

Electronics

“Continued Sales & Profit Growth at mid-year”

FINANCIAL HIGHLIGHTS For the six months ended 30 June 2001			
	2001 First Half	2000 First Half	Growth %
Turnover (\$m)	228	197	16
Investment, interest and other income (\$m)	5.1	4.5	12
Profit before tax (\$m)	22.6	18.2	25
Profit attributable to shareholders before EI (\$m)	15.0	12.0	25
Economic value added (EVA) (\$m)	8.8	7.3	22

“The Electronics Sector continued its sales and profit growth at mid-year.

We remain focused on growing our core businesses and investments in overseas markets.”

Seah Moon Ming, President

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

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Electronics Sector unaudited results for the six months ended 30 June 2001:

	2001 \$'000 First Half	2000 \$'000 First Half	+ / (-) %
1. (a) Turnover	228,008	197,347	15.5
(b) Investment Income	-	-	-
(c) Other Income including Interest Income	5,081	4,529	12.2
2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	25,599	20,806	23.0
(b) (i) Interest on Borrowings	(1)	(6)	(83.3)
(ii) Depreciation and Amortisation	(2,606)	(2,534)	2.8
(c) Exceptional Items	-	-	-
(d) Operating Profit before Income Tax, Minority Interests, Extraordinary Items but after Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	22,992	18,266	25.9
(e) Income derived from Associated Companies / Joint Ventures	(346)	(98)	253.1
Operating Profit before Income Tax	22,646	18,168	24.6
(f) Less Income Tax	(7,693)	(6,229)	23.5
(g) (i) Operating Profit after Tax before deducting Minority Interests	14,953	11,939	25.2
(ii) Less Minority Interests	55	99	(44.4)
(h) Operating Profit after Tax attributable to Members of the Company	15,008	12,038	24.7
(i) (i) Extraordinary Items	-	-	-
(ii) Less Minority Interests	-	-	-
(iii) Extraordinary Items attributable to Members of the Company	-	-	-
(j) Operating Profit after Tax and Extraordinary Items attributable to Members of the Company	15,008	12,038	24.7
3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover	6.6%	6.0%	

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	2001 \$'000	2000 \$'000	+ / (-) %
4. (a) Sales reported for first quarter	102,314	89,964	13.7
(b) Operating Profit [2(g)(i) above] reported for first quarter	5,935	4,967	19.5
(c) Sales reported for second quarter	125,694	107,383	17.1
(d) Operating Profit [2(g)(i) above] reported for second quarter	9,018	6,972	29.3
(e) Sales reported for first half year	228,008	197,347	15.5
(f) Operating Profit [2(g)(i) above] reported for first half year	14,953	11,939	25.2
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 pre-acquisition profit included in the results reported.			
(c) There was no disposal of property during the period.			
(d) There was no extraordinary item during the period.			

6. Business Grouping Information

	Turnover			Profit before Tax		
	2001 \$'000	2000 \$'000	+ / (-) %	2001 \$'000	2000 \$'000	+ / (-) %

By Business Activity

Second Quarter

Large-Scale Systems Group	37,593	34,658	8.5	2,553	2,120	20.4
Communication & Sensor Systems Group	53,790	48,048	12.0	5,591	4,908	13.9
Software Systems Group	34,311	24,677	39.0	5,705	3,713	53.6
	<u>125,694</u>	<u>107,383</u>	17.1	<u>13,849</u>	<u>10,741</u>	28.9

Six Months Ended 30 June

Large-Scale Systems Group	74,978	71,255	5.2	4,480	3,962	13.1
Communication & Sensor Systems Group	98,688	81,537	21.0	9,476	7,672	23.5
Software Systems Group	54,342	44,555	22.0	8,690	6,534	33.0
	<u>228,008</u>	<u>197,347</u>	15.5	<u>22,646</u>	<u>18,168</u>	24.6

	Turnover		
	1H2001 \$'000	1H2000 \$'000	+ / (-) %

By Country of Incorporation

Asia	228,008	197,347	15.5
USA	-	-	-
Europe	-	-	-
Others	-	-	-
Total	<u>228,008</u>	<u>197,347</u>	15.5

By Geographical Areas

Asia	222,516	188,129	18.3
USA	936	1,942	(51.8)
Europe	1,265	4,155	(69.6)
Others	3,291	3,121	5.4
Total	<u>228,008</u>	<u>197,347</u>	15.5

