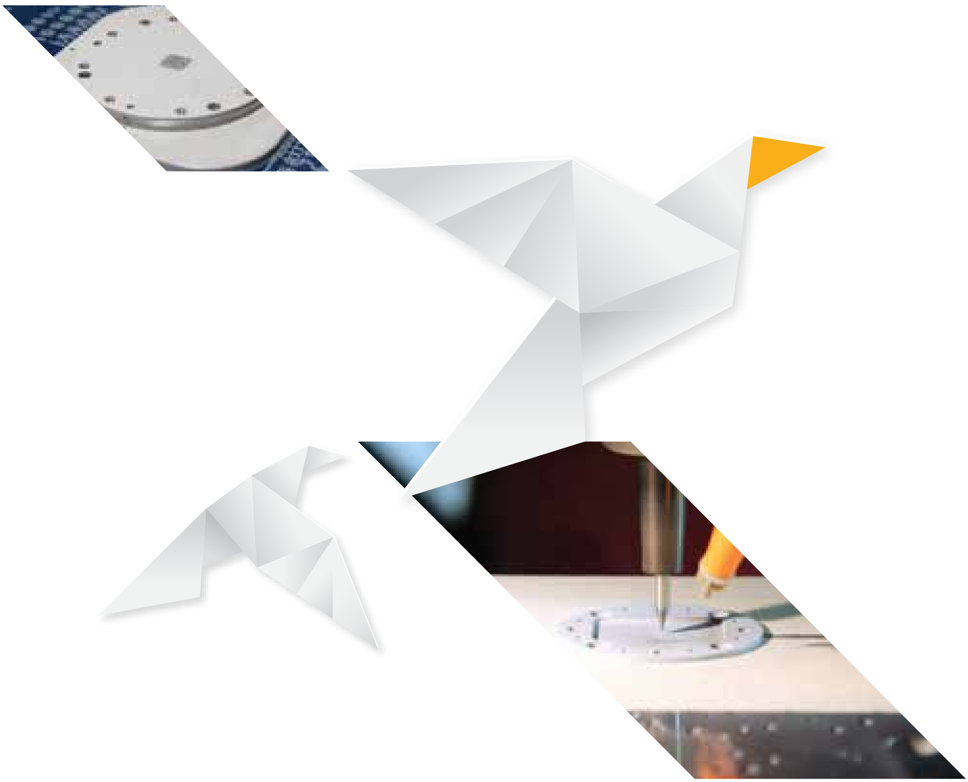
SHAPING OUR **FUTURE**

Annual Report 2015



ellipsiz

forward solutions

The Shape of Things to Come

At the very core of Ellipsiz is the drive to capitalise on our strengths to stay resilient and ready to take on challenges.

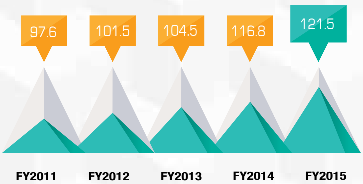
Always priming for the road ahead, we are taking an active stance in shaping our future. Our focus remains on building and optimising our global network, our production capabilities and our proven expertise to drive our

performance

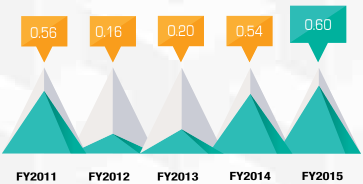
CONTENTS

STABLE FINANCIAL POSITION

Shareholders' Equity ($ Million)

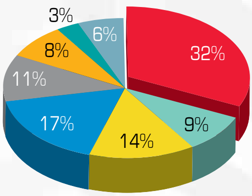


Total Dividend Payout (Cents)

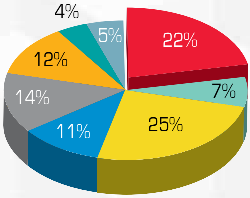


Revenue By Region

FY2014



FY2015



Singapore · China · USA · Europe · Malaysia · Taiwan · Japan · Other Regions

Financial year ended 30 June	2013	2014	2015
RESULTS			
Revenue ($ Million)	124.2	144.5	**112.5**
Net Profit After Tax And Non-controlling Interests ($ Million)	4.8	13.5	**6.7**
Net Profit After Tax And Non-controlling Interests Excluding Certain Specific Items ($ Million)	5.0	6.4	**7.4**
Basic Earnings per Share (Cents)	0.86	2.44	**1.20**
Interim & Final Dividend per Share (Cents)	0.20	0.36	**0.40**
Final Special Dividend per Share (Cents)	–	0.18	**0.20**
FINANCIAL POSITION			
Shareholders' Equity ($ Million)	104.5	116.8	**121.5**
NAV per Share (Cents)	18.9	21.1	**21.8**
PROFITABILITY (%)			
Gross Profit Margin	24.7	26.9	**35.7**
Profit Before Tax Margin	3.3	9.6	**8.2**
Net Earnings Margin	3.8	9.4	**5.9**
Return on Equity	4.6	11.6	**5.5**
Return on Total Assets	3.4	8.8	**4.3**
LIQUIDITY (TIMES)			
Current Ratio	2.3	2.2	**2.7**
Quick Ratio	2.0	1.9	**2.3**
LEVERAGE (%)			
Gross Debts/Equity	4.6	8.2	**6.8**
EFFICIENCY (DAYS)			
Debtors' Turnover (Days)	98	80	**92**

LETTER TO **SHAREHOLDERS**

OUR PROPRIETARY KNOW-HOW COUPLED WITH EXCELLENT FOCUSED SERVICE IS WHAT WE BELIEVE TO HAVE EARNED OUR CUSTOMERS' TRUST ALL THESE YEARS.

Melvin Chan
Chief Executive Officer

Dear Shareholders,

It is our pleasure to present a sixth consecutive year of positive results with net profit after tax and non-controlling interests (NPATNCI) of $6.7 million and revenue of $113 million.

Following the acquisition of probe card business from Tokyo Cathode Laboratory in financial year ended 30 June 2014 (FY2014), the Group underwent a number of integration and restructuring programmes and exercises in various parts of our operations globally. The streamlining exercises have been challenging but our team remains focused on the programme to ensure execution success as well as to shape and position our Group for growth.

The NPATNCI of the Group from operating activities, excluding certain one-time specific net gains or losses, was an improvement of 15% from $6.4 million to $7.4 million in financial year ended 30 June 2015 (FY2015), despite the lower revenue.

Performance and Financial Position

The Group reported revenue of $113 million in FY2015. This was 22% lower compared to FY2014. The decline was attributed to the 44% drop in revenue of the Distribution & Services Solutions (DSS) which decrease mainly resulted from the divestment of its facilities and communication activities during last quarter of FY2014. Our Probe Card Solutions (PCS), on the other hand, had a 6% growth in revenue with the added activities from acquired businesses since 30 August 2013.

Our acquisition decision of the probe card business and focused execution as well as integration efforts paid off. We saw good growth in gross profit margin by 9 percentage points from 27% in FY2014 to 36% in FY2015. The improved margin offset the negative impact from lower revenue and brought a 3% growth in gross profits. This has also translated to a 15% improvement in NPATNCI from operating activities (excluding certain one-time specific net gains or losses) from $6.4 million to $7.4 million in FY2015. The Group reported NPATNCI of $6.7 million in FY2015 compared with $13.5 million in the preceding year. Earnings per share (EPS) was at 1.20 cents per share as compared to FY2014's EPS of 2.44 cents.

LETTER TO **SHAREHOLDERS**

$113 MILLION
REVENUE

$6.7 MILLION
NET PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

0.60 CENTS
TOTAL DIVIDEND PER SHARE (1)

(1) *Subject to approval of shareholders on recommended final and final special dividends.*

In FY2015, the Group had one-time loss of $0.3 million from disposal of investment in an associate 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. For FY2014, the Group recorded a one-time negative goodwill income of $13.2 million as well as post-acquisition integration and restructuring costs of $4.6 million, acquisition cost of $1.1 million and retrenchment expenses of $0.3 million.

Excluding these one-time net gains or losses, the results from operating activities for the Group in FY2015 was $7.4 million. EPS from operating activities improved by 15% from 1.17 cents to 1.34 cents in FY2015.

Our financial position remains stable and strong. Shareholders' equity attributable to owners of the Company increased from $117 million to $121 million, resulting from positive results in FY2015. Net assets value per share had also increased from 21.13 cents to 21.80 cents. Cash and cash equivalents remain strong at $40 million as at 30 June 2015.

Shaping Our Edge and Relevance

The Group remains vigilant to developments across the markets in which we participate in. We have been taking an active stance in shaping our core strengths and competencies to drive our performance for the years ahead.

At the very core of Ellipsiz, we have grown our PCS business to account for 59% of the Group's total revenue during FY2015 compared with 25% in FY2011. This translates into a compounded annual growth rate of 11% at our PCS business over the five-year period. Growth was lifted by our acquisition of advanced probe card technologies over the years and competitive pricing enabled by our cost-effective production capabilities.

On the other hand, revenue contributed by our DSS business had decreased from 75% of the Group's total revenue in FY2011 to 41% in FY2015 resulting from decision to discontinue the non-core and less profitable business activities amid industry-wide consolidation and the volatile market conditions.

Emerging from all volatilities and uncertainties, we have made prideful

LETTER TO SHAREHOLDERS

strides in terms of our distribution footprint, manufacturing capabilities as well as technological know-how and focused service excellence that would set our performance apart from our competitors.

The Group is now closer to the markets that we have identified and is committed to serve our customers with our far-reaching international distribution network.

In a bid to fulfill our customers' evolving expectations in a timely manner, we are always seeking ways of enhancing our production capabilities innovatively and cost-effectively and we resolved to work closely with our customers and principals to deliver solutions relevant to market demand. We believe that our experience and expertise built over the years have helped us to prove our mettle in the market. Our proprietary know-how coupled with excellent focused service is what we believe to have earned our customers' trust all these years.

Appreciation

Our founder and non-Executive Chairman, Mr. Xavier Chong Fook Choy and Independent Director, Mr Phoon Wai Meng resigned from the Board in April 2015. The Group would like to express our deepest gratitude for their leadership, contributions and dedications to the Group over the past years. Hereby, the Board and the management wish Mr Chong and Mr Phoon the very best in their future endeavors.

We welcome our new directors, Mr. Chng Hee Kok and Mr. Clement Leow Wee Kia, who have graciously accepted our invitation to join the Board in September 2015 and May 2015 respectively. Both Mr. Chng (Chairman and Independent Director) and Mr. Leow (Independent Director), have past and present directorships with listed companies in Singapore. We believe their experience would certainly enhance the knowledge base of our Board and provide diversity to the board's experience as an entirety.

Last but not least, we would like to express our deepest appreciation to our valuable stakeholders, namely our customers, principals, business partners, employees, Board members and loyal shareholders for the strong support these past years.

To share the results with our shareholders, the Group is delighted to recommend a final dividend of 0.20 cents a share as well as a final special dividend of 0.20 cents a share (total proposed final dividend of 0.40 cents a share) for our shareholders' approval at the 20th Annual General Meeting. The recommended dividends, if approved by shareholders, and the paid interim dividend of 0.20 cents a share would lift total dividend payout to 0.60 cents a share for FY2015.

In closing, we remain committed to shaping our edge and core competencies to remain relevant and resilient. We invite your earnest support to join the team in taking the Group through the next phase of sustainable growth.

Melvin Chan
Chief Executive Officer

SHAPING OUR FOOTPRINT

OUR BUSINESS

Ellipsiz is a leading probe card and distribution & service 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 China, France, India, Japan, Malaysia, Singapore, Taiwan R.O.C, Thailand, U.S.A and Vietnam.

Our businesses are grouped into two main divisions, namely the Probe Card solutions (PCS) and the Distribution and Services solutions (DSS).

Probe Card Solutions

Our PCS division, which is in the probe card business, is operated by our wholly-owned subsidiary SV Probe Pte Ltd (SV) and its subsidiaries. It is one of the Top 10 global manufacturers of custom semiconductor test products and services according to the VLSIresearch in April 2015.

Semiconductor wafers must be tested electrically with probe cards before the wafers are diced into chips, packaged and the individual ICs placed into products such as smart phones and tablets.

PCS provides a wide variety of Integrated Circuit (IC) probing products that support an extensive range of chip types and applications such as System on Chip (SOC), Microprocessors, Wafer Level Chip Scale Packages (WLCSP), wireless, CMOS Image Sensors (CIS), Liquid Crystal Display drivers (LCD) Cu-pillar and Through Silicon Via (TSV).

PCS is also one of the few probe card vendors that offer a full turnkey service for probe cards, final test and direct dock applications. All of this is made possible by PCS' extensive global infrastructure of manufacturing and support facilities along with our knowledgeable team.

Distribution & Services Solutions

Our DSS division provides a comprehensive range of solutions to the semiconductor and electronics manufacturing services industries. Our customers include the wafer fabs and electronics manufacturers in the Asia-Pacific region.

In recent years, we have expanded our customer profile to include medical institutions as we continue with the diversification of our business activities to include the healthcare, food service and other commercial markets.

At DSS, we aspire to be our customer's key outsourced services provider, fulfilling their core and peripheral needs through the provision of extensive suite of products and complementary outsourcing services that enhances and advances our customers' competitive strengths.

Amongst our extensive suite of products, we distribute specialised capital equipment for semiconductor manufacturing, manufacturing test and inspection as well as quality and reliability test purposes.

Our product portfolio also includes cleanroom, medical and laboratory consumables; specialty chemicals and gases; material handling; and storage shelving.

For highly-specialised equipment and systems, we continually seek to add value to our customers by integrating, distributing and providing technical support using the integrate-operate-transfer (IOT) model that compresses time taken to get the facility operational.

We also provide value-added complementary outsourcing services such as engineering, manufacturing test and inspection, quality and reliability test services essential to the productive operation of our customers' facilities.

Always looking to turn challenges into feasible opportunities, DSS remains focused on delivering effective synergistic solutions that achieve sustainable growth for all of our stakeholders.

SHAPING OUR **CAPABILITIES**

We move with the times and seek ways of enhancing our production capabilities according to our customers' evolving expectations.

OPERATIONS **REVIEW**

The Group has continued with the focus on the shaping of our key strengths to sustain our business efficiency, resiliency and relevancy during the financial year ended 30 June 2015 (FY2015).

As the pricing, costing and competitive pressures intensified and business landscape gets increasingly challenging following the recent bouts of mergers and acquisitions activities, we remain committed to business activities that are accretive to our growth and earnings.

With change being the only constant, the Group has been actively exploring and developing business opportunities and potentials that would progressively shape the Group. We have also been optimising the leverage offered by our global network, production capabilities and expertise.

Probe Card Solutions (PCS) saw its contribution to the Groups' total revenue jumped from 44% a year ago to 59% in FY2015. Revenue from PCS increased by 6% from $63 million in FY2014 to $67 million in FY2015.

Strong drivers influenced this revenue increase, led by the rise of Liquid Crystal Display (LCD) driver probe card sales and turnkey assembly services. In addition, since the acquisition of business from Tokyo Cathode Laboratory (TCL) in the early part of FY2014, solid growth was experienced in the Japan and Taiwan regions.

Sales of non-memory or logic, advanced probe cards contributed 44% to PCS' total FY2015 revenue followed by Cantilever at 39%. Probe cards for LCD driver devices came in at 11% due to a significant sales growth over FY2014. Ceramic Blade cards made up 2% of PCS sales during the year.

PCS shipped a total of 4.6 million points and 18,996 finished probe cards (excluding repairs) in FY2015, up 23% and 9% over FY2014 respectively. PCS' flagship manufacturing plant in Vietnam produced 45% of the Group's total points, followed by Taiwan at 25%, Japan at 23%, and all other manufacturing sites at 7%. During the year, a major focus for PCS was to improve efficiency, productivity and product quality by transferring manufacturing knowledge and skills between our facilities, especially among our Asia manufacturing locations.

Smartphones and tablets were primary market drivers for PCS due to the broad variety of integrated circuits (ICs) within these devices. Our probe cards may test the applications processor, the microcontroller, the LCD driver or the CMOS image sensor device for the camera. We are positioned

SHAPING OUR **EDGE**

Over the years, experience and expertise have helped us to prove our mettle in the market, earning our customers' trust by our know-how and focused service.

