i) **Resolutions 2, 3 and 4:** Detailed information on these directors can be found under "Board of Directors" and "Corporate Governance" sections of the Company's Annual Report 2016. Save as disclosed in those sections, there are no relationships, including immediate family relationships, between each of these directors and other directors of the Company or its 10% shareholders. Mr. Melvin Chan Wai Leong will, upon re-appointment, continue to serve as Chief Executive Officer and executive director. Mr. Amos Leong Hong Kiat will, upon re-appointment, continue to serve as chairman of the Audit Committee and a member of each of the Nominating Committee and the Remuneration Committee. Mr. Kelvin Lum Wen-Sum will, upon re-appointment, continue to serve as executive director.

(ii) **Resolution 5:** At the last annual general meeting held on 19 October 2015, members of the Company approved directors' fees of S$230,000 for the financial year ending 30 June 2016 ("FY2016"). Out of this approved amount of S$230,000, S$219,170 in directors' fees have been paid for financial year ended 30 June 2016 ("FY2016"). The Company now proposes to pay additional directors' fees of S$40,000 for FY2016 to the independent directors of the Company (ie., S$10,000 each to Messrs. Chng Hee Kok, Jeffrey Staszak, Amos Leong Hong Kiat and Clement Leow Wee Kia) in view of the guidance provided and contributions made by the independent directors towards steering the Company to its better performance for FY2016. The proposed additional fees of S$40,000 when added to the directors' fees already paid, will amount to S$259,170, which exceeds the sum of S$230,000 approved as directors fees for FY2016 at the last annual general meeting (for financial year ended 30 June 2015, directors' fees approved was S$218,500). Hence, members' approval is required for the payment of an additional S$29,170 in directors' fees for FY2016.

(iii) **Resolution 6:** The Company proposes to pay directors' fees for the financial year ending 30 June 2017 quarterly in arrears, instead of the end of the 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 committee meetings for the financial year ending 30 June 2017 and the number of directors expected to hold office during the course of that financial year. The aggregate fees paid to directors for the financial year ended 30 June 2016 will be *S$259,170 if Resolution 5 is passed and S$219,170 if Resolution 5 is not passed. Additional information on directors' fees can be found under the section "Corporate Governance" in the Company's Annual Report 2016. Members' approval is required for the directors' fees under the Companies Act.

(iv) **Resolution 10:** 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 11:** This ordinary resolution if passed, will renew the mandate approved by members of the Company on 19 October 2015 authorizing the Company to purchase its own shares subject to and in accordance with the rules of the SGX-ST. Please refer to the letter to members dated 3 October 2016 for details.

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

PROXY FORM
21ST ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries, as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting in accordance with the provisions thereof.
2. 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.
3. By submitting an instrument appointing a proxy(xies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 October 2016.

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

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

Ellipsiz Ltd. hereby appoint:

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

*and/or

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

or failing the person, or either or both of the persons mentioned above, or if no person is named in the boxes above, the Chairman of the Meeting, as *my/our proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 1 Orchid Club Road, Orchid Country Club (Octagon), Singapore 769162 on 19 October 2016 at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the resolutions to be proposed at the 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 discretion, as *he/they may on any other matter arising at the Annual General Meeting.

(Voting will be conducted by poll. If you wish to vote all or shares "For" or "Against" the relevant resolution, please indicate with an "X" or a "√" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below.)

No.	Resolution	For	Against
Ordinary Business			
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2016, together with the Auditors' Report thereon.		
2	Re-election of Mr. Melvin Chan Wai Leong as director.		
3	Re-election of Mr. Amos Leong Hong Kiat as director.		
4	Re-election of Mr. Kelvin Lum Wen-Sum as director.		
5	Approval of additional directors' fees of S$29,170 for the financial year ended 30 June 2016 (total directors' fees paid out for 2016: S$219,170; total directors' fees for 2015: S$218,500).		
6	Approval of directors' fees of S$230,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears (2016: S$259,170).		
7	Approval of final (tax exempt one-tier) dividend of 0.80 cent per ordinary share.		
8	Approval of special (tax exempt one-tier) dividend of 1.00 cent per ordinary share.		
9	Re-appointment of KPMG LLP as auditors and to authorize the directors to fix their remuneration.		
Special Business			
10	Approval of authority to allot and issue new shares and convertible securities.		
11	Approval of authority to purchase or acquire the Company's issued ordinary shares.		
12	Any other business.		

Dated this ________ day of October 2016.

Total number of ordinary shares held	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If you have ordinary shares entered against your name in the Depository Register (maintained by the Central Depository (Pte.) Limited), 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 all the ordinary shares in the capital of the Company held by you.

2. (a) 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 treated as representing 100 per cent of the shareholding and any second named proxy as an alternative to the first named.

   (b) 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.

3. A proxy need not be a member.

4. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854 not less than 48 hours before the time fixed for holding the Annual General Meeting.

