



## Electronics

“Sustained Performance in 1<sup>st</sup> Quarter”

FINANCIAL HIGHLIGHTS For the three months ended 31 March 2003			
	2003 1Q	2002 1Q	Growth %
Turnover (\$m)	134	139	(4)
Investment, interest and other income (\$m)	1.3	1.3	2
Earnings before interest and tax (EBIT) (\$m)	11.1	10.8	3
Profit before tax (\$m)	12.0	11.9	1
Profit attributable to shareholders before EI (\$m)	8.7	8.4	3

*“With the recent award of a major Communications System Contract from the Kaohsiung Rapid Transit Corporation (KRTC) for the Kaohsiung Mass Rapid Transit, successes from our overseas marketing efforts have reached a new height. We will continue to intensify our international development effort, particularly in Greater China, Korea, the Americas and Australia.”*

*Seah Moon Ming, President*

N.B.: All currencies are in Singapore dollars.

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### Electronics sector unaudited results for the three months ended 31 March 2003 :

	2003 \$'000 3 Months	2002 \$'000 3 Months	+ / (-) %
1. (a) Turnover	133,791	139,217	(3.9)
(b) Cost of Sales	(100,127)	(109,095)	(8.2)
(c) <b>Gross Profit</b>	<b>33,664</b>	<b>30,122</b>	<b>11.8</b>
(d) Other operating income	990	1,071	(7.6)
(e) Distribution and selling expenses	(6,363)	(5,733)	11.0
(f) Administration expenses	(10,433)	(8,408)	24.1
(g) Other operating expenses	(5,764)	(4,937)	16.8
(h) <b>Profit from operations</b>	<b>12,094</b>	<b>12,115</b>	<b>(0.2)</b>
(i) Other income, net	306	(46)	765.2
(j) Financial expenses	(10)	(1)	900.0
(k) Exceptional Item	-	-	-
	<u>12,390</u>	<u>12,068</u>	2.7
(l) Share of results of associated companies and joint ventures	(369)	(156)	136.5
(m) Amortisation of goodwill on acquisition of associated companies	(46)	(41)	12.2
(n) <b>Profit before taxation</b>	<b>11,975</b>	<b>11,871</b>	<b>0.9</b>
(o) Taxation	(3,904)	(3,404)	14.7
(p) <b>Profit after taxation</b>	<b>8,071</b>	<b>8,467</b>	<b>(4.7)</b>
(q) Minority Interests	589	(49)	NM
(r) <b>Net profit for the period</b>	<b>8,660</b>	<b>8,418</b>	<b>2.9</b>
* NM - Not Meaningful			
2. (a) Investment income	191	-	NM
(b) Other income including interest income	1,105	1,275	(13.3)
(c) Depreciation and amortisation	(2,111)	(1,755)	20.3
(d) (Provision) / write-back of provision for doubtful debts & bad debts written off, net	(324)	590	(154.9)
(e) (Provision) / write-back for stock obsolescence, net	(229)	233	(198.3)
(f) Impairment in value of investments	-	-	-
(g) Foreign exchange gain / (loss), net	(143)	(213)	(32.9)
3. (a) Operating Profit [1(p) above] as a percentage of Turnover	6.0%	6.1%	
(b) Operating Profit [1(r) above] as a percentage of Issued Capital and Reserves at end of period	7.6%	7.6%	

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	2003 \$'000	2002 \$'000	+ / (-) %
4. (a) Sales reported for first quarter	133,791	139,217	(3.9)
(b) Operating profit after tax before deducting minority interests reported for first quarter	8,071	8,467	(4.7)
5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years.			
(b) There was no disposal of property during the period.			
(c) There was no extraordinary item during the period.			