OPERATIONS **REVIEW**

favorably with our acquired LCD driver probe card product line, where there is a wide range of IC applications utilising these test technologies from large screen LCD/LED televisions to automotive infotainment. To stay ahead of new and emerging test technologies, PCS has been building upon processes and capabilities such as our Direct Dock and Copper-Pillar test applications. In addition, new test simulation tools were acquired and our in-house analytical capabilities were strengthened to achieve impeccable quality products desired by our customers. Besides, PCS successfully demonstrated a new proprietary multi-die MLO reflow capability; made great strides with the latest generation of our high-frequency LCD card; and delivered SpringTouch spring pin probe cards for Wafer Level Chips Scale Packages (WLCSP) that exceeded 1 million wafer touchdowns with excellent yield. All of these product developments and improvements also added to the cost-effectiveness of our products.

Amidst the completion of TCL integration programme and continued streamlining of operations towards an optimal business structure, PCS has worked diligently to improve production cycle time and capacity to meet additional orders arising from the acquisition that has enhanced revenue mix, profitability and growth. For instance, our turnkey service experienced continued growth during FY2015 with our Total Test Solution approach for design and assembly that boosted customer loyalty with PCS. Our rich engineering resources and project management experience to handle some of the most complex probe card and final test applications such as Direct Dock and high pin count are crucial differentiating factors to our success. Full turnkey services remain to be one of our greatest strengths and we are one of the few vendors offering this capability.

For the third consecutive year, PCS was recognised by our customers as a THE BEST Subsystems Supplier according to VLSIresearch's 2015 Customer Satisfaction Survey (CSS). PCS was also among the Highest-Rated Test Consumable Suppliers. Numerous customers responded to the survey on our behalf and we were deemed one of the highest rated vendors, excelling particularly well in the Commitment and Trust- in-Supplier categories. We also received the highest ratings out of all Subsystems suppliers in

OPERATIONS **REVIEW**

the following categories - Commitment, Process Support, and Cost of Ownership.

PCS looks forward to sustaining growth as we continue with developing efforts on advanced probe cards as well as LCD driver probe cards, and building strong local management, engineering and quality teams with an overall leaner and more efficient operating structure. We will be focusing on our China and Taiwan markets, where PCS is seeing significant growth. In Taiwan, for example, PCS will continue to strengthen our engineering and application engineering teams with increased manufacturing capacity to fortify our support for local customers.

In a bid to shape our competitive edge for many years to come, PCS sincerely believes by working "out of the box" at all times to provide high-caliber and cost-effective products, coupled with our commitment to first-rate customer service, we are well-positioned to shape any dynamic test challenges into opportunities.

Distribution & Services Solutions (DSS) reported a 44% decline in revenue from $82 million in FY2014 to $46 million in FY2015. As a result of the decline, DSS contributed 41% of the Group's total revenue compared with 56% a year ago.

The decrease was a result of the divestment of its facilities and communication activities towards the end of FY2014. Excluding the impact arising from the divestments, revenue was a decrease of 15% arising from the change in revenue mix that led to an improvement in operating results at DSS.

Despite the immediate negative impact on revenue, the deliberate divestment decision was essential to conserve resources on better yielding, efficient and recurring business activities to improve profitability and stability of revenue streams in an increasingly volatile market. Inevitably, the operating structure of DSS was further streamlined and consolidated following the divestments to achieve a stronger and more cohesive team, where resources were employed and redeployed towards better productivity and revenue mix. More importantly, the mapping of the seismic integration of the North and South Asia support teams to capitalise on the cross-leveraging of resources and cross-sales opportunities.

OPERATIONS **REVIEW**

As efforts of integration continued to keep DSS lean and relevant to the ever changing and competitive business environment, we remain focus on managing our key principals and customers with utmost care, and were mindful about technology, market and customer trend to continuously position DSS products and partners for a brighter future.

Meanwhile, DSS has bagged numerous niche quality partners that have enabled us to participate in the growing opportunities with key customers as well as penetrated into new businesses, thus setting the stage for growth ahead. Besides working to engage and partner with more principals, DSS is accelerating our product positioning with current and newly-engaged principals as well as targeted customers on future technology requirements.

As the performance of DSS continued to be impacted by competitive tactical pricing, DSS remained committed to its integration journey to relentlessly shape our sustainable edge of controlled costing and responsiveness to the continuous changes of our business environment to be the preferred partner of choice.

While uncertain and cyclical demand, market saturation and intense competition continued to weigh on DSS, efforts would not be spared to invest in new products and partners to spearhead our relevancy and value to our customers. We would also be cautiously diversifying while focusing on the growth of recurring income streams towards a balance portfolio mix of products and customers.

Overall, the Group had closed FY2015 poised for sustainable growth and performance. We continue to believe our core desire – the passion of taking an active stance in shaping our future. Our focus remains on building and optimising our global network, our technology and production capabilities, and our proven expertise to drive our performance.

BOARD OF **DIRECTORS**

BOARD OF **DIRECTORS**

1 CHNG HEE KOK

Chairman and Independent Director

Chng Hee Kok was appointed to Ellipsiz's Board on 1 September 2015 as Chairman and Independent Director.

Mr. Chng is Managing Director of SGX Mainboard listed company, LH Group Limited. He holds independent directorships at SGX Mainboard listed companies that include Samudera Shipping Line Ltd, Full Apex Holdings Ltd and Pacific Century Regional Developments Ltd. He is also an independent director and chairs the audit committees of Mainboard listed Luxking Group Holdings Ltd, China Flexible Packaging Holdings Ltd and Chinasing Investments Holdings Ltd.

Previously, Mr. Chng was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Ltd and HG Metals Manufacturing Ltd. He 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 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 University of Singapore, and completed the Program for Executive Development at IMD – Lausanne Switzerland.

2 MELVIN CHAN WAI LEONG

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. On 8 May 2015, Mr. Chan joined the Company's Nominating Committee as member of the Committee.

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.

BOARD OF **DIRECTORS**

3 ONG SUAT LIAN
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.

4 JEFFREY STASZAK
Lead Independent Director

Jeffrey Staszak is the Lead Independent Director from 1 May 2009 following his appointment as independent director on 17 April 2006. He was formerly on the Board of Directors of the Company between 23 March 2001 and 26 November 2003. Mr. Staszak is the Chairman of the Company's Nominating Committee and a member of both the Audit and Remuneration committees.

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.

5 AMOS LEONG HONG KIAT
Independent Director

Amos Leong Hong Kiat is an Independent Director of Ellipsiz since 1 May 2009. He was also appointed as Chairman of the Audit Committee on 25 August 2011 and member of the Company's Nominating Committee on 8 May 2015.

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

BOARD OF **DIRECTORS**

and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. Subsequently, he was appointed as the Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the separation of the latter from Hewlett-Packard. In 2004, Mr. Leong moved to his current leadership role for the Univac Group.

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

6 CLEMENT LEOW WEE KIA

Independent Director

Clement Leow Wee Kia was appointed to Ellipsiz's Board on 8 May 2015 as an Independent Director, and assumes the role of Chairman of the Company's Remuneration Committee and as a member of the Audit Committee.

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

1 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.

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

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 business 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.

3 LIM BENG LAM
Vice President
Distribution and Services Solutions

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 and the sales and support services activities of our Probe Card Solutions in China and South East Asia. 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.

4 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.

KEY EXECUTIVES

5 LEE BOON HOCK
Vice President of Manufacturing
Probe Card Solutions

Lee Boon Hock is Vice President of Manufacturing for SV Probe, a wholly-owned subsidiary of Ellipsiz Ltd. He manages the Vietnam, Singapore and China manufacturing operations for our Probe Card solutions (PCS). In his more than 17 years of working experience within the semiconductor industry, he has gained a wealth of knowledge and experience about probe card manufacturing. His expertise is a valuable capital that has contributed greatly to the enhancing of our operations and enabling our facilities to operate at optimal efficiency. Prior to joining SV Probe, Boon Hock was Asia Operations Manager at Cerprobe Corp and Kulicke & Soffa (K&S) after K&S acquired Cerprobe in late 2000. Early on in his career, he held various supervisory positions in manufacturing, quality assurance and sales in the consumer electronics and hard-disk industries. He holds certificate courses in electronics servicing from the Institute of Technical Education and Management Studies from the Singapore Institute of Management.

6 YOSHIHIDE MIURA
Vice President
Probe Card Solutions (Japan)

Yoshihide Miura is the Vice President responsible for the activities of our Probe Card Solutions 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) 6311 8500
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; 2nd year-in-charge)

REGISTRAR AND SHARE TRANSFER OFFICE
M & C SERVICES PRIVATE LIMITED
112 Robinson Road
#05-01 Singapore 068902
Tel: (65) 6227 6660

JOINT COMPANY SECRETARIES
Chan Yuen Leng, LL.B. (Hons)
Anne Choo, 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
Mr. Chng Hee Kok
Chairman and Independent Director
(Appointed to the Board of Directors with effect from 1 September 2015)

Mr. Melvin Chan Wai Leong
Director and Chief Executive Officer

Ms. Ong Suat Lian
Director and Chief Financial Officer
(Appointed to the Board of Directors with effect from 12 February 2015)

Mr. Jeffrey Staszak
Lead Independent Director

Mr. Amos Leong Hong Kiat
Independent Director

Mr. Clement Leow Wee Kia
Independent Director
(Appointed to the Board of Directors with effect from 8 May 2015)

NOMINATING COMMITTEE
Chairman : Mr. Jeffrey Staszak
Members : Mr. Melvin Chan Wai Leong
Mr. Amos Leong Hong Kiat

REMUNERATION COMMITTEE
Chairman : Mr. Clement Leow Wee Kia
Members : Mr. Jeffrey Staszak
Mr. Amos Leong Hong Kiat

AUDIT COMMITTEE
Chairman : Mr. Amos Leong Hong Kiat
Members : Mr. Jeffrey Staszak
Mr. Clement Leow Wee Kia

CORPORATE **GOVERNANCE**

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

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

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

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: Effective Board to lead and control the Group

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

To facilitate effective management, certain functions of the Board have been delegated to various sub-committees 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 Nominating Committee, the Remuneration Committee and the Audit Committee. Most of 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 Articles of Association, Board meetings may be conducted by way of telephone or video conferencing. In addition to the four scheduled meetings, the Board holds many ad-hoc meetings and discussions throughout the year, often by way of telephone conferences and email exchanges to address specific significant matters or developments that may arise between scheduled Board meetings. In the financial year ended 30 June 2015, four scheduled Board meetings were held.

CORPORATE **GOVERNANCE**

The number of meetings held by the Board and the Board committees and the attendance of the members for the financial year ended 30 June 2015 ("FY2015") are as follows:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Number of meetings held	4	4	1	2
Directors				
Mr. Xavier Chong Fook Choy (resigned on 14.4.2015)	2 of 3[2]	2[1]	Not applicable	1 of 1
Mr. Melvin Chan Wai Leong	4	4[1]	1	2[1]
Mr. Jeffrey Staszak	4	4	1	2
Mr. Phoon Wai Meng (resigned on 14.4.2015)	3 of 3	3 of 3	Not applicable	1 of 1
Mr. Amos Leong Hong Kiat	4	4	1	1 of 1
Ms. Ong Suat Lian (appointed on 12.2.2015)	2 of 2	2 of 2[1]	1[1]	Not applicable
Mr. Clement Leow Wee Kia (appointed on 8.5.2015)	1 of 1	1 of 1	1[1]	1 of 1

[1] By invitation / In attendance
[2] Absent with apologies

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

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

Board Composition and Guidance

Principle 2: Strong and independent Board

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

CORPORATE **GOVERNANCE**

During FY2015, the Board comprises the following members:

Director	Designation	Date of joining the Board	Last date of re-election as director	Date of resignation
Mr. Xavier Chong Fook Choy	Non-executive Chairman and non-independent Director	1994 (Since Incorporation)	17 October 2014	14 April 2015
Mr. Melvin Chan Wai Leong	Chief Executive Officer	4 January 2008	18 October 2013	–
Mr. Jeffrey Staszak	Lead Independent Director	17 April 2006	18 October 2013	–
Mr. Phoon Wai Meng	Independent Director	1 July 2004	18 October 2012	14 April 2015
Mr. Amos Leong Hong Kiat	Independent Director	1 May 2009	17 October 2014	–
Ms. Ong Suat Lian	Chief Financial Officer	12 February 2015	–	–
Mr. Clement Leow Wee Kia	Independent Director	8 May 2015	–	–

After the close of FY2015, the Board appointed Mr. Chng Hee Kok as independent Director and non-executive Chairman of the Board, with effect from 1 September 2015.

The Nominating Committee assesses the independence of the Directors 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 FY2015, the Nominating Committee has determined that save for the Non-executive Chairman (who resigned on 14 April 2015), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") who are executive Directors, all the other three Directors namely, Mr. Jeffrey Staszak, Mr. Amos Leong Hong Kiat and Mr. Clement Leow Wee Kia are independent.

Although Mr. Jeffrey Staszak has served the Board for more than nine years, the Nominating Committee has evaluated and established that his independence is not affected for Mr. Staszak has not only satisfied all the criteria of being independent (that is, he does not have any relationship with the Company, its 10% 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 the senior management.

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

CORPORATE GOVERNANCE

The Nominating Committee is also satisfied with the independent Directors having 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 Chief Executive Officer

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 Chief Executive Officer as the roles are separately held by Mr. Xavier Chong Fook Choy and Mr. Melvin Chan Wai Leong during FY2015. This is to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr. Chong resigned from the Board and the role of Chairman on 14 April 2015. Prior to the appointment of a new chairman, Mr. Jeffrey Staszak, the Lead Independent Director, temporarily covered the role of a chairman.

On 1 September 2015, Mr. Chng Hee Kok was appointed as the new non-executive Chairman of the Board. Mr. 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 Wai Leong, the Chief Executive Officer, is primarily responsible for the operations and performance of the Group; charting of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance. Mr. Chan is not related to Mr. Chng.

Board Membership & Performance

Principle 4: Formal and transparent process for appointment and re-appointment of Directors

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

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

CORPORATE **GOVERNANCE**

During FY2015, the Nominating Committee comprises:

- Mr. Jeffrey Staszak (Chairman and Lead Independent Director)
- Mr. Phoon Wai Meng (Resigned on 14 April 2015)
- Mr. Xavier Chong Fook Choy (Resigned on 14 April 2015)
- Mr. Amos Leong Hong Kiat (Appointed on 8 May 2015)
- Mr. Melvin Chan Wai Leong (Appointed on 8 May 2015)

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

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

In accordance with the Company's Articles of Association, one-third of the Board, including the Chief Executive Officer, is subject to retirement by rotation and re-election at annual general meetings. A newly appointed Director must also submit himself to retirement and 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 14 to 17.

CORPORATE **GOVERNANCE**

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

Director	Listed companies	
	Current year	Last three years
Mr. Chng Hee Kok	Executive director of LH Group Ltd. Independent director and Audit Committee chairman of: - Luxking Group Holdings Ltd - China Flexible Packaging Holdings Ltd - Chinasing Investment Holdings Ltd Independent director of: - Samedura Shipping Line Ltd - Full Apex Holdings Ltd - Pacific Century Regional Developments Ltd	Independent director of - People's Food Holdings Ltd - HG Metal Manufacturing Ltd - Sunray Holdings Ltd - Hartawan Holdings Ltd - EL Corp Ltd
Mr. Melvin Chan Wai Leong	Non-executive and non-independent director of JEP Holdings Ltd	
Mr. Clement Leow Wee Kia	Independent director, Remuneration Committee chairman and Nominating Committee chairman of : - Seng Metal International Limited - Overseas Education Limited	Independent director, Remuneration Committee chairman and Nominating Committee chairman of : - JB Food Limited

The Nominating Committee has evaluated the principal commitments and directorships held by Mr. Chng and is of the opinion that Mr. 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, 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.

CORPORATE **GOVERNANCE**

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

All Directors have separate and independent access to the senior management team and independent professional advisers such as lawyers, external auditors, 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. Phoon Wai Meng (Chairman) – Resigned on 14 April 2015
Mr. Clement Leow Wee Kia (Chairman) – Appointed on 15 May 2015
Mr. Jeffrey Staszak
Mr. Xavier Chong Fook Choy – Resigned on 14 April 2015
Mr. Amos Leong Hong Kiat – Appointed on 4 August 2015

All members including the Chairman of the Remuneration Committee are independent and non-executive Directors.

CORPORATE GOVERNANCE

The Remuneration Committee is responsible for reviewing and recommending to the Board a framework on all aspects of remuneration of Directors, Chief Executive Officer and other senior management executives of the Group, including 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 executive officers 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 Chairman of the Board, and submitted for endorsement by the entire Board. The members of the Remuneration Committee do not decide on their own remuneration.