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

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

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

8. In the case of members whose ordinary shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have ordinary shares entered against their names in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

CORPORATE DIRECTORY

SINGAPORE

Ellipsiz Ltd – Headquarters
54 Serangoon North
Avenue 4
#05-02
Singapore 555854
Tel: (65) 6518 2200
Fac: (65) 6269 2638

Ellipsiz DSS Pte Ltd
54 Serangoon North
Avenue 4
#01-01
Singapore 555854
Tel: (65) 6518 2200
Fax: (65) 6269 0838

SV Probe Pte Ltd
54 Serangoon North
Avenue 4
#01-02
Singapore 555854
Tel: (65) 6769 8233
Fax: (65) 6765 8183

Tokyo Cathode Laboratory (Singapore) Pte Ltd
54 Serangoon North
Avenue 4
#01-02
Singapore 555854
Tel: (65) 6769 8233
Fax: (65) 6765 8183

MALAYSIA

iNETest Malaysia Sdn Bhd
50 Persiaran Bayan Indah
Bayan Bay
11900 Bayan Lepas
Penang, Malaysia
Tel: (60) 4 642 5035
Fax: (60) 4 642 9035

CHINA

Ellipsiz iNETest (Shanghai) Co., Ltd – Main Office
Unit K 19F Hua Min
Empire Plaza
No. 726 Yan An Road (W)
Shanghai 200050 China
Tel: (86) 21 5238 3300
Fax: (86) 21 5238 3301

Ellipsiz iNETest (Shanghai) Co., Ltd – Pu Dong Office
Room 209-210 No. 7
Building
River Front Harbor
3000 LongDong Avenue
Shanghai 201203 China
Tel: (86) 21 5027 0969
Fax: (86) 21 5027 0968

Ellipsiz iNETest (Shanghai) Co., Ltd – Shenzhen Office
Room 211 2nd Floor
Block 205
TaiRan Industrial Park
CheGongMiao Area FuTian
Shenzhen 518040 China
Tel: (86) 755 8343 9855
Fax: (86) 755 8343 4429

Ellipsiz iNETest (Suzhou) Co., Ltd
Unit 13-14, 3F Blk A
No. 5 Xing Han Street
Suzhou 215021 China
Tel: (86) 512 6762 3789
Fax: (86) 512 6762 3790

SV Probe (SIP) Co., Ltd. – Pu Dong Office
Room 209-210 No. 7
Building
River Front Harbor
3000 LongDong Avenue
Shanghai 201203 China
Tel: (86) 21 50271608
Fax: (86) 21 50271609

SV Probe (SIP) Co., Ltd – Suzhou Manufacturing
Unit 3 First Floor,
Building A
Xinhaiyi II, No. 58
HeShun Road
Suzhou Industrial Park
Jiangsu, China 215122
Tel: (86) 512 6275 2330
Fax: (86) 512 6275 2275

SV Probe (SIP) Co., Ltd. – Guangzhou Branch
Room 103, Building G,
Street JingYe No. 3,
Yushu Industrial Park,
Guangzhou Economic and
Technology Development
District
Postal Code 510663 China
Tel: (86) 20 3229 0223 /
20 8201 9775

Suzhou Silicons Information Technologies Co., Ltd
M2#3F Software Park
78# Keling Road S.N.D.
Suzhou
Jiangsu 215263 China
Tel: (86) 512 6689 4756
Fax: (86) 512 6689 4756

TAIWAN

SV Probe Technology Taiwan Co., Ltd
3F No. 35 Sintai Road
Jhubei City, Hsin Chu
County
Taiwan 302 R.O.C.
Tel: (886) 3 656 5188
Fax: (886) 3 554 4150

TCL Yamaichi Taiwan Inc.
3F No. 35 Sintai Road
Jhubei City Hsin Chu
Country
Taiwan 302 R.O.C.
Tel: (886) 3 656 5188
Fax: (886) 3 554 4150

Ellipsiz iNETest Co., Ltd
3F No. 35 Sintai Road
Jhubei City Hsin Chu
County
Taiwan 302 R.O.C.
Tel: (886) 3 553 3511
Fax: (886) 3 552 0347

JAPAN

SV TCL KK – Main Office
Sanpo Ikebukuro Bldg 2F,
4-32-8,
Ikebukuro,Toshima-ku
Tokyo 171-0014 Japan
Main: (81) 3 6915 2820
Fax: (81) 3 6915 2427

SV TCL KK – Kansai Office
StorkNE 3F, 2-3-1,
Uchihon-machi,
Cyuo-ku, Osaka-shi, Osaka
540-0026 Japan
Main: (81) 6 6945 4762
Fax: (81) 6 6942 6421

SV TCL KK – Kyushu Technical Center
2-8-106, Nirenoki ,Kita-ku,
Kumamoto-shi Kumamoto
861-8083 Japan
Main: (81) 96 288 4253
Fax: (81) 96 288 4258

Hokko Electronics Co., Ltd
1973-32 Kamifurano-cho,
Sorachi-gun,
Hokkaido 071-0502 Japan
Main: (81) 167 45 5113
Fax: (81) 167 45 5149

Kita Manufacturing Co., Ltd
4-27 Rinkuh Minamihama
Sennan-shi,
Osaka 590-0535 Japan
Tel: (81) 724 85 1900
Fax: (81) 724 85 1901

VIETNAM

SV Probe Vietnam Co., Ltd
37A, Street 6,
Vietnam – Singapore
Industrial Park
Thuan An Dist.
Binh Duong Province,
Vietnam
Tel: (84) 650 3784301
Fax: (84) 650 3784304

USA

SV Probe Inc. – Main Office
9185 S. Farmer Avenue
Suite 105
Tempe, Arizona 85284 USA
Tel: (1) 480 635 4700
Fax: (1) 480 558 7440

SV Probe Inc. – California Manufacturing
535 East Brokaw Road
San Jose, CA 95112 USA
Tel: (1) 408 727 6341
Fax: (1) 408 492 1424

ellipsiz
forward solutions

(Reg. No. 199408329R)
54 Serangoon North Avenue 4
#05-02 Singapore 555854

Tel : (65) 6518 2200
Fax: (65) 6269 2638
Email : ir@ellipsiz.com
Website: www.ellipsiz.com