

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

“Steady Performance at Mid Year”

FINANCIAL HIGHLIGHTS For the quarter ended 30 June 2011					
	2011 2Q	2010 2Q	Growth %	2011 1Q	Growth %
Revenue (\$m)	329	325	1	455	(28)
Earnings before interest and tax (EBIT) (\$m)	37.1	35.1	6	34.1	9
Other income, net (\$m)	0.5	1.7	(73)	0.4	5
Finance income/(costs), net (\$m)	(1.5)	(1.6)	12	(1.8)	21
Profit before tax (PBT) (\$m)	35.7	34.7	3	32.3	11
Profit attributable to shareholders (\$m)	26.9	26.1	3	26.9	-

- Economic Value Added for the first half of 2011 was \$46.5 million

*“The Electronics sector delivers steady performance at mid year.”*

*Key contracts secured in the first half of 2011 include satellite communication solution for Inmarsat's Global Xpress, AFC System for the Bangkok Mass Transit System Silom Line extension, National Authentication Framework Project, Army Gunnery Tactical & Driving Simulation Systems and Intelligent Water Management System for PUB.*

*We remain focused on developing new market opportunities and expanding our international presence.”*

*Lee Fook Sun, President*

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

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### Electronics sector unaudited results for the second quarter ended 30 June 2011:

	2Q2011 \$'000	2Q2010 \$'000	+ / (-) %
1. (a) Revenue	329,186	324,635	1.4
(b) Cost of sales	(220,098)	(221,743)	(0.7)
(c) <b>Gross Profit</b>	<u>109,088</u>	<u>102,892</u>	<b>6.0</b>
(d) Distribution and selling expenses	(20,347)	(22,145)	(8.1)
(e) Administrative expenses	(36,011)	(30,588)	17.7
(f) Other operating expenses	(15,646)	(15,084)	3.7
(g) <b>Profit from operations</b>	<u>37,084</u>	<u>35,075</u>	<b>5.7</b>
(h) Other income, net	468	1,743	(73.1)
(i) Finance income	401	469	(14.5)
(j) Finance costs	(1,833)	(2,103)	(12.8)
(k) Finance income/(costs), net	(1,432)	(1,634)	(12.4)
(l) Share of results of associates and jointly controlled entity	(396)	(478)	(17.2)
(m) <b>Profit before taxation</b>	<u>35,724</u>	<u>34,706</u>	<b>2.9</b>
(n) Taxation	(8,501)	(8,040)	5.7
(o) <b>Profit for the period</b>	<u>27,223</u>	<u>26,666</u>	<b>2.1</b>
Attributable to:			
(p) <b>Shareholders of the Company</b>	<b>26,914</b>	<b>26,125</b>	<b>3.0</b>
(q) Non-controlling interests	309	541	(42.9)
	<u>27,223</u>	<u>26,666</u>	<b>2.1</b>
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	5,876	6,401	(8.2)
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	508	298	70.5
Allowance/(write-back of allowance) for stock obsolescence, net	1,192	989	20.5
(b) Finance income/(costs), net comprises			
Interest income	401	307	30.6
Foreign exchange gain/(loss), net	(297)	(302)	(1.7)
Gain on disposal of investments	-	64	(100.0)
Interest expenses	(1,572)	(1,801)	(12.7)
Others	36	98	(63.3)
	<u>(1,432)</u>	<u>(1,634)</u>	<b>(12.4)</b>

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	2Q2011 \$'000	2Q2010 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	8.3%	8.2%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	10.9%	10.6%	
4. (a) Revenue reported for first quarter	455,247	369,084	23.3
(b) Profit for the period reported for first quarter	27,550	23,533	17.1
(c) Revenue reported for second quarter	329,186	324,635	1.4
(d) Profit for the period reported for second quarter	27,223	26,666	2.1
(e) Revenue reported for first half year	784,433	693,719	13.1
(f) Profit for the period reported for first half year	54,773	50,199	9.1
5. (a) There was an underprovision of current tax of \$9,000 and underprovision of deferred tax of \$949,000 in respect of prior years (2Q2010: There was an overprovision of current tax of \$670,000 and underprovision of deferred tax of \$473,000 in respect of prior years).			
(b) There was no disposal of property during the second quarter.			

### 6. Business Group Information

#### By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2011 \$'000	2010 \$'000		2011 \$'000	2010 \$'000	
<b>Second Quarter</b>						
Large-Scale Systems Group	55,022	60,906	(9.7)	5,069	8,687	(41.6)
Communication & Sensor Systems Group	180,407	169,177	6.6	20,514	20,738	(1.1)
Software Systems Group	93,757	94,552	(0.8)	10,141	5,281	92.0
Total	<u>329,186</u>	<u>324,635</u>	1.4	<u>35,724</u>	<u>34,706</u>	2.9
<b>First Half Year</b>						
Large-Scale Systems Group	185,818	146,327	27.0	16,354	17,205	(4.9)
Communication & Sensor Systems Group	379,235	355,310	6.7	32,142	31,001	3.7
Software Systems Group	219,380	192,082	14.2	19,542	14,578	34.1
Total	<u>784,433</u>	<u>693,719</u>	13.1	<u>68,038</u>	<u>62,784</u>	8.4

