

ELLIPSIZ LTD

Proforma Full Year Financial Statement And Dividend Announcement

Full-year financial statement on consolidated results for the year ended 30 June 2001
These figures have not been audited.

		Group			Company		
		S\$'000	%	S\$'000	%		
		2001	2000	Change	2001	2000	Change
1.(a)	Turnover	101,427	86,570	17.2	0	0	0
1.(b)	Investment income	0	0	0	3,500	6,510	(46.2)
1.(c)	Other income including interest income	4,654	2,647	75.8	5,478	1,829	199.5
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	7,278	11,467	(36.5)	3,873	6,954	(44.3)
2.(b)(i)	Interest on borrowings	219	201	9.0	12	14	(14.3)
2.(b)(ii)	Depreciation and amortisation	2,187	510	328.8	120	47	155.3
2.(b)(iii)	Foreign exchange gain/(loss)	1,248	78	1,500	51	0	N.M.
2.(c)	Exceptional items	(5,614)	941	N.M.	(4,058)	0	N.M.
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	506	11,775	(95.7)	(266)	6,893	(103.9)

		Group			Company		
		S\$'000		%	S\$'000		%
		2001	2000	Change	2001	2000	Change
2.(e)	Income derived from associated companies	(595)	144	(513.2)	0	0	0
2.(f)	Less income tax	(2,590)	(3,602)	(28.1)	(1,028)	(1,861)	(44.8)
2.(g)(i)	Operating profit after tax before deducting minority interests	(2,679)	8,317	(132.2)	(1,294)	5,032	(125.7)
2.(g)(ii)	Less minority interests	(662)	25	N.M.	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	(3,341)	8,342	(140.1)	(1,294)	5,032	(125.7)
2.(i)(i)	Extraordinary items	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v)	Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi)	Transfer to Reserve Fund	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	(3,341)	8,342	(140.1)	(1,294)	5,032	(125.7)

N.M. - not meaningful.

Comparative figures have been adjusted to conform with the current year's presentation.

Group Figures

		Latest year	Previous year
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	(2.64)%	9.61%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of year	(4.29)%	25.56%
3.(c)	Earnings per ordinary share for the year based on 2(h) above after deducting any provision for preference dividends:-		
3.(c)(i)	Based on existing issued share capital cts	(1.69)	7.09
3.(c)(ii)	On a fully diluted basis cts	(1.69)	7.09
3.(d)	Earnings per share based on 2(j) above:-		
	(i) Based on existing issued share capital cts	(1.69)	7.09
	(ii) On a fully diluted basis cts	(1.69)	7.09
3.(e)	Net tangible asset backing per ordinary share cts	37.59	18.84

Note:

1. The earnings per ordinary share was calculated based on the weighted average of the issued capital.
2. The comparative figures had been recomputed in view of the reclassification of the previous year figures to conform with new presentation requirement in SAS 1.

		Group			Company		
		S\$'000		%	S\$'000		%
		2001	2000	Change	2001	2000	Change
4.(a)	Sales reported for first half year	65,467	46,057	42	0	0	0
4.(b)	Operating profit [2(g)(i) above] reported for first half year	3,764	5,352	(30)	24	4,885	(99.5)
4.(c)	Sales reported for second half year	35,960	40,513	(11.2)	0	0	0
4.(d)	Operating profit [2(g)(i) above] reported for second half year	(6,443)	2,965	(317.3)	(1,318)	147	(996.6)

Comparative figures have been adjusted to conform with the current year's presentation.

- 5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

The current year taxation includes an underprovision of tax in respect of prior years of \$20,000 (2000: \$130,000) for the Group.

5.(b) Amount of any pre-acquisition profits

NIL

5.(c) Amount of profits on any sale of investments and/or properties

Item 5c Table

Sale of investments/properties	\$Profit/(Loss)
NIL	

5.(d) Any other comments relating to Paragraph 5

NIL

6. Segmental Results

(a) Business Segment - S\$'000

	Engineering Solutions		Manufacturing Solutions		Supply Chain Solutions		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
<u>Revenue & Expenses</u>										
Total revenue from external customers	99,677	86,570	1,750	-	-	-	-	-	101,427	86,570
Inter-segment revenue	4,412	-	-	-	-	-	(4,412)	-	-	-
	<u>104,089</u>	<u>86,570</u>	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,412)</u>	<u>-</u>	<u>101,427</u>	<u>86,570</u>
Segment results	11,789	13,897	(5,912)	(1,081)	(471)	(10)	(254)	-	5,152	12,806
Unallocated corporate expenses									(4,646)	(1,972)
Gain on disposal of unallocated subsidiary									-	941
Share of profit of associated companies									(506)	144