The Committee also oversees the implementation of the Ellipsiz Share Option Plan.

Remuneration Information

The executive Directors, namely Mr. Melvin Chan and Ms. Ong Suat Lian, have written employment contracts with the Company. Mr. Melvin Chan's employment contract was re-newed for an initial 3-year term, commencing 1 July 2015. After the initial 3-year term, his employment may be terminated by either party serving the requisite prior notices. Ms. Ong's employment contract may be terminated by either party serving the 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 Directors (including the CEO and CFO) and the top five key executives 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 the annual general meeting. No individual Director fixes his own remuneration.

As may be noted from the table below, the performance related elements of remuneration (that is, 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 FY2015, the Remuneration Committee is satisfied that most of the performance indicators for the executive Directors are met.

CORPORATE **GOVERNANCE**

The remuneration information of the Directors in FY2015 is as set out below:

Director	Remuneration band	Directors' fees	Salary and allowance (inclusive of CPF)	Bonus and options exercised	Total
Mr. Xavier Chong Fook Choy	$250,000 to $499,999	100%	–	–	100%
Mr. Melvin Chan Wai Leong	$750,000 to $999,999	–	43%	57%	100%
Mr. Jeffrey Staszak	Below $250,000	100%	–	–	100%
Mr. Phoon Wai Meng	Below $250,000	100%	–	–	100%
Mr. Amos Leong Hong Kiat	Below $250,000	100%	–	–	100%
Ms. Ong Suat Lian*	$250,000 to $499,999	–	55%	45%	100%
Mr. Clement Leow Wee Kia	Below $250,000	100%	–	–	100%

* For the purpose of determining the remuneration band, the full remuneration of the Directors appointed during the year was considered.

The Company believes that the disclosure requirements on the details and remuneration of each Director, CEO and individual executives 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 executives of the Group (who are not Directors) are Kevin M. Kurtz, Lim Beng Lam, Tony Gung Kwun Yuan, Pete Rogan and Yoshihide Miura. The total remuneration for FY2015 for the key executives was $1.5 million and their remuneration packages in bands of $250,000 are as follow:

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

The profiles of the Group's key management are set out on pages 18 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 FY2015, these performance conditions set for the executive Directors and key executives 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 Chief Executive Officer.

CORPORATE **GOVERNANCE**

Ellipsiz Share Option Plan ("ESOP")

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 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.

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

CORPORATE **GOVERNANCE**

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 financial position; and (ii) regarding the effectiveness of the Company's risk management and internal control systems, as at 30 June 2015.

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. Jeffrey Staszak
Mr. Phoon Wai Meng (Resigned on 14 April 2015)
Mr. Clement Leow Wee Kia (Appointed on 8 May 2015)

All members of the Audit Committee are independent Directors.

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

- review the statement of financial position, the statement of profit or loss, 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 Company and the Group before they are submitted to the Board for approval;

CORPORATE **GOVERNANCE**

- review and discuss with external auditors the overall scope of work of the audit and its effectiveness, the results of the audit and the evaluation of the internal control system, external auditors' management letter and the responses from management;

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

- 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;

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

- review the independence and objectivity of external auditors annually; and

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

The Committee is also tasked with advising the Board on the appointment and re-appointment of external auditors of the Company at each annual general meeting, and approving their remuneration and terms of engagement. In accordance with Chapter 12 of the Singapore Exchange Listing Manual, the Audit Committee also 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 Committe 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 for re-appointment as external auditors of the Company at its forthcoming annual general meeting.

CORPORATE **GOVERNANCE**

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 AND RESPONSIBILITY

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

Separate resolutions are tabled at general meetings on each substantially separate issue. The Company treats shareholders' issues, particularly those that require shareholders' approval, such as re-election of

CORPORATE **GOVERNANCE**

Directors and approval of Directors' fees, as distinct subjects and submits them to the annual general meeting as separate resolutions. With effect from the upcoming twentieth annual general meeting, all resolutions tabled in general meetings will be voted on by polling.

All information presented by the Chief Executive Officer on the Group's performance, prospects and plans during the annual general meeting are posted on SGXNET. The minutes of 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 transaction. All interested person transactions are subject to review by the Chairman of 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 FY2015, the total transactions with interested person 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 shareholder's 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)
Chan Wai Leong (Director) Rental expenses	$'000 124	$'000 NIL

The total value of interested person transactions of $124,000 is approximately 0.17% of the Group's audited consolidated net tangible assets of FY2014.

FINANCIAL **REVIEW**

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

RESULTS OF OPERATIONS

Revenue and gross profits

The Group recorded full year revenue of $112.5 million, a drop of 22% compared to last financial year. The 44% drop in revenue of the Distribution & Services (DSS) was the main reason for the lower revenue at group level. The Group divested two of its DSS activities, namely facilities and communication activities, towards the end of last financial year and the loss in revenue from the divestments accounted for the major part of the decrease in revenue of DSS.

The negative impact of the decrease in DSS revenue was partially offset by a 6% improvement in revenue of Probe Card Solution (PCS) to $66.7 million for the year ended 30 June 2015 (FY2015). The improved revenue from PCS had also led to higher revenue in China and Japan in FY2015. The decline in revenue of DSS, on the other hand, had adversely impacted the net revenue in Singapore and Taiwan, with negative variances of 47% and 51% respectively.

Despite the decrease in revenue, gross profit in FY2015 increased by 3% from $38.8 million to $40.1 million. The change in revenue mix brought a 9% improvement in gross profit margin for FY2015. Generally PCS has a higher gross profit margin than that generated by DSS. Therefore the replacement of revenue lost in DSS with improved PCS revenue led to the better margin.

Other income

Other income decreased significantly from $14.6 million in last financial year to $1.4 million in FY2015. Included in other income of last financial year were the negative goodwill from its acquisition of businesses of $13.2 million and dividend income from its financial investment of $0.4 million. The negative variance from the non-recurrence of these one-time items was negated by the recording of higher exchange gain in FY2015. Details of other income is disclosed in note 21 to the financial statements.

Operating expenses

Total operating expenses decreased by 17% from $39.8 million to $33.1 million in FY2015. Included in other expenses of FY2014 were acquisition-related cost of $1.1 million, post-acquisition integration and restructuring costs of $4.6 million relating to the acquisition of businesses, loss on disposal of investments in subsidiaries of $0.1 million and certain retrenchment costs of $0.3 million to streamline its operational structure. The one-time costs in FY2015 were lower and consist only those relating to loss on disposal of investment in an associate of $0.3 million. Excluding the one-time costs, operating expenses decreased by 3% from $33.7 million to $32.8 million in FY2015. The decrease was mainly led by the decrease in distribution expenses, partially offset by the increase in administrative and research and development expenses during the year.

Net finance expenses

Due to the lower finance income in FY2015, partially offset by decrease in finance expenses, the net finance expenses increased from $116,000 in FY2014 to $167,000 in FY2015.

FINANCIAL REVIEW

Share of results of associates and joint ventures

The Group recorded profits of $1.1 million from share of results from associates and had share of losses of $112,000 from its joint ventures for FY2015.

Income taxes

In FY2015, the Group recorded tax expense of $2.6 million, mainly for the tax expense in the current financial year and adjustment for the net movement in deferred taxes. During the year, the Group had also made an adjustment for the under-provision of tax of $417,000 for one of its business activities lost in a fire in FY2009. The under-provision arose from the additional assessment imposed by the local tax authority on certain insurance compensation received. The Group is in the process of appealing against this additional assessment.

Net profit attributable to Owners of the Company

In FY2015, the Group had net profits after taxes and non-controlling interests of $6.7 million, a 51% drop as compared to net profits of $13.5 million in FY2014. In the last financial year, the Group included one-time negative goodwill income of $13.2 million as well as post-acquisition integration and restructuring costs of $4.6 million, acquisition-related cost of $1.1 million, loss on disposal of investments in subsidiaries of $0.1 million and certain retrenchment costs of $0.3 million to streamline its operational structure. In FY2015, the Group had a one-time loss of $0.3 million arising from disposal of an associate and additional tax of $0.4 million assessed by tax authority on certain insurance compensation received for a fire incident that took place in FY2009.

Excluding the one-time income and expenses in both FY2014 and FY2015, the Group had net profits of $7.4 million from its operating activities in FY2015, an increase of 15% over FY2014's profits $6.4 million.

FINANCIAL CONDITIONS

Non-current assets

The non-current assets decreased by 6% from $75.2 million in last financial year to $70.9 million as at 30 June 2015.

Property, plant and equipment decreased by 11% mainly due to the reclassification of a piece of land and a building to current assets held for sales. One of the wholly-owned subsidiaries in Japan had in June 2015, entered into an agreement to dispose its freehold land and building for cash. The completion of the transaction is expected to take place in October 2015. Hence the relevant assets were re-classified as current assets as at 30 June 2015.

The disposal of an associate during the year, the share of results, receipt of dividend and translation movement in associates led to a 21% drop in investments in associates. The share of losses from joint ventures on the other hand accounted for the 48% decrease in joint ventures.

The movement in the market price of a quoted investment was the main cause for the decrease in carrying amount of financial assets by 20%. The reclassification of the trade and other receivables to current assets as well as the 24% reduction in deferred tax assets had also contributed to the overall decrease in non-current assets.

FINANCIAL **REVIEW**

Current assets

Total current asset as at 30 June 2015 was $83.0 million, an increase of 5% from $79.0 million as at 30 June 2014. The 26% increase in cash and cash equivalents resulting from positive cash flows from operating activities and recovery of its investment in an associate through dividend collected and sales proceeds, coupled with the reclassification of certain freehold land and building as current asset held for sales led to the overall increase in current assets. The impact of the increase was partially offset by the drop in inventories and the net collections of trade and other receivables as well as amounts due from related parties.

Current liabilities and non-current liabilities

Total liabilities as at 30 June 2015 stood at $32.1 million, a decrease of 13% from $37.0 million as at 30 June 2014. The lower trade and other payables, provisions, interest-bearing borrowings and deferred tax liabilities, partially offset by tax payable, led to the net decrease in total liabilities.

Non-controlling interests

The increase in the non-controlling interests was primarily due to share of profits as well as translation movements in FY2015.

LIQUIDITY AND CAPITAL RESERVES

During the financial year, the Group recorded net cash inflow of $9.0 million. This can be accounted by:

(a) cash inflow of $14.1 million for operating activities;
(b) cash outflow of $1.0 million for investing activities; and
(c) cash outflow of $4.1 million for financing activities.

The positive results in the year coupled with the net positive cash movement in working capital, led to the cash inflow from operating activities of $14.1 million in FY2015.

The capital expenditure of $3.7 million during FY2015, partially offset by the recovery of its investment of an associate through the collection of dividend and proceeds from disposal, collection of related party balances and proceed from disposal of property, plant and equipment, led to the net cash outflow of $1.0 million from its investing activities.

Dividend payment totalling $3.1 million during FY2015, coupled with the net repayment of interest-bearing borrowings were the main reasons for the cash outflow for the financing activities of the Group.

As at 30 June 2015, the Group's cash and cash equivalents position (including fixed deposits held as securities) was $40.3 million.

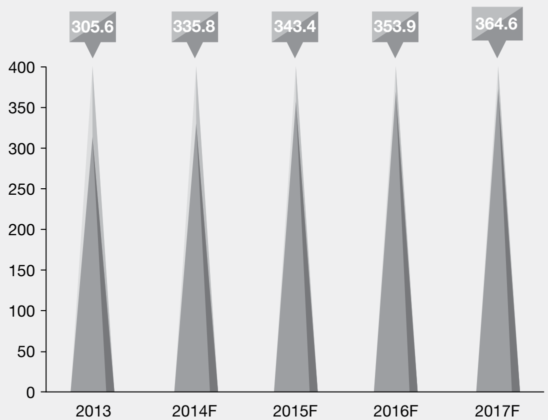
INDUSTRY **OUTLOOK**

The financial performance and prospects of the Ellipsiz Group remain 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) August 2015 forecast, a moderate growth of 2.3% was forecast for the global semiconductor market for 2015, largely driven by smartphones and automotive applications, and that positive growth rates were expected across all major product categories. Not all regions would grow from 2014. Europe and Japan, for instance, would show declines in 2015 arising from the foreign exchange between the Euro and the Japanese Yen to the US dollar.

The worldwide semiconductor market was forecast to grow moderately in 2016 and 2017 by the WSTS. All major product categories and regions were expected to grow moderately on the assumption of stable economic market environment throughout the forecast period. The market was forecast to be up 3.1% in 2016 to US$354 billion and 3% in 2017 to US$365 billion. Automotive and wireless communications were projected to grow stronger than the overall market, whereas consumer and computer were assumed to remain almost flat. Asia-Pacific continued to show higher growth rates than the other regions, and was expected to reach US$217 billion in 2016, or greater than 60% of the total semiconductor market.

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



Source: World Semiconductor Trade Statistics (WSTS), June 2015

The global fab equipment spending for 2015 was projected to increase by 5% to US$37 billion from US$35.3 billion in 2014, according to Semiconductor Equipment and Materials International (SEMI) in its September update. The update came following significant downward revision to the semiconductor revenue forecast by industry analysts for 2015.

The slower than expected global Gross Domestic Product forecast by the IMF and the

INDUSTRY **OUTLOOK**

World Bank, weak PC sales, sagging DRAM prices and currency effects were cited for the reduction in semiconductor revenue forecast for 2015. Meanwhile, a slowdown in the smartphone market growth rate and the contraction in the PC market also had semiconductor manufacturers re-evaluating and trimming their capital expenditure plans for the year. With some fab projects that had slowed down or delayed until 2016, SEMI predicted that the fab equipment spending growth for 2016 would be at 6.6% to US$39.4 billion.

Japan and Korea were expected to be the fastest growing regions for fab equipment spending in 2015 at 33.3% and 20.5% to US$5.4 billion and US$9.1 billion, respectively before reversing into negative growth of 3.4% and 2.7% to US$5.2 billion and US$8.9 billion, respectively in 2016.

In Americas, fab spending in 2015 was forecast to decline by 27.1% to US$5.6 billion and to grow by 24.5% at US$6.9 billion the next year. Europe and Mid East regions were expected to grow by 12.5% to US$2.5 billion in 2015 and by 9.6% to US$2.7 billion in 2016.

Fab equipment spending was, however, expected to be steady in China, Taiwan and South East Asia for both years. In China, growth was predicted at 3.4% in 2015 and 8.2% in 2016 to achieve spending of US$4.2 billion and US4.5 billion, respectively. In Taiwan, spending was expected to grow by 6.1% to US$9 billion in 2015 and by 8.3% to US$9.7 billion in 2016. Though flat growth was forecast for the South East Asia market in 2015, the region was expected to grow by 13.1% to US$1.5 billion in 2016.

As a result of the slower positive growth rates expected at the fab equipment spending, SEMI had reduced its overall semiconductor equipment spending growth forecast for 2015 to between 1% and 6% from 7.1% in its mid-year edition of SEMI Capital Equipment Forecast. SEMI had also widened its growth forecast range for 2016 to between 2% and 7% compared with 4.1% in the mid-year report.

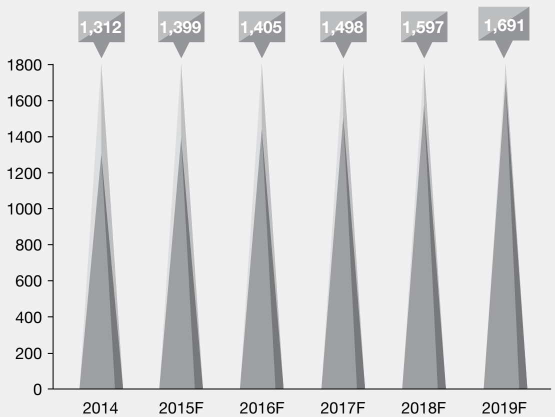
The probe card market, including service and support, was forecast to grow 6.6% to approximately US$1.4 billion in 2015 after a growth of 9.7% in 2014 to US$1.3 billion amidst strong semiconductor sales and increasing device complexity, according to the Probe Card Market 2014 report by VLSIresearch in April 2015.

