

Electronics

“Steady Growth in 1st Quarter”

FINANCIAL HIGHLIGHTS For the three months ended 31 March 2002			
	2002 1Q	2001 1Q	Growth %
Turnover (\$m)	139	102	36
Investment, interest and other income (\$m)	1.3	2.3	(45)
Profit before tax (\$m)	11.9	8.8	35
Profit attributable to shareholders before EI (\$m)	8.4	5.3 [#]	60

Figure restated

“We are pleased with the good start to year 2002 with the award of a LTA contract to deliver various electronics systems for the MRT Circle Line. While we consolidate and grow our local base, we will continue to actively pursue new international business opportunities.”

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 2002 :

	2002 \$'000 3 Months	2001 \$'000 3 Months	+ / (-) %
1. (a) Turnover	<u>139,217</u>	<u>102,314</u>	36.1
(b) Investment Income	-	-	-
(c) Other Income including Interest Income	<u>1,275</u>	<u>2,305</u>	(44.7)
2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	13,824	10,702	29.2
(b) (i) Interest on Borrowings	(1)	-	NM
(ii) Depreciation and Amortisation	(1,755)	(1,779)	(1.3)
(c) Exceptional Items	-	-	-
(d) Operating Profit before Income Tax, Minority Interests, Extraordinary Items but after Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	12,068	8,923	35.2
(e) Income derived from Associated Companies / Joint Ventures	(197)	(126)	56.3
Operating Profit before Income Tax	<u>11,871</u>	<u>8,797</u>	34.9
(f) Less Income Tax	(3,404)	(3,575) #	(4.8)
(g) (i) Operating Profit after Tax before deducting Minority Interests	8,467	5,222 #	62.1
(ii) Less Minority Interests	(49)	43	(214.0)
(h) Operating Profit after Tax attributable to Members of the Company	<u>8,418</u>	<u>5,265 #</u>	59.9
(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>8,418</u>	<u>5,265 #</u>	59.9
* NM - Not Meaningful			
# Figures restated. See Note 11.			
3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover	6.1%	5.1%	
(b) Operating Profit [2(h) above] as a percentage of Issued Capital and Reserves at End of Period	7.4%	5.0%	

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	2002 \$'000	2001 \$'000	+ / (-) %
4. (a) Sales reported for first quarter	139,217	102,314	36.1
(b) Operating Profit [2(g)(i) above] reported for first quarter	8,467	5,222 [#]	62.1
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		
	2002 \$'000	2001 \$'000	+ / (-) %	2002 \$'000	2001 \$'000	+ / (-) %

By Business Group

First Quarter

Large-Scale Systems Group	55,261	37,385	47.8	2,438	1,927	26.5
Communication & Sensor Systems Group	52,087	44,898	16.0	4,954	3,885	27.5
Software Systems Group	31,869	20,031	59.1	4,479	2,985	50.1
Total	139,217	102,314	36.1	11,871	8,797	34.9

By Country of Incorporation

Asia	135,765	102,314	32.7
USA	3,452	-	NM
Europe	-	-	-
Others	-	-	-
Total	139,217	102,314	36.1

By Geographical Areas

Asia	130,598	100,362	30.1
USA	4,119	646	537.6
Europe	4,000	504	693.7
Others	500	802	(37.7)
Total	139,217	102,314	36.1

7. Review of Performance

(a) Turnover

1Q2002 vs 1Q2001

1Q2002	1Q2001	Growth	
\$139m	\$102m	\$37m	36%

The turnover of \$139 million for 1Q2002 was higher than that in 1Q2001 by 36% or \$37 million. This was contributed by all three business groups. The increase for **Large-Scale Systems Group (LSG)** was largely contributed by milestone completion of the Land Transport Authority's (LTA) North East Line and Changi Airport Line MRT projects. In **Communication & Sensor Systems Group (CSG)**, major sales was recorded with the supply of a communication system to a major customer. **Software System Group (SSG)** achieved higher sales with milestone completion in an aircraft simulator project and the Hong Kong Fire Services project.

