

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 PBT over 3Q2011”

FINANCIAL HIGHLIGHTS For the quarter ended 30 September 2012					
	2012 3Q	2011 3Q	Growth %	2012 2Q	Growth %
Revenue (\$m)	350	317	10	362	(3)
Earnings before interest and tax (EBIT) (\$m)	41.6	37.6	11	41.8	-
Other income, net (\$m)	0.5	0.3	42	0.6	(22)
Finance costs, net (\$m)	(0.9)	(1.1)	17	(0.4)	(150)
Profit before tax (PBT) (\$m)	40.1	36.3	11	41.8	(4)
Profit attributable to shareholders (\$m)	30.7	28.7	7	31.3	(2)

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

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Electronics sector unaudited results for the third quarter ended 30 September 2012:

	3Q2012 \$'000	3Q2011 \$'000	+ / (-) %
1. (a) Revenue	349,566	316,581	10.4
(b) Cost of sales	(227,258)	(204,614)	11.1
(c) Gross Profit	<u>122,308</u>	<u>111,967</u>	9.2
(d) Distribution and selling expenses	(19,831)	(20,478)	(3.2)
(e) Administrative expenses	(39,128)	(34,797)	12.4
(f) Other operating expenses	(21,698)	(19,120)	13.5
(g) Profit from operations	<u>41,651</u>	<u>37,572</u>	10.9
(h) Other income, net	504	354	42.4
(i) Finance income	771	520	48.3
(j) Finance costs	(1,711)	(1,654)	3.4
(k) Finance income/(costs), net	(940)	(1,134)	
(l) Share of results of associates and jointly controlled entities	(1,079)	(524)	105.9
(m) Profit before taxation	<u>40,136</u>	<u>36,268</u>	10.7
(n) Taxation	(8,824)	(6,907)	27.8
(o) Profit for the period	<u>31,312</u>	<u>29,361</u>	6.6
Profit attributable to:			
(p) Shareholders of the Company	30,720	28,674	7.1
(q) Non-controlling interests	592	687	(13.8)
	<u>31,312</u>	<u>29,361</u>	6.6
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,083	6,055	0.5
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	530	(117)	>(500)
Allowance/(write-back of allowance) for inventory obsolescence, net	1,314	(4,220)	(131.1)
Impairment of intangibles assets	-	4,404	(100.0)
(b) Finance income/(costs), net comprises:			
Interest income	771	387	99.2
Foreign exchange gain/(loss), net	(429)	133	(422.6)
Interest expenses	(1,282)	(1,566)	(18.1)
Fair value changes of financial instruments / hedged items	-	(88)	(100.0)
	<u>(940)</u>	<u>(1,134)</u>	(17.1)

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	3Q2012 \$'000	3Q2011 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	9.0%	9.3%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	10.3%	10.0%	
4. (a) Revenue reported for first half year	822,805	784,433	4.9
(b) Profit for the period reported for first half year	60,459	54,773	10.4
(c) Revenue reported for third quarter	349,566	316,581	10.4
(d) Profit for the period reported for third quarter	31,312	29,361	6.6
(e) Revenue reported for first nine months	1,172,371	1,101,014	6.5
(f) Profit for the period reported for first nine months	91,771	84,134	9.1
5. (a) There was overprovision of current tax and deferred tax of \$417,000 and \$97,000 respectively in respect of prior years (3Q2011: There was overprovision of current tax and deferred tax of \$1,472,000 and \$157,000 respectively in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2012 \$'000	2011 \$'000		2012 \$'000	2011 \$'000	
Third Quarter						
Large-Scale Systems Group	56,815	50,924	11.6	6,934	7,492	(7.4)
Communication & Sensor Systems Group	187,651	150,694	24.5	21,732	21,464	1.2
Software Systems Group	105,100	114,963	(8.6)	11,470	7,312	56.9
Total	<u>349,566</u>	<u>316,581</u>	10.4	<u>40,136</u>	<u>36,268</u>	10.7

Nine Months Ended 30 September

Large-Scale Systems Group	256,234	236,742	8.2	26,283	23,846	10.2
Communication & Sensor Systems Group	590,524	529,929	11.4	56,809	53,606	6.0
Software Systems Group	325,613	334,343	(2.6)	32,611	26,854	21.4
Total	<u>1,172,371</u>	<u>1,101,014</u>	6.5	<u>115,703</u>	<u>104,306</u>	10.9

	Revenue		
	3Q2012 \$'000	3Q2011 \$'000	

By Geographical Areas

Asia	231,824	231,522	0.1
USA	49,203	28,543	72.4
Europe	19,214	29,324	(34.5)
Others	49,325	27,192	81.4
Total	<u>349,566</u>	<u>316,581</u>	10.4