### 6. Business Grouping Information

	Turnover			Profit before Tax		
	2003 \$'000	2002 \$'000	+ / (-) %	2003 \$'000	2002 \$'000	+ / (-) %
<b><u>By Business Group</u></b>						
<b>First Quarter</b>						
Large-Scale Systems Group	36,240	55,261	(34.4)	264	2,438	(89.2)
Communication & Sensor Systems Group	51,989	52,087	(0.2)	5,135	4,954	3.7
Software Systems Group	45,562	31,869	43.0	6,576	4,479	46.8
Total	133,791	139,217	(3.9)	11,975	11,871	0.9

#### **By Country of Incorporation**

Asia	132,490	135,765	(2.4)
USA	136	3,452	(96.1)
Europe	-	-	-
Others	1,165	-	NM
Total	133,791	139,217	(3.9)

#### **By Geographical Areas**

Asia	125,713	130,598	(3.7)
USA	727	4,119	(82.4)
Europe	2,138	4,000	(46.6)
Others	5,213	500	942.6
Total	133,791	139,217	(3.9)

### 7. Review of Performance

#### (a) Turnover

1Q2003 vs 1Q2002

1Q2003	1Q2002	Growth	
\$134m	\$139m	(\$5m)	(4%)

The turnover of \$134 million recorded in 1Q2003 was lower than that in 1Q2002 by 4% or \$5 million. The decrease was mainly due to **Large-Scale Systems Group (LSG)** as a result of fewer milestones being completed in 1Q2003. **Communication & Sensor Systems Group (CSG)**'s sales was comparable with the same period last year. Sales for **Software Systems Group (SSG)** was higher with milestone completion of the Hong Kong Fire Services project and the delivery of Command and Control System projects.

#### (b) Profitability

1Q2003 vs 1Q2002

1Q2003	1Q2002	Growth	
\$12.0m	\$11.9m	\$0.1m	1%

The profit before tax of \$12.0 million for 1Q2003 was comparable with 1Q2002. At business group level, the increase in profit in **SSG** was due to higher sales. **CSG**'s profit was comparable with the same period last year. **LSG** recorded a lower profit due to lower sales and loss incurred by an overseas subsidiary.

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### 8. Prospects

#### 2Q2003

In 2Q2003, the Electronics sector expects the milestone completions in Land Transport Authority (LTA)'s Circle Line project and the supply of MMDS product to Mexico under **LSG**; the completion of milestones in a shipboard integrated communications system project, the supply of radio communication and VSAT equipment under **CSG**; and the completion of milestones in Hong Kong Fire Services project and aircraft simulator projects under **SSG**.

The Sector expects higher turnover and profit before tax in 2Q2003 as compared to 1Q2003.

#### FY2003

In FY2003, we expect sales recognition from the LTA's MRT/LRT projects, Manila LRT project and supply of MMDS product to Mexico; Ministry of Home Affairs' Communication Network project and the delivery of radio communication and VSAT equipment; Hong Kong Fire Services project and aircraft simulator projects.

Overall, we expect the turnover and profit before tax of FY2003 to be higher than that of FY2002.

### 9. Balance Sheet

	<b>31 Mar 2003</b>	<b>31 Dec 2002</b>
	\$'000	\$'000
Fixed Assets	25,352	25,429
Associated companies and joint ventures	7,743	4,708
Long-term investments	57,895	59,688
Intangible assets	7,551	5,153
Loans receivable, non-current	59	58
Deferred tax assets	10,234	10,339
Current assets	632,201	592,169
Less: Current liabilities	(545,385)	(524,680)
Net current assets	<u>86,816</u>	<u>67,489</u>
	195,650	172,864
Less: Non-current liabilities	<u>(76,126)</u>	<u>(65,760)</u>
	<u>119,524</u>	<u>107,104</u>
Share capital and reserves	113,990	105,121
Minority interests	5,534	1,983
	<u>119,524</u>	<u>107,104</u>

### 10. Cash Flow Statement for the period ended 31 March

	<b>2003</b>	<b>2002</b>
	\$'000	\$'000
Cash flow from operating activities	(9,049)	35,601
Cash flow from investing activities	(5,403)	(9,935)
Proceeds from sale of fixed assets	-	1
Dividend from investment	191	-
Investment in associated company	(3,408)	-
Purchase of fixed assets	(1,642)	(1,499)
Purchase of investment	(204)	(8,437)
Acquisition of subsidiary	(390)	-
Capital contribution from minority shareholder	50	-
Cash flow from financing activities	(10)	(1)
Interest paid	<u>(10)</u>	<u>(1)</u>
Net (decrease)/increase in cash and cash equivalents	(14,462)	25,665
Cash and cash equivalents at beginning of year	308,793	292,718
Cash and cash equivalents at end of period	<u>294,331</u>	<u>318,383</u>

The decrease in cash flow from operating activities was due mainly to lower customer advances.



## **Electronics**

### **11. Accounting Policies**

The Sector has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2002.

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