INDUSTRY **OUTLOOK**

Over the longer term, the probe card market was expected to grow at a compounded annual growth rate (CAGR) of 5.2% to US$1.7 billion by 2019 on the back of continuing growth at the semiconductor industry. Growth was mainly expected to be contributed by semiconductor probe card, where revenue was forecast to grow at a CAGR of 5.3% to US$1.6 billion in 2019, under which, revenue for non-memory applications was forecast to grow at a CAGR of 5.9% to achieve revenue of US$984 million in 2019 driven by multiple new System-on-Chip applications and the ramping up of advanced packaging capacity. Probe card sales for memory application is expected to achieve a slower growth of 4.5% to US$639 million in 2019.

CHART 2: GLOBAL PROBE CARD REVENUE FORECAST

(US$ MILLIONS)



Source: VLSI Research, April 2015

At the non-memory probe card market where we participate in with our vertical and cantilever probe cards, all types of probe cards are expected to grow over the next five years. Growth was to be led by vertical probe cards with an expected CAGR growth of 5.1% to US$353 million in 2019, while that of cantilever probe cards is expected at 4.8% to US$265 million in 2019. MEMS probe cards, meanwhile, is expected to grow at a faster CAGR of 8.6% to US$271 million in 2019.

Separately, the flat panel display probe card revenue, which we also have a presence in, is expected to grow at a steady CAGR of 1.6% from US$33 million in 2014 to US$36 million in 2019.

To remain relevant to the industries and markets we operate in, the Group remains committed to the diligent shaping of our strengths to achieve sustainable growth.

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. 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, Taiwan R.O.C., Vietnam, India, 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. Any change in the fiscal and monetary policies implemented by the governments of any of these countries which result in currency and interest rate fluctuations, high inflation rate, capital restrictions, and changes in duties and taxes that are detrimental to our business could materially and adversely affect our operations, financial performance and future growth. Our businesses are also affected by macroeconomic factors such as the performance of the US economy and major economies in Asia as they have an impact on the end market consumption, consumer sentiment and consequently the market demand for our products and services. The uncertain global economic environment will affect the demand for and consumption of electronic gadgets and instruments, which in turn led to uncertainties in the 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 inventory and render them obsolete. Any inability to anticipate demand fluctuations could potentially lead to write off of intellectual property value, obsolescence of inventory, 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.

RISK MANAGEMENT

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 and we are unable to retain or replace with a suitably qualified personnel, this could have a material adverse effect on our business and results. Similarly, 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 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 prolong change, especially downturn, in the semiconductor industry, the Group's operating results could be materially affected. The EMS industry is deemed to be less cyclical compared to the semiconductor industry, but it is highly seasonal with the second half of the calendar year typically stronger than the first. Pricing is also under constant pressure in this industry and product life cycles are short. Similar to the semiconductor industry, orders can be deferred, modified or cancelled by customers and under such event, there could be an adverse impact on our financial performance.

Foreign Exchange Risk

As the Group is involved in international trading, 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 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 compliance costs and in turn may adversely affect our operating results.

financial statements

CONTENTS

DIRECTORS' **REPORT**

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 2015.

DIRECTORS

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

Chng Hee Kok	Chairman	(Appointed on 1 September 2015)
Melvin Chan Wai Leong		
Jeffrey Staszak		
Amos Leong Hong Kiat		
Ong Suat Lian		(Appointed on 12 February 2015)
Clement Leow Wee Kia		(Appointed on 8 May 2015)

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 21/7/2015
Name of director and corporation in which interests are held			
Melvin Chan Wai Leong			
Ellipsiz Ltd			
- ordinary shares			
- interest held	60,135,177	19,019,077	19,019,077
- options to subscribe for ordinary shares at[(1)]			
- S$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards (expired on 25/10/14)	3,150,000	–	–
- S$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards (exercised on 09/04/15)	2,100,000	–	–
Jeffrey Staszak			
Ellipsiz Ltd			
- ordinary shares			
- interest held	100,000	100,000	100,000

DIRECTORS' REPORT

	Holdings at beginning of the year/ date of appointment	Holdings at end of the year	Holdings at 21/7/2015
Name of director and corporation in which interests are held			
Jeffrey Staszak			
Ellipsiz Ltd			
- options to subscribe for ordinary shares at [(1)]			
- S\$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards (expired on 25/10/14)	800,000	–	–
- S\$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	300,000	300,000	300,000
Amos Leong Hong Kiat			
Ellipsiz Ltd			
- ordinary shares			
- interest held	100,000	100,000	100,000
- options to subscribe for ordinary shares at [(1)]			
- S\$0.135 exercisable in three tranches from 26/10/10, 26/10/11 and 26/10/12 onwards (expired on 25/10/14)	650,000	–	–
- S\$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	300,000	300,000	300,000
Ong Suat Lian			
Ellipsiz Ltd			
- ordinary shares			
- interest held	596,333	596,333	596,333
- options to subscribe for ordinary shares at [(1)]			
- S\$0.14 exercisable in two tranches from 25/08/11 and 25/08/12 onwards	1,100,000	1,100,000	1,100,000

[(1)] 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.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants 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 2015.

DIRECTORS' **REPORT**

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

Except for salaries, bonuses, fees and those benefits that are disclosed in the notes 21 and 26 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm in which he is a member, or with a company in which he has a substantial financial interest.

SHARE PLANS

On 28 November 2001, the Company approved the "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans". The "Ellipsiz Share Option Plan" ("ESOP") enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" ("ERSP") enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge. The Plans expired on 28 November 2011, without prejudice to the options and awards that were previously granted under the Plans.

There are no awards outstanding under the ERSP.

On 26 October 2009 and 25 August 2010, the Company approved and granted options under the ESOP. 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.

The Plans are administered by the Remuneration Committee.

Other salient details regarding the ESOP are set out below:

(a) The total number of new shares over which options may be granted pursuant to the ESOP, when added to the number of new shares issued and issuable in respect of all options granted, and all awards granted under the ERSP, 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.

DIRECTORS' REPORT

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

Director	Options granted for financial year ended 30 June 2015		Aggregate options granted since commencement to 30 June 2015		Aggregate options exercised since commencement to 30 June 2015		Aggregate options expired as at 30 June 2015		Aggregate options outstanding as at 30 June 2015	
	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	–	–	800,000	0.14	300,000	0.05
Amos Leong Hong Kiat	–	–	950,000	0.17	–	–	650,000	0.12	300,000	0.05
Ong Suat Lian	–	–	2,367,000	0.42	34,000	0.01	1,233,000	0.22	1,100,000	0.19

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

Participant	Options granted for financial year ended 30 June 2015		Aggregate options granted since commencement to 30 June 2015		Aggregate options exercised since commencement to 30 June 2015		Aggregate options expired as at 30 June 2015		Aggregate options outstanding as at 30 June 2015	
	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%	No. of share options	%
Kevin M. Kurtz	–	–	3,000,000	0.54	500,000	0.09	1,000,000	0.18	1,500,000	0.27

The percentage is computed based on the options granted, exercised or vested divided by the total number of ordinary shares issued by the Company as at 30 June 2015.

Since the commencement of the ESOP, 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 ESOP.

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.

DIRECTORS' REPORT

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 report are:

• Amos Leong Hong Kiat	Chairman
• Jeffrey Staszak	
• Phoon Wai Meng	Resigned on 14 April 2015
• Clement Leow Wee Kia	Appointed on 8 May 2015

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 profit or loss, 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;

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

(c) discussion with the external auditors on the overall scope of work of the audit and its effectiveness, the 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;

DIRECTORS' **REPORT**

(h) review the effectiveness of the internal audit services provided and recommending their appointment or re-appointment to the Board; 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 Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

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

Ong Suat Lian
Director

10 September 2015

STATEMENT BY **DIRECTORS**

In our opinion:

(a) the financial statements set out on pages 54 to 142 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 2015 and the financial performance, 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 Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Melvin Chan Wai Leong
Director

Ong Suat Lian
Director

10 September 2015

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 2015, the statements of profit or loss, 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 142.

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.

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 2015 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.

INDEPENDENT **AUDITORS' REPORT**

Members of the Company
Ellipsiz Ltd

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
10 September 2015

STATEMENTS OF **FINANCIAL POSITION**

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	3	11,365	12,707	6	10
Intangible assets	4	41,974	39,711	–	–
Subsidiaries	5	–	–	85,513	86,426
Associates	6	6,350	8,039	4,868	4,868
Joint ventures	7	118	228	–	–
Financial assets	8	7,687	9,551	7,523	9,404
Trade and other receivables	9	–	495	–	–
Deferred tax assets	10	3,403	4,476	84	59
		70,897	75,207	97,994	100,767
Current assets					
Inventories	11	11,185	12,823	–	–
Trade and other receivables	9	30,466	33,835	209	698
Amounts due from related parties	12	117	338	393	7,532
Assets classified as held for sale	13	991	–	–	–
Cash and cash equivalents	14	40,279	32,016	18,338	12,196
		83,038	79,012	18,940	20,426
Total assets		153,935	154,219	116,934	121,193
Equity attributable to Owners of the Company					
Share capital	15	89,566	88,773	89,566	88,773
Reserves	16	31,893	28,029	16,750	19,011
		121,459	116,802	106,316	107,784
Non-controlling interests		398	378	–	–
Total equity		121,857	117,180	106,316	107,784
Non-current liabilities					
Interest-bearing borrowings	17	511	651	–	–
Deferred tax liabilities	10	580	1,041	–	–
		1,091	1,692	–	–
Current liabilities					
Trade and other payables	18	21,965	23,730	1,768	1,352
Provisions	19	100	2,056	–	281
Amounts due to related parties	12	116	64	8,625	11,536
Interest-bearing borrowings	17	7,783	8,976	–	–
Current tax payable		1,023	521	225	240
		30,987	35,347	10,618	13,409
Total liabilities		32,078	37,039	10,618	13,409
Total equity and liabilities		153,935	154,219	116,934	121,193

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

STATEMENTS OF **COMPREHENSIVE INCOME**

Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Revenue	20	112,515	144,474	4,129	2,788
Cost of revenue		(72,384)	(105,671)	–	–
Gross profit		40,131	38,803	4,129	2,788
Other income		1,355	14,559	1,883	1,083
Distribution expenses		(12,335)	(13,697)	–	–
Administrative expenses		(17,051)	(16,964)	(3,131)	(2,420)
Research and development expenses		(3,309)	(2,389)	–	–
Other expenses		(407)	(6,721)	–	(1,220)
Results from operating activities	21	8,384	13,591	2,881	231
Finance income		73	248	12	24
Finance expenses		(240)	(364)	–	–
Net finance (expenses)/income	22	(167)	(116)	12	24
Share of results of associates (net of tax)		1,171	665	–	–
Share of results of joint ventures (net of tax)		(112)	(284)	–	–
Profit before income tax		9,276	13,856	2,893	255
Income tax (expense)/credit	23	(2,612)	(1,070)	14	(96)
Profit for the year		6,664	12,786	2,907	159
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences on liquidation of a subsidiary reclassified to profit or loss		(16)	–	–	–
Exchange differences arising from disposal of subsidiaries reclassified to profit or loss		–	84	–	–
Exchange differences arising from disposal of an associate reclassified to profit or loss		248	–	–	–
Exchange differences on monetary items forming part of net investments in foreign operations		74	(89)	–	–
Exchange differences on translation of financial statements of foreign operations		2,079	(1,547)	–	–
Net change in fair value of available-for-sale financial assets		(1,881)	2,390	(1,881)	2,390
Other comprehensive income for the year, net of income tax	23	504	838	(1,881)	2,390
Total comprehensive income for the year		7,168	13,624	1,026	2,549

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

STATEMENTS OF **COMPREHENSIVE INCOME**

Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Profit attributable to:					
Owners of the Company		6,663	13,513	2,907	159
Non-controlling interests		1	(727)	–	–
Profit for the year		6,664	12,786	2,907	159
Total comprehensive income attributable to:					
Owners of the Company		7,148	14,347	1,026	2,549
Non-controlling interests		20	(723)	–	–
Total comprehensive income for the year		7,168	13,624	1,026	2,549
Earnings per share	24				
- Basic earnings per share (cents)		1.20	2.44		
- Diluted earnings per share (cents)		1.20	2.44		

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

CONSOLIDATED STATEMENT **OF CHANGES IN EQUITY**

Year ended 30 June 2015

	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
Group									
Balance as at 1 July 2013	88,773	(11,720)	1,703	2,481	(13,225)	36,475	104,487	1,910	106,397
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	13,513	13,513	(727)	12,786
Other comprehensive income									
Exchange differences arising from disposal of subsidiaries reclassified to profit or loss	–	–	–	–	96	–	96	(12)	84
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	(89)	–	(89)	–	(89)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(1,563)	–	(1,563)	16	(1,547)
Net change in fair value of available-for-sale financial assets	–	–	2,390	–	–	–	2,390	–	2,390
Total other comprehensive income, net of income tax	–	–	2,390	–	(1,556)	–	834	4	838
Total comprehensive income for the year	–	–	2,390	–	(1,556)	13,513	14,347	(723)	13,624

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

CONSOLIDATED STATEMENT **OF CHANGES IN EQUITY**

Year ended 30 June 2015

	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
Group									
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 0.20 cents per share in respect of 2013	–	–	–	–	–	(1,105)	(1,105)	–	(1,105)
Interim dividend of 0.18 cents per share in respect of 2014	–	–	–	–	–	(996)	(996)	–	(996)
Total contributions by and distributions to Owners	–	–	–	–	–	(2,101)	(2,101)	–	(2,101)
Changes in ownership interests in subsidiaries									
Arising from disposal of subsidiaries reclassified to profit or loss	–	69	–	–	–	–	69	(914)	(845)
Acquisition of non-controlling interest of a subsidiary	–	–	–	–	–	–	–	10	10
Reclassification of preference shares from liability	–	–	–	–	–	–	–	95	95
Total changes in ownership interests in subsidiaries	–	69	–	–	–	–	69	(809)	(740)
Total transactions with Owners	–	69	–	–	–	(2,101)	(2,032)	(809)	(2,841)
Balance as at 30 June 2014	88,773	(11,651)	4,093	2,481	(14,781)	47,887	116,802	378	117,180

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2015

	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
Group									
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 liquidation of subsidiaries	–	–	–	–	(16)	–	(16)	–	(16)
Exchange differences arising from disposal of an associate	–	–	–	–	248	–	248	–	248
Exchange differences on monetary items forming part of net investments in foreign operations	–	–	–	–	74	–	74	–	74
Exchange differences on 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 2015

	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
Group									
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 0.18 cents per share in in respect of 2014	–	–	–	–	–	(995)	(995)	–	(995)
Final special dividend of 0.18 cents per share in respect of 2014	–	–	–	–	–	(995)	(995)	–	(995)
Interim dividend of 0.20 cents per share in respect of 2015	–	–	–	–	–	(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

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

STATEMENT OF **CHANGES IN EQUITY**

Year ended 30 June 2015

	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
Company					
Balance as at 1 July 2013	88,773	1,703	2,481	14,379	107,336
Total comprehensive income for the year					
Profit for the year	–	–	–	159	159
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	–	2,390	–	–	2,390
Total other comprehensive income, net of income tax	–	2,390	–	–	2,390
Total comprehensive income for the year	–	2,390	–	159	2,549
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 0.20 cents per share in respect of 2013	–	–	–	(1,105)	(1,105)
Interim dividend of 0.18 cents per share in respect of 2014	–	–	–	(996)	(996)
Total transactions with Owners	–	–	–	(2,101)	(2,101)
Balance as at 30 June 2014	88,773	4,093	2,481	12,437	107,784

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

STATEMENT OF **CHANGES IN EQUITY**

Year ended 30 June 2015

	Share capital $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Accumulated profits $'000	Total equity $'000
Company					
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 0.18 cents per share in respect of 2014	–	–	–	(995)	(995)
Final special dividend of 0.18 cents per share in respect of 2014	–	–	–	(995)	(995)
Interim dividend of 0.20 cents per share in respect of 2015	–	–	–	(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

