

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 Revenue and PBT”

FINANCIAL HIGHLIGHTS For the year ended 31 December 2012			
	2012 FY	2011 FY	Growth %
Revenue (\$m)	1,619	1,517	7
Earnings before interest and tax (EBIT) (\$m)	158.2	145.6	9
Other income, net (\$m)	2.2	1.8	20
Finance costs, net (\$m)	(3.6)	(5.5)	35
Profit before tax (PBT) (\$m)	152.3	136.9	11
Profit attributable to shareholders (\$m)	119.8	108.8	10
Economic value added (EVA) (\$m)	101.8	88.7	15

“In 4Q2012, the Electronics sector opened a new market for its urban mass transit solutions in Malaysia. This is in addition to other urban mass transit contracts secured during the year in the region. In 2012, we also added new orders in intelligent transportation systems, smart utilities, environmental systems, learning solutions and various satellite communication products.

In 2013, we will continue to develop new capabilities and markets to grow our business.”

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 2012:

	FY2012 \$'000	FY2011 \$'000	+ / (-) %
1. (a) Revenue	1,618,717	1,516,975	6.7
(b) Cost of sales	(1,121,619)	(1,075,059)	4.3
(c) Gross Profit	<u>497,098</u>	<u>441,916</u>	12.5
(d) Distribution and selling expenses	(92,800)	(83,182)	11.6
(e) Administrative expenses	(153,857)	(134,526)	14.4
(f) Other operating expenses	(92,234)	(78,621)	17.3
(g) Profit from operations	<u>158,207</u>	<u>145,587</u>	8.7
(h) Other income, net	2,191	1,821	20.3
(i) Finance income	3,206	1,396	129.7
(j) Finance costs	(6,774)	(6,880)	(1.5)
(k) Finance income/(costs), net	<u>(3,568)</u>	<u>(5,484)</u>	(34.9)
(l) Share of results of associates and jointly controlled entities	(4,537)	(5,071)	(10.5)
(m) Profit before taxation	<u>152,293</u>	<u>136,853</u>	11.3
(n) Taxation	(29,792)	(25,690)	16.0
(o) Profit for the year	<u>122,501</u>	<u>111,163</u>	10.2
Attributable to:			
(p) Shareholders of the Company	119,771	108,802	10.1
(q) Non-controlling interests	2,730	2,361	15.6
	<u>122,501</u>	<u>111,163</u>	10.2
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	27,452	23,949	14.6
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	2,281	2,303	(1.0)
Allowance/(write-back of allowance) for stock obsolescence, net	3,278	(2,616)	(225.3)
Impairment of intangible assets	10,079	6,090	65.5
(b) Finance income/(costs), net comprises:			
Interest income	3,204	1,396	129.5
Foreign exchange gain/(loss), net	(615)	(225)	173.3
Impairment in value of investments, net	(1,000)	-	NM
Interest expenses	(5,159)	(6,385)	(19.2)
Fair value changes of financial instruments / hedged items	-	(270)	(100.0)
Others	2	-	NM
	<u>(3,568)</u>	<u>(5,484)</u>	(34.9)

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	FY2012 \$'000	FY2011 \$'000	+ / (-) %
3. (a) Profit for the year [1(o) above] as a percentage of revenue	7.6%	7.3%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of the year	43.7%	41.4%	
4. (a) Revenue reported for first half year	822,805	784,433	4.9
(b) Profit for the period reported for first half year	60,459	54,773	10.4
(c) Revenue reported for second half year	795,912	732,542	8.7
(d) Profit for the period reported for second half year	62,042	56,390	10.0
5. (a) There was an overprovision of current tax of \$4,454,000 and underprovision of deferred tax of \$906,000 in respect of prior years (FY2011: There was an overprovision of current tax of \$4,763,000 and underprovision of deferred tax of \$816,000 in respect of prior years).			
(b) During the year, the Sector made an impairment in value of intangible assets of \$10,079,000 to the income statement (FY2011: \$6,090,000).			
(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		
	4Q2012 \$'000	3Q2012 \$'000	+ / (-) %	4Q2012 \$'000	3Q2012 \$'000	+ / (-) %
Large-Scale Systems Group	66,255	56,815	16.6	3,465	6,934	(50.0)
Communication & Sensor Systems Group	249,147	187,651	32.8	26,757	21,732	23.1
Software Systems Group	130,944	105,100	24.6	6,368	11,470	(44.5)
Total	<u>446,346</u>	<u>349,566</u>	27.7	<u>36,590</u>	<u>40,136</u>	(8.8)

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2012 \$'000	FY2011 \$'000	+ / (-) %	FY2012 \$'000	FY2011 \$'000	+ / (-) %
Large-Scale Systems Group	322,489	295,619	9.1	29,748	33,926	(12.3)
Communication & Sensor Systems Group	839,671	755,146	11.2	83,566	72,871	14.7
Software Systems Group	456,557	466,210	(2.1)	38,979	30,056	29.7
Total	<u>1,618,717</u>	<u>1,516,975</u>	6.7	<u>152,293</u>	<u>136,853</u>	11.3

	Revenue		
	FY2012 \$'000	FY2011 \$'000	

By Geographical Areas

Asia	1,182,912	1,179,251	0.3
USA	176,707	120,689	46.4
Europe	85,350	86,757	(1.6)
Others	173,748	130,278	33.4
Total	<u>1,618,717</u>	<u>1,516,975</u>	6.7

