



Electronics

“Steady Performance”

FINANCIAL HIGHLIGHTS For the quarter ended 31 March 2007			
	2007 1Q	2006 1Q	Growth %
Turnover (\$m)	234	219	7
Investment, interest and other income (\$m)	1.2	1.2	(4)
Earnings before interest and tax (EBIT) (\$m)	21.2	20.3	4
Profit before tax (\$m)	22.2	19.5	14
Profit attributable to shareholders (\$m)	15.9	12.0	33

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



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Electronics sector unaudited results for the three months ended 31 March 2007 :

	1Q2007 \$'000	1Q2006 \$'000	+ / (-) %
1. (a) Turnover	233,710	218,540	6.9
(b) Cost of sales	(159,324)	(153,345)	3.9
(c) Gross Profit	74,386	65,195	14.1
(d) Other operating income	1,143	1,242	(8.0)
(e) Distribution and selling expenses	(17,885)	(20,349)	(12.1)
(f) Administrative expenses	(23,810)	(16,124)	47.7
(g) Other operating expenses	(11,460)	(8,388)	36.6
(h) Profit from continuing operations before taxation, other income and financial expenses	22,374	21,576	3.7
(i) Other income, net	24	(32)	(175.0)
(j) Financial expenses	(2,550)	(1,393)	83.1
	19,848	20,151	(1.5)
(k) Share of results of associated companies and joint ventures	2,387	(666)	(458.4)
(l) Profit from continuing operations before taxation	22,235	19,485	14.1
(m) Taxation	(5,815)	(7,070)	(17.8)
(n) Profit from continuing operations after taxation	16,420	12,415	32.3
Attributable to:			
(o) Shareholders of the Company	15,942	12,018	32.7
(p) Minority interests	478	397	20.4
	16,420	12,415	32.3
2. (a) Profit from continuing operations is arrived at after charging/(crediting) the following :			
Depreciation and amortisation	3,629	3,212	13.0
Allowance / (write-back of allowance) for doubtful debts & bad debts written off, net	154	4,725	(96.7)
Allowance / (write-back of allowance) for stock obsolescence, net	(188)	821	(122.9)
Impairment / (write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises :			
Investment income	-	-	-
Interest income	1,154	1,039	11.1
Others	(11)	203	(105.4)
	1,143	1,242	(8.0)
(c) Other income comprises :			
Foreign exchange gain / (loss), net	(203)	(297)	(31.6)
Rental income	63	73	(13.7)
Others	164	192	(14.6)
	24	(32)	(175.0)



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	1Q2007 \$'000	1Q2006 \$'000	+ / (-) %
3. (a) Profit from continuing operations after taxation [1(n) above] as a percentage of turnover	7.0%	5.7%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	6.5%	4.5%	
4. (a) Turnover reported for first quarter	233,710	218,540	6.9
(b) Profit from continuing operations after taxation reported for first quarter	16,420	12,415	32.3
5. (a) There was an adjustment of \$117,000 for over provision of tax in respect of prior years. (1Q2006 : \$468,000)			
(b) There was no disposal of property during the period.			

6. Business Group Information

By Business Group

First Quarter

	Turnover			Profit before Taxation		
	1Q2007 \$'000	1Q2006 \$'000	+ / (-) %	1Q2007 \$'000	1Q2006 \$'000	+ / (-) %
Large-Scale Systems Group	46,570	34,088	36.6	1,761	(4,313)	140.8
Communication & Sensor Systems Group	108,702	110,377	(1.5)	7,813	11,690	(33.2)
Software Systems Group	78,438	74,075	5.9	12,661	12,108	4.6
Total	<u>233,710</u>	<u>218,540</u>	6.9	<u>22,235</u>	<u>19,485</u>	14.1

Turnover		
1Q2007 \$'000	1Q2006 \$'000	+ / (-) %

By Country of Incorporation

Asia	188,266	173,526	8.5
USA	45,418	44,752	1.5
Europe	-	-	-
Others	26	262	(90.1)
Total	<u>233,710</u>	<u>218,540</u>	6.9

By Geographical Areas

Asia	177,092	165,855	6.8
USA	24,127	19,553	23.4
Europe	12,048	9,962	20.9
Others	20,443	23,170	(11.8)
Total	<u>233,710</u>	<u>218,540</u>	6.9



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7. Review of Performance

(a) Turnover

1Q2007 vs 1Q2006

1Q2007	1Q2006	Growth	
\$234m	\$219m	\$15m	7%

The turnover of \$234 million recorded in 1Q2007 was higher than that in 1Q2006 by 7% or \$15 million. The increase was mainly contributed by **Large-Scale Systems Group (LSG)** with milestone completions of the Land Transport Authority's (LTA) Circle Line project. **Software Systems Group's (SSG)** sales were higher with the milestone completions of command and control system projects. Sales for **Communication & Sensor Systems Group (CSG)** were comparable with the same period last year.