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

CONSOLIDATED
STATEMENT OF CASH FLOWS

Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities			
Profit for the year		6,664	12,786
Adjustments for:			
(Reversal of allowance)/Allowance for:			
- doubtful debts from trade and other receivables		(10)	924
- inventory obsolescence		466	73
Amortisation of intangible assets		744	868
Acquisition-related costs		–	1,127
Bad debts recovered		–	(770)
Depreciation of property, plant and equipment		2,774	2,403
Dividend income from other financial asset		–	(351)
Gain on disposal of property, plant and equipment		(209)	(111)
Gain on liquidation of subsidiaries		(13)	–
Interest income		(73)	(248)
Interest expenses		240	364
Inventories written off		97	181
Impairment losses on property, plant and equipment		–	115
Loss on disposal of subsidiaries		–	83
Loss on disposal of an associate		343	–
Negative goodwill on acquisition	5	–	(13,175)
Post-acquisition integration and restructuring costs		–	4,562
(Reversal of provision)/Provision for retrenchment costs		(203)	342
Share of results of associates and joint ventures (net of tax)		(1,059)	(381)
Income tax expenses		2,612	1,070
Operating profit before working capital changes		12,373	9,862
Changes in working capital:			
Amounts due from related parties (trade)		87	52
Amounts due to related parties (trade)		52	(478)
Inventories		1,306	(1,535)
Project-in-progress		–	(2,484)
Post-acquisition integration and restructuring costs paid		(1,594)	(2,961)
Retrenchment costs paid		(139)	–
Release of pledged deposits with financial institutions		1,425	7
Trade and other receivables		3,800	(1,299)
Trade and other payables		(2,194)	3,383
Cash generated from operations carried forward		15,116	4,547

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

CONSOLIDATED
STATEMENT OF CASH FLOWS

Year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash generated from operations brought forward		15,116	4,547
Interest received		73	248
Interest paid		(240)	(364)
Income taxes paid		(871)	(762)
Net cash generated from operating activities		14,078	3,669
Cash flows from investing activities			
Acquisition-related costs paid		–	(1,088)
Acquisition of non-controlling interest of a subsidiary		–	(5)
Amounts due from related parties (non-trade)		134	430
Dividend received from associates		958	59
Dividend received from other financial asset		–	351
Net cash inflow on acquisition of subsidiaries	5	–	1,876
Net cash outflow from disposal of subsidiaries [(1)]		–	(2,972)
Purchase of intangible assets		(1,033)	(1,387)
Purchase of property, plant and equipment [(2)]		(2,699)	(4,004)
Purchase of other financial assets		(3)	–
Proceeds from disposal of property, plant and equipment		500	314
Proceeds from disposal of an associate		1,209	–
Net cash used in investing activities		(934)	(6,426)
Cash flows from financing activities			
Amounts due to related parties (non-trade)		–	(333)
Dividend paid		(3,096)	(2,101)
Issuance of new shares		602	–
Proceeds from bank loans		7,899	20,742
Repayment of bank loans		(9,460)	(15,389)
Repayment of finance lease creditors		(93)	(149)
Net cash (used in)/generated from financing activities		(4,148)	2,770
Net increase in cash and cash equivalents		8,996	13
Cash and cash equivalents at beginning of year		30,377	30,744
Effect of exchange rate fluctuations on cash held		692	(380)
Cash and cash equivalents at end of year	14	40,065	30,377

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

CONSOLIDATED
STATEMENT OF CASH FLOWS

Year ended 30 June 2015

(1) In the prior year, the Group disposed its 51% interest in E+HPS Pte Ltd and 70% interest in Ellipsiz Communications Pte Ltd ("ECPL") for cash considerations of $772,000 and $1,000,000, respectively. The loss on disposal of subsidiaries was included in the other expenses in the Group's statement of comprehensive income.

The effect of disposal of subsidiaries is set out below:

	Group 2014 $'000
Property, plant and equipment	89
Intangible assets	15
Deferred tax assets	54
Inventories	123
Project-in-progress	2,035
Trade and other receivables	7,375
Amounts due from related parties	710
Cash and cash equivalents	4,744
Trade and other payables	(8,778)
Provisions	(234)
Amounts due to related parties	(1,808)
Interest-bearing borrowings	(1,424)
Current tax payable	(216)
Non-controlling interests	(926)
Net identifiable assets disposed	1,759
Realisation of exchange translation reserves	96
Loss on disposal of subsidiaries	(83)
Cash proceeds from disposal of subsidiaries	1,772
Less: Cash and cash equivalents disposed	(4,744)
Net cash outflow from disposal of subsidiaries	(2,972)

(2) Property, plant and equipment amounting to $Nil (2014: $201,000) was acquired through finance leases.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 September 2015.

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 2015 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 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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Taxation

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

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

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

The carrying amounts of the Group's deferred tax assets and liabilities, and tax receivables are disclosed in notes 10 and 9, respectively, and the carrying amount of current tax payable is $1,023,000 (2014: $521,000).

Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 July 2014 and determined that there was no impact to its control conclusion in respect of its investee companies.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Joint Arrangements

From 1 July 2014, as a result of FRS 111 *Joint Arrangement*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments from jointly controlled entities to joint ventures. Notwithstanding the reclassification, these investments continue to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

From 1 July 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in associates (see note 6) and joint ventures (see note 7).

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The application of the standard had no impact to the financial statements of the Group and Company.

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 2014, 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- FRS 115 *Revenue from Contracts with Customers*

  FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

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

- FRS 109 *Financial Instruments*

  The standard replaces FRS 39 *Financial Instruments: Recognition and Measurement.* The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

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

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

2.2 Basis of consolidation

Business combinations

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

Business combinations (continued)

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

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.

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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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.

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 therefore, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associates and joint ventures by the Company

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 date 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 the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date 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 2.7), 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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Technology licence and intellectual property

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

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

Goodwill

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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

Goodwill (continued)

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 2.9.

2.6 Affiliates

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

2.7 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Non-derivative financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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.

2.9 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, 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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

Non-derivative financial assets (continued)

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

Non-financial assets (continued)

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 than the investment in an associate may be impaired.

2.10 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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories (continued)

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.

2.11 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).

2.12 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.

2.13 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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

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 revised 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.

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.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 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.

Restructuring/Retrenchment

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

2.15 Revenue recognition

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 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.

2.17 Finance income and expenses

Finance income comprises interest income on funds invested and the unwinding discount implicit in the interest-free third party receivable. 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.

2.18 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.

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income tax expense (continued)

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.

2.19 Dividends

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

2.20 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.

2.21 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

3 PROPERTY, PLANT AND EQUIPMENT

Group	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 construction $'000	Total $'000
Cost											
At 1 July 2013		–	2,006	2,961	507	798	4,230	148	29,801	1,665	42,116
Additions		1,614	–	943	95	640	463	32	656	2	4,445
Disposals		–	–	(498)	(122)	(216)	(694)	(20)	(3,180)	–	(4,730)
Acquisition of businesses	5	1,473	–	157	142	16	8	–	2,954	–	4,750
Arising from disposal of subsidiaries		–	–	(24)	(45)	(65)	(142)	–	(108)	–	(384)
Reclassification		–	–	–	–	–	(5)	–	1,663	(1,658)	–
Translation difference on consolidation		(119)	(31)	(44)	(11)	(6)	(63)	(2)	(499)	(7)	(782)
At 30 June 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	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
Accumulated depreciation and impairment losses											
At 1 July 2013		–	333	2,725	461	701	3,787	132	27,383	–	35,522
Depreciation charge for the year		64	51	380	61	120	283	10	1,434	–	2,403
Impairment charge for the year		–	–	–	–	–	–	–	115	–	115
Disposals		–	–	(427)	(106)	(214)	(680)	(18)	(3,082)	–	(4,527)
Arising from disposal of subsidiaries		–	–	(23)	(35)	(27)	(103)	–	(107)	–	(295)
Reclassification		–	–	–	–	–	(5)	–	5	–	–
Translation difference on consolidation		(1)	(6)	(41)	(5)	(4)	(48)	(2)	(403)	–	(510)
At 30 June 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
Carrying amounts											
At 1 July 2013		–	1,673	236	46	97	443	16	2,418	1,665	6,594
At 30 June 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

Leasehold land and building and plant and machinery of the Group with carrying amounts of $1,524,000 (2014: $1,451,000) and $641,000 (2014: $696,000), 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 $42,000 (2014: $59,000) for the Group in respect of assets acquired under finance leases (note 17).

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost				
At 1 July 2013	62	34	68	164
Additions	–	–	13	13
Disposals	(53)	(27)	(60)	(140)
At 30 June 2014	9	7	21	37
Additions	–	–	1	1
At 30 June 2015	9	7	22	38
Accumulated depreciation				
At 1 July 2013	62	34	68	164
Depreciation charge for the year	–	*	3	3
Disposals	(53)	(27)	(60)	(140)
At 30 June 2014	9	7	11	27
Depreciation charge for the year	–	*	5	5
At 30 June 2015	9	7	16	32
Carrying amounts				
At 1 July 2013	–	–	–	–
At 30 June 2014	–	–	10	10
At 30 June 2015	–	–	6	6

* Amount less than $1,000.

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cost of revenue	2,062	1,725	–	–
Distribution expenses	163	220	–	–
Administrative expenses	407	430	5	3
Research and development expenses	142	28	–	–
	2,774	2,403	5	3

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment losses

In the prior year, the Group had impaired $115,000 on certain plant and machinery under the Distribution and Services solutions as those assets were no longer generating cash flows. The impairment loss was included in cost of revenue in the Group's statement of comprehensive income.

4 INTANGIBLE ASSETS

Group	Note	Computer software $'000	Technology licence $'000	Intellectual property $'000	Develop-ment expenditure $'000	Goodwill $'000	Total $'000
Cost							
At 1 July 2013		644	1,972	6,102	3,989	27,423	40,130
Additions – acquired		3	–	–	–	–	3
Additions – internally developed		134	–	31	1,219	–	1,384
Write off		(10)	–	–	–	–	(10)
Acquisition of businesses	5	3	–	3,715	–	–	3,718
Arising from disposal of subsidiaries		(50)	–	–	–	–	(50)
Translation difference on consolidation		(5)	(31)	(183)	(75)	(175)	(469)
At 30 June 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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

4 INTANGIBLE ASSETS (continued)

Group	Computer software $'000	Technology licence $'000	Intellectual property $'000	Development expenditure $'000	Goodwill $'000	Total $'000
Accumulated amortisation and impairment losses						
At 1 July 2013	559	979	1,846	101	744	4,229
Amortisation for the year	72	101	315	380	–	868
Write off	(10)	–	–	–	–	(10)
Arising from disposal of subsidiaries	(35)	–	–	–	–	(35)
Reclassification	–	(232)	232	–	–	–
Translation difference on consolidation	(3)	(14)	(35)	(5)	–	(57)
At 30 June 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
Carrying amounts						
At 1 July 2013	85	993	4,256	3,888	26,679	35,901
At 30 June 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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

4 INTANGIBLE ASSETS (continued)

Company	**Computer software $'000**
Cost	
At 1 July 2013	21
Write off	(10)
At 30 June 2014 and 30 June 2015	11
Accumulated amortisation	
At 1 July 2013	21
Write off	(10)
At 30 June 2014 and 30 June 2015	11
Carrying amounts	
At 1 July 2013, 30 June 2014 and 30 June 2015	–

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

	Group	
	2015 $'000	**2014 $'000**
Cost of revenue	710	830
Distribution expenses	–	5
Administrative expenses	34	33
	744	868

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	
	2015 $'000	**2014 $'000**
Probe Card solutions	11,999	11,112
Distribution and Services solutions	15,392	15,392
	27,391	26,504

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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

4 INTANGIBLE ASSETS (continued)

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**
	%	**%**
2015		
Probe Card solutions	5.2	17.1
Distribution and Services solutions	6.2	13.1
2014		
Probe Card solutions	5.2	14.8
Distribution and Services solutions	5.7	13.7

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 0.9% (2014: 0.8%), the estimated recoverable amount would be equal to the carrying amount.

5 SUBSIDIARIES

	Company	
	2015	**2014**
	$'000	**$'000**
Equity investments at cost	125,866	134,034
Quasi-equity loan to a subsidiary	5,543	5,121
Less: Impairment losses	(45,896)	(52,729)
	85,513	86,426

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Acquisition of businesses and subsidiaries

On 25 June 2013, SV Probe Pte. Ltd. ("SV Probe") entered into a business transfer agreement with Tokyo Cathode Laboratories ("TCL") to acquire:

(a) certain subsidiaries of TCL in Singapore, Taiwan, Guangzhou and Hong Kong; and
(b) certain probe card businesses, technologies, intellectual property rights and assets in Japan.

This acquisition would allow the Group to expand its products offerings and improve its competitive position, particularly in the Japan probe card market.

On 30 August 2013, the business transfer agreement was modified with

- the acquisition to:
  (a) include the purchase of 100% shares in one of TCL's subsidiaries in Japan instead of certain assets of that subsidiary;
  (b) replace the purchase of 100% shares in TCL's subsidiary in Guangzhou with the purchase of certain assets and business of the Guangzhou subsidiary; and

- the final aggregate cash purchase price for the acquisition was reduced to US$2,855,000 (equivalent to $3,652,000), from the initial consideration of US$3,500,000.

The purchase consideration was fully paid on 30 August 2013. The acquisition was completed on the same date except for the transfer of assets from TCL Guangzhou subsidiary to SV Probe which was completed in August 2014. There were no changes made to the fair values of the acquired assets recognised in the prior year.

The acquisition had added four 100% owned subsidiaries, namely Hokko Electronics Co. Ltd, TCL Yamaichi Taiwan Inc., Tokyo Cathode Laboratory (Singapore) Pte Ltd and Tokyo Cathode Laboratory (HK) Co Ltd to the Group.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Acquisition of businesses and subsidiaries (continued)

The fair value of identifiable assets acquired and liabilities assumed and effect of business acquisition were determined and disclosed below:

	Note	Group $'000
Property, plant and equipment		4,750
Intangible assets		3,718
Financial assets		152
Inventories		4,556
Trade and other receivables		5,370
Tax recoverable		44
Cash and cash equivalents		5,528
Trade and other payables		(5,237)
Interest-bearing borrowings		(967)
Deferred tax liabilities		(1,087)
Net identifiable assets and liabilities acquired		16,827
Negative goodwill on business combination	21	(13,175)
Consideration satisfied in cash		3,652
Cash acquired from business combination		(5,528)
Net cash inflow		(1,876)

As the Group had negotiated a bargain purchase price for the businesses and assets acquired, a negative goodwill of $13,175,000 was determined to have arisen from the acquisition. The negative goodwill was included in the other income in the statements of comprehensive income.

Revenue generated from the acquired business for the ten months ended 30 June 2014 was $22,044,000. As the newly acquired operations were integrated as part of the operations of SV Probe and its subsidiaries, it was not practical to determine the profit or loss generated in the prior year.

Had the acquisition occurred at the beginning of the prior year, the consolidated revenue would have been $147,204,000. As the newly acquired operations were integrated as part of the operations of SV Probe and its subsidiaries, it was not practical to determine the consolidated profit or loss generated for the prior year.

Acquisition-related costs

The Group incurred acquisition-related costs of $1,127,000 (note 21) relating to external legal and consultant fees, travelling expenses and due diligence costs in the prior year. Acquisition-related cost was included in the other expenses in the statements of comprehensive income.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Acquisition of businesses and subsidiaries (continued)

Post-acquisition integration and restructuring costs

In the prior year, the Group incurred integration and restructuring costs of $4,562,000 for the post-acquisition integration programme (note 21). The integration costs include costs incurred to execute the approved programme that forms part of this acquisition project, to integrate and restructure offices, engineering teams and facilities of SV Probe and the newly acquired businesses. Post-acquisition integration and restructuring costs was included in the other expenses in the statements of comprehensive income.

Acquired receivables

At the date of the acquisition, the trade and other receivables comprised the gross contractual amount of $8,995,000, of which $3,625,000 was estimated to be uncollectible.

Impairment of subsidiaries

In the prior year, the Company reversed net impairment losses on certain subsidiaries amounting to $236,000 to the carrying value of its net assets, which was estimated to approximate the fair value less costs to sell of these subsidiaries. The net assets of these subsidiaries mainly comprised of net monetary assets.

The reversal of impairment losses was included in other income in the Company's statement of comprehensive income.

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2015 %	2014 %
[1] Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2015 %	Effective equity held by the Group 2014 %
(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
(3) SV Probe Technology Taiwan Co., Ltd.	Manufacturing and trading, sales and after sales support of probe cards	Taiwan	100	100
(3) 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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2015 %	2014 %
(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
(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

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

5 SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group 2015 %	2014 %
(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 manufacturing of fixtures for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
(2) iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	100	100
(4) Ellipsiz Taiwan Inc. and its subsidiary:	Inactive	Taiwan	78	78
(4) CrystalTech Scientific Corp	Inactive	British Virgin Islands	78	78

(1) Audited by KPMG LLP, Singapore.

(2) Audited by ACT Partners, Malaysia.

(3) These subsidiaries are audited by other member firms of KPMG International.