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(b) Profitability

1Q2002 vs 1Q2001

1Q2002	1Q2001	Growth	
\$11.9m	\$8.8m	\$3.1m	35%

The profit before tax of \$11.9 million for 1Q2002 represented a 35% or \$3.1 million increase over that in 1Q2001. All three business groups reported higher profits as a result of higher turnover.

8. Second Quarter and Full Year Prospects

2Q2002

Revenue will come from the completion of major milestones in LTA's MRT projects under **LSG**, Hong Kong Fire Services project, Command and Control project, and an aircraft simulator project under **SSG**. Revenue will also come from MHA's Communication Network system project, VSAT sales and the supply of radio communications equipment under **CSG**.

The Sector expects lower turnover but better profit before tax in the second quarter.

FY2002

For the full year 2002, we expect to see additional milestone completion for our electronic rail systems for LTA's North East Line and Circle Line MRT projects, Manila LRT project, Hong Kong Fire Services project, aircraft simulator projects, MHA's Communication Network system project and supply of communications equipment. We will continue to actively pursue new international business opportunities.

Overall, we expect the full year performance of FY2002 to be better than that of FY2001.

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9. Cash Flow Statement for the period ended 31 March

	2002	2001
	\$'000	\$'000
Cash flow from operating activities	35,560	47,760
Cash flow from investing activities	(9,895)	(8,000)
Proceeds from sale of fixed assets	1	-
Investment in associated company and joint ventures	-	(1,500)
Purchase of fixed assets	(1,499)	(1,484)
Purchase of equity investments	(8,437)	(5,093)
Loans to staff and third parties	40	77
Cash flow from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	25,665	39,760
Cash and cash equivalents at beginning of year	292,718	287,863
Cash and cash equivalents at end of period	318,383	327,623

10. Balance Sheet

	31 Mar 2002	31 Dec 2001
	\$'000	\$'000
Fixed assets and assets on lease	26,220	26,482
Associated companies and joint ventures	1,186	1,343
Long-term investments	62,961	54,526
Intangible assets	751	792
Loan receivables, non-current	114	115
Deferred tax assets	10,949	11,148 [#]
Current assets	654,889	596,297
Less: Current liabilities	(549,989)	(510,516)
Net current assets	104,900	85,781
	207,081	180,187 [#]
Less: Non-current liabilities	(93,625)	(75,155)
	113,456	105,032 [#]
Share capital and reserves	111,313	102,936 [#]
Add: Minority interests	2,143	2,096
	113,456	105,032 [#]

[#] Figures restated. See Note 11.

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11. Adoption of Revised Accounting Standards

With effect from 1 January 2002, the Sector changed its accounting policy with respect to the treatment of deferred taxation in order to conform with the new requirements of Statements of Accounting Standard 12 Income Taxes, which is effective for financial periods beginning on or after 1 April 2001. The change in accounting policy resulted in a prior period adjustment to share capital and reserves as at 31 December 2001 amounting to \$11,148,000.

The comparative information, which was restated based on the new accounting policy is presented below.

Profit & Loss Statement

	1Q2002 \$'000	1Q2001 \$'000
Turnover	<u>139,217</u>	<u>102,314</u>
Profit before tax	12,068	8,923
Share of results of associated companies and joint ventures	<u>(197)</u>	<u>(126)</u>
	11,871	8,797
Income Tax		
- Current year	(3,404)	(2,862)
- Change in accounting policy with adoption of SAS 12	-	(713)
Net profit for the period	<u>8,467</u>	<u>5,222</u> #

Statement of Share Capital & Reserves

	31 Mar 2002	31 Dec 2001
Share capital & reserves		
At beginning of year (previously stated)	91,788	78,746
Effect of change in accounting policy		
- with respect to adoption of SAS 12 Income Taxes	<u>11,148</u>	<u>13,649</u>
At beginning of year (restated)	102,936	92,395 #
Foreign currency translation differences	(41)	199
Net profit for the period / year	8,418	34,499 #
Dividends	-	(24,157)
At end of period / year	<u>111,313</u>	<u>102,936</u> #

Figures restated.

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