



Electronics

“Good Operating Performance”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2007			
	2007 3Q	2006 3Q	Growth %
Turnover (\$m)	241	227	6
Investment, interest and other income (\$m)	1.6	8.1	(81)
Earnings before interest and tax (EBIT) (\$m)	29.3	22.4	31
Profit before tax (\$m)	29.9	29.8	-
Profit attributable to shareholders (\$m)	22.2	21.3	4

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

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Electronics sector unaudited results for the third quarter ended 30 September 2007 :

	3Q2007 \$'000	3Q2006 \$'000	+ / (-) %
1. (a) Turnover	240,911	226,971	6.1
(b) Cost of sales	(153,831)	(147,327)	4.4
(c) Gross Profit	87,080	79,644	9.3
(d) Other operating income	1,470	8,018	(81.7)
(e) Distribution and selling expenses	(20,706)	(19,161)	8.1
(f) Administrative expenses	(25,976)	(26,735)	(2.8)
(g) Other operating expenses	(11,085)	(11,331)	(2.2)
(h) Profit from continuing operations before taxation, other income and financial expenses	30,783	30,435	1.1
(i) Other income, net	118	112	5.4
(j) Financial expenses	(2,353)	(2,241)	5.0
	<u>28,548</u>	<u>28,306</u>	0.9
(k) Share of results of associated companies and joint ventures	1,310	1,521	(13.9)
(l) Profit from continuing operations before taxation	29,858	29,827	0.1
(m) Taxation	(7,335)	(7,682)	(4.5)
(n) Profit from continuing operations after taxation	22,523	22,145	1.7
Attributable to:			
(o) Shareholders of the Company	22,170	21,308	4.0
(p) Minority interests	353	837	(57.8)
	<u>22,523</u>	<u>22,145</u>	1.7
2. (a) Profit from continuing operations is arrived at after charging/(crediting) the following :			
Depreciation and amortisation	3,845	3,411	12.7
Allowance / (write-back of allowance) for doubtful debts & bad debts written off, net	1,692	2,068	(18.2)
Allowance / (write-back of allowance) for stock obsolescence, net	1,073	2,470	(56.6)
Impairment / (write-back of impairment) in value of investments, net	-	3,128	(100.0)
(b) Other operating income comprises :			
Investment income	466	6,489	(92.8)
Interest income	1,050	1,337	(21.5)
Others	(46)	192	(124.0)
	<u>1,470</u>	<u>8,018</u>	(81.7)
(c) Other income comprises :			
Foreign exchange gain / (loss), net	(36)	(30)	20.0
Rental income	64	62	3.2
Others	90	80	12.5
	<u>118</u>	<u>112</u>	5.4

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	3Q2007 \$'000	3Q2006 \$'000	+ / (-) %
3. (a) Profit from continuing operations after taxation [1(n) above] as a percentage of turnover	9.3%	9.8%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	9.3%	8.4%	
4. (a) Turnover reported for first half year	506,906	431,943	17.4
(b) Profit from continuing operations after taxation reported for first half year	37,113	32,175	15.3
(c) Turnover reported for third quarter	240,911	226,971	6.1
(d) Profit from continuing operations after taxation reported for third quarter	22,523	22,145	1.7
(e) Turnover reported for first nine months	747,817	658,914	13.5
(f) Profit from continuing operations after taxation reported for first nine months	59,636	54,320	9.8
5. (a) There was an adjustment for over provision of tax amounting to \$995,000 in respect of prior years (3Q2006 : \$716,000).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Turnover			Profit before Taxation		
	2007 \$'000	2006 \$'000	+ / (-) %	2007 \$'000	2006 \$'000	+ / (-) %
Third Quarter						
Large-Scale Systems Group	51,388	49,418	4.0	839	1,719	(51.2)
Communication & Sensor Systems Group	116,721	114,958	1.5	16,363	16,708	(2.1)
Software Systems Group	72,802	62,595	16.3	12,656	11,400	11.0
Total	<u>240,911</u>	<u>226,971</u>	6.1	<u>29,858</u>	<u>29,827</u>	0.1
Nine Months Ended 30 September						
Large-Scale Systems Group	147,709	130,442	13.2	6,116	(855)	NM
Communication & Sensor Systems Group	353,963	337,246	5.0	36,116	44,777	(19.3)
Software Systems Group	246,145	191,226	28.7	35,720	30,831	15.9
Total	<u>747,817</u>	<u>658,914</u>	13.5	<u>77,952</u>	<u>74,753</u>	4.3

