

News Release

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 Profit in FY2013”

FINANCIAL HIGHLIGHTS For the year ended 31 December 2013			
	2013 FY	2012 FY	Growth %
Revenue (\$m)	1,682	1,619	4
Earnings before interest and tax (EBIT) (\$m)	165.5	158.2	5
Other income, net (\$m)	2.0	2.2	(7)
Finance income/(costs), net (\$m)	4.2	(3.6)	218
Profit before tax (PBT) (\$m)	170.3	152.3	12
Profit attributable to shareholders (\$m)	137.1	119.8	14
Economic value added (EVA) (\$m)	106.1	101.8	4

“2013 had been a good year for the Electronics sector in terms of profit performance and orders received.

In 2014, we remain focused on developing new capabilities and new markets.”

Lee Fook Sun, President

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

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Electronics sector audited results for the year ended 31 December 2013:

	FY2013 \$'000	FY2012 \$'000	+ / (-) %
1. (a) Revenue	1,682,278	1,618,717	3.9
(b) Cost of sales	(1,182,514)	(1,121,619)	5.4
(c) Gross Profit	499,764	497,098	0.5
(d) Distribution and selling expenses	(86,827)	(92,800)	(6.4)
(e) Administrative expenses	(158,134)	(153,857)	2.8
(f) Other operating expenses	(89,257)	(92,234)	(3.2)
(g) Profit from operations	165,546	158,207	4.6
(h) Other income, net	2,044	2,191	(6.7)
(i) Finance income	9,546	3,206	197.8
(j) Finance costs	(5,342)	(6,774)	(21.1)
(k) Finance income/(costs), net	4,204	(3,568)	(217.8)
(l) Share of results of associates and jointly controlled entities, net of tax	(1,466)	(4,498)	(67.4)
(m) Profit before taxation	170,328	152,332	11.8
(n) Taxation	(30,502)	(29,831)	2.2
(o) Profit for the year	139,826	122,501	14.1
Attributable to:			
(p) Shareholder of the Company	137,119	119,771	14.5
(q) Non-controlling interests	2,707	2,730	(0.8)
	139,826	122,501	14.1
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	29,106	27,452	6.0
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	1,535	2,281	(32.7)
Allowance/(write-back of allowance) for inventory obsolescence, net	2,904	3,278	(11.4)
Impairment losses on intangible assets	1,576	10,079	(84.4)
(b) Finance income/(costs), net comprises:			
Interest income	3,459	3,204	8.0
Foreign exchange gain/(loss), net	1,362	(615)	(321.5)
Fair value changes of financial instruments / hedged items	204	-	NM
Gain/(Loss) on disposal of investments	4,521	-	NM
Write-back/(impairment losses) on investments	(633)	(1,000)	(36.7)
Interest expenses	(4,709)	(5,159)	(8.7)
Others	-	2	(100.0)
	4,204	(3,568)	(217.8)

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	FY2013 \$'000	FY2012 \$'000	+ / (-) %
3. (a) Profit for the year [1(o) above] as a percentage of revenue	8.3%	7.6%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of the year	43.7%	43.7%	
4. (a) Revenue reported for first half year	795,277	822,805	(3.3)
(b) Profit for the period reported for first half year	67,386	60,459	11.5
(c) Revenue reported for second half year	887,001	795,912	11.4
(d) Profit for the period reported for second half year	72,440	62,042	16.8
5. (a) There was an underprovision of current tax of \$125,000 and overprovision of deferred tax of \$4,169,000 in respect of prior years (FY2012: There was an overprovision of current tax of \$4,454,000 and underprovision of deferred tax of \$906,000 in respect of prior years).			
(b) During the year, the Sector made an impairment loss on intangible assets of \$1,576,000 to the income statement (FY2012: \$10,079,000)			
(c) There was no disposal of property during the year.			

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

	Revenue			Profit before Taxation		
	4Q2013 \$'000	3Q2013 \$'000	+ / (-) %	4Q2013 \$'000	3Q2013 \$'000	+ / (-) %
Large-Scale Systems Group	92,714	79,221	17.0	7,109	4,735	50.1
Communication & Sensor Systems Group	295,175	178,804	65.1	27,879	23,505	18.6
Software Systems Group	141,901	99,186	43.1	11,761	14,802	(20.5)
Total	<u>529,790</u>	<u>357,211</u>	48.3	<u>46,749</u>	<u>43,042</u>	8.6

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2013 \$'000	FY2012 \$'000	+ / (-) %	FY2013 \$'000	FY2012 \$'000	+ / (-) %
Large-Scale Systems Group	367,578	322,489	14.0	37,964	29,753	27.6
Communication & Sensor Systems Group	853,946	839,671	1.7	79,996	83,592	(4.3)
Software Systems Group	460,754	456,557	0.9	52,368	38,987	34.3
Total	<u>1,682,278</u>	<u>1,618,717</u>	3.9	<u>170,328</u>	<u>152,332</u>	11.8

	Revenue		
	FY2013 \$'000	FY2012 \$'000	

By Geographical Areas

Asia	1,247,952	1,182,912	5.5
USA	137,179	176,707	(22.4)
Europe	148,483	85,350	74.0
Others	148,664	173,748	(14.4)
Total	<u>1,682,278</u>	<u>1,618,717</u>	3.9

