



Electronics

“Steady Performance in 1Q”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2008			
	2008 1Q	2007 1Q	Growth %
Turnover (\$m)	248	234	6
Investment, interest and other income (\$m)	0.9	1.2	(25)
Earnings before interest and tax (EBIT) (\$m)	22.3	21.2	5
Profit before tax (\$m)	20.1	22.2	(9)
Profit attributable to shareholders (\$m)	16.5	15.9	3

N.B.: All currencies are in Singapore dollars

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Electronics sector unaudited results for the first quarter ended 31 March 2008:

	1Q2008 \$'000	1Q2007 \$'000	+ / (-) %
1. (a) Turnover	248,001	233,710	6.1
(b) Cost of sales	(165,767)	(159,324)	4.0
(c) Gross Profit	82,234	74,386	10.6
(d) Other operating income	820	1,143	(28.3)
(e) Distribution and selling expenses	(21,234)	(17,885)	18.7
(f) Administrative expenses	(24,174)	(23,810)	1.5
(g) Other operating expenses	(14,567)	(11,460)	27.1
(h) Profit from continuing operations before taxation, other income and financial expenses	23,079	22,374	3.2
(i) Other income, net	53	24	120.8
(j) Financial expenses	(3,153)	(2,550)	23.6
	19,979	19,848	0.7
(k) Share of results of associated companies and joint venture	169	2,387	(92.9)
(l) Profit from continuing operations before taxation	20,148	22,235	(9.4)
(m) Taxation	(3,522)	(5,815)	(39.4)
(n) Profit from continuing operations after taxation	16,626	16,420	1.3
Attributable to:			
(o) Shareholders of the Company	16,478	15,942	3.4
(p) Minority interests	148	478	(69.0)
	16,626	16,420	1.3
2. (a) Profit from continuing operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	4,499	3,629	24.0
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(1,295)	154	NM
Allowance/(write-back of allowance) for stock obsolescence, net	(151)	(188)	(19.7)
Impairment/(write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises:			
Investment income	23	-	NM
Interest income	831	1,154	(28.0)
Others	(34)	(11)	209.1
	820	1,143	(28.3)
(c) Other income, net comprises:			
Foreign exchange gain/(loss), net	(200)	(203)	(1.5)
Rental income	68	63	7.9
Others	185	164	12.8
	53	24	120.8

* NM - Not Meaningful



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	1Q2008 \$'000	1Q2007 \$'000	+ / (-) %
3. (a) Profit from continuing operations after taxation [1(n) above] as a percentage of turnover	6.7%	7.0%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	7.9%	6.5%	
4. (a) Turnover reported for first quarter	248,001	233,710	6.1
(b) Profit from continuing operations after taxation reported for first quarter	16,626	16,420	1.3
5. (a) There was a net adjustment of \$ 444,000 for over provision of current and deferred tax in respect of prior year (1Q2007: \$117,000).			
(b) There was no disposal of property during the period.			

6. Business Group Information

First Quarter

	Turnover			Profit before Taxation		
	1Q2008 \$'000	1Q2007 \$'000	+ / (-) %	1Q2008 \$'000	1Q2007 \$'000	+ / (-) %
<u>By Business Group</u>						
Large-Scale Systems Group	50,783	46,570	9.0	4,053	1,761	130.2
Communication & Sensor Systems Group	119,475	108,702	9.9	5,925	7,813	(24.2)
Software Systems Group	77,743	78,438	(0.9)	10,170	12,661	(19.7)
Total	<u>248,001</u>	<u>233,710</u>	6.1	<u>20,148</u>	<u>22,235</u>	(9.4)

By Country of Incorporation

Asia	192,671	188,266	2.3
USA	44,481	45,418	(2.1)
Europe	-	-	-
Others	10,849	26	NM
Total	<u>248,001</u>	<u>233,710</u>	6.1

By Geographical Areas

Asia	185,774	177,092	4.9
USA	23,243	24,127	(3.7)
Europe	8,589	12,048	(28.7)
Others	30,395	20,443	48.7
Total	<u>248,001</u>	<u>233,710</u>	6.1

* NM - Not Meaningful

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7. Review of Performance

(a) Turnover

1Q2008 vs 1Q2007

1Q2008	1Q2007	Growth	
\$248m	\$234m	\$14m	6%

The turnover of \$248 million recorded in 1Q2008 was higher than that in 1Q2007 by 6% or \$14 million. The increase was mainly contributed by **Communication & Sensor Systems Group (CSG)** with the sales of new telematics systems. Sales for **Large-Scale Systems Group (LSG)** were higher with milestone completions of the Land Transport Authority's Circle Line project. **Software Systems Group's (SSG)** sales were comparable to the same period last year.