#### By Geographical Areas

	Revenue		
	2Q2011 \$'000	2Q2010 \$'000	
Asia	248,294	233,641	6.3
USA	25,704	35,305	(27.2)
Europe	25,944	18,507	40.2
Others	29,244	37,182	(21.3)
Total	<u>329,186</u>	<u>324,635</u>	1.4

#### By Country of Incorporation

Asia	258,605	249,985	3.4
USA	58,060	57,989	0.1
Europe	4,213	5,263	(20.0)
Others	8,308	11,398	(27.1)
Total	<u>329,186</u>	<u>324,635</u>	1.4

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### 7. Review of Performance

#### (a) Revenue

##### 2Q2011 vs 2Q2010

2Q2011	2Q2010	Growth	
\$329m	\$325m	\$4m	1%

Revenue of \$329 million recorded in 2Q2011 was comparable to that in 2Q2010. The increase in sales from **Communication & Sensor Systems Group (CSG)** was partially offset by lower sales from **Large-Scale Systems Group (LSG)**. **CSG** recorded higher sales mainly due to milestone completions of the Integrated Resort project and communication projects. **Software Systems Group's (SSG)** sales were comparable to that in 2Q2010. The decrease in sales for **LSG** was mainly due to lower value project milestone completions.

##### 2Q2011 vs 1Q2011

2Q2011	1Q2011	Growth	
\$329m	\$455m	(\$126m)	(28%)

Revenue of \$329 million recorded in 2Q2011 was lower than that in 1Q2011 by 28% or \$126 million. All three business groups recorded lower sales mainly due to lower value project milestone completions.

#### (b) Profitability

##### 2Q2011 vs 2Q2010

2Q2011	2Q2010	Growth	
\$35.7m	\$34.7m	\$1.0m	3%

At the business group level, **SSG** recorded higher profit mainly due to favourable sales mix. Despite higher sales, **CSG's** profit was comparable to 2Q2010 mainly due to less favourable sales mix. **LSG** recorded lower profit mainly due to lower sales and higher operating expenses. Overall, the profit before tax of \$35.7 million for 2Q2011 was comparable to that in 2Q2010.

##### 2Q2011 vs 1Q2011

2Q2011	1Q2011	Growth	
\$35.7m	\$32.3m	\$3.4m	11%

The profit before tax of \$35.7 million for 2Q2011 was higher than that in 1Q2011 by 11% or \$3.4 million. At the business group level, the increase in profit was contributed by **CSG** and **SSG**. **CSG** recorded higher profit mainly due to favourable sales mix and better contribution from satellite communication product sales. The increase in **SSG's** profit was mainly due to favourable sales mix, partially offset by higher operating expenses. **LSG's** profit was lower mainly due to lower sales, partially offset by lower operating expenses.

### 8. Prospects

#### 2H2011

Barring unforeseen circumstances, 2H2011 revenue is expected to be lower and profit before tax is expected to be comparable to 1H2011.

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### 9. Balance Sheet

	30-Jun-11 \$'000	31-Dec-10 \$'000
Property, plant and equipment	75,856	60,862
Associates and jointly controlled entity	10,593	11,349
Investments	11,782	10,888
Intangible assets	313,555	327,463
Deferred tax assets	30,992	30,917
Non-current assets	442,778	441,479
Current assets	1,051,490	992,159
<b>Total assets</b>	<b>1,494,268</b>	<b>1,433,638</b>
Current liabilities	910,980	856,156
Non-current liabilities	456,965	455,829
<b>Total liabilities</b>	<b>1,367,945</b>	<b>1,311,985</b>
Share capital and reserves	114,899	105,637
Non-controlling interests	11,424	16,016
<b>Total equity and liabilities</b>	<b>1,494,268</b>	<b>1,433,638</b>
<b>Net current assets</b>	<b>140,510</b>	<b>136,003</b>

### 10. Statement of Cash Flows for the second quarter ended 30 June 2011

	2Q2011 \$'000	2Q2010 \$'000
Net cash used in operating activities	(8,343)	(6,173)
Net cash used in investing activities	(19,565)	(2,630)
Proceeds from sale of property, plant and equipment	8	39
Disposal of subsidiaries	(40)	326
Proceed from sale of an unquoted investment	-	684
Purchase of property, plant and equipment	(19,454)	(3,320)
Acquisition of other intangible assets	(693)	(757)
Additional investment in a joint venture	-	(206)
Acquisition of controlling interests in subsidiaries	614	604
Net cash used in financing activities	(50,302)	(36,002)
Repayment of loan by an associate	-	241
Repayment of inter-company loans	(1,085)	(1,374)
Proceeds from inter-company loans	2,801	457
Proceeds from bank loans	-	1,884
Repayment of bank loans	(11,000)	-
Addition/(repayment) of lease obligations	38	(3)
Acquisition of non-controlling interests in subsidiaries	-	(1,789)
Dividend paid to shareholder	(40,000)	(34,958)
Dividend paid to non-controlling interests	(613)	(192)
Interest paid	(443)	(268)
Net decrease in cash and cash equivalents	(78,210)	(44,805)
Cash and cash equivalents at beginning of period	419,313	319,491
Exchange difference on cash and cash equivalents	(1,640)	(838)
<b>Cash and cash equivalents at end of period</b>	<b>339,463</b>	<b>273,848</b>



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### 11. Economic Value Added (EVA)

EVA for 1H2011 was \$46.5 million, an increase of \$6.6 million or 17% over 1H2010. The weighted average cost of capital was 5.9% for 2011 (2010: 5.7%).

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