

News Release

ST Engineering Reports Lower Profits in 2Q2017 vs 2Q2016

Ended the Quarter with Strong Order Book of \$13.5b

FINANCIAL HIGHLIGHTS						
For the second quarter ended						
30 June 2017						
	2017 2Q	2016 2Q	Growth %	2017 1H	2016 1H	Growth %
Revenue (\$m)	1,756	1,623	8	3,295	3,250	1
Earnings before interest and tax (EBIT) (\$m)	130.8	137.2	(5)	247.5	234.3	6
Other income, net (\$m)	10.7	24.6	(57)	22.4	46.7	(52)
Finance costs, net (\$m)	(3.3)	(3.9)	14	(8.4)	(15.3)	45
Profit before tax (PBT) (\$m)	149.8	170.3	(12)	286.8	300.7	(5)
Profit attributable to shareholders (\$m)	111.5	127.3	(12)	215.0	237.5	(10)
Earnings per share (cents)	3.59	4.10	(12)	6.91	7.65	(10)

- Strong order book of \$13.5b at end June 2017, of which about \$2.1b is expected to be delivered in the remaining months of 2017
- Diverse business portfolio mitigated overall impact of weak Marine sector
- Commercial sales and defence sales constituted 64% or \$1.1b and 36% or \$0.7b respectively
- Economic value added for first half of 2017 was \$116.1m (1H2016: \$128.7m)
- Cash and cash equivalents including funds under management totalled \$1.3b

N.B.: All currencies are in Singapore dollars

Singapore, 11 August 2017 - Singapore Technologies Engineering Ltd (ST Engineering) today announced that Group revenue for its second quarter ended 30 June 2017 (2Q2017) came in 8% higher at \$1.76b compared to \$1.62b in the same period last year. Group quarterly Profit before tax (PBT) fell 12% year-on-year to \$149.8m from \$170.3m, mainly due to an \$8.1m loss from the Marine sector impacted by weak industry conditions and its US operations. Profit attributable to shareholders (Net profit) at \$111.5m was 12% lower compared to \$127.3m the year before. The Group's diverse business portfolio mitigated the impact of the weak Marine sector.

At the business sector level compared to the same period last year, revenue for the Aerospace sector was comparable at \$639m, and its PBT grew 6% to \$78.9m from \$74.2m. The Electronics sector saw a 40% year-on-year increase in its second quarter revenue to \$621m from \$445m largely due to the modification of estimates of revenue recognition for long term contracts from milestone completion per customer acceptance to monthly work done. Its PBT remained flat at \$52.1m due to less favourable sales mix. Revenue for the Land Systems sector at \$302m was flat year-on-year, and its PBT at \$29.3m was comparable due mainly to the absence of a divestment gain in the same period last year. The Marine sector posted 34% drop in revenue to \$163m from \$248m and incurred a loss before tax of \$8.1m versus a PBT of \$20.4m a year ago, due mainly to the weak industry conditions and its US operations.

Commercial sales and defence sales accounted for 64% or \$1.1b and 36% or \$0.7b respectively of the Group's 2Q2017 revenue. Order book remained strong at \$13.5b, compared to \$13.3b as at end March 2017. The Group expects to deliver \$2.1b of orders in the rest of 2017. Cash and cash equivalents including funds under management remained high at \$1.3b after payment of the FY2016 final dividend of \$312m.

Six Months Results: 1H2017 versus 1H2016

On a half-yearly basis, the Group revenue and PBT were comparable year-on-year at \$3.3b and \$286.8m respectively. Net profit fell 10% to \$215.0m from \$237.5m.

The Aerospace sector posted comparable revenue and PBT of \$1.19b and \$157.0m respectively. Revenue for the Electronics sector was \$1.14b, up 27% year-on-year from \$902m, and its PBT was flat at \$93.8m. Revenue for the Land Systems sector was down 6% to \$574m from \$614m, and its PBT down 7% to \$45.6m from \$49.0m. The Marine

sector revenue was down 26% to \$342m from \$461m, and its PBT dropped 96% to \$0.9m from \$23.8m.

Barring unforeseen circumstances, the Group expects FY2017 Revenue and PBT to be comparable to FY2016.

“In the last few months, we have made several acquisitions and investments to position us for long term growth. The acquisition of 51% of SP Telecommunications provides us with a fibre-optic grid to market ICT solutions to government and enterprise customers. The soon-to-be completed acquisition of Aethon, a US-based robotics company, will provide the Group with autonomous mobile robots for deployment in the healthcare, industrial and hospitality sectors.

The US\$150m Corporate Venture Capital unit, the setting up of technology scouting overseas offices and the Open Innovation Lab will complement and support our development of new technologies and capabilities.

