

## 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**

#### “Higher Revenue and Profits”

<b>FINANCIAL HIGHLIGHTS</b> <b>For the first quarter ended</b> <b>31 March 2016</b>			
	<b>2016 1Q</b>	<b>2015 1Q</b>	<b>Growth %</b>
Revenue (\$m)	464	364	28
Earnings before interest and tax (EBIT) (\$m)	32.7	29.0	13
Other income, net (\$m)	8.3	6.2	33
Finance costs, net (\$m)	(1.4)	(0.4)	(298)
Profit before tax (PBT) (\$m)	39.6	34.9	13
Profit attributable to shareholders (\$m)	33.1	30.8	7

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

## Electronics

### Electronics sector unaudited results for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
<b>1. (a) Revenue</b>	<b>464,273</b>	<b>363,675</b>	<b>27.7</b>
(b) Cost of sales	(342,964)	(251,279)	36.5
<b>(c) Gross Profit</b>	<b>121,309</b>	<b>112,396</b>	<b>7.9</b>
(d) Distribution and selling expenses	(26,837)	(22,065)	21.6
(e) Administrative expenses	(40,569)	(39,974)	1.5
(f) Other operating expenses	(21,246)	(21,390)	(0.7)
<b>(g) Profit from operations</b>	<b>32,657</b>	<b>28,967</b>	<b>12.7</b>
(h) Other income	8,330	6,247	33.3
(i) Other expenses	-	-	NM
(j) Other income, net	8,330	6,247	33.3
(k) Finance income	703	1,074	(34.5)
(l) Finance costs	(2,127)	(1,432)	48.5
(m) Finance costs, net	(1,424)	(358)	297.8
(n) Share of results of associates and joint ventures, net of tax	26	54	(51.9)
<b>(o) Profit before taxation</b>	<b>39,589</b>	<b>34,910</b>	<b>13.4</b>
(p) Taxation	(6,517)	(3,693)	76.5
<b>(q) Profit for the period</b>	<b>33,072</b>	<b>31,217</b>	<b>5.9</b>
Attributable to:			
(r) <b>Shareholder of the Company</b>	<b>33,091</b>	<b>30,790</b>	<b>7.5</b>
(s) Non-controlling interests	(19)	427	(104.4)
	<b>33,072</b>	<b>31,217</b>	<b>5.9</b>

\* NM - Not Meaningful

<b>2. (a) Profit from operations is arrived at after charging/(crediting) the following:</b>			
Depreciation and amortisation	9,259	9,431	(1.8)
Allowance for doubtful debts & bad debts written off, net	1,079	835	29.2
Allowance/(write-back of allowance) for inventory obsolescence, net	(419)	74	>(500)
<b>(b) Finance costs, net comprises:</b>			
Interest income	703	1,040	(32.4)
Foreign exchange gain/(loss), net	(139)	28	>(500)
Gain on disposal of an investment	-	6	(100.0)
Interest expenses	(1,988)	(1,432)	38.8
	<b>(1,424)</b>	<b>(358)</b>	<b>297.8</b>

## Electronics

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	7.1%	8.6%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	9.2%	8.4%	
4. (a) Revenue reported for first quarter	464,273	363,675	27.7
(b) Profit for the period reported for first quarter	33,072	31,217	5.9
5. (a) There was an underprovision of current tax of \$1,173,000 and an overprovision of deferred tax of \$518,000 in respect of prior years (1Q2015: There was an overprovision of current tax of \$1,801,000 and an underprovision of deferred tax of \$160,000 in respect of prior years).			
(b) There was no disposal of property during the period.			