By Country of Incorporation

Asia	1,323,122	1,275,863	3.7
USA	311,752	290,871	7.2
Europe	14,862	16,768	(11.4)
Others	32,542	35,215	(7.6)
Total	<u>1,682,278</u>	<u>1,618,717</u>	3.9

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7. Review of Performance

(a) Revenue

FY2013 vs FY2012

FY2013	FY2012	Growth	
\$1,682m	\$1,619m	\$63m	4%

Revenue of \$1,682 million recorded in FY2013 was comparable to that of FY2012. **Large-Scale Systems Group (LSG)** recorded higher sales mainly due to milestone completions of the Land Transport Authority's (LTA) Downtown Line project, the Chennai Metro Rail project and the MRT projects in Wuxi, Bangkok and Taipei. **Communication & Sensor Systems Group's (CSG)** and **Software Systems Group's (SSG)** sales were comparable to that of FY2012.

4Q2013 vs 3Q2013

4Q2013	3Q2013	Growth	
\$530m	\$357m	\$173m	48%

Revenue of \$530 million recorded in 4Q2013 was higher than that of 3Q2013 by 48% or \$173 million. All three business groups recorded higher sales. **LSG** recorded higher sales mainly due to milestone completions of an air traffic control system project and LTA's communications systems projects. **CSG's** sales were higher mainly due to milestone completions of communication projects, increased sales of satellite communication products and electro-optics equipment. The increase in sales from **SSG** was mainly due to milestone completions of various software system projects.

(b) Profitability

FY2013 vs FY2012

FY2013	FY2012	Growth	
\$170.3m	\$152.3m	\$18.0m	12%

The profit before tax of \$170.3 million for FY2013 was higher than that of FY2012 by 12% or \$18.0 million. At the business group level, the increase in profit was contributed by **LSG** and **SSG**. The increase in **LSG's** profit was mainly due to higher sales and gain on the disposal of an investment, partially offset by higher operating expenses. **SSG** recorded higher profit mainly due to favourable sales mix, lower loss incurred by an associate and lower impairment of intangible assets. **CSG's** profit was comparable to that of FY2012.

4Q2013 vs 3Q2013

4Q2013	3Q2013	Growth	
\$46.7m	\$43.0m	\$3.7m	9%

The profit before tax of \$46.7 million for 4Q2013 was higher than that of 3Q2013 by 9% or \$3.7 million. At the business group level, the increase in profit was recorded by **LSG** and **CSG**. **LSG** recorded higher profit mainly due to increased sales and favourable sales mix, partially offset by higher operating expenses. The increase in profit from **CSG** was mainly due to higher sales, partially offset by less favourable sales mix and higher operating expenses. Despite higher sales, **SSG's** profit was lower mainly due to less favourable sales mix and higher operating expenses.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue and profit before tax for FY2014 are expected to be higher compared to FY2013.

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9. Balance Sheet

	31-Dec-13 \$'000	31-Dec-12 \$'000
Property, plant and equipment	170,244	104,672
Associates and jointly controlled entities	729	4,702
Investments	632	11,582
Intangible assets	282,861	279,932
Derivative financial instrument	-	15
Deferred tax assets	31,159	33,237
Non-current assets	485,625	434,140
Current assets	1,247,896	1,126,556
Total assets	1,733,521	1,560,696
Current liabilities	1,081,005	1,035,080
Non-current liabilities	457,767	372,975
Total liabilities	1,538,772	1,408,055
Share capital and reserves	182,754	142,723
Non-controlling interests	11,995	9,918
Total equity and liabilities	1,733,521	1,560,696
Net current assets	166,891	91,476

10. Statement of Cash Flows for the year ended 31 December 2013

	FY2013 \$'000	FY2012 \$'000
Net cash from operating activities	266,548	201,930
Net cash used in investing activities	(69,032)	(46,801)
Proceeds from sale of property, plant and equipment	173	66
Proceed from sale of a subsidiary	-	149
Proceed from sale of an associate	1,200	30
Proceeds from sale of a quoted investment	12,842	-
Proceed from sale of an unquoted investment	100	-
Dividends from associates	23	53
Purchase of property, plant and equipment	(80,088)	(45,973)
Additional investment in an associate	(304)	-
Additional investment in a jointly controlled entity	-	(377)
Acquisition of other intangible assets	(2,978)	(749)
Net cash used in financing activities	(120,836)	(126,405)
Repayment of related parties loans	(24,803)	(16,759)
Proceed from a related party loan	14,664	1,923
Proceed from a jointly controlled entity loan	836	-
Repayment of bank loans	-	(1,687)
Proceeds from bank loans	-	227
Loans to related parties	(5,187)	(9,526)
Repayment of loans by related parties	7,010	9,783
Repayment of lease obligations	(29)	(47)
Dividends paid to shareholder	(109,300)	(100,500)
Dividends paid to non-controlling interests	(660)	(3,943)
Acquisition of non-controlling interests in a subsidiary	-	(1,158)
Interest paid	(3,512)	(2,894)
Deposits pledged	145	(1,824)
Net increase in cash and cash equivalents	76,680	28,724
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	3,391	(3,823)
Cash and cash equivalents at end of the year	476,383	396,312



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11. Economic Value Added (EVA)

EVA for FY2013 was \$106.1 million, an increase of \$4.4 million or 4% over FY2012. The weighted average cost of capital was 5.2% for 2013 (2012: 5.3%).

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