By Country of Incorporation

Asia	1,275,863	1,238,460	3.0
USA	290,871	227,633	27.8
Europe	16,768	17,093	(1.9)
Others	35,215	33,789	4.2
Total	<u>1,618,717</u>	<u>1,516,975</u>	6.7

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7. Review of Performance

(a) Revenue

FY2012 vs FY2011

FY2012	FY2011	Growth	
\$1,619m	\$1,517m	\$102m	7%

Revenue of \$1,619 million recorded in FY2012 was higher than that in FY2011 by 7% or \$102 million. The increase in sales was contributed by **Communication & Sensor Systems Group (CSG)** and **Large-Scale Systems Group (LSG)**. **CSG** recorded higher sales mainly due to increased sales of satellite communication products and milestone completions of communication projects. **LSG's** sales were higher mainly due to milestone completions of a commuter rail project and the Taiwan MRT project. **Software Systems Group's (SSG)** sales were comparable to FY2011.

4Q2012 vs 3Q2012

4Q2012	3Q2012	Growth	
\$446m	\$350m	\$96m	28%

Revenue of \$446 million recorded in 4Q2012 was higher than that in 3Q2012 by 28% or \$96 million. All three business groups recorded higher sales. The increase in sales from **LSG** was mainly due to milestone completions of the Land Transport Authority's Circle Line project and the Taiwan MRT project. **CSG's** sales were higher mainly due to increased sales of satellite communication products, electro-optics equipment and milestone completions of communication projects. **SSG** recorded higher sales mainly due to milestone completions of various software system projects.

(b) Profitability

FY2012 vs FY2011

FY2012	FY2011	Growth	
\$152.3m	\$136.9m	\$15.4m	11%

The profit before tax of \$152.3 million for FY2012 was higher than that in FY2011 by 11% or \$15.4 million. At the business group level, the increase in profit was contributed by **CSG** and **SSG**. **CSG** recorded higher profit mainly due to higher sales and better contribution from satellite communication product sales, partially offset by higher operating expenses. The increase in profit from **SSG** was mainly due to favourable sales mix, partially offset by higher operating expenses as a result of the impairment of intangible assets. Despite higher sales, **LSG's** profit was lower mainly due to less favourable sales mix and FY2011 result included the write-back of the allowance for stock obsolescence.

4Q2012 vs 3Q2012

4Q2012	3Q2012	Growth	
\$36.6m	\$40.1m	(\$3.5m)	(9%)

The profit before tax of \$36.6 million for 4Q2012 was lower than that in 3Q2012 by 9% or \$3.5 million. At the business group level, **CSG** recorded higher profit mainly due to increase in sales, partially offset by less favourable sales mix and higher operating expenses. Despite higher sales, **SSG** recorded lower profit mainly due to less favourable sales mix, higher operating expenses as a result of the impairment of intangible assets and increased loss incurred by an associate. Despite higher sales, **LSG** recorded lower profit mainly due to higher operating expenses.

8. Prospects

FY2013

Barring unforeseen circumstances, revenue and profit before tax for FY2013 are expected to be higher compared to FY2012.

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9. Balance Sheet

	31-Dec-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	104,672	79,393
Associates and jointly controlled entities	4,702	8,904
Investments	11,582	9,190
Intangible assets	279,932	314,354
Derivative financial instruments	15	-
Deferred tax assets	33,237	28,011
Non-current assets	434,140	439,852
Current assets	1,126,556	1,170,699
Total assets	1,560,696	1,610,551
Current liabilities	1,035,080	990,176
Non-current liabilities	372,975	475,975
Total liabilities	1,408,055	1,466,151
Share capital and reserves	142,723	131,912
Non-controlling interests	9,918	12,488
Total equity and liabilities	1,560,696	1,610,551
Net current assets	91,476	180,523

10. Statement of Cash Flows for the year ended 31 December 2012

	FY2012 \$'000	FY2011 \$'000
Net cash from operating activities	201,930	273,966
Net cash used in investing activities	(46,801)	(35,363)
Proceeds from sale of property, plant and equipment	66	44
Proceeds from sale of subsidiaries	149	73
Proceed from sale of an associate	30	-
Dividends from associates	53	90
Purchase of property, plant and equipment	(45,973)	(36,100)
Acquisition of an associate	-	(2,400)
Additional investment in a jointly controlled entity	(377)	-
Acquisition of other intangible assets	(749)	(2,803)
Reduction in cost of investment in a subsidiary	-	5,733
Net cash used in financing activities	(126,405)	(117,843)
Repayment of related parties loans	(16,759)	(4,542)
Proceeds from a related party loans	1,923	1,689
Repayment of bank loans	(1,687)	(11,297)
Proceeds from bank loans	227	1,014
Loans to related parties	(9,526)	(27,500)
Repayment of loans by related parties	9,783	25,500
(Repayment)/addition of lease obligations	(47)	14
Dividends paid to shareholder	(100,500)	(94,000)
Dividends paid to non-controlling interests	(3,943)	(956)
Acquisition of non-controlling interests in subsidiaries	(1,158)	(2,262)
Interest paid	(2,894)	(5,503)
Deposits pledged	(1,824)	-
Net increase in cash and cash equivalents	28,724	120,760
Cash and cash equivalents at beginning of the year	371,411	250,180
Exchange difference on cash and cash equivalents at beginning of the year	(3,823)	471
Cash and cash equivalents at end of the year	396,312	371,411



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11. Economic Value Added (EVA)

EVA for FY2012 was \$101.8 million, an increase of \$13.1 million or 15% over FY2011. The weighted average cost of capital was 5.3% for 2012 (2011: 5.9%).

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