

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

“Strong Performance”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2009					
	2009 1Q	2008 4Q	Growth %	2008 1Q	Growth %
Turnover (\$m)	338	326	3	248	36
Investment, interest and other income (\$m)	4.0	(19.3)	121	0.9	362
Earnings before interest and tax (EBIT) (\$m)	19.7	36.7	(46)	22.3	(12)
Profit before tax (\$m)	21.7	14.6	49	20.1	8
Profit attributable to shareholders (\$m)	18.1	8.8	106	16.5	10

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

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Electronics sector unaudited results for the first quarter ended 31 March 2009:

	1Q2009 \$'000	1Q2008 \$'000	+ / (-) %
1. (a) Turnover	337,662	248,001	36.2
(b) Cost of sales	(252,595)	(165,767)	52.4
(c) Gross Profit	85,067	82,234	3.4
(d) Other operating income	473	820	(42.3)
(e) Distribution and selling expenses	(18,940)	(21,234)	(10.8)
(f) Administrative expenses	(32,580)	(24,174)	34.8
(g) Other operating expenses	(13,872)	(14,567)	(4.8)
(h) Profit from operations before taxation, other income and financial expenses	20,148	23,079	(12.7)
(i) Other income, net	3,557	53	NM
(j) Financial expenses	(2,124)	(3,153)	(32.6)
	21,581	19,979	8.0
(k) Share of results of associated companies and joint venture	145	169	(14.2)
(l) Profit from operations before taxation	21,726	20,148	7.8
(m) Taxation	(3,570)	(3,522)	1.4
(n) Profit from operations after taxation	18,156	16,626	9.2
Profit attributable to:			
(o) Shareholders of the Company	18,093	16,478	9.8
(p) Minority interests	63	148	(57.4)
	18,156	16,626	9.2
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	5,861	4,499	30.3
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	68	(1,295)	(105.3)
Allowance/(write-back of allowance) for stock obsolescence, net	348	(151)	(330.5)
Impairment/(write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises:			
Investment income	-	23	(100.0)
Interest income	472	831	(43.2)
Others	1	(34)	(102.9)
	473	820	(42.3)
(c) Other income, net comprises:			
Foreign exchange gain/(loss), net	168	(200)	(184.0)
Rental income	67	68	(1.5)
Others	3,322	185	NM
	3,557	53	NM

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	1Q2009 \$'000	1Q2008 \$'000	+ / (-) %
3. (a) Profit from operations after taxation [1(n) above] as a percentage of turnover	5.4%	6.7%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	7.3%	7.9%	
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
5. (a) There was a net adjustment of \$399,000 for underprovision of current and deferred tax in respect of prior year (1Q2008: \$410,000 overprovision).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Turnover		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2009 \$'000	1Q2008 \$'000		1Q2009 \$'000	1Q2008 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	65,681	50,783	29.3	5,372	4,053	32.5
Communication & Sensor Systems Group	157,221	119,475	31.6	6,976	5,925	17.7
Software Systems Group	114,760	77,743	47.6	9,378	10,170	(7.8)
Total	<u>337,662</u>	<u>248,001</u>	36.2	<u>21,726</u>	<u>20,148</u>	7.8

By Geographical Areas

Asia	268,847	185,774	44.7
USA	20,259	23,243	(12.8)
Europe	19,861	8,589	131.2
Others	28,695	30,395	(5.6)
Total	<u>337,662</u>	<u>248,001</u>	36.2

By Country of Incorporation

Asia	278,191	192,671	44.4
USA	48,374	44,481	8.8
Europe	2,578	-	NM
Others	8,519	10,849	(21.5)
Total	<u>337,662</u>	<u>248,001</u>	36.2

* NM - Not Meaningful

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7. Review of Performance

(a) Turnover

1Q2009 vs 1Q2008

1Q2009	1Q2008	Growth	
\$338m	\$248m	\$90m	36%

The turnover of \$338 million recorded in 1Q2009 was higher than that in 1Q2008 by 36% or \$90 million. The increase was contributed by all three business groups. **Communication & Sensor Systems Group (CSG)** recorded higher sales with the milestone completions of communication projects, sales of satellite communication products and electro-optics equipment. **Software Systems Group's (SSG)** sales were higher with the milestone completions of a software system project and managed services sales. Sales for **Large-Scale Systems Group (LSG)** were higher with milestone completions of the Land Transport Authority's (LTA) Circle Line project and Taiwan MRT projects.

