

Electronics

Electronics Sector unaudited results for the nine months ended 30 September 2000 :

	2000 \$'000 9 Months	1999 \$'000 9 Months	+ / (-) %
1. (a) Turnover	<u>290,279</u>	<u>233,536</u>	24.3
(b) Investment Income	-	-	-
(c) Other Income including Interest Income	<u>7,895</u>	<u>5,007</u>	57.7
2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	34,561	24,822	39.2
(b) (i) Interest on Borrowings	(6)	-	NM
(ii) Depreciation and Amortisation	(3,892)	(4,259)	(8.6)
(c) Exceptional Items	-	-	-
(d) Operating Profit before Income Tax, Minority Interests, Extraordinary Items but after Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items	30,663	20,563	49.1
(e) Income derived from Associated Companies /Joint Ventures	(34)	(409)	(91.7)
Operating Profit before Income Tax	<u>30,629</u>	<u>20,154</u>	52.0
(f) Less Income Tax	(10,391)	(6,633)	56.7
(g) (i) Operating Profit after Tax before deducting Minority Interests	20,238	13,521	49.7
(ii) Less Minority Interests	160	-	NM
(h) Operating Profit after Tax attributable to Members of the Company	<u>20,398</u>	<u>13,521</u>	50.9
(i) (i) Extraordinary Items	-	(2,093)	NM
(ii) Less Minority Interests	-	-	-
(iii) Extraordinary Items attributable to Members of the Company	-	(2,093)	NM
(j) Operating Profit after Tax and Extraordinary Items attributable to Members of the Company	<u>20,398</u>	<u>11,428</u>	78.5
*NM - Not Meaningful			
3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover	7.0%	5.8%	

Electronics

	2000 \$'000	1999 \$'000	+ / (-) %
4. (a) Sales reported for first half	197,347	161,245	22.4
(b) Operating Profit [2(g)(i) above] reported for first half	11,939	8,194	45.7
(c) Sales reported for third quarter	92,932	72,291	28.6
(d) Operating Profit [2(g)(i) above] reported for third quarter	8,299	5,327	55.8
(e) Sales reported for third quarter year-to-date	290,279	233,536	24.3
(f) Operating Profit [2(g)(i) above] reported for third quarter year-to-date	20,238	13,521	49.7
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 pre-acquisition profit included in the results reported.			
(c) There was no disposal of property during the period.			
(d) The extraordinary loss in 1999 related to the provision made on an investment of \$3.5 million offset by gain on sales of an investment in a joint venture company of \$1.4 million.			

6. Business Grouping Information

	Turnover			Profit before Tax		
	2000 \$'000	1999 \$'000	+ / (-) %	2000 \$'000	1999 \$'000	+ / (-) %
<u>By Business Group</u>						
Third Quarter						
Large-Scale Systems Group	30,207	28,049	7.7	1,687	645	161.6
Communication & Sensor Systems Group	29,246	27,090	8.0	4,582	3,097	47.9
Software Systems Group	33,479	17,152	95.2	6,192	4,247	45.8
Total	<u>92,932</u>	<u>72,291</u>	28.6	<u>12,461</u>	<u>7,989</u>	56.0
Nine Months Ended 30 September						
Large-Scale Systems Group	101,462	86,337	17.5	5,649	2,237	152.5
Communication & Sensor Systems Group	110,783	87,774	26.2	12,254	8,901	37.7
Software Systems Group	78,034	59,425	31.3	12,726	9,016	41.1
Total	<u>290,279</u>	<u>233,536</u>	24.3	<u>30,629</u>	<u>20,154</u>	52.0

Electronics

7. Review of Performance

(a) Turnover

3Q2000 vs 3Q1999

3Q2000	3Q1999	Growth	
\$93m	\$72m	\$21m	29%

Turnover recorded in 3Q2000 at \$93 million was higher than 3Q1999 by 29% or \$21 million, mainly contributed by **Software Systems Group (SSG)** due to recognition of project milestones from a command and control project for Ministry of Home Affairs (MHA). Major sales were recognised from milestones completion from **Large-Scale Systems Group (LSG)** for Land Transport Authority's (LTA) Expressway Monitoring & Advisory System (EMAS) Phase II Project, and from **Communication & Sensor Systems Group (CSG)** for the supply of communications equipment.

9M2000 vs 9M1999

9M2000	9M1999	Growth	
\$290m	\$234m	\$56m	24%

9M2000 turnover increased by 24% or \$56 million to \$290 million. All three business groupings contributed to the increase in turnover. **LSG** recognised major milestones in LTA's EMAS Phase II Project. The larger **CSG's** sales were mainly due to the supply of communications equipment and milestones completion of MHA's communication project. In **SSG**, major sales were recognised from milestones completion of a ship console project and MHA's command and control project.

(b) Profitability

3Q2000 vs 3Q1999

3Q2000	3Q1999	Growth	
\$12.5m	\$8.0m	\$4.5m	56%

Profit before tax increased by 56% or \$4.5 million to \$12.5million, with profit contributions coming from all three business groupings mainly due to increase in turnover and better operational efficiency. In **SSG**, sales had increased significantly compared to same period last year. However lower net profit margin was recorded as compared with the previous corresponding period.

9M2000 vs 9M1999

9M2000	9M1999	Growth	
\$30.6m	\$20.2m	\$10.4m	52%

The Group's profit before tax increased by 52% or \$10.4 million to \$30.6 million. All three business groupings had performed well due to higher sales and better operational efficiency.

Electronics

8. Prospects

Sales in the fourth quarter are projected to be higher than the third quarter due to the expected completion of several major project milestones. Major milestones for this quarter are expected to come from the LTA's MRT/LRT electronic system projects and EMAS phase II project; the aircraft simulator projects; and various defence communication projects. In addition, product sales from VSAT, RFID, and maintenance of electronic equipment and software systems will also contribute to revenues.

The profitability of the 4th quarter and the full year is expected to be better than that of the preceding periods respectively.

9 e-Business Updates

In e-Business, the Electronics Sector will continue to focus on three areas, viz. to build on the Infocomm infrastructure, develop Internet applications and offer e-Business system integration services.

In the area of Infocomm infrastructure and Internet application development, we will invest in R & D to enhance our products and solutions including Information Security products, Infocomm devices and Mobile Real-time Software to support Mobile e-Commerce. We will also be seeking investment opportunities, particularly in the areas of Broadband Wireless Access and Information Security.

Press Contact:
Magdalen Loh
AVP/Head, Corporate Communications
Tel: (65) 4807788
Fax: (65) 4848840
Email: lohlm@stee.st.com.sg