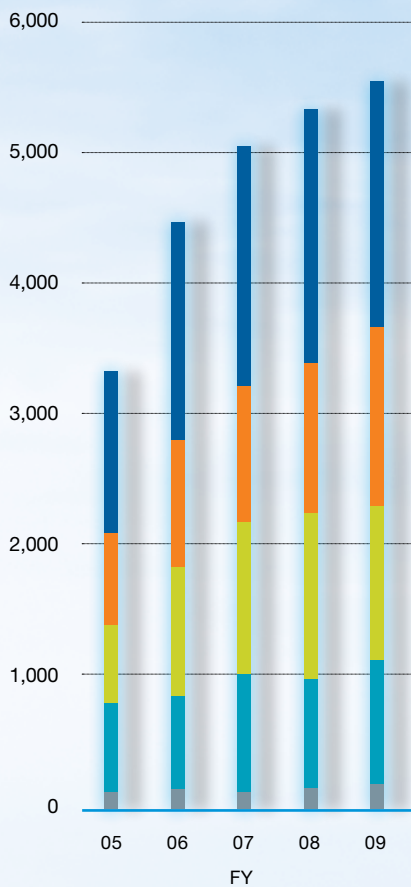


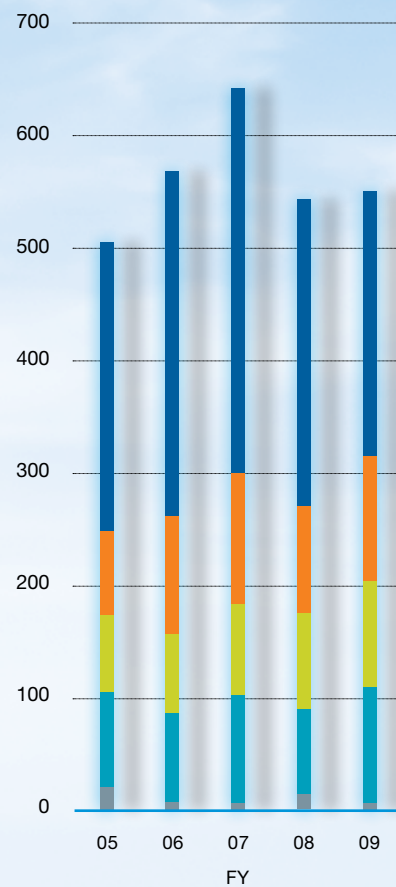
Financial Highlights

Amidst the challenging financial and economic environment of 2009, ST Engineering delivered 4% growth in its turnover to \$5.55b and PBT increased slightly to \$546.6m. PATMI was lower by 6% at \$443.9m with ROE at 28.3%. The Group continued to win orders in 2009 and ended the year with a healthy order book of \$10.3b. The Board is proposing to pay shareholders a total of 13.28 cents per share as dividends for FY2009.

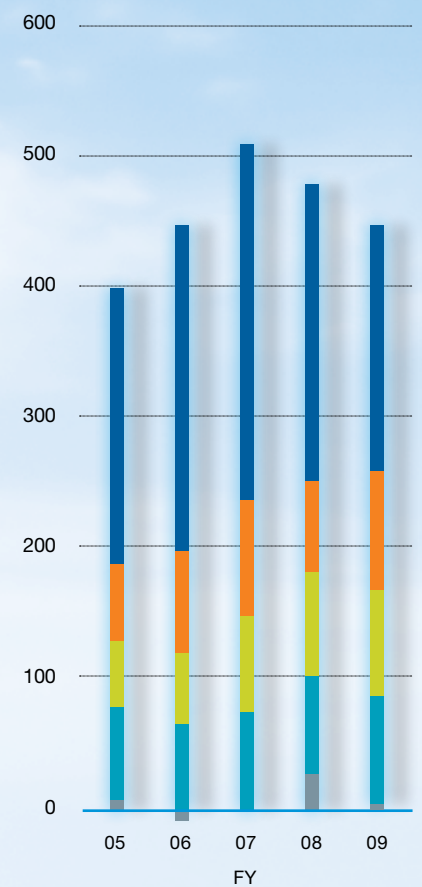
TURNOVER BY SECTOR (\$m)



PROFIT BEFORE TAX BY SECTOR (\$m)