1Q2009 vs 4Q2008

1Q2009	4Q2008	Growth	
\$338m	\$326m	\$12m	3%

The turnover of \$338 million recorded in 1Q2009 was higher than that in 4Q2008 by 3% or \$12 million. The increase was mainly contributed by **SSG** with milestone completions of a software system project. **LSG** recorded higher sales mainly due to milestone completions of the LTA's Circle Line project. **CSG's** sales were lower mainly due to lower value project milestones completed and lower sales of electro-optics equipment.

(b) Profitability

1Q2009 vs 1Q2008

1Q2009	1Q2008	Growth	
\$21.7m	\$20.1m	\$1.6m	8%

The profit before tax of \$21.7 million for 1Q2009 was higher than that in 1Q2008 by 8% or \$1.6 million. At the business group level, the increase in profit was contributed by **LSG** and **CSG** which was partially offset by **SSG**. **LSG** recorded higher profit mainly due to lower operating expenses and higher other income from Jobs Credit. **CSG's** profit was contributed mainly from higher sales, partially offset by higher operating expenses. The lower profit from **SSG** was mainly as a result of less favourable sales mix and higher operating expenses, partially offset by higher other income from Jobs Credit.

1Q2009 vs 4Q2008

1Q2009	4Q2008	Growth	
\$21.7m	\$14.6m	\$7.1m	49%

The profit before tax of \$21.7 million for 1Q2009 was higher than that in 4Q2008 by 49% or \$7.1 million. At the business group level, the increase in profit was contributed by **LSG** due mainly to 4Q2008 being impacted by impairment in value of a quoted investment of \$16.5 million. The lower profit from **CSG** was contributed mainly by lower sales and less favourable sales mix. **SSG's** lower profit was mainly as a result of less favourable sales mix.

8. Prospects

1H2009

Barring unforeseen circumstances, the Sector expects higher turnover and profit before tax for 1H2009 compared to 1H2008.

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9. Balance Sheet

	31-Mar-09 \$'000	31-Dec-08 \$'000
Property, plant and equipment	58,641	58,996
Associated companies and joint venture	11,259	11,305
Investments	11,593	12,425
Intangible assets	382,876	364,998
Investment property	1,380	1,389
Long-term receivables	-	4
Deferred tax assets	23,551	23,103
Non-current assets	489,300	472,220
Current assets	1,098,431	947,210
Total assets	1,587,731	1,419,430
Current liabilities	859,601	771,724
Non-current liabilities	592,095	545,755
Total liabilities	1,451,696	1,317,479
Share capital and reserves	118,618	85,042
Minority interests	17,417	16,909
Total equity and liabilities	1,587,731	1,419,430

The increase in current assets was mainly due to higher cash & cash equivalents.

The increase in current liabilities and non-current liabilities was mainly due to higher advance payments received from customers.

10. Statement of Cash Flows for the first quarter ended 31 March 2009

	1Q2009 \$'000	1Q2008 \$'000
Net cash from operating activities	177,994	100,586
Net cash used in investing activities	(2,803)	(125,419)
Proceed from sale of property, plant and equipment	18	-
Proceed from sale of an associated company	-	15
Dividends from associated companies	171	-
Dividend from investment	-	8
Purchase of property, plant and equipment	(2,666)	(3,893)
Acquisition of additional interest in a subsidiary	(326)	-
Acquisition of subsidiaries	-	(121,549)
Net cash (used in)/from financing activities	(24,332)	8,307
(Repayment of)/proceeds from inter-company loans, net	(24,512)	17,768
Proceed from bank loans, net of repayment	748	(6,881)
Repayment of lease obligations	(11)	(18)
Dividend paid to minority shareholders of a subsidiary	-	(756)
Interest paid	(557)	(1,806)
Net increase/(decrease) in cash and cash equivalents	150,859	(16,526)
Cash and cash equivalents at beginning of the year	223,667	275,583
Exchange difference on cash and cash equivalents at beginning of the year	3,521	(5,698)
Cash and cash equivalents at end of period	378,047	253,359

Media Contact:
Magdalen Loh
AVP / Head, Corporate Communications
Tel: (65) 64131788
Fax: (65) 64848840
Email: loh1mm@stee.stengg.com