Share of profit of jointly controlled entity									(89)	-
Profit from ordinary activities before taxation									(89)	11,919
Taxation									(2,590)	(3,602)
Minority interest									(662)	25
Net profit for the year									(3,341)	8,342
<u>Assets & Liabilities</u>										
Segment assets	64,682	42,848	22,889	10,827	1,630	234	-	-	89,201	53,909
Unallocated corporate assets									27,183	21,134
Investment in associated corporations	329	147	-	-	-	-	-	-	329	147
Investment in jointly controlled entity	-	-	1,643	-	-	-	-	-	1,643	-
Total assets									<u>118,356</u>	<u>75,190</u>
Segment Liabilities	23,388	22,309	11,297	4,848	98	6	-	-	34,783	27,163
Unallocated corporate liabilities									1,296	11,489
Income tax liabilities									2,723	2,688
Total liabilities									<u>38,802</u>	<u>41,340</u>

Provision for diminution in value of investment in other financial assets - corporate	-	-	-	-	-	-	-	-	566	-
									<u>566</u>	<u>-</u>
Other financial assets written off	3,492	-	-	-	-	-	-	-	3,492	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Geographical Segments - S\$'000

	Singapore		Other Asean Countries		Other Regions		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000
Total revenue from external customers	<u>46,752</u>	<u>64,260</u>	<u>22,388</u>	<u>5,717</u>	<u>32,287</u>	<u>16,593</u>	<u>101,427</u>	<u>86,570</u>
Segment assets	58,984	44,615	6,166	1,782	26,023	7,659	91,173	54,056
Unallocated corporate assets	27,183	21,134	-	-	-	-	27,183	21,134
	<u>86,167</u>	<u>65,749</u>	<u>6,166</u>	<u>1,782</u>	<u>26,023</u>	<u>7,659</u>	<u>118,356</u>	<u>75,190</u>
Capital Expenditure	<u>15,913</u>	<u>6,141</u>	<u>331</u>	<u>10</u>	<u>363</u>	<u>31</u>	<u>16,607</u>	<u>6,182</u>

7.(a) Review of the performance of the company and its principal subsidiaries

The Group's turnover increased from \$86.6 million in FY2000 to \$101.4 million in FY2001. The increase of 17.2% was mainly contributed by the Engineering Solutions Group, which recorded an improvement of 15.1% or \$13.1 million. The Manufacturing Solutions Group, in its first year of production, attained a turnover of \$1.8 million.

Though the turnover of the Group for the full financial year under review reflected an overall improvement of 17.2%, the turnover performance in the second half of the financial year was 45.1% lower than the turnover achieved in the first half. It was also 11.2% lower than the corresponding period of FY2000. The poorer performance was due to the push out and cancellation of orders resulting from the downturn in the semiconductor industry during second half of FY2001.

Despite the higher turnover, the Group incurred a net loss before tax of \$0.1 million as compared to a net profit before tax of \$11.9 million in the previous year. The significant decrease in profit before tax by 100.8% was primarily due to exceptional items of \$5.6 million and higher losses suffered by the Manufacturing Solutions Group with the delay in confirmed mass production orders from customers.

The exceptional items comprised the \$3.5 million write off of investment in Surface Interface, Inc. ("SII") which was triggered off by the offer to buy over SII's business and assets by one of SII's shareholders at a price that would leave only a nominal surplus available for return to the shareholders; the \$0.6 million provision for diminution in value of investment in Weboffice Pte Ltd; \$1.3 million write off in fixed assets that resulted from the move of the manufacturing activities to its new premises in Woodlands; and the recognition of a \$0.2 million rental commitment in giving up the old manufacturing premises by Microfab Technology (S) Pte Ltd.

Excluding these exceptional items, the Group's profit before tax would have been \$5.5 million, a drop of 53.6% as compared to the previous years' profit performance.

The high tax expenses of the Group was due to the inability to offset the losses and capital allowances available to certain subsidiaries against the profits of other group companies and the non-deductibility of certain expenses.

- 7.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen between the end of the financial year and the date of this announcement which would affect substantially the results of the Group of the Company.

8. Commentary on current year prospects

While there appear to be signs of a bottoming-out of the year-long economic decline in the semiconductor industry, we do not see a real upturn until mid-2002. Inventory levels, especially for telecommunication components, remain high, while capital expenditure worldwide have dwindled to a trickle.