### 6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<b><u>By Business Group</u></b>						
Large-Scale Systems Group	121,293	105,999	14.4	15,011	13,390	12.1
Communication & Sensor Systems Group	224,957	158,889	41.6	10,232	9,864	3.7
Software Systems Group	118,023	98,787	19.5	14,346	11,656	23.1
Total	<u>464,273</u>	<u>363,675</u>	27.7	<u>39,589</u>	<u>34,910</u>	13.4

### **By Geographical Areas**

Asia	357,809	269,880	32.6
USA	52,485	26,486	98.2
Europe	33,848	24,610	37.5
Others	20,131	42,699	(52.9)
Total	<u>464,273</u>	<u>363,675</u>	27.7

### **By Country of Incorporation**

Asia	368,757	292,762	26.0
USA	84,107	56,550	48.7
Europe	5,888	3,725	58.1
Others	5,521	10,638	(48.1)
Total	<u>464,273</u>	<u>363,675</u>	27.7

## Electronics

### 7. Review of Performance

#### (a) Revenue

<u>1Q2016 vs1Q2015</u>	1Q2016	1Q2015	Growth	
	\$464m	\$364m	\$100m	28%

Revenue of \$464 million recorded in 1Q2016 was higher than that of 1Q2015 by 28% or \$100 million. All three business groups recorded higher sales. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions and increased sales of satellite communication products. **Large-Scale Systems Group (LSG)** and **Software Systems Group (SSG)** recorded higher sales mainly due to higher value project milestone completions.

#### (b) Profitability

<u>1Q2016 vs1Q2015</u>	1Q2016	1Q2015	Growth	
	\$39.6m	\$34.9m	\$4.7m	13%

The profit before tax of \$39.6 million for 1Q2016 was higher than that of 1Q2015 by 13% or \$4.7 million. The Sector recorded higher profit mainly due to increased sales and higher other income, partially offset by less favourable sales mix and higher operating expenses.

### 8. Prospects

#### 1H2016

Barring unforeseen circumstances, 1H2016 revenue is expected to be higher and PBT is expected to be comparable to 1H2015.

### 9. Balance Sheet

	<b>31-Mar-16</b>	<b>31-Dec-15</b>
	\$'000	\$'000
Property, plant and equipment	180,570	185,192
Associates and joint venture	1,423	1,397
Investments	9,456	9,902
Intangible assets	322,924	335,049
Long-term receivable, non-current	897	913
Deferred tax assets	28,971	29,726
Derivative financial instruments, non-current	917	40
Non-current assets	545,158	562,219
Current assets	1,287,108	1,299,812
<b>Total assets</b>	<b>1,832,266</b>	<b>1,862,031</b>
Current liabilities	1,083,635	1,114,278
Non-current liabilities	512,081	523,445
<b>Total liabilities</b>	<b>1,595,716</b>	<b>1,637,723</b>
Share capital and reserves	229,377	217,088
Non-controlling interests	7,173	7,220
<b>Total equity and liabilities</b>	<b>1,832,266</b>	<b>1,862,031</b>
<b>Net current assets</b>	<b>203,473</b>	<b>185,534</b>

## Electronics

### 10. Statement of Cash Flows for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000
Net cash from operating activities	9,983	92,762
Net cash used in investing activities	<b>(8,152)</b>	<b>(17,285)</b>
Proceeds from sale of property, plant and equipment	24	1
Purchase of property, plant and equipment	(4,557)	(13,677)
Acquisition of other intangible assets	(3,619)	(3,615)
Proceed from sale of an unquoted investment	-	6
Net cash from/(used in) financing activities	<b>11,991</b>	<b>(44,138)</b>
Repayment of related parties loans	(13,000)	(2,723)
Proceeds from related parties loans	26,000	-
Loans to a related party	-	(45,000)
Repayment of loan by a related party	-	5,000
Proceed of a loan from a joint venture	1,000	-
Interest paid	(2,013)	(1,462)
Deposits discharged	4	47
Net increase in cash and cash equivalents	<b>13,822</b>	<b>31,339</b>
Cash and cash equivalents at beginning of the period	270,221	276,893
Exchange difference on cash and cash equivalents at beginning of the period	(4,515)	387
Cash and cash equivalents at end of the period	<b>279,528</b>	<b>308,619</b> <sup>1</sup>

<sup>1</sup> Cash and cash equivalents at the end of 1Q2015 was after deducting \$120.0 million of short term net lending to a related party.

Media Contact:  
Michelle Choh  
AVP, Corporate Communications  
Tel: (65) 64131788  
Fax: (65) 64848840  
Email: choh.ssushien@stee.stengg.com