

News Release

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 law or regulation.

Electronics

“Comparable PBT”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2014			
	2014 1Q	2013 1Q	Growth %
Revenue (\$m)	375	433	(13)
Earnings before interest and tax (EBIT) (\$m)	29.2	32.5	(10)
Other income, net (\$m)	3.7	1.3	192
Finance costs, net (\$m)	(0.7)	(0.2)	(195)
Profit before tax (PBT) (\$m)	32.3	33.3	(3)
Profit attributable to shareholders (\$m)	28.6	29.1	(2)

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

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Electronics sector unaudited results for the first quarter ended 31 March 2014

	1Q2014 \$'000	1Q2013 \$'000	+ / (-) %
1. (a) Revenue	375,214	433,102	(13.4)
(b) Cost of sales	(267,387)	(321,092)	(16.7)
(c) Gross Profit	<u>107,827</u>	<u>112,010</u>	(3.7)
(d) Distribution and selling expenses	(22,093)	(20,025)	10.3
(e) Administrative expenses	(34,461)	(40,244)	(14.4)
(f) Other operating expenses	(22,114)	(19,241)	14.9
(g) Profit from operations	<u>29,159</u>	<u>32,500</u>	(10.3)
(h) Other income	3,691	1,261	192.7
(i) Other expenses	(7)	-	NM
(j) Other income, net	3,684	1,261	192.1
(k) Finance income	921	918	0.3
(l) Finance costs	(1,570)	(1,138)	38.0
(m) Finance costs, net	(649)	(220)	195.0
(n) Share of results of associates and jointly controlled entities, net of tax	111	(266)	(141.7)
(o) Profit before taxation	<u>32,305</u>	<u>33,275</u>	(2.9)
(p) Taxation	(3,148)	(3,983)	(21.0)
(q) Profit for the period	<u>29,157</u>	<u>29,292</u>	(0.5)
Attributable to:			
(r) Shareholders of the Company	<u>28,616</u>	<u>29,075</u>	(1.6)
(s) Non-controlling interests	541	217	149.3
	<u>29,157</u>	<u>29,292</u>	(0.5)
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	8,445	6,606	27.8
Write-back of allowance for doubtful debts & bad debts written off, net	(456)	(141)	223.4
Allowance for inventory obsolescence, net	197	189	4.2
(b) Finance costs, net comprises:			
Interest income	921	684	34.6
Foreign exchange gain/(loss), net	(256)	30	>(500)
Fair value changes of financial instruments / hedged items	-	204	(100.0)
Interest expenses	(1,314)	(1,138)	15.5
	<u>(649)</u>	<u>(220)</u>	195.0

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	1Q2014 \$'000	1Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	7.8%	6.8%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	8.6%	9.5%	
4. (a) Revenue reported for first quarter	375,214	433,102	(13.4)
(b) Profit for the period reported for first quarter	29,157	29,292	(0.5)
5. (a) There was overprovision of current tax and deferred tax of \$1,311,000 and \$76,000 respectively in respect of prior years (1Q2013: There was overprovision of current tax and deferred tax of \$1,451,000 and \$23,000 respectively in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue			Profit before Taxation		+ / (-) %
	1Q2014 \$'000	1Q2013 \$'000	+ / (-) %	1Q2014 \$'000	1Q2013 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	112,263	120,699	(7.0)	14,774	12,660	16.7
Communication & Sensor Systems Group	157,378	186,433	(15.6)	5,103	8,740	(41.6)
Software Systems Group	105,573	125,970	(16.2)	12,428	11,875	4.7
Total	<u>375,214</u>	<u>433,102</u>	(13.4)	<u>32,305</u>	<u>33,275</u>	(2.9)

By Geographical Areas

Asia	301,916	331,429	(8.9)
USA	22,086	31,011	(28.8)
Europe	25,221	42,887	(41.2)
Others	25,991	27,775	(6.4)
Total	<u>375,214</u>	<u>433,102</u>	(13.4)

By Country of Incorporation

Asia	313,773	344,650	(9.0)
USA	48,777	80,014	(39.0)
Europe	3,712	2,362	57.2
Others	8,952	6,076	47.3
Total	<u>375,214</u>	<u>433,102</u>	(13.4)

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7. Review of Performance

(a) Revenue

1Q2014 vs 1Q2013

1Q2014	1Q2013	Growth	
\$375m	\$433m	(\$58m)	(13%)

Revenue of \$375 million recorded in 1Q2014 was lower than that of 1Q2013 by 13% or \$58 million. All three business groups recorded lower sales. Both **Large-Scale Systems Group's (LSG)** and **Software Systems Group's (SSG)** sales were lower mainly due to lower value project milestone completions. Sales for **Communication & Sensor Systems Group (CSG)** were lower mainly due to decreased sales of satellite communication products.

(b) Profitability

1Q2014 vs 1Q2013

1Q2014	1Q2013	Growth	
\$32.3m	\$33.3m	(\$1.0m)	(3%)

The profit before tax of \$32.3 million for 1Q2014 was comparable to that of 1Q2013. At the business group level, the decrease in profit from **CSG** was partially offset by **LSG**. **LSG** recorded higher profit mainly due to favourable sales mix. **CSG's** profit was lower mainly due to lower contribution from satellite communication product sales. Despite lower sales and higher operating expenses, **SSG** recorded comparable profit mainly due to favourable sales mix and higher other income.

8. Prospects

1H2014

Barring unforeseen circumstances, 1H2014 revenue is expected to be comparable while PBT is expected to be lower compared to 1H2013.

9. Balance Sheet

	31-Mar-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	174,957	170,244
Associates and jointly controlled entities	840	729
Investments	632	632
Intangible assets	279,596	282,861
Deferred tax assets	30,427	31,159
Non-current assets	486,452	485,625
Current assets	1,268,016	1,247,896
Total assets	1,754,468	1,733,521
Current liabilities	1,101,364	1,081,005
Non-current liabilities	439,446	457,767
Total liabilities	1,540,810	1,538,772
Share capital and reserves	201,124	182,754
Non-controlling interests	12,534	11,995
Total equity and liabilities	1,754,468	1,733,521
Net current assets	166,652	166,891



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10. Statement of Cash Flows for the first quarter ended 31 March 2014

	1Q2014 \$'000	1Q2013 \$'000
Net cash from operating activities	13,765	151,997
Net cash used in investing activities	(10,929)	(21,491)
Proceeds from sale of property, plant and equipment	2	6
Purchase of property, plant and equipment	(10,793)	(20,332)
Acquisition of other intangible assets	(138)	(1,165)
Net cash from/(used in) financing activities	13,281	(9,632)
Repayment of related parties loans	(411)	(6,930)
Proceeds from related party loan	23,542	-
Loans to related parties	-	(2,957)
Repayment of loans by related parties	-	1,229
Repayment of lease obligations	(5)	(8)
Dividend paid to shareholder	(8,617)	-
Interest paid	(1,228)	(1,198)
Deposits pledged	-	232
Net increase in cash and cash equivalents	16,117	120,874
Cash and cash equivalents at beginning of the period	476,383	396,312
Exchange difference on cash and cash equivalents at beginning of the period	(684)	868
Cash and cash equivalents at end of the period	491,816	518,054

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