

## Electronics

### Electronics Sector audited results for the year ended 31 December 2000 :

	2000 \$'000	1999 \$'000	+ / (-) %
<b>1. (a) Turnover</b>	<b><u>423,533</u></b>	<b><u>361,991</u></b>	<b>17.0</b>
(b) Investment Income	-	-	-
(c) Other Income including Interest Income	<u>11,150</u>	<u>7,138</u>	56.2
<b>2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items</b>	52,147	33,549	55.4
(b) (i) Interest on Borrowings	(7)	-	NM
(ii) Depreciation and Amortisation	(5,329)	(5,348)	(0.4)
(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>46,811</u>	<u>28,201</u>	66.0
(e) Income derived from Associated Companies / Joint Ventures	(220)	-	NM
<b>Operating Profit before Income Tax</b>	<b><u>46,591</u></b>	<b><u>28,201</u></b>	<b>65.2</b>
(f) Less Income Tax	(16,293)	(12,916)	26.1
(g) (i) Operating Profit after Tax before deducting Minority Interests	<u>30,298</u>	<u>15,285</u>	98.2
(ii) Less Minority Interests	282	15	1,780.0
<b>(h) Operating Profit after Tax attributable to Members of the Company</b>	<b><u>30,580</u></b>	<b><u>15,300</u></b>	<b>99.9</b>
(i) (i) Extraordinary Items	-	(2,093)	NM
(ii) Less Minority Interests	-	-	-
(iii) Extraordinary Items attributable to Members of the Company	-	(2,093)	NM
<b>(j) Operating Profit after Tax and Extraordinary Items attributable to Members of the Company</b>	<b><u>30,580</u></b>	<b><u>13,207</u></b>	<b>131.5</b>
* NM - Not Meaningful			
<b>3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover</b>	7.2%	4.2%	
(b) Operating Profit [2(h) above] as a percentage of Issued Capital and Reserves at End of Year	38.8%	22.7%	
	<b>2000 \$'000</b>	<b>1999 \$'000</b>	<b>+ / (-) %</b>
<b>4. (a) Sales reported for first half year</b>	197,347	161,245	22.4
(b) Operating Profit [2(g)(i) above] reported for first half year	11,939	8,194	45.7
(c) Sales reported for second half year	226,186	200,746	12.7
(d) Operating Profit [2(g)(i) above] reported for second half year	18,359	7,091	158.9

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- 5 (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years. In 1999 the Group tax charge has increased by \$171,000 due mainly to the underprovision of current tax in respect of prior year.
- (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 sale 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	+ / (-) %
<b><u>By Business Group</u></b>						
<b>Fourth Quarter</b>						
Large-Scale Systems Group	60,759	48,029	26.5	5,320	2,415	120.3
Communication & Sensor Systems Group	32,674	39,255	(16.8)	5,374	4,941	8.8
Software Systems Group	39,821	41,171	(3.3)	5,268	691	662.4
Total	<u>133,254</u>	<u>128,455</u>	3.7	<u>15,962</u>	<u>8,047</u>	98.4
<b>Full Year Ended 31 December</b>						
Large-Scale Systems Group	162,221	134,366	20.7	10,969	4,652	135.8
Communication & Sensor Systems Group	143,457	127,029	12.9	17,628	13,842	27.4
Software Systems Group	117,855	100,596	17.2	17,994	9,707	85.4
Total	<u>423,533</u>	<u>361,991</u>	17.0	<u>46,591</u>	<u>28,201</u>	65.2
<b><u>By Country of Incorporation</u></b>						
Asia	423,533	361,991	17.0			
USA	-	-	-			
Europe	-	-	-			
Others	-	-	-			
Total	<u>423,533</u>	<u>361,991</u>	17.0			
<b><u>By Geographical Areas</u></b>						
Asia	405,685	336,955	20.4			
USA	2,987	7,913	(62.3)			
Europe	9,467	11,865	(20.2)			
Others	5,394	5,258	2.6			
Total	<u>423,533</u>	<u>361,991</u>	17.0			

### 7. Review of Performance

#### (a) Turnover

4Q2000 vs 4Q1999

4Q2000	4Q1999	Growth	
\$133m	\$128m	\$5m	4%

Turnover of \$133 million recorded in 4Q2000 was slightly higher than 4Q1999 by 4% or \$5 million. **Large-Scale Systems Group (LSG)** achieved higher sales with milestone completion in the Land Transport Authority's (LTA) MRT projects for North-East line. This was partly offset by the lower sales recorded by **Communication & Sensor Systems Group (CSG)** and **Software Systems Group (SSG)** due to fewer milestones delivered in 4Q2000.