PROFIT AFTER TAX AND MINORITY INTERESTS BY SECTOR (\$m)



Key Financial Data

TURNOVER BY SECTOR (\$m)

	2009		2008		2007		2006		2005	
GROUP	5,548	100%	5,345	100%	5,051	100%	4,486	100%	3,338	100%
AEROSPACE	1,872	34%	1,938	36%	1,835	36%	1,673	37%	1,236	37%
ELECTRONICS	1,371	25%	1,143	21%	1,023	20%	951	21%	701	21%
LAND SYSTEMS	1,167	21%	1,274	24%	1,178	23%	1,002	22%	600	18%
MARINE	949	17%	822	15%	863	17%	702	16%	660	20%
OTHERS	189	3%	168	4%	152	4%	158	4%	141	4%

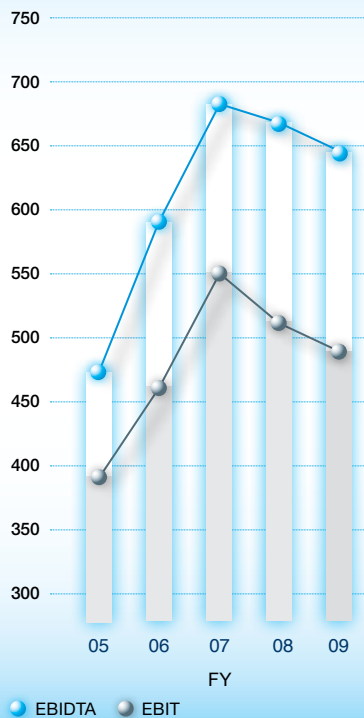
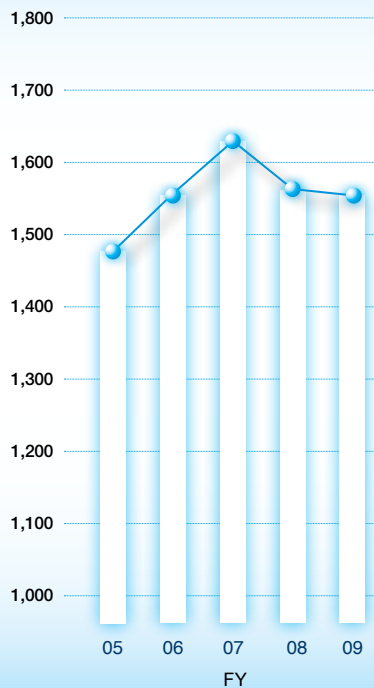
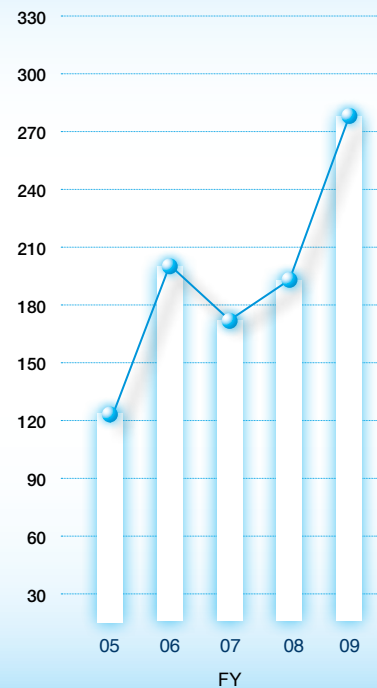
PROFIT BEFORE TAX BY SECTOR (\$m)

	2009		2008		2007		2006		2005	
GROUP	546.6	100%	540.7	100%	638.1	100%	564.3	100%	503.2	100%
AEROSPACE	228.3	42%	272.1	50%	341.2	53%	305.3	54%	255.4	51%
ELECTRONICS	115.3	21%	93.9	17%	115.3	18%	104.6	19%	76.0	15%
LAND SYSTEMS	95.4	17%	84.7	16%	80.0	13%	70.0	12%	65.0	13%
MARINE	102.3	19%	75.2	14%	96.6	15%	79.5	14%	87.9	17%
OTHERS	5.3	1%	14.8	3%	5.0	1%	4.9	1%	18.9	4%

PROFIT AFTER TAX AND MINORITY INTERESTS BY SECTOR (\$m)

