



Electronics

“Comparable PBT Performance”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2008			
	2008 3Q	2007 3Q	Growth %
Turnover (\$m)	301	241	25
Investment, interest and other income (\$m)	1.8	1.6	14
Earnings before interest and tax (EBIT) (\$m)	28.8	29.3	(2)
Profit before tax (\$m)	30.0	29.9	-
Profit attributable to shareholders (\$m)	21.7	22.2	(2)

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

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Electronics sector unaudited results for the third quarter ended 30 September 2008:

	3Q2008 \$'000	3Q2007 \$'000	+ / (-) %
1. (a) Turnover	300,788	240,911	24.9
(b) Cost of sales	(207,368)	(153,831)	34.8
(c) Gross Profit	93,420	87,080	7.3
(d) Other operating income	788	1,470	(46.4)
(e) Distribution and selling expenses	(21,513)	(20,706)	3.9
(f) Administrative expenses	(30,411)	(25,976)	17.1
(g) Other operating expenses	(12,684)	(11,085)	14.4
(h) Profit from continuing operations before taxation, other income and financial expenses	29,600	30,783	(3.8)
(i) Other income, net	1,026	118	NM
(j) Financial expenses	(2,369)	(2,353)	0.7
	<u>28,257</u>	<u>28,548</u>	(1.0)
(k) Share of results of associated companies and joint ventures	1,707	1,310	30.3
(l) Profit from continuing operations before taxation	29,964	29,858	0.4
(m) Taxation	(7,820)	(7,335)	6.6
(n) Profit from continuing operations after taxation	22,144	22,523	(1.7)
Attributable to:			
(o) Shareholders of the Company	21,702	22,170	(2.1)
(p) Minority interests	442	353	25.2
	<u>22,144</u>	<u>22,523</u>	(1.7)
* NM - Not Meaningful			
2. (a) Profit from continuing operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	4,586	3,845	19.3
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	856	1,692	(49.4)
Allowance/(write-back of allowance) for stock obsolescence, net	493	1,073	(54.1)
Impairment/(write-back of impairment) in value of investments, net	-	-	-
(b) Other operating income comprises:			
Investment income	-	466	(100.0)
Interest income	784	1,050	(25.3)
Others	4	(46)	(108.7)
	<u>788</u>	<u>1,470</u>	(46.4)
(c) Other income, net comprises:			
Foreign exchange gain/(loss), net	728	(36)	NM
Rental income	68	64	6.3
Others	230	90	155.6
	<u>1,026</u>	<u>118</u>	NM

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	3Q2008 \$'000	3Q2007 \$'000	+ / (-) %
3. (a) Profit from continuing operations after taxation [1(n) above] as a percentage of turnover	7.4%	9.3%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of period	9.9%	9.3%	
4. (a) Turnover reported for first half year	530,555	506,906	4.7
(b) Profit from continuing operations after taxation reported for first half year	38,796	37,113	4.5
(c) Turnover reported for third quarter	300,788	240,911	24.9
(d) Profit from continuing operations after taxation reported for third quarter	22,144	22,523	(1.7)
(e) Turnover reported for first nine months	831,343	747,817	11.2
(f) Profit from continuing operations after taxation reported for first nine months	60,940	59,636	2.2
5. (a) There was a net adjustment of \$280,000 for under provision of current and deferred tax in respect of prior years (3Q2007: \$995,000 overprovision).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Turnover			Profit before Taxation		
	2008 \$'000	2007 \$'000	+ / (-) %	2008 \$'000	2007 \$'000	+ / (-) %
Third Quarter						
Large-Scale Systems Group	70,888	51,388	37.9	4,166	839	396.5
Communication & Sensor Systems Group	134,379	116,721	15.1	14,644	16,363	(10.5)
Software Systems Group	95,521	72,802	31.2	11,154	12,656	(11.9)
Total	<u>300,788</u>	<u>240,911</u>	24.9	<u>29,964</u>	<u>29,858</u>	0.4
Nine Months Ended 30 September						
Large-Scale Systems Group	167,205	147,709	13.2	11,894	6,116	94.5
Communication & Sensor Systems Group	391,155	353,963	10.5	34,511	36,116	(4.4)
Software Systems Group	272,983	246,145	10.9	32,975	35,720	(7.7)
Total	<u>831,343</u>	<u>747,817</u>	11.2	<u>79,380</u>	<u>77,952</u>	1.8

	Turnover		
	3Q2008 \$'000	3Q2007 \$'000	
<u>By Country of Incorporation</u>			
Asia	229,153	184,413	24.3
USA	57,720	56,451	2.2
Europe	2,776	-	NM
Others	11,139	47	NM
Total	<u>300,788</u>	<u>240,911</u>	24.9

