

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 | + / (-) % |
| <u>By Business Activity</u> | | | | | | |
| 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 | + / (-) % |
| <u>By Country of Incorporation</u> | | | |
| 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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