(4) These subsidiaries are not required to be audited for the current year under the laws of the respective countries of incorporation.

(5) Audited by In Extenso, France.

(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 Xiaotiancheng Certified Public Accountants Co.,Ltd., China and has local statutory financial year ending 31 December.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

6 ASSOCIATES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Investments in associates	5,139	6,116	4,868	4,868
Share of post-acquisition reserves	2,065	2,427	–	–
Exchange translation reserve	(854)	(504)	–	–
	1,211	1,923	–	–
	6,350	8,039	4,868	4,868

In August 2014, iNETest Resources Pte. Ltd. entered into an agreement to dispose its entire 49% interest in an associate, IRC Technologies Ltd, for a total cash consideration of Thai Baht 31,000,000 (approximately $1,209,000).

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation and business	Effective equity held by the Group 2015 %	Effective equity held by the Group 2014 %
[1][4] 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
[3][4] IRC Technologies Ltd	Provision of solutions for electronic manufacturing industry, and trading of instruments and equipment	Thailand	–	49

(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) Audited by Chayapat Ordinary Partnership, Thailand.

(4) Held through iNETest Resources Pte. Ltd.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

6 ASSOCIATES (continued)

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
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	
- Other comprehensive income	–	–	
- Total comprehensive income	955	216	1,171

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

6 ASSOCIATES (continued)

	Kita $'000	Immaterial associates $'000	Total $'000
2014			
Revenue	17,834		
Profit for the year	886		
Other comprehensive income	–		
Total comprehensive income attributable to investee's shareholders	886		
Non-current assets	12,888		
Current assets	12,645		
Non-current liabilities	(4,753)		
Current liabilities	(11,822)		
Net assets attributable to investee's shareholders	8,958		
Group's interest in net assets of investee at end of the year	3,583	2,495	6,078
Goodwill	1,799	162	1,961
Carrying amount of interest in investee at end of the year	5,382	2,657	8,039
Group's share of:			
- Profit for the year	355	310	
- Other comprehensive income	–	–	
- Total comprehensive income	355	310	665

The Group received dividends of $958,000 (2014: $59,000) from its investments in associates.

At the reporting date, an associate has capital commitments of $453,000 (2014: $1,443,000) and contingent liabilities of $Nil (2014: $Nil).

7 JOINT VENTURES

	Group 2015 $'000	Group 2014 $'000
Investments in joint ventures	885	885
Share of post-acquisition reserves	(804)	(692)
Exchange translation reserve	37	35
	(767)	(657)
	118	228

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

7 JOINT VENTURES (continued)

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 2015 %	Effective equity held by the Group 2014 %
[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	49

[1] Held through Ellipsiz DSS Pte. Ltd. (2014: Ellipsiz Ventures Pte Ltd). Audited by Jiangsu Junhe Borui Tax Agency 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 holds less than 50% of the voting rights, it is able to exercise joint control over the financial and operating policies of the entities via investors' agreements.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

7 JOINT VENTURES (continued)

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.

	2015 $'000	2014 $'000
Carrying amount of interests in immaterial joint ventures	118	228
Group's share of:		
- Loss for the year	(112)	(284)
- Other comprehensive income	–	–
- Total comprehensive income	(112)	(284)
Group's share of cumulative unrecognised losses	70	–

At the reporting date, the joint ventures have no capital commitments and contingent liabilities (2014: $Nil).

At the reporting date, the Company provided a corporate guarantee amounting to $473,000 (2014: $Nil) to a bank for a banking facility made available to a joint venture, of which the joint venture has utilised $Nil (2014: $Nil).

8 FINANCIAL ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted investment fund available-for-sale	160	143	–	–
Quoted equity securities available-for-sale	7,527	9,408	7,523	9,404
	7,687	9,551	7,523	9,404

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables				
Trade receivables	26,339	31,039	–	–
Less: Impairment losses	(254)	(252)	–	–
	26,085	30,787	–	–
Other receivables				
Sundry receivables	3,489	2,218	191	684
Less: Impairment losses	(900)	(900)	–	–
Net sundry receivables	2,589	1,318	191	684
Tax receivables	28	545	–	–
Refundable deposits	520	650	1	10
Prepayments	1,244	1,030	17	4
	4,381	3,543	209	698
	30,466	34,330	209	698
Represented by:				
Current portion	30,466	33,835	209	698
Non-current portion	–	495	–	–
	30,466	34,330	209	698

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 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
Trade receivables				
Not past due	20,480	–	24,591	–
Past due 0 - 30 days	2,956	–	3,803	–
Past due 31 - 120 days	1,289	–	1,859	(6)
Past due 121 - 365 days	1,124	–	526	(19)
More than one year	490	(254)	260	(227)
	26,339	(254)	31,039	(252)

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

9 TRADE AND OTHER RECEIVABLES (continued)

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
Other receivables [1]				
Not past due	2,659	–	1,556	–
Past due 0 - 30 days	–	–	20	–
Past due 31 - 120 days	–	–	25	–
Past due 121 - 365 days	27	–	38	–
More than one year	1,323	(900)	1,229	(900)
	4,009	(900)	2,868	(900)
Company				
Other receivables [1]				
No past due	192	–	694	–

[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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
At 1 July	1,152	228	–	–
(Reversal of impairment)/Impairment losses made	(10)	924	–	–
Translation difference on consolidation	12	*	–	–
At 30 June	1,154	1,152	–	–

* Amount less than $1,000.

In the prior year, an impairment loss of $900,000 was made in respect of 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

10 DEFERRED TAX

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

Group	At 1 July $'000	Acquisition of businesses $'000	Disposal of subsidiaries $'000	Recognised in profit or loss (note 23) $'000	Translation difference $'000	At 30 June $'000
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 value of loss carry-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)
2014						
Deferred tax assets						
Property, plant and equipment	64	–	–	22	(1)	85
Inventories	88	–	–	109	(3)	194
Trade and other payables	432	–	(54)	130	(7)	501
Tax value of loss carry-forward	4,862	–	–	(254)	(49)	4,559
Other items	511	–	–	(259)	(1)	251
	5,957	–	(54)	(252)	(61)	5,590
Deferred tax liabilities						
Property, plant and equipment	(43)	(455)	–	57	13	(428)
Intangible assets	(1,133)	(632)	–	53	28	(1,684)
Other items	–	–	–	(43)	–	(43)
	(1,176)	(1,087)	–	67	41	(2,155)

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

10 DEFERRED TAX (continued)

Company	At 1 July 2013 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2014 $'000	Recognised in profit or loss (note 23) $'000	At 30 June 2015 $'000
Deferred tax assets					
Other items	11	50	61	(48)	13
Tax losses carried forward	–	–	–	72	72
	11	50	61	24	85
Deferred tax liability					
Property, plant and equipment	–	(2)	(2)	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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets	3,403	4,476	84	59
Deferred tax liabilities	(580)	(1,041)	–	–
	2,823	3,435	84	59

At 30 June 2015, deferred tax liabilities amounting to $364,000 (2014: $108,000) 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deductible temporary differences	2,045	976	–	–
Unutilised tax losses and tax credits	11,827	15,583	739	–
	13,872	16,559	739	–

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

10 DEFERRED TAX (continued)

Unutilised tax losses and tax credits of the Group amounting to $7,291,000 (2014: $6,182,000) will expire between 2016 to 2024 (2014: 2015 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	
	2015	**2014**
	$'000	**$'000**
Raw materials	5,635	5,307
Work-in-progress	719	1,199
Finished goods	4,326	5,538
Inventories-in-transit	505	779
	11,185	12,823

During the year, raw materials and consumables and changes in finished goods and work-in-progress recognised in cost of revenue amounted to $64,640,000 (2014: $75,528,000).

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from:				
Subsidiaries				
- trade	–	–	393	4,236
- non-trade	–	–	–	3,271
	–	–	393	7,507
Affiliates				
- non-trade	–	154	–	–
Less: Impairment losses	–	(154)	–	–
	–	–	–	–
Joint ventures				
- loan	112	203	–	–
- trade	1	1	–	–
- non-trade	4	10	–	–
	117	214	–	–
Associates				
- trade	–	88	–	–
- non-trade	–	36	–	25
	–	124	–	25
	117	338	393	7,532

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES (continued)

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amounts due to:				
Joint ventures				
- trade	(72)	(13)	–	–
- non-trade	(44)	(44)	–	–
	(116)	(57)	–	–
Associates (trade)	–	(7)	–	–
Subsidiaries (non-trade)	–	–	(8,625)	(11,536)
	(116)	(64)	(8,625)	(11,536)

The loan to a joint venture is unsecured, bears interest at 5% (2014: 5%) per annum and is repayable by the end of December 2015.

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

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

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
Not past due	116	–	490	(154)
More than one year	1	–	2	–
	117	–	492	(154)
Company				
Not past due	179	–	3,776	–
Past due 31 - 120 days	107	–	458	–
Past due 121 - 365 days	107	–	1,536	–
More than one year	–	–	1,762	–
	393	–	7,532	–

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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

13 ASSETS CLASSIFIED AS HELD FOR SALE

During the financial 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 is to consolidate its offices in Tokyo and the transaction is expected to be completed by October 2015.

14 CASH AND CASH EQUIVALENTS

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Cash at banks and in hand		35,768	28,328	14,326	10,196
Deposits with financial institutions		4,511	3,688	4,012	2,000
		40,279	32,016	18,338	12,196
Deposits held as securities by financial institutions	17	(214)	(1,639)		
Cash and cash equivalents in the consolidated statement of cash flows		40,065	30,377		

The weighted average effective rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 0.70% (2014: 0.42%) and 0.57% (2014: 0.11%), 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 $2,007,000 (2014: $1,122,000) are held in a country which operates foreign exchange controls.

15 SHARE CAPITAL

	Group and Company 2015 No. of shares '000	Group and Company 2014 No. of shares '000
Fully paid ordinary shares, with no par value:		
At 1 July	552,794	552,794
Issuance of share pursuant to exercise of share options	4,300	–
At 30 June	557,094	552,794

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

15 SHARE CAPITAL (continued)

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 (2014: 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Capital reserve	(11,648)	(11,651)	–	–
Fair value reserve	2,212	4,093	2,212	4,093
Share-based compensation reserve	2,290	2,481	2,290	2,481
Exchange translation reserve	(12,415)	(14,781)	–	–
Accumulated profits	51,454	47,887	12,248	12,437
	31,893	28,029	16,750	19,011

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

17 INTEREST-BEARING BORROWINGS

	Group 2015 $'000	Group 2014 $'000
Non-current liabilities		
Secured bank loans	162	331
Unsecured bank loans	333	273
Obligations under finance leases	16	47
	511	651
Current liabilities		
Secured bank loans	188	177
Unsecured bank loans [(1)]	7,569	8,718
Obligations under finance leases	26	81
	7,783	8,976

[(1)] One of the Group's subsidiaries in Japan did not meet the financial covenant for its bank loans as at 30 June 2014 and 2015. The breach involves one term loan (2014: two term loans) and the outstanding amount of the loan as at 30 June 2015 was JPY7,760,000 or $85,000 (2014: JPY40,360,000 or $497,000). The bank will not demand for the immediate settlement of the outstanding borrowing, provided the subsidiary continues to service the loan instalments. The Group and the subsidiary have the funds to fulfil the obligations if the bank requires immediate repayment of the loans.

Maturity of liabilities (excluding finance lease liabilities)

	Group 2015 $'000	Group 2014 $'000
Within 1 year	7,757	8,895
After 1 year but within 5 years	495	604
	8,252	9,499

The borrowings are secured on the following assets:

	Note	Group 2015 $'000	Group 2014 $'000
Leasehold land and building	3	1,524	1,451
Plant and machinery	3	641	696
Deposits with financial institutions	14	214	1,639
		2,379	3,786

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

17 INTEREST-BEARING BORROWINGS (continued)

Obligations under finance leases

Group	2015 Principal $'000	2015 Interest $'000	2015 Total $'000	2014 Principal $'000	2014 Interest $'000	2014 Total $'000
Within 1 year	26	1	27	81	5	86
Between 1 year to 5 years	15	3	18	41	3	44
After 5 years	1	*	1	6	*	6
Total	42	4	46	128	8	136

* 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	2015 $'000	2014 $'000
Group				
US$ fixed rate loans	1.36% to 1.78%	2015 to 2016	729	1,363
MYR fixed rate loans	5.66%	2015	–	968
JPY fixed rate loans	1.48% to 2.05%	2016	1,735	497
NTD fixed rate loan	3.07%	2015	–	1,260
US$ floating rate loan	1-month cost of funds + 3.20%	2016	192	531
US$ floating rate loan	Bank's cost of funds + 2.25%	2015 to 2016	3,380	4,372
US$ floating rate loan	6.50%	2016	120	200
US$ floating rate loan	1-month cost of funds + 2.50%	2018	556	–
NTD floating rate loan	1-year time saving deposit interest + 1.25%	2018	230	308
NTD floating rate loan	Bank's cost of funds + 2.25%	2016	1,310	–
JPY finance lease liabilities	0.93% to 3.80%	2015 to 2021	42	128
			8,294	9,627

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

17 INTEREST-BEARING BORROWINGS (continued)

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

Group	Carrying amount $'000	Contractual cash outflows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 1 to 5 years $'000	Cash flows: After 5 years $'000
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
2014					
Non-derivative financial liabilities					
Fixed interest rate loans	4,088	4,105	4,009	96	–
Variable interest rate loans	5,411	5,481	4,958	523	–
Finance lease liabilities	128	136	86	44	6
Trade and other payables [(1)]	21,846	21,846	21,846	–	–
Amounts due to related parties	64	64	64	–	–
	31,537	31,632	30,963	663	6

Company	Carrying amount $'000	Cash flows: Contractual cash outflows $'000	Cash flows: Within 1 year $'000
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
2014			
Non-derivative financial liabilities			
Trade and other payables [(1)]	1,274	1,274	1,274
Amounts due to related parties	11,536	11,536	11,536
Recognised financial liabilities	12,810	12,810	12,810
Intra-group financial guarantees	–	14,434	14,434
	12,810	27,244	27,244

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	9,013	11,628	–	–
Accrued expenses	8,723	8,581	1,616	1,161
Other payables	2,440	1,637	76	113
Liability for short-term accumulating compensated absences	1,441	1,408	76	78
Deferred income	348	476	–	–
	21,965	23,730	1,768	1,352

19 PROVISIONS

	Warranties $'000	Retrenchment $'000	Post-acquisition integration and restructuring costs $'000	Total $'000
Group				
At 1 July 2014	189	342	1,525	2,056
Provision made	7	–	–	7
Provision reversed	(47)	(203)	–	(250)
Provision utilised	(54)	(139)	(1,594)	(1,787)
Translation difference	5	–	69	74
At 30 June 2015	100	–	–	100
Company				
At 1 July 2014	–	281	–	281
Provision reversed	–	(151)	–	(151)
Provision utilised	–	(130)	–	(130)
At 30 June 2015	–	–	–	–

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.

Retrenchment costs

In the prior year, the retrenchment provision was made for to the rationalisation exercise carried out by the Group with the objective to integrate existing businesses, improve efficiency in the production operations and achieve cost efficiency. The provisions related mainly to severance payments and outplacement fees, and $139,000 of the provision was utilised during the year.