<u>By Geographical Areas</u>			
Asia	221,690	174,585	27.0
USA	33,571	37,634	(10.8)
Europe	16,928	7,394	128.9
Others	28,599	21,298	34.3
Total	<u>300,788</u>	<u>240,911</u>	24.9

* NM - Not Meaningful

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7. Review of Performance

(a) Turnover

3Q2008 vs 3Q2007

3Q2008	3Q2007	Growth	
\$301m	\$241m	\$60m	25%

The turnover of \$301 million recorded in 3Q2008 was higher than that in 3Q2007 by 25% or \$60 million. The increase was contributed by all three business groups. **Software Systems Group's (SSG)** sales were higher with milestone completions of a software system project and a simulator project. 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 project. **Communication & Sensor Systems Group (CSG)** recorded higher sales with the milestone completions of a communication project and the sales of telematics systems.

3Q2008 vs 2Q2008

3Q2008	2Q2008	Growth	
\$301m	\$283m	\$18m	6%

The turnover of \$301 million recorded in 3Q2008 was higher than that in 2Q2008 by 6% or \$18 million. The increase was contributed by **LSG** with the milestone completions of the LTA's Circle Line project and the Taiwan MRT project. Sales for **CSG** were lower mainly due to lower sales of electro-optics equipment. **SSG's** sales were lower mainly due to lower value project milestone completions.

(b) Profitability

3Q2008 vs 3Q2007

3Q2008	3Q2007	Growth	
\$30.0m	\$29.9m	\$0.1m	-

The profit before tax of \$30.0 million for 3Q2008 was comparable to that in 3Q2007. At the business group level, the increase in profit was contributed by **LSG** mainly due to higher sales. **CSG** and **SSG** recorded lower profits mainly due to lower margins from satellite communication product sales and project milestones completed respectively.

3Q2008 vs 2Q2008

3Q2008	2Q2008	Growth	
\$30.0m	\$29.3m	\$0.7m	2%

The profit before tax of \$30.0 million for 3Q2008 was comparable to that in 2Q2008. At the business group level, the increase in profit was contributed by **CSG** and **LSG** which was partially offset by **SSG**. **CSG** recorded higher profit mainly due to better margins in project milestones completed. **LSG's** profit was higher mainly due to higher sales. The reduction in profit from **SSG** was mainly due to lower sales.

8. Prospects

FY2008

Barring unforeseen circumstances, the Sector expects higher turnover and comparable profit before tax for FY2008 compared to FY2007.

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9. Balance Sheet

	30-Sep-08 \$'000	31-Dec-07 \$'000
Property, plant and equipment	42,225	42,262
Associated companies and joint venture investments	10,674	8,971
Intangible assets	17,399	28,827
Investment property	350,062	351,722
Long-term receivables	1,399	1,428
Deferred tax assets	619	1,815
Non-current assets	22,427	22,581
Current assets	444,805	457,606
Total assets	943,653	934,891
	1,388,458	1,392,497
Current liabilities	745,804	856,973
Non-current liabilities	534,530	445,517
Total liabilities	1,280,334	1,302,490
Share capital and reserves	91,004	75,611
Minority interests	17,120	14,396
Total equity and liabilities	1,388,458	1,392,497

The decrease in current liabilities was mainly due to lower other creditors as a result of payment made for the acquisition of Telematics Wireless Ltd.

The increase in non-current liabilities was due mainly from higher long-term customers advances and higher long-term loans from related corporation to finance its acquisition activity.

10. Cash Flow Statement for the third quarter ended 30 September 2008

	3Q2008 \$'000	3Q2007 \$'000
Net cash from operating activities	14,478	3,404
Net cash used in investing activities	(3,413)	(2,973)
Proceeds from sale of property, plant and equipment	10	9
Proceed from sale of an associated company	-	391
Purchase of property, plant and equipment	(3,677)	(3,060)
Acquisition of additional interest in a subsidiary	-	(313)
Acquisition of subsidiaries	254	-
Net cash used in financing activities	(18,501)	(4,704)
Proceeds from bank loans, net of repayment	418	(270)
Repayment of inter-company loans	(18,000)	(3,297)
Repayment of lease obligations	(12)	(12)
Interest paid	(907)	(1,125)
Net decrease in cash and cash equivalents	(7,436)	(4,273)
Cash and cash equivalents at 1 July	234,943	151,214
Exchange difference on cash and cash equivalents	6,718	(1,375)
Cash and cash equivalents at 30 September	234,225	145,566



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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 2007 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 2008. The adoption of these FRS and INT FRS has no significant impact to the Sector.

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