

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 Profit Attributable to Shareholders”

FINANCIAL HIGHLIGHTS					
For the quarter ended					
30 September 2010					
	2010 3Q	2009 3Q	Growth %	2010 2Q	Growth %
Turnover (\$m)	345	310	11	325	6
Earnings before interest and tax (EBIT) (\$m)	34.1	28.7	19	35.1	(3)
Investment, interest and other income (\$m)	(0.2)	3.2	(106)	1.9	(110)
Profit before tax (\$m)	31.6	30.3	4	34.7	(9)
Profit attributable to shareholders (\$m)	27.3	23.5	17	26.1	5

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

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Electronics sector unaudited results for the third quarter ended 30 September 2010:

	3Q2010 \$'000	3Q2009 \$'000	+ / (-) %
1. (a) Turnover	345,467	310,011	11.4
(b) Cost of sales	(244,090)	(213,706)	14.2
(c) Gross Profit	<u>101,377</u>	<u>96,305</u>	5.3
(d) Other operating income	305	35	>500
(e) Distribution and selling expenses	(19,936)	(21,075)	(5.4)
(f) Administrative expenses	(29,516)	(33,173)	(11.0)
(g) Other operating expenses	(17,871)	(13,342)	33.9
(h) Profit from operations before taxation, other income and financial expenses	<u>34,359</u>	<u>28,750</u>	19.5
(i) Other income/(expenses), net	(489)	3,143	(115.6)
(j) Financial expenses	(1,804)	(1,387)	30.1
	<u>32,066</u>	<u>30,506</u>	5.1
(k) Share of results of associated companies and joint venture	(504)	(223)	126.0
(l) Profit from operations before taxation	<u>31,562</u>	<u>30,283</u>	4.2
(m) Taxation	(4,161)	(6,302)	(34.0)
(n) Profit from operations after taxation	<u>27,401</u>	<u>23,981</u>	14.3
Profit attributable to:			
(o) Shareholders of the Company	27,338	23,461	16.5
(p) Non-controlling interests	63	520	(87.9)
	<u>27,401</u>	<u>23,981</u>	14.3
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,521	6,645	(1.9)
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(896)	1,345	(166.6)
Allowance/(write-back of allowance) for stock obsolescence, net	1,110	607	82.9
Impairment/(write-back of impairment) in value of investments, net	-	437	(100.0)
(b) Other operating income comprises:			
Investment income/(loss)	19	(313)	(106.1)
Interest income	276	349	(20.9)
Others	10	(1)	>(500)
	<u>305</u>	<u>35</u>	>500
(c) Other income/(expenses), net comprises:			
Foreign exchange gain/(loss), net	(836)	(173)	383.2
Rental income	49	53	(7.5)
Others	298	3,263	(90.9)
	<u>(489)</u>	<u>3,143</u>	(115.6)

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	3Q2010 \$'000	3Q2009 \$'000	+ / (-) %
3. (a) Profit from operations after taxation [1(n) above] as a percentage of turnover	7.9%	7.7%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	10.5%	8.9%	
4. (a) Turnover reported for first half year	693,719	692,458	0.2
(b) Profit from operations after taxation reported for first half year	50,199	42,665	17.7
(c) Turnover reported for third quarter	345,467	310,011	11.4
(d) Profit from operations after taxation reported for third quarter	27,401	23,981	14.3
(e) Turnover reported for first nine months	1,039,186	1,002,469	3.7
(f) Profit from operations after taxation reported for first nine months	77,600	66,646	16.4
5. (a) There was an overprovision of current tax of \$51,000 and underprovision of deferred tax of \$133,000 in respect of prior years (3Q2009: There was an overprovision of current tax of \$284,000 and underprovision of deferred tax of \$33,000 in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Turnover		+ / (-) %	Profit before Taxation		+ / (-) %
	2010 \$'000	2009 \$'000		2010 \$'000	2009 \$'000	
Third Quarter						
Large-Scale Systems Group	55,649	66,486	(16.3)	3,618	5,841	(38.1)
Communication & Sensor Systems Group	176,444	157,584	12.0	19,069	15,177	25.6
Software Systems Group	113,374	85,941	31.9	8,875	9,265	(4.2)
Total	<u>345,467</u>	<u>310,011</u>	11.4	<u>31,562</u>	<u>30,283</u>	4.2
Nine Months Ended 30 September						
Large-Scale Systems Group	201,976	208,118	(3.0)	20,823	18,446	12.9
Communication & Sensor Systems Group	531,754	497,455	6.9	50,070	39,426	27.0
Software Systems Group	305,456	296,896	2.9	23,453	27,003	(13.1)
Total	<u>1,039,186</u>	<u>1,002,469</u>	3.7	<u>94,346</u>	<u>84,875</u>	11.2

	Turnover		
	3Q2010 \$'000	3Q2009 \$'000	
<u>By Geographical Areas</u>			
Asia	269,046	236,934	13.6
USA	31,046	36,112	(14.0)
Europe	14,490	13,687	5.9
Others	30,885	23,278	32.7
Total	<u>345,467</u>	<u>310,011</u>	11.4

