

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 laws or regulations.

Electronics

“Good Performance Despite Difficult Year”

FINANCIAL HIGHLIGHTS						
For the year ended						
31 December 2009						
	2009 FY	2008 FY	Growth %	2009 4Q	2009 3Q	Growth %
Turnover (\$m)	1,393	1,158	20	391	310	26
Investment, interest and other income (\$m)	13.9	(15.5)	189	2.7	3.2	(15)
Earnings before interest and tax (EBIT) (\$m)	107.2	118.1	(9)	27.8	28.7	(3)
Profit before tax (PBT) (\$m)	115.3	93.9	23	30.4	30.3	-
Profit attributable to shareholders (\$m)	90.8	68.1	33	25.0	23.5	6

- Economic Value Added for FY2009 was \$66.3 million

“In 2009, the Electronics sector achieved higher revenue and profit.

During the year, we secured several major orders including the Advanced Combat Man System, the 6th MRT project in Guangzhou, and the Bangladesh Chittagong Port Authority ICT project.

The Electronics sector remains focused on developing new capabilities and technologies in the ICT sector to position itself for changing market conditions.”

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 2009:

	FY2009 \$'000	FY2008 \$'000	+ / (-) %
1. (a) Turnover	1,393,356	1,157,704	20.4
(b) Cost of sales	(1,002,368)	(781,489)	28.3
(c) Gross Profit	390,988	376,215	3.9
(d) Other operating income/(loss), net	646	(14,905)	(104.3)
(e) Distribution and selling expenses	(97,701)	(89,745)	8.9
(f) Administrative expenses	(132,228)	(114,919)	15.1
(g) Other operating expenses	(53,881)	(53,500)	0.7
(h) Profit from operations before taxation, other income and financial expenses	107,824	103,146	4.5
(i) Other income/(expenses), net	13,218	(612)	> (500)
(j) Financial expenses	(6,677)	(10,282)	(35.1)
	114,365	92,252	24.0
(k) Share of results of associated companies and joint venture	911	1,688	(46.0)
(l) Profit from operations before taxation	115,276	93,940	22.7
(m) Taxation	(22,996)	(22,817)	0.8
(n) Profit from operations after taxation	92,280	71,123	29.7
Profit attributable to:			
(o) Shareholders of the Company	90,803	68,111	33.3
(p) Minority interests	1,477	3,012	(51.0)
	92,280	71,123	29.7
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	25,847	22,335	15.7
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	18,115	4,519	300.9
Allowance/(write-back of allowance) for stock obsolescence, net	2,230	525	324.8
Impairment/(write-back of impairment) in value of investments, net	1,020	18,688	(94.5)
(b) Other operating income/(loss), net comprises:			
Investment income/(loss)	(970)	(18,627)	(94.8)
Interest income	1,636	3,680	(55.5)
Others	(20)	42	(147.6)
	646	(14,905)	(104.3)
(c) Other income/(expenses), net comprises:			
Foreign exchange gain/(loss), net	(1,207)	(1,774)	(32.0)
Rental income	239	269	(11.2)
Others	14,186	893	> 500
	13,218	(612)	> (500)

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	FY2009 \$'000	FY2008 \$'000	+ / (-) %
3. (a) Profit from operations after taxation [1(n) above] as a percentage of turnover	6.6%	6.1%	
(b) Profit attributable to shareholders [1(o) above] as a percentage of share capital and reserves at end of the year	37.8%	31.8%	
4. (a) Turnover reported for first half year	692,458	530,555	30.5
(b) Profit from operations after taxation reported for first half year	42,665	38,796	10.0
(c) Turnover reported for second half year	700,898	627,149	11.8
(d) Profit from operations after taxation reported for second half year	49,615	32,327	53.5
5. (a) There was an overprovision of current tax of \$1,499,000 and underprovision of deferred tax of \$1,255,000 in respect of prior years (FY2008: There was an overprovision of current tax of \$1,993,000 and underprovision of deferred tax of \$85,000 in respect of prior years).			
(b) There was a disposal of property for a gain of \$447,000 during the year.			

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

	Turnover			Profit before Taxation		
	4Q2009 \$'000	3Q2009 \$'000	+ / (-) %	4Q2009 \$'000	3Q2009 \$'000	+ / (-) %
Large-Scale Systems Group	91,986	66,486	38.4	3,257	5,841	(44.2)
Communication & Sensor Systems Group	172,047	157,584	9.2	10,172	15,177	(33.0)
Software Systems Group	126,854	85,941	47.6	16,972	9,265	83.2
Total	<u>390,887</u>	<u>310,011</u>	26.1	<u>30,401</u>	<u>30,283</u>	0.4

Full Year Ended 31 December

	Turnover			Profit before Taxation		
	FY2009 \$'000	FY2008 \$'000	+ / (-) %	FY2009 \$'000	FY2008 \$'000	+ / (-) %
Large-Scale Systems Group	300,104	229,164	31.0	21,703	(1,182)	> (500)
Communication & Sensor Systems Group	669,502	557,930	20.0	49,598	44,331	11.9
Software Systems Group	423,750	370,610	14.3	43,975	50,791	(13.4)
Total	<u>1,393,356</u>	<u>1,157,704</u>	20.4	<u>115,276</u>	<u>93,940</u>	22.7

	Turnover		
	FY2009 \$'000	FY2008 \$'000	+ / (-) %

By Geographical Areas

Asia	1,067,374	846,986	26.0
USA	129,280	128,730	0.4
Europe	75,214	63,545	18.4
Others	121,488	118,443	2.6
Total	<u>1,393,356</u>	<u>1,157,704</u>	20.4

