

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by laws or regulations.

Electronics

“Strong Operating Growth in 1st Quarter”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2010					
	2010 1Q	2009 1Q	Growth %	2009 4Q	Growth %
Turnover (\$m)	369	338	9	391	(6)
Earnings before interest and tax (EBIT) (\$m)	27.8	19.7	41	27.8	-
Investment, interest and other income (\$m)	2.3	4.0	(43)	2.7	(15)
Profit before tax (\$m)	28.1	21.7	29	30.4	(8)
Profit attributable to shareholders (\$m)	22.6	18.1	25	25.0	(10)

N.B.: All currencies are in Singapore dollars.

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Electronics sector unaudited results for the first quarter ended 31 March 2010:

	1Q2010 \$'000	1Q2009 \$'000	+ / (-) %
1. (a) Turnover	369,084	337,662	9.3
(b) Cost of sales	(273,792)	(252,595)	8.4
(c) Gross Profit	<u>95,292</u>	<u>85,067</u>	12.0
(d) Other operating income	438	473	(7.4)
(e) Distribution and selling expenses	(21,751)	(18,940)	14.8
(f) Administrative expenses	(29,897)	(32,580)	(8.2)
(g) Other operating expenses	(15,843)	(13,872)	14.2
(h) Profit from operations before taxation, other income and financial expenses	<u>28,239</u>	<u>20,148</u>	40.2
(i) Other income, net	1,850	3,557	(48.0)
(j) Financial expenses	(1,974)	(2,124)	(7.1)
	<u>28,115</u>	<u>21,581</u>	30.3
(k) Share of results of associated companies and joint venture	(37)	145	(125.5)
(l) Profit from operations before taxation	<u>28,078</u>	<u>21,726</u>	29.2
(m) Taxation	(4,545)	(3,570)	27.3
(n) Profit from operations after taxation	<u>23,533</u>	<u>18,156</u>	29.6
Profit attributable to:			
(o) Shareholders of the Company	<u>22,578</u>	<u>18,093</u>	24.8
(p) Non-controlling interests	955	63	>500
	<u>23,533</u>	<u>18,156</u>	29.6
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,604	5,861	12.7
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	140	68	105.9
Allowance/(write-back of allowance) for stock obsolescence, net	688	348	97.7
Impairment/(write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises:			
Investment income	129	-	NM
Interest income	299	472	(36.7)
Others	10	1	>500
	<u>438</u>	<u>473</u>	-
(c) Other income, net comprises:			
Foreign exchange gain/(loss), net	(380)	168	(326.2)
Rental income	51	67	(23.9)
Others	2,179	3,322	(34.4)
	<u>1,850</u>	<u>3,557</u>	(48.0)

* NM - Not Meaningful

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	1Q2010 \$'000	1Q2009 \$'000	+ / (-) %
3. (a) Profit from operations after taxation [1(n) above] as a percentage of turnover	6.4%	5.4%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	8.7%	7.3%	
4. (a) Turnover reported for first quarter	369,084	337,662	9.3
(b) Profit from operations after taxation reported for first quarter	23,533	18,156	29.6
5. (a) There was an underprovision of current tax of \$2,000 in respect of prior year (1Q2009: There was an underprovision of current tax of \$20,000 and underprovision of deferred tax of \$379,000 in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Turnover		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2010 \$'000	1Q2009 \$'000		1Q2010 \$'000	1Q2009 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	85,421	65,681	30.1	8,518	5,372	58.6
Communication & Sensor Systems Group	186,133	157,221	18.4	10,263	6,976	47.1
Software Systems Group	97,530	114,760	(15.0)	9,297	9,378	(0.9)
Total	<u>369,084</u>	<u>337,662</u>	9.3	<u>28,078</u>	<u>21,726</u>	29.2

By Geographical Areas

Asia	294,776	268,847	9.6
USA	23,838	20,259	17.7
Europe	18,547	19,861	(6.6)
Others	31,923	28,695	11.2
Total	<u>369,084</u>	<u>337,662</u>	9.3

By Country of Incorporation

Asia	309,409	278,191	11.2
USA	46,216	48,374	(4.5)
Europe	5,204	2,578	101.9
Others	8,255	8,519	(3.1)
Total	<u>369,084</u>	<u>337,662</u>	9.3

