

*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

“Higher Performance at 2Q09”

<b>FINANCIAL HIGHLIGHTS</b> For the second quarter ended 30 June 2009					
	<b>2009 2Q</b>	<b>2009 1Q</b>	<b>Growth %</b>	<b>2008 2Q</b>	<b>Growth %</b>
Turnover (\$m)	355	338	5	283	26
Investment, interest and other income (\$m)	4.0	4.0	(2)	1.1	271
Earnings before interest and tax (EBIT) (\$m)	31.0	19.7	58	30.2	2
Profit before tax (\$m)	32.9	21.7	51	29.3	12
Profit attributable to shareholders (\$m)	24.3	18.1	34	21.1	15

- Economic Value Added for first half of 2009 was \$31.6 million

*“We have secured a number of major orders from local and international markets in the second quarter of 2009. They include the 6<sup>th</sup> MRT contract in Guangzhou, the Bangladesh Chittagong Port Authority ICT project, SAF’s Advanced Combat Man System project, LTA’s EMAS to Arterial Roads project and the development of a Virtual World for Singapore 2010 Youth Olympics Games.*

*The Electronics sector remains focused on deepening our core capabilities, growing our services revenue and expanding our presence in Asia and the Gulf States despite challenging world economic conditions.”*

*Seah Moon Ming, President*

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

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### Electronics sector unaudited results for the second quarter ended 30 June 2009:

	2Q2009 \$'000	2Q2008 \$'000	+ / (-) %
1. (a) Turnover	354,796	282,554	25.6
(b) Cost of sales	(257,283)	(186,319)	38.1
(c) <b>Gross Profit</b>	<b>97,513</b>	<b>96,235</b>	<b>1.3</b>
(d) Other operating income	518	909	(43.0)
(e) Distribution and selling expenses	(22,282)	(21,339)	4.4
(f) Administrative expenses	(31,914)	(30,964)	3.1
(g) Other operating expenses	(12,305)	(13,676)	(10.0)
(h) <b>Profit from operations before taxation, other income and financial expenses</b>	<b>31,530</b>	<b>31,165</b>	<b>1.2</b>
(i) Other income, net	3,433	156	NM
(j) Financial expenses	(1,710)	(2,220)	(23.0)
	33,253	29,101	14.3
(k) Share of results of associated companies and joint venture	(387)	167	(331.7)
(l) <b>Profit from operations before taxation</b>	<b>32,866</b>	<b>29,268</b>	<b>12.3</b>
(m) Taxation	(8,357)	(7,098)	17.7
(n) <b>Profit from operations after taxation</b>	<b>24,509</b>	<b>22,170</b>	<b>10.6</b>
Profit attributable to:			
(o) <b>Shareholders of the Company</b>	<b>24,282</b>	<b>21,147</b>	<b>14.8</b>
(p) Minority interests	227	1,023	(77.8)
	<b>24,509</b>	<b>22,170</b>	<b>10.6</b>
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,135	4,750	29.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	1,398	(404)	(446.0)
Allowance/(write-back of allowance) for stock obsolescence, net	411	422	(2.6)
Impairment/(write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises:			
Investment income	6	37	(83.8)
Interest income	534	855	(37.5)
Others	(22)	17	(229.4)
	518	909	(43.0)
(c) Other income, net comprises:			
Foreign exchange gain/(loss), net	(114)	(133)	(14.3)
Rental income	68	66	3.0
Others	3,479	223	NM
	3,433	156	NM

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	2Q2009 \$'000	2Q2008 \$'000	+ / (-) %
3. (a) Profit from operations after taxation [1(n) above] as a percentage of turnover	6.9%	7.8%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	9.9%	11.2%	
4. (a) Turnover reported for first quarter	337,662	248,001	36.2
(b) Profit from operations after taxation reported for first quarter	18,156	16,626	9.2
(c) Turnover reported for second quarter	354,796	282,554	25.6
(d) Profit from operations after taxation reported for second quarter	24,509	22,170	10.6
(e) Turnover reported for first half year	692,458	530,555	30.5
(f) Profit from operations after taxation reported for first half year	42,665	38,796	10.0
5. (a) There was an overprovision of current tax of \$3,000 and underprovision of deferred tax of \$482,000 in respect of prior years (2Q2008: There was an overprovision of current tax of \$11,000 and \$101,000 for deferred tax in respect of prior years).			
(b) There was no disposal of property during the second quarter.			

#### 6. Business Group Information

##### By Business Group

	Turnover			Profit before Taxation		
	2009 \$'000	2008 \$'000	+ / (-) %	2009 \$'000	2008 \$'000	+ / (-) %
<b>Second Quarter</b>						
Large-Scale Systems Group	75,951	45,534	66.8	7,233	3,675	96.8
Communication & Sensor Systems Group	182,650	137,301	33.0	17,273	13,942	23.9
Software Systems Group	96,195	99,719	(3.5)	8,360	11,651	(28.2)
Total	<u>354,796</u>	<u>282,554</u>	25.6	<u>32,866</u>	<u>29,268</u>	12.3
<b>First Half Year</b>						
Large-Scale Systems Group	141,632	96,317	47.0	12,605	7,728	63.1
Communication & Sensor Systems Group	339,871	256,776	32.4	24,249	19,867	22.1
Software Systems Group	210,955	177,462	18.9	17,738	21,821	(18.7)
Total	<u>692,458</u>	<u>530,555</u>	30.5	<u>54,592</u>	<u>49,416</u>	10.5