	2009		2008		2007		2006		2005	
GROUP	443.9	100%	473.6	100%	503.5	100%	445.1	100%	396.3	100%
AEROSPACE	185.7	42%	225.7	48%	270.5	54%	255.0	57%	210.3	53%
ELECTRONICS	90.8	20%	68.1	14%	88.2	17%	76.3	17%	58.0	15%
LAND SYSTEMS	82.3	19%	79.9	17%	70.8	14%	51.9	12%	49.0	12%
MARINE	81.8	18%	74.5	16%	75.3	15%	67.8	15%	70.3	18%
OTHERS	3.3	1%	25.4	5%	(1.3)	-	(5.9)	(1%)	8.7	2%

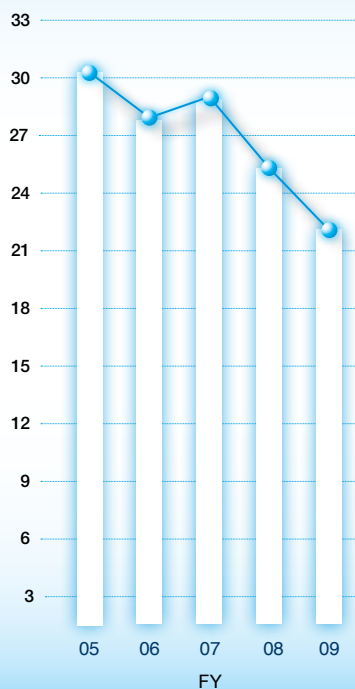
	2009	2008	2007	2006	2005
EBITDA (\$m)	649.2	667.9	684.4	593.4	470.1
EBIT (\$m)	486.4	509.1	550.3	457.6	389.5
Shareholders' funds (\$m)	1,568	1,580	1,633	1,565	1,493
Total assets (\$m)	6,884	5,993	6,050	5,578	4,566
Net assets (\$m)	1,676	1,677	1,780	1,687	1,542
Capital expenditure (\$m)	277	191	172	197	123
Gross dividend per share (cents)	13.28	15.80	16.88	15.11	13.60
Dividend yield (%)	4.72	5.16	4.94	5.09	5.24
Dividend cover	1.11	1.00	1.00	1.00	1.00
Earnings per share (cents)	14.78	15.82	16.95	15.15	13.64
Return on sales (%)	8.2	9.1	10.4	10.2	12.3
Return on equity (%)	28.3	30.0	30.8	28.4	26.5
Return on total assets (%)	6.6	8.2	8.7	8.2	9.0
Net asset value per share (cents)	52.09	52.71	54.72	53.13	51.22

**EBITDA & EBIT
(\$m)**

**SHAREHOLDERS'
FUNDS (\$m)**

**CAPITAL EXPENDITURE
(\$m)**


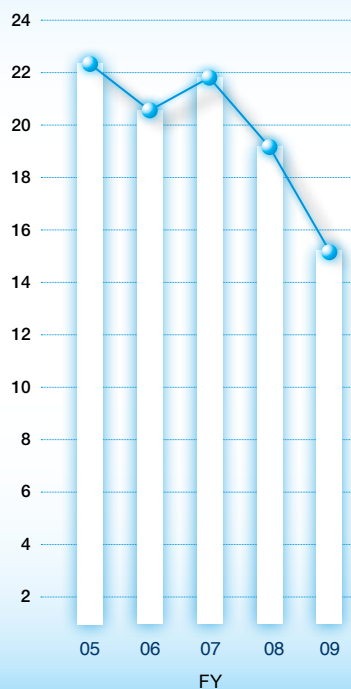
Productivity Data

	2009	2008	2007	2006	2005
Average staff strength	20,079	18,703	17,750	15,912	13,099
Sales per employee (\$)	276,298	285,757	284,570	281,910	254,821
Profit after tax per employee (\$)	22,109	25,324	28,367	27,974	30,255
Employment costs (\$m)	1,462.5	1,422.8	1,360.3	1,243.0	899.9
Employment costs per \$ of turnover (\$)	0.26	0.27	0.27	0.28	0.27
Economic Value Added (\$m)	304.8	357.9	388.8	327.8	290.6
Economic Value Added spread (%)	9.4	11.8	13.2	12.3	16.2
Economic Value Added per employee (\$)	15,181	19,138	21,904	20,598	22,187
Value added (\$m)	2,266.6	2,203.7	2,190.8	1,990.8	1,500.6
Value added per employee (\$)	112,882	117,824	123,432	125,112	114,559
Value added per \$ of employment costs (\$)	1.55	1.55	1.61	1.60	1.67
Value added per \$ of gross property, plant and equipment (\$)	0.91	0.97	1.00	0.98	1.02
Value added per \$ of turnover (\$)	0.41	0.41	0.43	0.44	0.45