By Country of Incorporation

Asia	259,383	240,803	7.7
USA	78,836	63,227	24.7
Europe	2,314	3,080	(24.9)
Others	9,033	9,471	(4.6)
Total	<u>349,566</u>	<u>316,581</u>	10.4

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7. Review of Performance

(a) Revenue

3Q2012 vs 3Q2011

3Q2012	3Q2011	Growth	
\$350m	\$317m	\$33m	10%

Revenue of \$350 million recorded in 3Q2012 was higher than that in 3Q2011 by 10% or \$33 million. The increase in sales were contributed by **Large-Scale Systems Group (LSG)** and **Communication & Sensor Systems Group (CSG)**. **LSG** recorded higher sales mainly due to milestone completions of the Taiwan MRT project. **CSG's** sales were higher mainly due to increased sales of satellite communication products and milestone completions of communication projects. **Software Systems Group (SSG)** recorded lower sales mainly due to lower value project milestone completions.

3Q2012 vs 2Q2012

3Q2012	2Q2012	Growth	
\$350m	\$362m	(\$12m)	(3%)

Revenue of \$350 million recorded in 3Q2012 was comparable to that in 2Q2012. Both **LSG** and **CSG** recorded lower sales mainly due to lower value project milestone completions. **SSG** recorded higher sales mainly due to milestone completions of a software system project and simulator projects.

(b) Profitability

3Q2012 vs 3Q2011

3Q2012	3Q2011	Growth	
\$40.1m	\$36.3m	\$3.8m	11%

The profit before tax of \$40.1 million for 3Q2012 was higher than that in 3Q2011 by 11% or \$3.8 million. At the business group level, the increase in profit was contributed by **SSG** mainly due to favourable sales mix and 3Q2011 result was impacted by the impairment in value of intangible asset, partially offset by higher operating expenses. Despite higher sales, **CSG** recorded comparable profit mainly due to less favourable sales mix and higher operating expenses. **LSG's** profit was lower mainly due to the write-back of the allowance for stock obsolescence in 3Q2011.

3Q2012 vs 2Q2012

3Q2012	2Q2012	Growth	
\$40.1m	\$41.8m	(\$1.7m)	(4%)

The profit before tax of \$40.1 million for 3Q2012 was comparable to that in 2Q2012. At the business group level, **CSG's** profit was comparable mainly due to favourable sales mix, offset by higher operating expenses. Despite lower sales, **LSG** recorded comparable profit mainly due to lower operating expenses. Despite higher sales, **SSG** recorded lower profit mainly due to less favourable sales mix, higher operating expenses and increased loss incurred by an associate.

8. Prospects

FY2012

Barring unforeseen circumstances, revenue and profit before tax for FY2012 are expected to be higher compared to FY2011.

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9. Balance Sheet

	30-Sep-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	92,137	79,393
Associates and jointly controlled entities	8,075	8,904
Investments	9,341	9,190
Intangible assets	292,446	314,354
Derivative financial instrument	22	-
Deferred tax assets	27,339	28,011
Non-current assets	429,360	439,852
Current assets	1,090,372	1,170,699
Total assets	1,519,732	1,610,551
Current liabilities	952,445	990,176
Non-current liabilities	390,204	475,975
Total liabilities	1,342,649	1,466,151
Share capital and reserves	168,016	131,912
Non-controlling interests	9,067	12,488
Total equity and liabilities	1,519,732	1,610,551
Net current assets	137,927	180,523

10. Statement of Cash Flows for the third quarter ended 30 September 2012

	3Q2012 \$'000	3Q2011 \$'000
Net cash from/(used in) operating activities	21,348	(10,173)
Net cash used in investing activities	(10,361)	(6,815)
Proceeds from sale of property, plant and equipment	-	3
Dividends from associates	53	90
Disposal of a subsidiary	-	(109)
Purchase of property, plant and equipment	(10,414)	(3,694)
Acquisition of other intangible assets	-	(705)
Acquisition of an associate	-	(2,400)
Net cash used in financing activities	(605)	(30,100)
Repayment of bank loan	(533)	(297)
Repayment of related parties loans	(3,025)	(2,922)
Proceeds from a related party loans	1,923	461
Proceeds from bank loans	227	258
Loans to related parties	(2,194)	(27,500)
Repayment of loans by related parties	4,619	-
Repayment of lease obligations	(12)	(12)
Dividend paid to non-controlling interests	(251)	-
Interest paid	(1,193)	(88)
Deposits pledged	(166)	-
Net increase/(decrease) in cash and cash equivalents	10,382	(47,088)
Cash and cash equivalents at beginning of period	424,143	339,463
Exchange difference on cash and cash equivalents	(2,116)	3,674
Cash and cash equivalents at end of period	432,409	296,049