FY2000 vs FY1999

FY2000	FY1999	Growth	
\$424m	\$362m	\$62m	17%

Turnover for FY 2000 increased by 17% or \$62 million to \$424 million. The larger sales recognition in **LSG** was due to milestone completion of the LTA's Expressway Monitoring & Advisory System (EMAS) Phase II Project and MRT projects for the North-East line. **CSG's** sales came mainly from the supply of communications equipment and milestone completion in the Ministry of Home Affairs' (MHA) communication project. In **SSG**, major sales were recognised from milestone completion of the MHA's command and control project and a ship console project.

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### (b) Profitability

4Q2000 vs 4Q1999

4Q2000	4Q1999	Growth	
\$16.0m	\$8.0m	\$8.0m	100%

Profit before tax at \$16.0 million represented a 100% or \$8.0 million increase with profit contributions coming from all three business groups. In **SSG**, the profit was higher due to provisions made in respect of a project in 4Q1999. Profit improvement in **LSG** was achieved through higher overall sales and better operational efficiency. In **CSG**, the profit had increased despite lower sale, because of better operational efficiency.

FY2000 vs FY1999

FY2000	FY1999	Growth	
\$46.6m	\$28.2m	\$18.4m	65%

The Group's profit before tax increased by 65% or \$18.4 million to \$46.6 million. For the whole year, all three business groups had performed well due to higher sales, higher interest income and better overall operational efficiency. In **SSG**, the profit was higher partly due to provisions made in respect of a project in 4Q1999.

### 8. Prospects

1Q 2001

During the quarter, we expect to see the completion of milestones in a communications project for the MHA (**CSG**); MRT and LED Traffic Lights projects for LTA (**LSG**); and from various defence contracts. Product sales from VSAT (**CSG**) and maintenance of software systems (**SSG**) will continue to add to sales. However, as the value of these milestones is less than that in 4Q 2000, we expect sales and profit in 1Q 2001 to be lower.

FY 2001

During the year, we expect to see completion of more milestones for MHA's communications and command & control projects, LTA's LED Traffic Lights and MRT projects. We will continue to enhance our solutions through research & development and strategic investment in Infocomm Technologies. We will also continue to strengthen our marketing channels through international partnerships.

The performance of full year 2001 is expected to be better than that of year 2000. The improvement is likely to occur in the later part of the year.

### 9. Cash Flow Statement

	2000 \$'000	1999 \$'000
Cash flow from operating activities	97,258	88,737
Cash flow from investing activities	(11,607)	8,384
Proceeds from sale of fixed assets	1,481	30
Proceeds from sale of joint venture	-	1,378
Acquisition of subsidiaries, net of cash	-	14,261
Capital contribution by minority interests	(48)	350
Investment in associated company and joint venture	(262)	(305)
Purchase of fixed assets	(6,446)	(3,741)
Purchase of investments	(6,484)	(3,571)
Repayment of/(Loans to) staff and third party	152	(18)
Cash flow from financing activities	(19,040)	(16,907)
Dividend paid to shareholders of the company	(19,040)	(16,907)
Net increase in cash and cash equivalents	66,611	80,214
Cash and cash equivalents at beginning of year	221,252	141,038
Cash and cash equivalents at end of year	<u>287,863</u>	<u>221,252</u>

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### 10. Balance Sheet as at 31 December

	2000	1999
	\$'000	\$'000
Fixed Assets and assets on lease	23,381	23,732
Associated companies and joint ventures	147	105
Long-term investments	39,739	35,494
Long term receivables	220	851
Current assets	529,397	440,652
Less: Current liabilities	(513,227)	(432,312)
Net current assets	16,170	8,340
	79,657	68,522
Less: Non-current liabilities	(906)	(865)
	78,751	67,657
Less: Minority interests	(5)	(335)
Net assets	78,746	67,322

### 11. e-Business

In the area of Infocomm infrastructures, the Electronics Sector has developed products to enhance our Mobile e-Commerce solutions. New products such as the second generation In-Vehicle unit and electronics book were launched during the year.

In the area of Internet application development, we have started to extend the scope of our Common Application Platform (CAP) to facilitate development of e-Commerce applications quickly. We have also embarked on the development of enterprise e-learning solutions for corporate users.

### 12. Economic Value Added (EVA)

EVA for full year 2000 was \$23.0 million, an increase of \$10.4 million or 82% over 1999. The weighted average cost of capital was 9.9% for 2000 and 1999.

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