



PRESS RELEASE

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Proforma Full Year Financial Statement And Dividend Announcement

Full-year financial statement on consolidated results for the year ended 30 June 2001

12th September 2001 Proforma Full Year Financial Statement And Dividend Announcement.

You may view the full announcement on the **Singapore Exchange** site

<http://info.sgx.com/webcorannn.nsf/413aa2d90e391def4825655300242a8f/a13d123230f06d9448256ac5003402ad?OpenDocument>

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.

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.

BY ORDER OF THE BOARD

Pao Ning Yu

Director

12/09/2001