By Country of Incorporation

Asia	1,118,409	894,423	25.0
USA	230,747	204,982	12.6
Europe	18,001	16,371	10.0
Others	26,199	41,928	(37.5)
Total	<u>1,393,356</u>	<u>1,157,704</u>	20.4

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7. Review of Performance

(a) Turnover

FY2009 vs FY2008

FY2009	FY2008	Growth	
\$1,393m	\$1,158m	\$235m	20%

The turnover of \$1,393 million recorded in FY2009 was higher than that in FY2008 by 20% or \$235 million. The increase was contributed by all three business groups. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to milestone completions of the Integrated Resort project and a communication project, sales of satellite communication products and electro-optics equipment. **Large-Scale Systems Group (LSG)** recorded higher sales with milestone completions of the Land Transport Authority's (LTA) Circle Line project and the half height platform screen doors project, and MRT projects in Taiwan, Guangzhou and Bangkok. Sales for **Software Systems Group (SSG)** were higher with the milestone completions of a software system project, simulator projects and managed services sales.

4Q2009 vs 3Q2009

4Q2009	3Q2009	Growth	
\$391m	\$310m	\$81m	26%

The turnover of \$391 million recorded in 4Q2009 was higher than that in 3Q2009 by 26% or \$81 million. All three business groups recorded higher sales. **SSG** recorded higher sales mainly due to milestone completions of simulator projects. **LSG's** sales were higher mainly due to milestone completions of the LTA's Circle Line project, the half height platform screen doors project, and Taiwan and Bangkok MRT projects. Sales for **CSG** were higher mainly due to the increase in sales of satellite communication products.

(b) Profitability

FY2009 vs FY2008

FY2009	FY2008	Growth	
\$115.3m	\$93.9m	\$21.4m	23%

The profit before tax of \$115.3 million for FY2009 was higher than that in FY2008 by 23% or \$21.4 million. At the business group level, the increase in profit was contributed by **LSG** and **CSG**. **LSG's** profit was higher mainly due to increased sales, other income from Jobs Credit Scheme, and due to the fact that 4Q2008 was impacted by impairment in value of a quoted investment of \$16.5 million. The increase in **CSG's** profit was mainly due to higher sales and other income from Jobs Credit Scheme, partially offset by higher operating expenses. The decrease in **SSG's** profit was mainly due to less favourable sales mix, partially offset by other income from Jobs Credit Scheme.

4Q2009 vs 3Q2009

4Q2009	3Q2009	Growth	
\$30.4m	\$30.3m	\$0.1m	-

The profit before tax of \$30.4 million for 4Q2009 was comparable to that in 3Q2009. At the business group level, the increase in profit by **SSG** was offset by lower profits from **LSG** and **CSG**. **SSG** recorded higher profit mainly due to increased sales and better performance from an associated company. **LSG's** profit was lower mainly due to higher operating expenses. The lower profit from **CSG** was mainly due to higher allowance for doubtful debts, partially offset by higher sales of satellite communication products.

8. Prospects

FY2010

Barring unforeseen circumstances, FY2010 turnover is expected to be comparable and profit before tax is expected to be higher compared to FY2009.

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9. Balance Sheet

	31-Dec-09 \$'000	31-Dec-08 \$'000
Property, plant and equipment	57,084	58,996
Associated companies and joint venture	11,560	11,305
Investments	16,792	12,425
Intangible assets	363,993	364,998
Investment property	-	1,389
Long-term receivables	-	4
Deferred tax assets	25,790	23,103
Non-current assets	475,219	472,220
Current assets	1,002,649	947,210
Total assets	1,477,868	1,419,430
Current liabilities	848,745	771,724
Non-current liabilities	501,187	545,755
Total liabilities	1,349,932	1,317,479
Share capital and reserves	111,253	85,042
Minority interests	16,683	16,909
Total equity and liabilities	1,477,868	1,419,430

10. Statement of Cash Flows for the year ended 31 December 2009

	FY2009 \$'000	FY2008 \$'000
Net cash from operating activities	232,618	216,305
Net cash used in investing activities	(24,478)	(155,233)
Proceeds from sale of property, plant and equipment	53	21
Proceed from sale of an investment property	1,800	-
Proceed from sale of an associated company	-	15
Proceed from sale of a quoted investment	368	-
Dividends from associated companies	175	17
Dividends from investments	6	46
Purchase of property, plant and equipment	(16,375)	(31,955)
Acquisition of subsidiaries	(8,263)	(121,482)
Acquisition of additional interest in subsidiaries	(2,242)	(1,895)
Net cash used in financing activities	(186,227)	(112,292)
Repayment of inter-company loans, net	(110,051)	(33,265)
Proceeds from/(repayment of) bank loans, net	748	(3,911)
Repayment of loan by a minority shareholder	-	582
Repayment of loan by an associated company	493	-
Repayment of lease obligations	(36)	(45)
Dividends paid to shareholder	(67,704)	(65,923)
Dividends paid to minority shareholders of a subsidiary	(600)	(1,056)
Loans to associated companies/joint venture	-	(942)
Interest paid	(9,077)	(7,732)
Net increase/(decrease) in cash and cash equivalents	21,913	(51,220)
Cash and cash equivalents at beginning of the year	223,667	275,583
Exchange difference on cash and cash equivalents	(635)	(696)
Cash and cash equivalents at end of the year	244,945	223,667

Net cash used in acquisition of subsidiaries in FY2009 was in respect of acquisition of Parallel Limited and VT iDirect Canada, Inc. Net cash used in acquisition of subsidiaries in FY2008 was in respect of acquisition of Telematic Wireless Ltd and Antycip Simulation Limited.



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11. Economic Value Added (EVA)

EVA for FY2009 was \$66.3 million, an increase of \$6.3 million or 11% over FY2008. The weighted average cost of capital was 6.1% for 2009 (2008: 6.2%).

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