

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

“Profits comparable with 1Q2012”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2013					
	2013 1Q	2012 1Q	Growth %	2012 4Q	Growth %
Revenue (\$m)	433	461	(6)	446	(3)
Earnings before interest and tax (EBIT) (\$m)	32.5	34.4	(6)	40.4	(20)
Other income, net (\$m)	1.3	0.3	402	0.8	60
Finance costs, net (\$m)	(0.2)	(1.1)	79	(1.2)	81
Profit before tax (PBT) (\$m)	33.3	33.7	(1)	36.6	(9)
Profit attributable to shareholders (\$m)	29.1	28.1	3	29.6	(2)

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

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Electronics sector unaudited results for the first quarter ended 31 March 2013:

	1Q2013 \$'000	1Q2012 \$'000	+ / (-) %
1. (a) Revenue	433,102	460,877	(6.0)
(b) Cost of sales	(321,092)	(348,688)	(7.9)
(c) Gross Profit	112,010	112,189	(0.2)
(d) Distribution and selling expenses	(20,025)	(21,558)	(7.1)
(e) Administrative expenses	(40,244)	(38,388)	4.8
(f) Other operating expenses	(19,241)	(17,850)	7.8
(g) Profit from operations	32,500	34,393	(5.5)
(h) Other income, net	1,261	251	402.4
(i) Finance income	918	510	80.0
(j) Finance costs	(1,138)	(1,580)	(28.0)
(k) Finance income/(costs), net	(220)	(1,070)	(79.4)
(l) Share of results of associates and jointly controlled entities	(266)	153	(273.9)
(m) Profit before taxation	33,275	33,727	(1.3)
(n) Taxation	(3,983)	(5,440)	(26.8)
(o) Profit for the period	29,292	28,287	3.6
Attributable to:			
(p) Shareholders of the Company	29,075	28,146	3.3
(q) Non-controlling interests	217	141	53.9
	29,292	28,287	3.6
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	6,806	6,564	0.6
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(141)	(181)	(22.1)
Allowance/(write-back of allowance) for stock obsolescence, net	189	598	(68.4)
(b) Finance income/(costs), net comprises:			
Interest income	684	510	34.1
Foreign exchange gain/(loss), net	30	(49)	(161.2)
Fair value changes of financial instruments / hedged items	204	-	NM
Interest expenses	(1,138)	(1,531)	(25.7)
	(220)	(1,070)	(79.4)

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	1Q2013 \$'000	1Q2012 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	6.8%	6.1%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	9.5%	9.9%	
4. (a) Revenue reported for first quarter	433,102	460,877	(6.0)
(b) Profit for the period reported for first quarter	29,292	28,287	3.6
5. (a) There was overprovision of current tax and deferred tax of \$1,451,000 and \$23,000 respectively in respect of prior years (1Q2012: There was an overprovision of current tax of \$102,000 and underprovision of deferred tax of \$47,000 in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue			Profit before Taxation		+ / (-) %
	1Q2013 \$'000	1Q2012 \$'000	+ / (-) %	1Q2013 \$'000	1Q2012 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	120,699	126,263	(4.4)	12,660	12,191	3.8
Communication & Sensor Systems Group	186,433	201,602	(7.5)	8,740	12,692	(31.1)
Software Systems Group	125,970	133,012	(5.3)	11,875	8,844	34.3
Total	<u>433,102</u>	<u>460,877</u>	(6.0)	<u>33,275</u>	<u>33,727</u>	(1.3)

By Geographical Areas

Asia	331,429	376,639	(12.0)
USA	31,011	27,391	13.2
Europe	42,887	21,818	96.6
Others	27,775	35,029	(20.7)
Total	<u>433,102</u>	<u>460,877</u>	(6.0)

By Country of Incorporation

Asia	344,650	396,441	(13.1)
USA	80,014	52,256	53.1
Europe	2,362	4,520	(47.7)
Others	6,076	7,660	(20.7)
Total	<u>433,102</u>	<u>460,877</u>	(6.0)

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7. Review of Performance

(a) Revenue

1Q2013 vs 1Q2012

1Q2013	1Q2012	Growth	
\$433m	\$461m	(\$28m)	(6%)

Revenue of \$433 million recorded in 1Q2013 was lower than that in 1Q2012 by 6% or \$28 million. Both **Large-Scale Systems Group's (LSG)** and **Software Systems Group's (SSG)** sales were comparable to 1Q2012. **Communication & Sensor Systems Group (CSG)** recorded lower sales mainly due to lower value project milestone completions.