By Country of Incorporation

Asia	282,966	247,867	14.2
USA	52,292	54,409	(3.9)
Europe	2,599	2,776	(6.4)
Others	7,610	4,959	53.5
Total	<u>345,467</u>	<u>310,011</u>	11.4

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7. Review of Performance

(a) Turnover

3Q2010 vs 3Q2009

3Q2010	3Q2009	Growth	
\$345m	\$310m	\$35m	11%

The turnover of \$345 million recorded in 3Q2010 was higher than that in 3Q2009 by 11% or \$35 million. The increase was contributed by **Software Systems Group (SSG)** and **Communication & Sensor Systems Group (CSG)**. Sales for **SSG** were higher mainly due to milestone completions of various software system projects and a simulator project. **CSG's** sales were higher mainly due to delivery of telematics systems and milestone completions of communication projects. **Large-Scale Systems Group (LSG)** recorded lower sales mainly due to lower value project milestone completions.

3Q2010 vs 2Q2010

3Q2010	2Q2010	Growth	
\$345m	\$325m	\$20m	6%

The turnover of \$345 million recorded in 3Q2010 was higher than that in 2Q2010 by 6% or \$20 million. The increase was mainly contributed by **SSG** with milestone completions of various software system projects and a simulator project. **CSG** recorded higher sales mainly due to milestone completions of the Integrated Resort project and communication projects. **LSG's** sales were lower mainly due to lower value project milestone completions.

(b) Profitability

3Q2010 vs 3Q2009

3Q2010	3Q2009	Growth	
\$31.6m	\$30.3m	\$1.3m	4%

The profit before tax of \$31.6 million for 3Q2010 was higher than that in 3Q2009 by 4% or \$1.3 million. At the business group level, the increase in profit was contributed by **CSG** mainly due to higher sales. **SSG's** profit was comparable as the contribution from higher sales was offset by lower other income from the Jobs Credit Scheme and higher operating expenses. The decrease in **LSG's** profit was mainly due to lower sales and lower other income from the Jobs Credit Scheme.

3Q2010 vs 2Q2010

3Q2010	2Q2010	Growth	
\$31.6m	\$34.7m	(\$3.1m)	(9%)

The profit before tax of \$31.6 million for 3Q2010 was lower than that in 2Q2010 by 9% or \$3.1 million. At the business group level, the decrease in profit was recorded by **LSG** and **CSG**. **LSG's** profit was lower mainly due to decreased sales, less favourable sales mix and higher operating expenses. The decrease in profit for **CSG** was mainly due to lower contribution from satellite communication product sales. **SSG** recorded higher profit mainly due to higher sales.

8. Prospects

FY2010

Barring unforeseen circumstances, FY2010 turnover is expected to be comparable and profit before tax for FY2010 is expected to be higher compared to FY2009.

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9. Balance Sheet

	30-Sep-10 \$'000	31-Dec-09 \$'000
Property, plant and equipment	58,811	57,084
Associated companies and joint venture	10,797	11,560
Investments	12,922	16,792
Intangible assets	341,896	363,993
Deferred tax assets	29,880	25,790
Non-current assets	454,306	475,219
Current assets	961,507	1,002,649
Total assets	1,415,813	1,477,868
Current liabilities	805,358	848,745
Non-current liabilities	466,634	501,187
Total liabilities	1,271,992	1,349,932
Share capital and reserves	128,162	111,253
Non-controlling interests	15,659	16,683
Total equity and liabilities	1,415,813	1,477,868

The reduction in current assets was mainly due to lower trade debtors. Lower current liabilities were mainly due to decrease in trade creditors and amount due to related companies.

The decrease in non-current liabilities was mainly attributable to lesser borrowings from related companies.

10. Statement of Cash Flows for the third quarter ended 30 September 2010

	3Q2010 \$'000	3Q2009 \$'000
Net cash from operating activities	12,926	14,255
Net cash used in investing activities	(8,947)	(3,218)
Proceeds from sale of property, plant and equipment	3	-
Proceed from transfer of a subsidiary	1,623	-
Dividend from an associated company	132	2
Purchase of property, plant and equipment	(10,254)	(2,704)
Acquisition of additional interest in a subsidiary	-	(516)
Acquisition of subsidiaries	(451)	-
Net cash used in financing activities	(41,059)	(15,258)
Repayment of bank loans, net	(22)	(3,000)
Repayment of inter-company loans, net	(9,211)	(12,000)
Repayment of lease obligations	(3)	(14)
Loans to an inter-company	(30,000)	-
Dividend paid to non-controlling interests	(457)	-
Interest paid	(1,366)	(244)
Net decrease in cash and cash equivalents	(37,080)	(4,221)
Cash and cash equivalents at beginning of period	273,700	268,625
Exchange difference on cash and cash equivalents	(3,480)	(1,211)
Cash and cash equivalents at end of period	233,140	263,193

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