Post-acquisition integration and restructuring costs

The provision was made for to the integration and restructuring costs as part of the post-acquisition integration programme arising from the acquisition of TCL businesses and subsidiaries (note 5), and $1,594,000 of the provision was utilised during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

20 REVENUE

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Sale of goods	101,068	103,867	–	–
Service income	7,856	36,244	–	–
Commission income	3,064	4,363	–	–
Lease income	527	–	–	–
Dividend income	–	–	2,086	747
Management fees	–	–	2,043	2,041
	112,515	144,474	4,129	2,788

21 RESULTS FROM OPERATING ACTIVITIES

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

		Group		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Other income					
Dividend income from an associate		–	–	52	59
Dividend income from other financial asset		–	351	–	351
Exchange gain, net		584	118	529	–
Gain on disposal of property, plant and equipment		209	111	–	–
Gain on liquidation of subsidiaries		13	–	1,137	–
Negative goodwill on business combination	5	–	13,175	–	–
Rental income		16	10	–	–
Reversal of impairment of subsidiaries	5	–	–	–	236
Sundry income		533	794	165	437
		1,355	14,559	1,883	1,083
Staff costs					
Wages, salaries and other staff costs		38,661	40,073	1,754	1,902
Contributions to defined contribution plans		2,002	2,307	66	74
(Decrease)/increase in liability for short-term accumulating compensated absences		(47)	424	(2)	12
		40,616	42,804	1,818	1,988

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

21 RESULTS FROM OPERATING ACTIVITIES (continued)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Other expenses					
Audit fees paid/payable to:					
- auditors of the Company		326	348	85	60
- other auditors		111	149	–	–
Non-audit fees paid/payable to:					
- auditors of the Company		40	62	15	38
- other auditors		14	16	–	–
(Reversal of allowance)/ Allowance for:					
- doubtful debts from trade and other receivables	9	(10)	924	–	–
- inventory obsolescence		466	73	–	–
Amortisation of intangible assets	4	744	868	–	–
Acquisition-related costs	5	–	1,127	–	–
Bad debts recovered		–	(770)	–	–
Depreciation of property, plant and equipment	3	2,774	2,403	5	3
Inventories written off		97	181	–	–
Impairment losses on property, plant and equipment	3	–	115	–	–
Loss on disposal of subsidiaries		–	83	–	849
Loss on disposal of an associate		343	–	–	–
Post-acquisition integration and restructuring costs	5	–	4,562	–	–
(Reversal of provision)/ Provision for retrenchment costs	19	(203)	342	(151)	281
Exchange loss, net		–	–	–	90
Operating lease expenses		2,256	2,821	–	8

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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Directors' remuneration				
Directors' fees:				
- directors of the Company	483	230	483	230
Staff costs:				
- directors of the Company	1,141	927	1,141	927
- other directors	2,449	2,998	–	–
	4,073	4,155	1,624	1,157

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

21 RESULTS FROM OPERATING ACTIVITIES (continued)

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

	2015 Number	2014 Number
Company		
$750,000 to $999,999	1	1
$250,000 to $499,999 [(1)]	2	–
Below $250,000	4	4
	7	5

[(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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Finance income				
Interest income from:				
- financial institutions	36	31	12	4
- subsidiaries	–	–	–	19
- joint venture	7	5	–	–
- third parties	30	108	–	1
Interest income arising from the unwinding discount implicit in the interest-free third party receivables	–	104	–	–
	73	248	12	24
Finance expenses				
Interest expense to:				
- finance leases	(9)	(13)	–	–
- financial institutions	(231)	(260)	–	–
- non-controlling interest	–	(91)	–	–
	(240)	(364)	–	–
Net finance (expenses)/income	(167)	(116)	12	24

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

23 INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax				
Current year	986	799	–	132
Withholding tax	410	162	11	12
Under/(Over)provision in prior years	462	(76)	–	–
	1,858	885	11	144
Deferred tax expenses/(credit)				
Origination and reversal of temporary differences	986	257	(25)	(48)
Overprovision in prior years	(232)	(72)	–	–
	754	185	(25)	(48)
	2,612	1,070	(14)	96

Tax recognised in other comprehensive income

	Group					
	2015			2014		
	Before tax $'000	Tax effect $'000	Net of tax $'000	Before tax $'000	Tax effect $'000	Net of tax $'000
Exchange difference arising from disposal of subsidiaries reclassified to profit or loss	–	–	–	84	–	84
Exchange differences on monetary items forming part of net investments in foreign operations	74	–	74	(89)	–	(89)
Exchange differences on translation of financial statements of foreign operations	2,079	–	2,079	(1,547)	–	(1,547)
Net change in fair value of available-for-sale financial assets	(1,881)	–	(1,881)	2,390	–	2,390
Exchange differences arising from liquidation of subsidiaries	(16)	–	(16)	–	–	–
Exchange differences arising from disposal of an associate	248	–	248	–	–	–
	504	–	504	838	–	838

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

23 INCOME TAX EXPENSE/(CREDIT) (continued)

	Company					
	2015			2014		
	Before tax $'000	Tax effect $'000	Net of tax $'000	Before tax $'000	Tax effect $'000	Net of tax $'000
Net change in fair value of available-for-sale financial assets	(1,881)	–	(1,881)	2,390	–	2,390

Reconciliation of effective tax rate

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Profit for the year	6,664	12,786	2,907	159
Income tax expenses/(credit)	2,612	1,070	(14)	96
Profit before income tax	9,276	13,856	2,893	255
Income tax at 17% (2014: 17%)	1,577	2,356	492	43
Effect of different tax rates in other countries	525	141	–	–
Tax incentives	–	(172)	–	–
Income not subject to tax	(542)	(2,908)	(648)	(139)
Expenses not deductible for tax purposes	387	1,565	5	180
Withholding tax	410	162	11	12
Deferred tax assets not recognised	333	1,053	126	–
Utilisation of previously unrecognised deferred tax assets	(308)	(979)	–	–
Under/(Over)provision in prior years	230	(148)	–	–
	2,612	1,070	(14)	96

24 EARNINGS PER SHARE

	Group	
	2015 $'000	2014 $'000
Basic earnings per share is based on:		
Profit for the year attributable to Owners of the Company	6,663	13,513

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

24 EARNINGS PER SHARE (continued)

	Group 2015 No. of shares '000	Group 2014 No. of shares '000
Weighted average number of:		
- shares outstanding during the year	552,794	552,794
- shares issued during the year:		
- pursuant to the exercise of share options	931	–
	553,725	552,794

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 2015 No. of shares '000	Group 2014 No. of shares '000
Weighted average number of shares issued, used in the calculation of diluted earnings per share	553,725	552,794

As at 30 June 2015, 8,269,000 (2014: 32,663,000) share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

25 EQUITY COMPENSATION BENEFITS

The "Ellipsiz Share Option Plan" and the "Ellipsiz Restricted Stock Plan", collectively known as the "Plans", were approved and adopted at an Extraordinary General Meeting held on 28 November 2001. The "Ellipsiz Share Option Plan" enables selected employees and non-executive directors of the Group to subscribe for shares in the Company. The "Ellipsiz Restricted Stock Plan" enables selected employees and non-executive directors of the Group, other than controlling shareholders or their associates, to receive awards in the form of fully paid shares, their equivalent cash value or combination thereof, free of charge. The Plans expired on 28 November 2011, without prejudice to the options and awards that were previously granted under the Plans.

The Plans are administered by the Remuneration Committee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

25 EQUITY COMPENSATION BENEFITS (continued)

Ellipsiz Share Option Plan

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

2015

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2014	Options granted	Options exercised	Options forfeited	Number of options expired	Number of options outstanding at 30 June 2015	Options exercisable at 1 July 2014	Options exercisable at 30 June 2015	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 2015	Exercise periods
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			

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

25 EQUITY COMPENSATION BENEFITS (continued)

Ellipsiz Share Option Plan

2014

Date of grant of options	Exercise price $	Number of options outstanding at 1 July 2013	Options granted	Options exercised	Options forfeited	Number of options expired	Number of options outstanding at 30 June 2014	Options exercisable at 1 July 2013	Options exercisable at 30 June 2014	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 2014	Exercise periods
26/10/2009	0.135	5,200,330	–	–	–	–	5,200,330	5,200,330	5,200,330	–	–	18	26/10/2010 to 25/10/2014
26/10/2009	0.135	7,250,001	–	–	(400,000)	–	6,850,001	7,250,001	6,850,001	–	–	23	26/10/2011 to 25/10/2014
26/10/2009	0.135	7,250,004	–	–	(400,000)	–	6,850,004	7,250,004	6,850,004	–	–	23	26/10/2012 to 25/10/2014
25/08/2010	0.140	8,953,125	–	–	(2,071,875)	–	6,881,250	8,953,125	6,881,250	–	–	26	25/08/2011 to 24/08/2015
25/08/2010	0.140	8,953,125	–	–	(2,071,875)	–	6,881,250	8,953,125	6,881,250	–	–	26	25/08/2012 to 24/08/2015
		37,606,585	–	–	(4,943,750)	–	32,662,835	37,606,585	32,662,835	–			

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

25 EQUITY COMPENSATION BENEFITS (continued)

Ellipsiz Share Option Plan (continued)

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

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

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

26 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Sales and service income to:				
- joint venture	65	–	–	–
- associate	7	186	–	–
- other affiliates	–	30	–	–
Purchase from/Service fee paid to:				
- joint venture	(72)	–	–	–
- associate	–	(405)	–	–
Rental expenses paid to:				
- director	(124)	(123)	–	–
- non-controlling interest of a subsidiary	–	(55)	–	–
- other affiliate	–	(159)	–	–
Services rendered by an affiliate (1)	–	(597)	–	–

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Directors' fees	483	230	483	230
Short-term employee benefits	4,150	4,392	1,432	1,380
Post-employment benefits	170	123	27	26
	4,803	4,745	1,942	1,636

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

27 COMMITMENTS

Lease commitments

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

	Group	
	2015 $'000	**2014 $'000**
Receivable:		
Within 1 year	–	2
Payable:		
Within 1 year	1,638	1,666
After 1 year but within 5 years	1,034	1,743
After 5 years	1	–
	2,673	3,409

The Group leases a number of offices, warehouse 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.

Corporate guarantees

At the reporting date, the Company provided corporate guarantees amounting to $19,438,000 (2014: $14,434,000) to banks for banking facilities made available to its subsidiaries, of which the subsidiaries have utilised $9,574,000 (2014: $8,868,000).

On 30 June 2014, the Company disposed its 70% interest in subsidiary, ECPL. Under the sales agreement, ECPL was granted a 3-month period to arrange for the discharge and release of the corporate guarantee by the Company on ECPL and its subsidiary's existing banking facilities. At the reporting date, the banking facilities have been discharged and the corporate guarantees released.

Capital commitments

At 30 June 2015, the Group has capital commitments of $30,000 (2014: $902,000) to purchase plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

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

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.

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 $10,006,000 (2014: $8,815,000).

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

28 FINANCIAL RISK MANAGEMENT (continued)

Market risk

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

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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Financial assets				
- British pound	509	285	509	285
Trade and other receivables				
- US dollar	11,144	12,875	–	–
- Japanese yen	155	509	–	–
- Singapore dollar	4	6	–	–
- Euro	–	16	–	–
- Vietnamese dong	149	22	–	–
	11,452	13,428	–	–
Amounts due from related parties				
- US dollar	2,674	6,959	5,616	5,594
- Singapore dollar	95	163	–	–
- Japanese yen	80	68	–	25
- Taiwan dollar	1,967	1,997	–	–
- Thai baht	144	245	–	–
	4,960	9,432	5,616	5,619

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

28 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cash and cash equivalents				
- US dollar	9,548	7,763	1,005	1,037
- Singapore dollar	556	288	–	–
- Japanese yen	15	77	–	–
- Euro	65	77	–	–
- Vietnamese dong	32	57	–	–
	10,216	8,262	1,005	1,037
Trade and other payables				
- US dollar	4,538	5,092	–	–
- Singapore dollar	350	355	–	–
- Malaysia ringgit	3	–	–	–
- Chinese renminbi	–	281	–	281
- Vietnamese dong	428	309	–	–
- Euro	–	9	–	–
- British pound	2	3	–	–
- Japanese yen	145	–	–	–
	5,466	6,049	–	281
Amounts due to related parties				
- US dollar	13,999	16,043	–	–
- Singapore dollar	615	618	–	–
- Japanese yen	316	1,977	–	–
- Chinese renminbi	1,549	1,032	–	13
- Thai baht	114	114	–	–
	16,593	19,784	–	13
Interest-bearing borrowings				
- US dollar	729	1,363	–	–

Sensitivity analysis

A 1% (2014: 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Equity	5	3	5	3
Profit for the year attributable to Owners of the Company	32	39	55	53

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

28 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis (continued)

A 1% (2014: 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.

Sensitivity analysis

A 10% (2014: 10%) increase (decrease) in the underlying prices of quoted equity securities available-for-sale at the reporting date would increase (decrease) equity of the Group and the Company by $752,000 (2014: $940,000). 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) *Property, plant and equipment*

Fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition, between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant and machinery, freehold land and building, furniture and fittings is based on the market approach and cost approach using quoted market prices for similar items when available and replacement costs when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

28 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

Determination of fair values (continued)

(2) Intangibles assets

The fair value of patents and intellectual property acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or intellectual property being owned.

(3) Inventories

The fair value of inventories of work-in-progress and finished goods acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. The fair value of other inventories acquired, such as raw materials, is determined based on the latest market purchase price.

(4) Equity securities and investment fund

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

(5) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(6) Other non-derivative financial liabilities

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

(7) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

28 FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

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 the Group can access 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				
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
2014				
Financial assets				
Unquoted fund available-for-sale	–	143	–	143
Quoted equity securities available-for-sale	9,408	–	–	9,408
	9,408	143	–	9,551
Company				
2015				
Financial assets				
Quoted equity securities available-for-sale	7,523	–	–	7,523
2014				
Financial assets				
Quoted equity securities available-for-sale	9,404	–	–	9,404

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

29 FINANCIAL INSTRUMENTS BY CATEGORY

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

Group	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
2015					
Assets					
Financial assets	8	7,687	–	–	7,687
Trade and other receivables (excluding prepayments)	9	–	29,222	–	29,222
Amounts due from related parties	12	–	117	–	117
Cash and cash equivalents	14	–	40,279	–	40,279
		7,687	69,618	–	77,305
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
2014					
Assets					
Financial assets	8	9,551	–	–	9,551
Trade and other receivables (excluding prepayments)	9	–	33,300	–	33,300
Amounts due from related parties	12	–	338	–	338
Cash and cash equivalents	14	–	32,016	–	32,016
		9,551	65,654	–	75,205
Liabilities					
Amounts due to related parties	12	–	–	64	64
Interest-bearing borrowings	17	–	–	9,627	9,627
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	21,846	21,846
		–	–	31,537	31,537

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

29 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company	Note	Available-for-sale financial assets $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
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
2014					
Assets					
Financial assets	8	9,404	–	–	9,404
Trade and other receivables (excluding prepayments)	9	–	694	–	694
Amounts due from related parties	12	–	7,532	–	7,532
Cash and cash equivalents	14	–	12,196	–	12,196
		9,404	20,422	–	29,826
Liabilities					
Amounts due to related parties	12	–	–	11,536	11,536
Trade and other payables (excluding liability for short-term accumulating compensated absences and deferred income)	18	–	–	1,274	1,274
		–	–	12,810	12,810

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

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 technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Distribution and Services solutions	:	Distribution of equipment and tools for semiconductor and electronics manufacturing, integrated circuit (IC) failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

30 OPERATING SEGMENTS (continued)

Reportable segments

Group	Distribution and Services solutions 2015 $'000	Distribution and Services solutions 2014 $'000	Probe Card solutions 2015 $'000	Probe Card solutions 2014 $'000	Eliminations 2015 $'000	Eliminations 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Revenue and expense								
Total revenue from external customers	45,761	81,551	66,754	62,923	–	–	112,515	144,474
Inter-segment revenue	604	326	–	20	(604)	(346)	–	–
	46,365	81,877	66,754	62,943			112,515	144,474
Segment results	2,775	(1,411)	6,426	15,289	–	–	9,201	13,878
Unallocated corporate results							(817)	(287)
							8,384	13,591
Share of results of associates and joint ventures								
- allocated to reportable segments	103	258	956	355	–	–	1,059	613
- unallocated corporate & others							–	(232)
Profit before finance income/(expenses) and taxation							9,443	13,972
Finance income							73	248
Finance expenses							(240)	(364)
Income tax expenses							(2,612)	(1,070)
Non-controlling interests							(1)	727
Profit for the year attributable to Owners of the Company							6,663	13,513

NOTES TO THE **FINANCIAL STATEMENTS**

Year ended 30 June 2015

30 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2015 $'000	Distribution and Services solutions 2014 $'000	Probe Card solutions 2015 $'000	Probe Card solutions 2014 $'000	Eliminations 2015 $'000	Eliminations 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets and liabilities								
Segment assets	41,771	45,567	75,381	73,208	–	–	117,152	118,775
Investments in associates								
- allocated to reportable segments	690	2,657	5,660	5,382	–	–	6,350	8,039
Investments in joint ventures								
- allocated to reportable segments	118	228	–	–	–	–	118	228
Tax receivables	28	419	–	126	–	–	28	545
Deferred tax assets	1,154	1,656	2,165	2,761	–	–	3,319	4,417
Assets classified as held for sale	–	–	991	–	–	–	991	–
Unallocated corporate assets							25,977	22,215
Total assets							153,935	154,219
Segment liabilities	10,503	10,268	9,910	13,950	–	–	20,413	24,218
Interest-bearing borrowings	729	3,591	7,565	6,036	–	–	8,294	9,627
Income tax liabilities	105	118	1,273	1,204	–	–	1,378	1,322
Unallocated corporate liabilities							1,993	1,872
Total liabilities							32,078	37,039