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7. Review of Performance

(a) Turnover

1Q2010 vs 1Q2009

1Q2010	1Q2009	Growth	
\$369m	\$338m	\$31m	9%

The turnover of \$369 million recorded in 1Q2010 was higher than that in 1Q2009 by 9% or \$31 million. The increase was contributed by **Communication & Sensor Systems Group (CSG)** and **Large-Scale Systems Group (LSG)**. Sales for **CSG** were higher mainly due to milestone completions of communication projects, the Integrated Resort project and sales of electro-optics equipment. **LSG** recorded higher sales with milestone completions of the Land Transport Authority's Circle Line project and half height platform screen doors project, and Guangzhou and Taiwan MRT projects. **Software Systems Group's (SSG)** sales were lower mainly due to lower value project milestone completions.

1Q2010 vs 4Q2009

1Q2010	4Q2009	Growth	
\$369m	\$391m	(\$22m)	(6%)

The turnover of \$369 million recorded in 1Q2010 was lower than that in 4Q2009 by 6% or \$22 million. Lower sales were recorded by **SSG** and **LSG** mainly due to lower value project milestone completions. **CSG's** sales were higher mainly due to milestone completions of communication projects and the Integrated Resort project.

(b) Profitability

1Q2010 vs 1Q2009

1Q2010	1Q2009	Growth	
\$28.1m	\$21.7m	\$6.4m	29%

The profit before tax of \$28.1 million for 1Q2010 was higher than that in 1Q2009 by 29% or \$6.4 million. At the business group level, the increase in profit was contributed by **CSG** and **LSG** mainly due to higher sales. Despite lower sales, **SSG's** profit was comparable to 1Q2009 mainly due to favourable sales mix, offset by lower other income from Jobs Credit Scheme.

1Q2010 vs 4Q2009

1Q2010	4Q2009	Growth	
\$28.1m	\$30.4m	(\$2.3m)	(8%)

The profit before tax of \$28.1 million for 1Q2010 was lower than that in 4Q2009 by 8% or \$2.3 million. At the business group level, the decrease in profit recorded by **SSG** was mainly due to lower sales and lower contribution from an associated company. **CSG's** profit was comparable to 4Q2009 mainly due to less favourable sales mix and lower contribution from satellite communication product sales, offset by lower allowance for doubtful debts. The increase in profit for **LSG** was mainly due to lower operating expenses.

8. Prospects

1H2010

Barring unforeseen circumstances, 1H2010 turnover is expected to be comparable and profit before tax is expected to be higher compared to 1H2009.

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9. Balance Sheet

	31-Mar-10 \$'000	31-Dec-09 \$'000
Property, plant and equipment	54,783	57,084
Associated companies and joint venture	11,416	11,560
Investments	16,473	16,792
Intangible assets	362,684	363,993
Deferred tax assets	25,475	25,790
Non-current assets	470,831	475,219
Current assets	996,514	1,002,649
Total assets	1,467,345	1,477,868
Current liabilities	834,621	848,745
Non-current liabilities	486,493	501,187
Total liabilities	1,321,114	1,349,932
Share capital and reserves	129,825	111,253
Non-controlling interests	16,406	16,683
Total equity and liabilities	1,467,345	1,477,868

10. Statement of Cash Flows for the first quarter ended 31 March 2010

	1Q2010 \$'000	1Q2009 \$'000
Net cash from operating activities	146,385	177,994
Net cash used in investing activities	(3,020)	(2,803)
Proceed from sale of property, plant and equipment	14	18
Proceed from sale of a subsidiary	892	-
Dividends from associated companies	-	171
Purchase of property, plant and equipment	(2,917)	(2,666)
Acquisition of non-controlling interests	(211)	(326)
Acquisition of a subsidiary	(798)	-
Net cash used in financing activities	(67,738)	(24,332)
Repayment of inter-company loans, net	(67,465)	(24,512)
Proceed from bank loans, net of repayment	-	748
Repayment of lease obligations	(1)	(11)
Interest paid	(272)	(557)
Net increase in cash and cash equivalents	75,627	150,859
Cash and cash equivalents at beginning of the year	244,945	223,667
Exchange difference on cash and cash equivalents at beginning of the year	(1,229)	3,521
Cash and cash equivalents at end of the period	319,343	378,047

Media Contact:
 Magdalen Loh
 AVP / Head, Corporate Communications
 Tel: (65) 64131788
 Fax: (65) 64848840
 Email: lohmm@stee.stengg.com