##### By Geographical Areas

	Turnover		
	2Q2009 \$'000	2Q2008 \$'000	+ / (-) %
Asia	269,334	198,409	35.7
USA	34,697	45,278	(23.4)
Europe	16,336	20,139	(18.9)
Others	34,429	18,728	83.8
Total	<u>354,796</u>	<u>282,554</u>	25.6

##### By Country of Incorporation

Asia	283,005	210,326	34.6
USA	61,185	55,633	10.0
Europe	3,711	5,806	(36.1)
Others	6,895	10,789	(36.1)
Total	<u>354,796</u>	<u>282,554</u>	25.6

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### 7. Review of Performance

#### (a) Turnover

##### 2Q2009 vs 2Q2008

2Q2009	2Q2008	Growth	
\$355m	\$283m	\$72m	26%

The turnover of \$355 million recorded in 2Q2009 was higher than that in 2Q2008 by 26% or \$72 million. The increase was contributed by **Communication & Sensor Systems Group (CSG)** and **Large-Scale Systems Group (LSG)**. **CSG** recorded higher sales with milestone completions of communication projects, sales of satellite communication products and electro-optics equipment. **LSG's** sales were higher with milestone completions of the Taiwan MRT projects and Land Transport Authority's Circle Line project. The decrease in sales for **Software Systems Group (SSG)** was mainly due to lower value project milestone completions.

##### 2Q2009 vs 1Q2009

2Q2009	1Q2009	Growth	
\$355m	\$338m	\$17m	5%

The turnover of \$355 million recorded in 2Q2009 was higher than that in 1Q2009 by 5% or \$17 million. The increase was mainly contributed by **CSG** with milestone completions of communication projects, sales of satellite communication products and electro-optics equipment. Sales for **LSG** were higher with milestone completions of the Taiwan MRT projects. The decrease in sales for **SSG** was mainly due to lower value project milestones completed.

#### (b) Profitability

##### 2Q2009 vs 2Q2008

2Q2009	2Q2008	Growth	
\$32.9m	\$29.3m	\$3.6m	12%

The profit before tax of \$32.9 million for 2Q2009 was higher than that in 2Q2008 by 12% or \$3.6 million. At the business group level, the increase in profit was contributed by **CSG** and **LSG**. **CSG** recorded better profit mainly due to higher sales. The increase in profit for **LSG** was mainly due to higher sales, lower operating expenses and higher other income from Jobs Credit Scheme. **SSG's** profit was lower mainly due to lower sales and less favourable sales mix, partially offset by higher other income from Jobs Credit Scheme.

##### 2Q2009 vs 1Q2009

2Q2009	1Q2009	Growth	
\$32.9m	\$21.7m	\$11.2m	51%

The profit before tax of \$32.9 million for 2Q2009 was higher than that in 1Q2009 by 51% or \$11.2 million. At the business group level, the increase in profit was mainly contributed by **CSG**, largely due to higher sales and better contribution from satellite communication product sales. The increase in profit for **LSG** was mainly due to higher sales. **SSG** recorded lower profit mainly due to lower sales and higher operating expenses, partially offset by favourable sales mix.

### 8. Prospects

#### 2H2009

Barring unforeseen circumstances, the Sector expects comparable turnover and higher profit before tax for 2H2009 compared to 1H2009.

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### 9. Balance Sheet

	30-Jun-09 \$'000	31-Dec-08 \$'000
Property, plant and equipment	58,986	58,996
Associated companies and joint venture	11,147	11,305
Investments	16,788	12,425
Intangible assets	367,375	364,998
Investment property	1,369	1,389
Long-term receivables	-	4
Deferred tax assets	22,251	23,103
Non-current assets	477,916	472,220
Current assets	974,267	947,210
<b>Total assets</b>	<b>1,452,183</b>	<b>1,419,430</b>
Current liabilities	789,029	771,724
Non-current liabilities	528,427	545,755
<b>Total liabilities</b>	<b>1,317,456</b>	<b>1,317,479</b>
Share capital and reserves	117,672	85,042
Minority interests	17,055	16,909
<b>Total equity and liabilities</b>	<b>1,452,183</b>	<b>1,419,430</b>

### 10. Statement of Cash Flows for the second quarter ended 30 June 2009

	2Q2009 \$'000	2Q2008 \$'000
Net cash (used in)/from operating activities	(5,136)	45,291
Net cash used in investing activities	(6,390)	(3,559)
Proceeds from sale of property, plant and equipment	21	11
Dividend from an associated company	2	-
Dividend from an investment	6	37
Purchase of property, plant and equipment	(5,469)	(3,506)
Acquisition of a subsidiary	-	259
Acquisition of additional interest in a subsidiary	(950)	-
Loan to an associated company	-	(360)
Net cash used in financing activities	(95,603)	(58,122)
Repayment of inter-company loans, net	(74,904)	(21,590)
Proceed from bank loans, net	-	837
Repayment of loan from an associated company	493	-
Repayment of lease obligations	(16)	(11)
Dividend paid to shareholder	(20,704)	(36,223)
Interest paid	(472)	(1,135)
Net decrease in cash and cash equivalents	(107,129)	(16,390)
Cash and cash equivalents at beginning of period	378,047	253,359
Exchange difference on cash and cash equivalents	(2,293)	(2,026)
Cash and cash equivalents at end of period	<b>268,625</b>	<b>234,943</b>



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### 11. Economic Value Added (EVA)

EVA for 1H2009 was \$31.6 million, an increase of \$7.5 million or 31% over 1H2008. The weighted average cost of capital was 6.1% for 2009 (2008: 6.2%).

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