1Q2008 vs 4Q2007

1Q2008	4Q2007	Growth	
\$248m	\$290m	(\$42m)	(15%)

The turnover of \$248 million recorded in 1Q2008 was lower than that in 4Q2007 by 15% or \$42 million. All three business groups recorded lower sales. Sales from **LSG** and **SSG** were lower mainly due to lower value in project milestone completions. **CSG's** sales were lower mainly due to lower sales of satellite communication products and electro-optics equipment.

(b) Profitability

1Q2008 vs 1Q2007

1Q2008	1Q2007	Growth	
\$20.1m	\$22.2m	(\$2.1m)	(9%)

The profit before tax of \$20.1 million for 1Q2008 was lower than that in 1Q2007 by 9% or \$2.1m. At the business group level, the decrease in profit was recorded in **CSG** and **SSG**. **CSG** recorded a lower profit mainly due to lower operating profit from satellite communication product sales. **SSG's** profit was lower mainly due to lower income from associated companies arising from the divestment of an associated company in 4Q2007. **LSG** recorded a higher profit mainly due to higher sales and better margins in project milestones completed.

1Q2008 vs 4Q2007

1Q2008	4Q2007	Growth	
\$20.1m	\$37.4m	(\$17.3m)	(46%)

The profit before tax of \$20.1 million for 1Q2008 was lower than that in 4Q2007 by 46% or \$17.3 million. At the business group level, **CSG's** profit was lower mainly due to lower sales and lower operating profit from satellite communication product sales. **SSG's** and **LSG's** profits were lower mainly due to lower investment income.

8. Prospects

1H2008

Barring unforeseen circumstances, the Sector expects turnover and profit before tax for 1H2008 to be comparable to 1H2007.

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9. Balance Sheet

	31-Mar-08 \$'000	31-Dec-07 \$'000
Property, plant and equipment	41,500	42,262
Associated companies and joint venture	9,130	8,971
Investments	27,349	28,827
Intangible assets	341,655	351,722
Investment property	1,418	1,428
Long-term receivables	1,759	1,815
Deferred tax assets	23,018	22,581
Non-current assets	445,829	457,606
Current assets	943,381	934,891
Total assets	1,389,210	1,392,497
Current liabilities	760,205	856,973
Non-current liabilities	533,196	445,517
Total liabilities	1,293,401	1,302,490
Share capital and reserves	80,243	75,611
Minority interests	15,566	14,396
Total equity and liabilities	1,389,210	1,392,497

10. Cash Flow Statement for the first quarter ended 31 March 2008

	1Q2008 \$'000	1Q2007 \$'000 (Restated)
Net cash from operating activities	100,586	56,083
Net cash used in investing activities	(125,419)	(1,818)
Proceed from sale of property, plant and equipment	-	1
Proceed from sale of an associated company	15	1,017
Dividend from investment	8	-
Purchase of property, plant and equipment	(3,893)	(2,836)
Acquisition of subsidiaries	(121,549)	-
Net cash from financing activities	8,307	11,685
Capital contribution from minority shareholders of a subsidiary	-	1,324
Proceeds from inter-company loans, net of repayment	17,768	14,744
Repayment of bank loans	(6,881)	(2,490)
Repayment of lease obligations	(18)	(16)
Dividend paid to minority shareholders of a subsidiary	(756)	(915)
Interest paid	(1,806)	(962)
Net increase/(decrease) in cash and cash equivalents	(16,526)	65,950
Cash and cash equivalents at beginning of the year	275,583	144,344
Exchange difference on cash and cash equivalents at beginning of the year	(5,698)	(731)
Cash and cash equivalents at end of period	253,359	209,563



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11. Accounting Policies

The Sector has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2007 except for the adoption of the Financial Reporting Standards (FRS) and INT FRS that are mandatory for financial years beginning on or after 1 January 2008. The adoption of these FRS and INT FRS has no significant impact to the Sector.

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