	Turnover		
	3Q2007 \$'000	3Q2006 \$'000	+ / (-) %
<u>By Country of Incorporation</u>			
Asia	184,413	174,785	5.5
USA	56,451	52,186	8.2
Europe	-	-	-
Others	47	-	NM
Total	<u>240,911</u>	<u>226,971</u>	6.1

By Geographical Areas

Asia	174,585	170,184	2.6
USA	37,634	27,160	38.6
Europe	7,394	10,324	(28.4)
Others	21,298	19,303	10.3
Total	<u>240,911</u>	<u>226,971</u>	6.1

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7. Review of Performance

(a) Turnover

3Q2007 vs 3Q2006

3Q2007	3Q2006	Growth	
\$241m	\$227m	\$14m	6%

The turnover of \$241 million recorded in 3Q2007 was higher than that in 3Q2006 by 6% or \$14 million. The increase was mainly contributed by **Software Systems Group (SSG)** with milestone completions of a command and control system project and a managed services project. **Large-Scale Systems Group's (LSG)** sales were higher with milestone completions of the Land Transport Authority's (LTA) Circle Line project and Taiwan MRT projects. Sales for **Communication & Sensor Systems Group (CSG)** were comparable to the same period last year.

3Q2007 vs 2Q2007

3Q2007	2Q2007	Growth	
\$241m	\$273m	(\$32m)	(12%)

The turnover of \$241 million recorded in 3Q2007 was lower than that in 2Q2007 by 12% or \$32 million. The decrease was from **CSG** and **SSG** mainly due to lower value in project milestone completions. Sales for **LSG** were higher with milestone completions of the LTA's Circle Line project and Taiwan MRT projects.

(b) Profitability

3Q2007 vs 3Q2006

3Q2007	3Q2006	Growth	
\$29.9m	\$29.8m	\$0.1m	-

The profit before tax of \$29.9 million for 3Q2007 was comparable to that in 3Q2006, although the Group recorded a lower investment and interest income. At the business group level, **SSG** recorded a higher profit mainly due to higher sales. **LSG's** profit was lower mainly due to lower margins in project milestones completed. **CSG** recorded a slightly lower profit due to lower investment income, despite better margins in project milestones completed.

3Q2007 vs 2Q2007

3Q2007	2Q2007	Growth	
\$29.9m	\$25.9m	\$4.0m	15%

The profit before tax of \$29.9 million for 3Q2007 was higher than that in 2Q2007 by 15% or \$4.0 million. At the business group level, the increase in profit was contributed by **CSG** and **SSG**. **CSG's** profit was higher mainly due to better margins in project milestones completed and higher profit contribution from satellite communication products sales. **SSG's** profit was higher mainly due to better profit margins. **LSG** recorded a lower profit mainly due to lower margins in project milestones completed.

8. Prospects

FY2007

Barring unforeseen circumstances, the Sector expects to achieve higher turnover and profit before tax for FY2007 compared to FY2006.

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9. Balance Sheet

	30 Sep 2007 \$'000	31 Dec 2006 \$'000
Property, plant and equipment	39,888	39,365
Associated companies and joint ventures	56,570	61,573
Investments	7,429	8,299
Intangible assets	269,826	278,407
Long-term receivables	1,337	2,872
Deferred tax assets	22,433	25,487
Current assets	805,966	784,972
Less: Current liabilities	(712,500)	(720,915)
Net current assets	93,466	64,057
	490,949	480,060
Less: Non-current liabilities	(368,859)	(365,886)
	122,090	114,174
Share capital and reserves	109,315	103,619
Minority interests	12,775	10,555
	122,090	114,174

10. Cash Flow Statement for the third quarter ended 30 September 2007

	3Q2007 \$'000	3Q2006 \$'000
Net cash from/(used in) operating activities	3,404	(31,252)
Net cash from/(used in) investing activities	(2,973)	4,808
Proceeds from sale of property, plant and equipment	9	48
Proceed from convertible loan	-	85
Dividends from associated companies	-	677
Proceed from sale of an associated company	391	-
Proceeds from sale of investments	-	7,344
Purchase of property, plant and equipment	(3,060)	(3,665)
Convertible loan to an investee company	-	(195)
Acquisition of a subsidiary	-	514
Acquisition of additional interest in a subsidiary	(313)	-
Net cash from/(used in) financing activities	(4,704)	6,727
Proceeds from bank loans, net of repayment	(270)	7,506
Repayment of inter-company loans	(3,297)	-
Interest paid	(1,125)	(767)
Repayment of lease obligations	(12)	(12)
Net decrease in cash and cash equivalents	(4,273)	(19,717)
Cash and cash equivalents at 1 July	151,214	152,101
Exchange difference on cash and cash equivalents	(1,375)	(201)
Cash and cash equivalents at 30 September	145,566	132,183



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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.

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