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

30 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2015 $'000	Distribution and Services solutions 2014 $'000	Probe Card solutions 2015 $'000	Probe Card solutions 2014 $'000	Eliminations 2015 $'000	Eliminations 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Capital expenditure								
- allocated to reportable segments	430	938	3,301	4,881	–	–	3,731	5,819
- unallocated corporate & others							1	13
							3,732	5,832
Other items								
Amortisation of intangible assets								
- allocated to reportable segments	24	38	720	830	–	–	744	868
Acquisition-related costs								
- allocated to reportable segments	–	–	–	1,127	–	–	–	1,127
Bad debts written off/(recovered)								
- allocated to reportable segments	–	9	–	(779)	–	–	–	(770)
Depreciation of property, plant and equipment								
- allocated to reportable segments	347	479	2,422	1,921	–	–	2,769	2,400
- unallocated corporate expenses							5	3
							2,774	2,403
Loss/(Gain) on disposals of property, plant and equipment								
- allocated to reportable segments	22	(64)	(231)	(47)	–	–	(209)	(111)
Inventory written off								
- allocated to reportable segments	88	105	9	76	–	–	97	181
Impairment loss on property, plant and equipment								
- allocated to reportable segments	–	115	–	–	–	–	–	115

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2015

30 OPERATING SEGMENTS (continued)

Reportable segments (continued)

Group	Distribution and Services solutions 2015 $'000	Distribution and Services solutions 2014 $'000	Probe Card solutions 2015 $'000	Probe Card solutions 2014 $'000	Eliminations 2015 $'000	Eliminations 2014 $'000	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss on disposal of subsidiaries								
- allocated to reportable segments	–	83	–	–	–	–	–	83
Loss on disposal of an associate								
- allocated to reportable segments	343	–	–	–	–	–	343	–
Negative goodwill on business combination								
- allocated to reportable segments	–	–	–	(13,175)	–	–	–	(13,175)
Post-acquisition and integration and restructuring costs								
- allocated to reportable segments	–	–	–	4,562	–	–	–	4,562
Allowance/(Reversal of allowance) for doubtful trade and other receivables								
- allocated to reportable segments	–	898	(10)	26	–	–	(10)	924
(Reversal of allowance)/ Allowance for inventory obsolescence								
- allocated to reportable segments	(12)	272	478	(199)	–	–	466	73
(Reversal of provision)/ Provision for retrenchment costs								
- allocated to reportable segments	(203)	342	–	–	–	–	(203)	342

30 OPERATING SEGMENTS (continued)

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group																		
Total revenue from external customers	24,508	46,655	8,053	13,119	28,444	20,178	11,748	23,840	16,206	16,526	13,305	11,171	4,607	4,603	5,644	8,382	112,515	144,474
Non-current segment assets	41,272	32,898	32	66	511	1,429	2,141	2,227	916	7,599	2,366	4,258	19	49	6,082	4,387	53,339	52,913
Investments in associates	–	–	–	–	–	–	–	–	–	–	5,660	5,382	–	–	690	2,657	6,350	8,039
Investments in joint ventures	47	164	–	–	–	–	–	–	–	–	–	–	–	–	71	64	118	228
Investments in other financial assets	7,015	9,119	–	–	–	–	–	–	–	–	164	147	508	285	–	–	7,687	9,551
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,403	4,476
Total non-current assets	48,334	42,181	32	66	511	1,429	2,141	2,227	916	7,599	8,190	9,787	527	334	6,843	7,108	70,897	75,207
Capital expenditure	1,372	2,138	9	10	364	91	376	286	168	382	127	2,253	–	42	1,316	630	3,732	5,832

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 30 June 2015

31 PROPOSED DIVIDENDS

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

	Group and Company	
	2015	2014
	$'000	$'000
Final (tax exempt one-tier) dividends of 0.20 cents per share (2014: 0.18 cents)	1,114	995
Final special (tax exempt one-tier) dividend of 0.20 cents per share (2014: 0.18 cents)	1,114	995
	2,228	1,990

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

32 SUBSEQUENT EVENT

On 31 August 2015, the Board of Directors announced that the Company proposes to undertake a share consolidation for every ten (10) existing ordinary shares held by shareholders of the Company as at a books closure date to be determined by the Directors, into three (3) ordinary shares in the capital of the Company. The proposed share consolidation will be subject to approval in the extraordinary general meeting on 19 October 2015, and will have no impact on the dollar value of the issued and paid-up share capital of the Company.

STATISTICS OF **SHAREHOLDERS**

as at 10 September 2015

Number of Shares Issued	:	557,094,216		
Issued and Paid Up Capital	:	S$89,588,161.50		
Class of Shares	:	Ordinary Shares		
Voting Rights	:	On shows of hands	:	1 vote
		On a poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT 10 SEPTEMBER 2015

Range of shareholdings	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1 to 99	7	0.17	177	0.00
100 to 1,000	396	9.45	373,746	0.07
1,001 to 10,000	1,313	31.32	7,704,177	1.38
10,001 to 1,000,000	2,421	57.77	218,965,421	39.30
1,000,001 and above	54	1.29	330,050,695	59.25
Total	4,191	100.00	557,094,216	100.00

Based on information available to the Company as at 10 September 2015, approximately 71.92% 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 10 SEPTEMBER 2015

No.	Name of shareholders	Number of shares	% of issued share capital
1	BEVRIAN PTE LTD*	130,301,300	23.39
2	CHAN WAI LEONG	20,879,177	3.75
3	OCBC SECURITIES PRIVATE LTD	15,680,633	2.81
4	TAN TAI WEI	14,988,300	2.69
5	DBS NOMINEES PTE LTD	12,984,067	2.33
6	UOB KAY HIAN PTE LTD	11,690,300	2.10
7	MAYBANK KIM ENG SECS PTE LTD	10,726,436	1.93
8	UNITED OVERSEAS BANK NOMINEES	7,789,937	1.40
9	PHILLIP SECURITIES PTE LTD	7,547,233	1.36
10	CIMB SEC (S'PORE) PTE LTD	5,762,049	1.03
11	BANK OF S'PORE NOMS PTE LTD	5,690,000	1.02
12	RAFFLES NOMINEES (PTE) LTD	5,403,300	0.97
13	CHEW SHIT FUN	5,317,000	0.95
14	IP YUEN KWONG	4,257,000	0.76
15	OCBC NOMINEES SINGAPORE	4,149,260	0.74
16	TEO CHOON HIANG	3,992,000	0.72
17	LIM & TAN SECURITIES PTE LTD	3,339,000	0.60
18	MAYBANK NOMINEES (S) PTE LTD	3,035,000	0.55
19	ADAM LAU FOOK HOONG @JOE	3,000,000	0.54
20	HL BANK NOMINEES (S) PTE LTD	3,000,000	0.54
	Total	279,531,992	50.18

STATISTICS OF **SHAREHOLDERS**

as at 10 September 2015

SUBSTANTIAL SHAREHOLDERS AS AT 10 SEPTEMBER 2015

Name of shareholders	Shareholdings registered in the name of the substantial shareholders	% of issued share capital
BEVRIAN PTE LTD*	130,301,300	23.39

* *Mr. David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, is deemed to be interested in all shares in the capital of the Company held by Bevrian Pte Ltd.*

There are no treasury shares held as at 10 September 2015.

NOTICE OF
ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of the Company will be held at 1 Orchid Club Road, Orchid Country Club, Singapore 769162 on 19 October 2015 at 3.00 p.m. to transact the following businesses.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015, together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Jeffrey Staszak (independent director), who is retiring in accordance with Article 91 of the Company's Articles of Association, and who being eligible, offers himself for re-election.

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

3. To re-elect Ms. Ong Suat Lian (executive director), who was first appointed by the board of directors of the Company on 12 February 2015, in accordance with Article 97 of the Company's Articles of Association.

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

4. To re-elect Mr. Clement Leow Wee Kia (independent director), who was first appointed by the board of directors of the Company on 8 May 2015, in accordance with Article 97 of the Company's Articles of Association.

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

5. To re-elect Mr. Chng Hee Kok (independent director and chairman of the Board), who was first appointed by the board of directors of the Company on 1 September 2015, in accordance with Article 97 of the Company's Articles of Association.

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

6. To approve directors' fees of S$218,500 for the financial year ended 30 June 2015 (2014: S$230,000). **(Resolution 6)**

7. To approve the payment of directors' fees of S$230,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears (2015: S$218,500).

   [See Explanatory note (ii)] **(Resolution 7)**

8. To approve a final (tax exempt one-tier) dividend of 0.20 cent per ordinary share for the financial year ended 30 June 2015. **(Resolution 8)**

NOTICE OF
ANNUAL GENERAL MEETING

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

9. To approve a final special (tax exempt one-tier) dividend of 0.20 cent per ordinary share for the financial year ended 30 June 2015. **(Resolution 9)**

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

AS SPECIAL BUSINESS

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

11. That, pursuant to Section 168 of the Companies Act, Cap 50 of Singapore, ex-gratia payments of S$240,000 to Mr. Xavier Chong Fook Choy and S$25,000 to Mr. Phoon Wai Meng, the previous directors of the Company who retired on 14 April 2015, be approved.

    [See Explanatory note (iii)] **(Resolution 11)**

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

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

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

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

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

    PROVIDED ALWAYS that:

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

NOTICE OF
ANNUAL GENERAL MEETING

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

(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 Articles of Association 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 12)**

13. 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”);

NOTICE OF
ANNUAL GENERAL MEETING

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

(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 13)**

NOTICE OF
ANNUAL GENERAL MEETING

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

ANY OTHER BUSINESS

14. 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 29 October 2015 after 5.00 p.m. to determine the members' entitlements to the proposed dividends to be paid on 18 November 2015, subject to and contingent upon members' approval of the proposed dividends being obtained at the forthcoming 20th Annual General Meeting of the Company. In respect of shares deposited in securities accounts with The Central Depository (Pte) Limited (“**CDP**”), the dividends will be paid by the Company to CDP which will, in turn, distribute the entitlements to the dividends to CDP account holders in accordance with its normal practice.

Duly completed registrable transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 29 October 2015 will be registered to determine members' entitlements to the proposed dividends.

Dated: 2 October 2015
By Order of the Board

Anne Choo and Chan Yuen Leng
Joint Company Secretaries
Singapore

NOTICE OF
ANNUAL GENERAL MEETING

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

NOTES:

A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. 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. 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, 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.

NOTICE OF
ANNUAL GENERAL MEETING

Ellipsiz Ltd (the "Company")
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EXPLANATORY NOTES:

(i) **Resolutions 2, 3, 4 and 5:** Detailed information on these directors can be found under "Board of Directors" and "Corporate Governance" sections of the Company's Annual Report 2015. There are no relationships, including immediate family relationships, between each of these directors and other directors of the Company or its 10% shareholders. Mr. Jeffrey Staszak will, upon re-appointment, continue to serve as a member of the Audit Committee and Remuneration Committee and Chairman of the Nominating Committee. Mr. Clement Leow Wee Kia will, upon re-appointment, continue to serve as a member of the Audit Committee and Chairman of the Remuneration Committee. Mr. Chng Hee Kok will, upon re-appointment, continue to serve as Chairman of the board.

(ii) **Resolution 7:** The Company proposes to pay directors fees for financial year ending 30 June 2016 quarterly in arrears, instead of after the end of the financial year, after the annual general meeting is held. This ensures a more timely payment of the fees.

(iii) **Resolution 11:** In accordance with Section 168 of the Companies Act, Cap 50 of Singapore, the Company is seeking shareholders' approval for the proposed *ex-gratia* payments of S$240,000 to Mr. Xavier Chong Fook Choy and S$25,000 to Mr. Phoon Wai Meng, directors of the Company who retired in FY2015.

In arriving at the respective *ex-gratia* payment amounts, the Company took into account the retirement of Mr. Chong and Mr. Phoon from the Company after their many years of service as board and committee members, their significant contributions to the Company and particularly in the case of Mr. Chong, the leadership and founding role played by him in providing oversight and guidance to the group.

Mr. Chong is a founder and first CEO of the Company. Mr. Chong has been director of the Company since it was incorporated in 1994 until his retirement from the board on 14 April 2015. He also served as Chairman of the board during this period (except for the period between 1 July 2005 to 5 July 2007), was a member of the Nominating Committee from 9 November 2001 until his retirement and a member of the Remuneration Committee from 9 November 2001 to 10 August 2005, and from 1 September 2012 until his retirement. During his many years of service to the group, Mr. Chong has helmed and guided the group to success and was instrumental in its growth and expansion.

Mr. Phoon Wai Meng served as independent director of the Company from 1 July 2004 to 14 April 2015. He was a member of the Nominating Committee from 1 July 2004 to until 14 April 2015. Mr. Phoon was also a member of the Remuneration Committee and Audit Committee from 2004 to 14 April 2005. Mr. Phoon was Chairman of the Nominating Committee from 31 August 2004 to 1 August 2005, Chairman of the Remuneration Committee from 31 August 2004 to 13 November 2006, and from 1 May 2009 to 14 April 2015, and Chairman of the Audit Committee from 13 November 2006 to 25 August 2011. Mr. Phoon has made substantial and valuable contributions to the Company during his many years of service as an independent director.

NOTICE OF
ANNUAL GENERAL MEETING

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

(iv) **Resolution 12:** 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 13:** This ordinary resolution if passed, will renew the mandate approved by members of the Company on 17 October 2014 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 2 October 2015 for details.

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Ellipsiz Ltd (the "Company")
(Incorporated in the Republic of Singapore)
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IMPORTANT
1 For investors who have used their CPF monies to buy shares ("CPF Investors") in the capital of Ellipsiz Ltd, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3 CPF Investors who wish to attend the annual general meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified and bring along their CPF statements for verification at the annual general meeting. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
4 By submitting an instrument appointing a proxy(xies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 October 2015.

PROXY FORM

20TH ANNUAL GENERAL MEETING

*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 both of the persons mentioned above, the Chairman of the Meeting, as *my/our *proxy/proxies to attend and to vote for *me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 1 Orchid Club Road, Orchid Country Club, Singapore 769162 on 19 October 2015 at 3.00 p.m. and at any adjournment thereof.

(If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" or "√" 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. In the absence of specific directions, your *proxy/proxies will save as otherwise provided in the Notice of the 20th Annual General Meeting and in this Proxy Form, vote or abstain from voting as the *proxy/proxies may think fit, as the *proxy/proxies will on any other matter arising at the 20th Annual General Meeting and any adjournment thereof.)

No.	Resolution	Number of Shares For	Number of Shares Against
	Ordinary Business		
1	Adoption of the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2015, together with the Auditors' Report thereon.		
2	Re-election of Mr. Jeffrey Staszak as director.		
3	Re-election of Ms. Ong Suat Lian as director.		
4	Re-election of Mr. Clement Leow Wee Kia as director.		
5	Re-election of Mr. Chng Hee Kok as director.		
6	Approval of directors' fees of S$218,500 for the financial year ended 30 June 2015 (2014: S$230,000).		
7	Approval of directors' fees of S$230,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears (2015: S$218,500).		
8	Approval of final (tax exempt one-tier) dividend of 0.20 cent per ordinary share.		
9	Approval of final special (tax exempt one-tier) dividend of 0.20 cent per ordinary share.		
10	Re-appointment of KPMG LLP as auditors and to authorize the directors to fix their remuneration.		
	Special Business		
11	Approval of ex-gratia payments of S$240,000 to Mr. Xavier Chong Fook Choy and S$25,000 to Mr. Phoon Wai Meng, previous directors who retired on 14 April 2015.		
12	Approval of authority to allot and issue new shares and convertible securities.		
13	Approval of authority to purchase or acquire the Company's issued ordinary shares.		
14	Any other business.		

Dated this _________ day of October 2015.

Total number of shares held:	No. of shares
(a) CDP Register	
(b) Register of members	

____

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

IMPORTANT:
PLEASE READ NOTES OVERLEAF

NOTES:

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

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

3. Where a member appoints two proxies, 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.

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

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly 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 48 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/passport numbers, addresses and number of shares held. The list, signed by an authorized signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, at least 48 hours before the time appointed for the Annual General Meeting.

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