1Q2013 vs 4Q2012

1Q2013	4Q2012	Growth	
\$433m	\$446m	(\$13m)	(3%)

Revenue of \$433 million recorded in 1Q2013 was comparable to that in 4Q2012. The increase in sales from **LSG** was offset by lower sales in **CSG**. **LSG** recorded higher sales mainly due to milestone completions of the Land Transport Authority's Circle Line project, the half height platform screen doors project, the Downtown Line project and the Taiwan MRT project. Sales for **CSG** were lower mainly due to lower value project milestone completions, decreased sales of satellite communication products and electro-optics equipment. **SSG's** sales were comparable to 4Q2012.

(b) Profitability

1Q2013 vs 1Q2012

1Q2013	1Q2012	Growth	
\$33.3m	\$33.7m	(\$0.4m)	(1%)

The profit before tax of \$33.3 million for 1Q2013 was comparable to that in 1Q2012. At the business group level, the increase in profit from **SSG** was offset by **CSG**. **SSG's** profit was higher mainly due to favourable sales mix and lower operating expenses. **CSG** recorded lower profit mainly due to decreased sales and higher operating expenses, partially offset by favourable sales mix. **LSG** recorded comparable profit compared to that in 1Q2012.

1Q2013 vs 4Q2012

1Q2013	4Q2012	Growth	
\$33.3m	\$36.6m	(\$3.3m)	(9%)

The profit before tax of \$33.3 million for 1Q2013 was lower than that in 4Q2012 by 9% or \$3.3 million. At the business group level, the decrease in profit was recorded by **CSG**, partially offset by higher profit from **LSG** and **SSG**. **LSG's** profit was higher mainly due to increased sales and lower operating expenses. The increase in profit from **SSG** was mainly due to a smaller loss incurred by an associate and lower operating expenses when compared to 4Q2012, which had included the impairment of intangible assets. The decrease in profit from **CSG** was mainly due to lower sales and lower contribution from satellite communication product sales.

8. Prospects

1H2013

Barring unforeseen circumstances, 1H2013 revenue is expected to be comparable and profit before tax is expected to be higher compared to 1H2012.

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9. Balance Sheet

	31-Mar-13 \$'000	31-Dec-12 \$'000
Property, plant and equipment	129,910	104,672
Associates and jointly controlled entities	4,436	4,702
Investments	11,092	11,582
Intangible assets	282,690	279,932
Derivative financial instrument	9	15
Deferred tax assets	33,053	33,237
Non-current assets	461,190	434,140
Current assets	1,119,932	1,126,556
Total assets	1,581,122	1,560,696
Current liabilities	1,006,079	1,035,080
Non-current liabilities	389,908	372,975
Total liabilities	1,395,987	1,408,055
Share capital and reserves	175,017	142,723
Non-controlling interests	10,118	9,918
Total equity and liabilities	1,581,122	1,560,696
Net current assets	113,853	91,476

10. Statement of Cash Flows for the first quarter ended 31 March 2013

	1Q2013 \$'000	1Q2012 \$'000
Net cash from operating activities	151,997	163,902
Net cash used in investing activities	(21,491)	(9,599)
Proceeds from sale of property, plant and equipment	6	20
Purchase of property, plant and equipment	(20,332)	(9,421)
Acquisition of other intangible assets	(1,165)	-
Proceed from sale of an associate	-	30
Proceeds from sale of a subsidiary	-	149
Investment in a jointly controlled entity	-	(377)
Net cash used in financing activities	(9,632)	(6,614)
Repayment of bank loan	-	(167)
Repayment of related parties loans	(6,930)	(6,469)
Acquisition of non-controlling interests in subsidiaries	-	(1,158)
Loans to related parties	(2,957)	(390)
Repayment of loans by related parties	1,229	2,000
Repayment of lease obligations	(8)	(11)
Interest paid	(1,198)	(419)
Deposits pledged	232	-
Net increase in cash and cash equivalents	120,874	147,689
Cash and cash equivalents at beginning of the year	396,312	371,411
Exchange difference on cash and cash equivalents at beginning of the year	868	(1,731)
Cash and cash equivalents at end of the period	518,054	517,369

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