Some of the recent uptick in orders in segments of the industry could be due to seasonal factors, such as the traditional run-up to Christmas shopping, and may not be sustainable. Basically, demand will remain weak because of the downturn in the US economy, and the absence of compensating demand due to economic weakness in Japan and the EC. We do not see "killer apps" in telecom, consumer, IT end-products pipeline which might jump-start the recovery, except for a glimmer of hope in the soon-to-be-launched Windows XP, and Intel's attractively priced P4 chip.

Nevertheless, amidst the gloomy environment, there are niche markets which are still growing, such as in advanced packaging and TFT-LCDs (thin-film technology Liquid Crystal Displays). Our wafer bumping operation is well positioned to stake a share in these rapidly expanding businesses. Secondly, momentum in the budding China semiconductor industry appears insulated from the global economic downturn, with three major fabs in Shanghai on schedule to commence operation in the next 6-18 months. And thirdly, there is quickening pace of upgrades among the leading IDMs and wafer foundries, as they begin converting to the next generation technologies, to be ready for the upturn. While these are good potential markets for Ellipsiz's engineering and manufacturing solutions in our new financial year, much depends on the economic prospects in US, and the other OECD countries who are the key markets for semiconductor products.

9. Dividend

(a) Any dividend declared for the present financial period? None

(b) Any dividend declared for the previous corresponding period? None

(c) *Total Annual Dividend*

	Latest Year (S\$'000)	Previous Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

(d) Date payable

NIL

(e) Books closing date

(f) Any other comments relating to Paragraph 9

NIL

10. Balance sheet

	Group		Company	
	2001 S\$'000	2000 S\$'000	2001 S\$'000	2000 S\$'000
Fixed Assets	19,720	7,597	2,277	273
Investment in subsidiaries / Associated Companies	1,972	147	30,139	20,122
Other Investments	1,942	417	1,878	353
Development Expenditure	3,397	3,244	-	-
	<u>27,031</u>	<u>11,405</u>	<u>34,294</u>	<u>20,748</u>
Net Current Assets				
Current Assets	91,325	63,785	55,220	31,088
Current Liabilities	(35,421)	(39,474)	(1,865)	(11,765)
Net Current Assets	<u>55,904</u>	<u>24,311</u>	<u>53,355</u>	<u>19,323</u>
Non - Current Liabilities				
Non - Current Liabilities	(3,381)	(1,866)	(461)	(31)
Total	<u>79,554</u>	<u>33,850</u>	<u>87,188</u>	<u>40,040</u>

Represented by:

Share Capital	49,500	39,000	49,500	39,000
Other Reserves	26,202	(11,838)	37,944	2
Revenue Reserves	2,129	5,470	(256)	1,038
Share Capital and Reserves	<u>77,831</u>	<u>32,632</u>	<u>87,188</u>	<u>40,040</u>
Minority Interest	1,723	1,218	-	-
Total	<u>79,554</u>	<u>33,850</u>	<u>87,188</u>	<u>40,040</u>

The Group's total assets stood at \$118.4 million as at 30 June 2001. The increase of \$43.2 million was due to the increases in non-current assets of \$15.6 million and current assets of \$ 27.6million.

The higher level of non-current assets comprised the additional investment in fixed assets, associated companies and joint venture project as well as other investments. The capital investment in new plant and machinery, the renovation of the new premises in Woodlands for the Manufacturing Solutions Group and the acquisition of the hardware and software for the implementation of the "mySAP.com" ERP project constituted the major portion of the fixed assets additions.

The overall improvement in cash and cash equivalent position was the main contributing factor to the increase in current assets.

During the year, the Group repaid its borrowing due to a minority shareholder. The repayment, partially offset by the increase in borrowing from the banks and the financial institution, accounted for the decrease of \$2.5 million in total liabilities.

The increase in shareholders' funds resulted from the proceeds of the Company's IPO in July 2000 in which 42,000,000 new ordinary shares of S\$0.25 each were issued at a premium of S\$0.95.

11. Details of any changes in the company's issued share capital

On 6 July 2000, the shares of the Company were listed on the Singapore Exchange Securities Trading Limited. The Company issued 42,000,000 ordinary shares of S\$0.25 each at a premium of S\$0.95 each per share.

12. Comparative figures of the group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured
2.86 million	3.03 million	1.55 million	0

(b) Amount repayable after one year

As at 30/06/2001	As at 31/12/2000
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Secured	Unsecured	Secured	Unsecured
3.21 million	0	2.03 million	0

(c) Any other comments relating to Paragraph 12

NIL

BY ORDER OF THE BOARD

Pao Ning Yu
Director
12/09/2001

