

Electronics

Electronics Sector audited results for the year ended 31 December 2001 :

	2001 \$'000	2000 \$'000	+ / (-) %
1. (a) Turnover	<u>498,477</u>	<u>423,533</u>	17.7
(b) Investment Income	-	-	-
(c) Other Income including Interest Income	<u>11,098</u>	<u>11,150</u>	(0.5)
2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	60,265	52,147	15.6
(b) (i) Interest on Borrowings	(5)	(7)	(28.6)
(ii) Depreciation and Amortisation	(7,242)	(5,329)	35.9
(c) Exceptional Items	-	-	-
(d) Operating Profit before Income Tax, Minority Interests, Extraordinary Items but after Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	<u>53,018</u>	<u>46,811</u>	13.3
(e) Income derived from Associated Companies / Joint Ventures	(867)	(220)	294.1
Operating Profit before Income Tax	<u>52,151</u>	<u>46,591</u>	11.9
(f) Less Income Tax	(15,277)	(16,293)	(6.2)
(g) (i) Operating Profit after Tax before deducting Minority Interests	<u>36,874</u>	<u>30,298</u>	21.7
(ii) Less Minority Interests	126	282	(55.3)
(h) Operating Profit after Tax attributable to Members of the Company	<u>37,000</u>	<u>30,580</u>	21.0
(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	<u>37,000</u>	<u>30,580</u>	21.0
3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover	7.4%	7.2%	
(b) Operating Profit [2(h) above] as a percentage of Issued Capital and Reserves at End of Year	40.3%	38.8%	

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	2001 \$'000	2000 \$'000	+ / (-) %
4. (a) Sales reported for first half year	228,008	197,347	15.5
(b) Operating Profit [2(g)(i) above] reported for first half year	14,953	11,939	25.2
(c) Sales reported for second half year	270,469	226,186	19.6
(d) Operating Profit [2(g)(i) above] reported for second half year	21,921	18,359	19.4
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 year.			
(d) There was no extraordinary item during the year.			

6. Business Grouping Information

	Turnover			Profit before Tax		
	2001 \$'000	2000 \$'000	+ / (-) %	2001 \$'000	2000 \$'000	+ / (-) %
<u>By Business Group</u>						
Fourth Quarter						
Large-Scale Systems Group	50,846	60,759	(16.3)	3,750	5,320	(29.5)
Communication & Sensor Systems Group	37,382	32,674	14.4	4,869	5,374	(9.4)
Software Systems Group	52,206	39,821	31.1	6,515	5,268	23.7
Total	<u>140,434</u>	<u>133,254</u>	5.4	<u>15,134</u>	<u>15,962</u>	(5.2)
Full Year Ended 31 December						
Large-Scale Systems Group	171,700	162,221	5.8	11,463	10,969	4.5
Communication & Sensor Systems Group	186,761	143,457	30.2	19,397	17,628	10.0
Software Systems Group	140,016	117,855	18.8	21,291	17,994	18.3
Total	<u>498,477</u>	<u>423,533</u>	17.7	<u>52,151</u>	<u>46,591</u>	11.9
<u>By Country of Incorporation</u>						
Asia	496,086	423,533	17.1			
USA	2,391	-	NM			
Europe	-	-	-			
Others	-	-	-			
Total	<u>498,477</u>	<u>423,533</u>	17.7			
<u>By Geographical Areas</u>						
Asia	482,700	405,685	19.0			
USA	4,898	2,987	64.0			
Europe	5,864	9,467	(38.1)			
Others	5,015	5,394	(7.0)			
Total	<u>498,477</u>	<u>423,533</u>	17.7			

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7. Review of Performance

(a) Turnover

4Q2001 vs 4Q2000

4Q2001	4Q2000	Growth	
\$140m	\$133m	\$7m	5%

The turnover of \$140 million recorded in 4Q2001 was higher than that in 4Q2000 by 5% or \$7 million. The increase was mainly contributed by **Software Systems Group (SSG)** with milestone completion of the Hong Kong Fire Services project, Ministry of Home Affairs' (MHA) Command & Control System project and an aircraft simulator project. In **Communication & Sensor Systems Group (CSG)**, the increase came from the supply of radio communications equipment. Sales for **Large-Scale Systems Group (LSG)** was lower due to earlier than planned milestone completion of a project in the previous quarter.