1Q2007 vs 4Q2006

1Q2007	4Q2006	Growth	
\$234m	\$307m	(\$73m)	(24%)

The turnover of \$234 million recorded in 1Q2007 was lower than that in 4Q2006 by 24% or \$73 million. All three business groups recorded lower sales mainly due to lower value in project milestone completions.

(b) Profitability

1Q2007 vs 1Q2006

1Q2007	1Q2006	Growth	
\$22.2m	\$19.5m	\$2.7m	14%

The profit before tax of \$22.2 million for 1Q2007 was higher than that in 1Q2006 by 14% or \$2.7 million. The increase in profit was mainly contributed by **LSG**, largely due to higher sales and lower operating loss incurred by an overseas subsidiary. **SSG's** profit was higher mainly due to higher sales. **CSG** recorded a lower profit mainly due to lower profit contribution from satellite communication product sales.

1Q2007 vs 4Q2006

1Q2007	4Q2006	Growth	
\$22.2m	\$29.9m	(\$7.7m)	(26%)

The profit before tax of \$22.2 million for 1Q2007 was lower than that in 4Q2006 by 26% or \$7.7 million. At the business group level, **LSG** recorded a lower profit mainly due to lower sales and profit margins in project milestones completed. **CSG's** profit was lower mainly due to lower sales and lower profit contribution from satellite communication product sales. **SSG's** profit was higher mainly due to better margins in project milestones completed.

8. Prospects

1H2007

Barring unforeseen circumstances, 1H2007 turnover is expected to be higher than 1H2006 while profit before tax is expected to be comparable.



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9. Balance Sheet

	31 Mar 2007	31 Dec 2006
	\$'000	\$'000
Property, plant and equipment	39,587	39,365
Associated companies and joint ventures	62,486	61,573
Investments	8,790	8,299
Intangible assets	275,285	278,407
Long-term receivables	2,052	2,872
Deferred tax assets	23,794	25,487
Current assets	792,271	784,972
Less: Current liabilities	(712,856)	(720,915)
Net current assets	79,415	64,057
	491,409	480,060
Less: Non-current liabilities	(361,549)	(365,886)
	129,860	114,174
Share capital and reserves	118,334	103,619
Minority interests	11,526	10,555
	129,860	114,174

10. Cash Flow Statement for the quarter ended 31 March 2007

	1Q2007	1Q2006
	\$'000	\$'000
Net cash from operating activities	62,921	74,627
Net cash used in investing activities	(1,818)	(7,273)
Proceed from sale of property, plant and equipment	1	-
Proceed from convertible loan redemption	-	85
Proceed from sale of an associated company	1,017	-
Purchase of property, plant and equipment	(2,836)	(2,188)
Purchase of investment	-	(487)
Acquisition of subsidiaries	-	(4,683)
Net cash from financing activities	11,685	49,194
Capital contribution from minority shareholders of a subsidiary	1,324	-
(Repayment of)/proceeds from short term bank loans	(2,490)	3,696
Proceeds from inter-company loans, net of repayment	14,744	47,000
Dividend paid to minority shareholders of a subsidiary	(915)	(889)
Interest paid	(962)	(597)
Repayment of lease obligations	(16)	(16)
Net increase in cash and cash equivalents	72,788	116,548
Cash and cash equivalents at beginning of year	137,506	106,809
Exchange difference on cash and cash equivalents at beginning of year	(731)	(1,440)
Cash and cash equivalents at end of quarter	209,563	221,917



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11. Accounting Policies

The Sector has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2006 except for the adoption of the Financial Reporting Standards (FRS) and INT FRS that are mandatory for financial years beginning on or after 1 January 2007. The adoption of these FRS and INT FRS has no significant impact to the Sector.

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