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7. Review of Performance

(a) Turnover

2Q2001 vs 2Q2000

2Q2001	2Q2000	Growth	
\$126m	\$107m	\$19m	17%

The turnover of \$126 million recorded in 2Q2001 was higher than that in 2Q2000 by 17% or \$19 million. This was contributed by all three business groups namely, **Large-Scale Systems Group (LSG)**, **Communication & Sensor Systems Group (CSG)** and **Software Systems Group (SSG)**. The increase was largely contributed by **SSG** from the milestone recognition of an aircraft simulator project. **LSG** achieved higher sales with milestone recognition in the Land Transport Authority's (LTA) projects. In **CSG**, major sales was recorded from the supply of communications equipment.

1H2001 vs 1H2000

1H2001	1H2000	Growth	
\$228m	\$197m	\$31m	16%

Turnover recorded in 1H2001 increased by 16% or \$31 million to \$228 million. The increase was contributed by all three business groups, with major contribution from **CSG** for the supply of communications equipment. In **SSG**, major sales was recognised from milestone completion of the aircraft simulator project. The higher sales recognition in **LSG** was due to milestone completion of the LTA's Traffic Light project; the LRT project for Sengkang and Punggol new towns and Taiwan MRT projects.

(b) Profitability

2Q2001 vs 2Q2000

2Q2001	2Q2000	Growth	
\$13.8m	\$10.7m	\$3.1m	29%

Profit before tax at \$13.8 million represented a 29% or \$3.1 million increase over 2Q2000. All three business groups contributed to the increase in profit due mainly to higher turnover.

1H2001 vs 1H2000

1H2001	1H2000	Growth	
\$22.6m	\$18.2m	\$4.4m	25%

The Group's profit before tax increased by 25% or \$4.4 million to \$22.6 million. For 1H2001, all three business groups performed well, with major profit contribution coming from **SSG** and **CSG**.

8. Third Quarter and Second Half Prospects

We expect steady sales in the 3rd Quarter, with revenue coming from the completion of major milestones in the LTA's North-East MRT Line projects and Sengkang/Punggol LRT project (**LSG**); the Ministry of Home Affairs' Command & Control System project (**SSG**); and various defence projects. Overseas sales include milestone recognition from the Traffic Control System project in Suzhou, China (**CSG**), the Fire Services Dept's Third Generation Mobilising System project in Hong Kong (**SSG**), and sales of MRT Communication Systems equipment and support to Taipei Rapid Transit Corp in Taiwan (**LSG**). We will continue to see revenue contribution from the sales of VSAT units and from the maintenance of electronics equipment and software systems.

Third quarter and second half of the year profits are expected to be better than that of the respective preceding periods.

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9. Cash Flow Statement

	1H2001 \$'000	1H2000 \$'000
Cash flow from operating activities	72,934	103,944
Cash flow from investing activities	(11,391)	(6,872)
Proceeds from sale of fixed assets	1	-
Investment in associated companies/joint ventures	(1,680)	-
Purchase of fixed assets	(3,362)	(2,278)
Purchase of investments	(6,452)	(4,639)
Repayment of staff loan	102	45
Cash flow from financing activities	-	-
Dividend paid to shareholders of the company	-	-
Net increase / (decrease) in cash & cash equivalents	61,543	97,072
Cash and cash equivalents at beginning of year	287,863	221,252
Cash and cash equivalents at end of period	349,406	318,324

10. Balance Sheet

	30 Jun 2001 \$'000	31 Dec 2000 \$'000
Fixed Assets and assets on lease	23,427	23,381
Associated companies and joint ventures	1,481	147
Long-term investments	52,192	39,739
Long term receivables	207	220
Current assets	593,438	529,397
Less: Current liabilities	(477,199)	(436,771)
Net current assets	116,239	92,626
	193,546	156,113
Less: Non-current liabilities	(99,841)	(77,362)
	93,705	78,751
Less: Minority interests	50	(5)
Net assets	93,755	78,746

Increase in long-term investments was due to additional investment in floating rate notes and other equity investments made.

11. Economic Value Added (EVA)

EVA for 1H2001 was \$8.8 million, an increase of 22% over 1H2000. The weighted average cost of capital was 9.4% for 2001 (2000: 9.9%).

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