FY2001 vs FY2000

FY2001	FY2000	Growth	
\$498m	\$424m	\$74m	18%

Turnover recorded in FY2001 increased by 18% or \$74 million to \$498 million. All three business groups contributed to the increase in turnover. In **CSG**, major contribution came from milestone completion in MHA communications project and the supply of radio communications equipment. In **SSG**, sales came mainly from milestone completion of the Hong Kong Fire Services project, MHA's Command & Control System project and aircraft simulator projects. **LSG** recorded higher sales from milestone completion of Land Transport Authority's (LTA) North-East Line MRT project and Sengkang/Punggol LRT project.

(b) Profitability

4Q2001 vs 4Q2000

4Q2001	4Q2000	Growth	
\$15.1m	\$16.0m	(\$0.9)m	(5%)

Profit before tax at \$15.1 million was marginally lower than the previous corresponding period by 5% or \$0.9 million. **SSG** recorded a higher profit and **LSG** recorded a lower profit as a result of their respective sales whilst **CSG** recorded a slightly lower profit as a result of a provision made in respect of an investment in a GPRS solutions company.

FY2001 vs FY2000

FY2001	FY2000	Growth	
\$52.2m	\$46.6m	\$5.6m	12%

The Group's profit before tax increased by 12% or \$5.6 million to \$52.2 million over FY2000. All three business groups recorded increases in profit.

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8. Prospects

1Q2002

The turnover and profit for 1Q2002 are projected to be lower than 4Q2001. In 1Q2002, we expect to complete the project milestones in Hong Kong Fire Services project, an aircraft simulator project and milestone delivery of ship consoles under **SSG**; Land Transport Authority's (LTA) MRT/LRT electronic systems and visual passenger information system under **LSG**; MHA's Communication Network system and various defence communication projects under **CSG**. However, the value of these milestones are expected to be less than that of 4Q2001.

FY2002

For full year 2002, we expect to see additional milestone completion for our rail electronic systems in the LTA's Circle Line project and the Manila LRT project in the Philippines; the Hong Kong Fire Services project for the Hong Kong Fire Services Department; and various electronic projects. We will continue to invest our resources in new product development and in regional market development.

Overall, we expect the full year 2002's performance to be better than that of year 2001.

9. Cash Flow Statement

	2001	2000
	\$'000	\$'000
Cash flow from operating activities	63,043	97,258
Cash flow from investing activities	(24,031)	(11,607)
Proceeds from sale of fixed assets	2	1,481
Investment in associated companies/joint ventures	(2,855)	(262)
Purchase of fixed assets	(10,345)	(6,446)
Purchase of investments	(13,441)	(6,484)
Repayment of Loans from staff and third party	680	152
Additional investment in subsidiary	(73)	(48)
Convertible Loan to an investee company	(289)	-
Cash contribution from minority shareholder	2,188	-
Exchange Difference on investing activities	102	-
Cash flow from financing activities	(24,157)	(19,040)
Dividend paid to shareholders of the company	(24,157)	(19,040)
Net increase in cash and cash equivalents	14,855	66,611
Cash and cash equivalents at beginning of year	287,863	221,252
Cash and cash equivalents at end of year	<u>302,718</u>	<u>287,863</u>

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10. Balance Sheet as at 31 December

	2001	2000
	\$'000	\$'000
Fixed Assets and assets on lease	26,482	23,381
Associated companies and joint ventures	1,342	147
Long-term investments	54,526	39,739
Intangible Asset	792	-
Long term receivables	115	220
Current assets	596,297	529,397
Less: Current liabilities	(510,515)	(427,009)
Net current assets	85,782	102,388
	169,039	165,875
Less: Non-current liabilities	(75,155)	(87,124)
	93,884	78,751
Less: Minority interests	(2,096)	(5)
Net assets	91,788	78,746

11. Economic Value Added (EVA)

EVA for full year 2001 was \$24.5 million, an increase of 7% over last year. The weighted average cost of capital was 9.4% for 2001 (2000 : 9.9%).

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