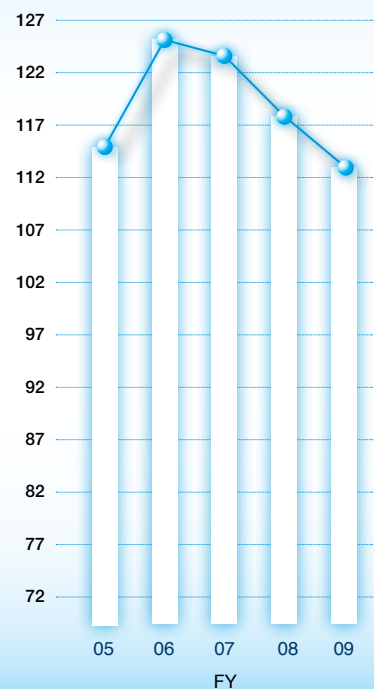
PROFIT AFTER TAX PER EMPLOYEE (\$'000)



ECONOMIC VALUE ADDED PER EMPLOYEE (\$'000)



VALUE ADDED PER EMPLOYEE (\$'000)



Group Economic Value Added Statement

(\$m)	2009	2008	2007	2006	2005
Net profit before tax	507.7	501.8	591.5	512.8	457.3
Adjust for:					
Share of results of associated companies and joint ventures	38.9	38.9	46.6	51.5	45.9
Interest expense	59.9	67.4	53.2	45.1	10.4
Others	18.5	21.3	10.3	11.6	2.2
Adjusted profit before interest and tax	625.0	629.4	701.6	621.0	515.8
Cash operating taxes (Note 1)	(116.3)	(81.8)	(112.4)	(112.8)	(99.3)
Net operating profit after tax (NOPAT) – (a)	508.7	547.6	589.2	508.2	416.5
Average capital employed (Note 2)	3,286.7	3,034.4	2,988.5	2,691.9	1,865.4
Weighted Average Cost of Capital (Note 3) (%)	6.1	6.2	6.5	6.6	6.1
Capital charge – (b)	(200.5)	(188.1)	(194.3)	(177.7)	(113.8)
Economic Value Added (EVA) – [(a) – (b)]	308.2	359.5	394.9	330.5	302.7
Minority share of EVA	(3.4)	(1.6)	(6.1)	(2.7)	(12.1)
EVA attributable to ordinary shareholders	304.8	357.9	388.8	327.8	290.6
Unusual items (UI) (gains)/losses (Note 4)	1.3	(0.1)	(10.8)	(30.7)	(7.0)
EVA attributable to ordinary shareholders (exclude UI)	306.1	357.8	378.0	297.1	283.6

Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2: Monthly average share capital plus interest bearing liabilities, timing provision, intangible assets impaired/ amortised, and present value of operating leases.

Major Capital Components:

	\$m
Long term debt	953.1
Short term debt	231.4
Equity	1,758.2
Others	344.0
	3,286.7

Note 3: The Weighted Average Cost of Capital is calculated in accordance to ST Engineering Group EVA Policy as follows:

- i) Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2008 @ 6.0%);
- ii) Risk-free rate of 2.08% (2008 @ 2.74%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- iii) Ungeared beta at 0.69 (2008 @ 0.67) based on ST Engineering risk categorisation; and
- iv) Cost of Debt rate at 4.17% using actual cost of debt of the borrowings in the US, Europe and Singapore (2008 @ 3.23%: based on 5-year Singapore dollar Swap Offer Rate plus 25 basis points).

Note 4: UI refer to divestment of investment properties, subsidiaries and associated companies, long term investments and disposal of major property, plant and equipment.