We remain focused on strengthening our core defence and commercial businesses, whilst pursuing opportunities in new growth areas.”

Vincent Chong, President & CEO, ST Engineering

Interim Dividend

In consideration of the Group’s strong cash flow from operations, the Board has approved to maintain the interim dividend at 5 cents per ordinary share, similar to the interim dividend payouts in the last two years. Shareholders will receive the payment on 29 August 2017.

Steady Contract Win Momentum in 2Q2017

In the second quarter, the Group announced \$1.14b worth of new contracts. Of these, \$650m was from the Aerospace sector and \$490m from the Electronics sector. New wins for the Aerospace sector included additional four firm and 10 optional A330-300P2F conversions for DHL Express, as well as a long-term agreement to provide heavy maintenance services to Air Canada’s flagship 787 Dreamliner fleet. Contracts for the Electronics sector were for Rail Electronics & Intelligent Transportation, Satellite & Broadband Communications, as well as Advanced Electronics and Information Communications Technologies solutions.

In addition to these new contracts, the Land Systems sector continued to secure orders for its 40mm munitions from customers in Asia and the Middle East, as well as for its Road Construction Equipment and Specialty Vehicles from customers in Asia, Latin America and North America. The Marine sector secured various ship repair projects in Singapore and the US, as well as a contract to build an ATB tug in its US yard.

ST Engineering is an integrated defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. It has global presence with offices in Asia, the Americas, Europe and the Middle East and employs about 22,000 employees. Across the globe, its employees bring innovation and technology together to create smart engineering solutions for its customers in the defence, government and commercial segments. Headquartered in Singapore, ST Engineering reported revenue of S\$6.68b in FY2016 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore and the SGX Sustainability Leaders Index. Please visit www.stengg.com for more information.

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FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017
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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017
1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	GROUP					
	2Q2017	2Q2016	+/-)	1H2017	1H2016	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,756,194	1,623,339	8.2	3,295,383	3,250,407	1.4
Cost of sales	(1,434,352)	(1,293,594)	10.9	(2,656,327)	(2,628,464)	1.1
Gross profit	321,842	329,745	(2.4)	639,056	621,943	2.8
Distribution and selling expenses (refer to para 1.6)	(38,717)	(43,188)	(10.4)	(95,280)	(92,125)	3.4
Administrative expenses	(125,757)	(122,734)	2.5	(240,859)	(239,648)	0.5
Other operating expenses	(26,537)	(26,650)	(0.4)	(55,412)	(55,874)	(0.8)
Profit from operations	130,831	137,173	(4.6)	247,505	234,296	5.6
Other income (refer to para 1.7)	10,672	24,570	(56.6)	22,354	46,671	(52.1)
Other expenses	-	(15)	(100.0)	-	(15)	(100.0)
Other income, net	10,672	24,555	(56.5)	22,354	46,656	(52.1)
Finance income	8,658	3,802	127.7	21,853	19,330	13.1
Finance costs	(11,986)	(7,670)	56.3	(30,275)	(34,649)	(12.6)
Finance costs, net	(3,328)	(3,868)	(14.0)	(8,422)	(15,319)	(45.0)
Share of results of associates and joint ventures, net of tax	11,646	12,444	(6.4)	25,397	35,047	(27.5)
Profit before taxation	149,821	170,304	(12.0)	286,834	300,680	(4.6)
Taxation	(30,165)	(37,293)	(19.1)	(57,193)	(56,925)	0.5
Profit for the period	119,656	133,011	(10.0)	229,641	243,755	(5.8)
Attributable to:						
Shareholders of the Company	111,549	127,258	(12.3)	214,998	237,456	(9.5)
Non-controlling interests	8,107	5,753	40.9	14,643	6,299	132.5
	119,656	133,011	(10.0)	229,641	243,755	(5.8)

1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT

	GROUP					
	2Q2017	2Q2016	+ / (-)	1H2017	1H2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging the following:						
Depreciation and amortisation	51,753	56,031	(7.6)	103,761	111,665	(7.1)
The lower depreciation and amortisation in 2Q2017 came mainly from Aerospace and Land Systems sectors and Miltope, partially offset by higher depreciation and amortisation from Electronics sector.						
(Write-back)/Allowance for doubtful debts & bad debts written off, net	(206)	3,163	(106.5)	17,513	3,596	387.0
Allowance for doubtful debts in 2Q2017 from Aerospace and Electronics sectors were more than offset by the write-back of allowance for doubtful debts from Land Systems and Marine sectors.						
Allowance for inventory obsolescence, net	3,765	10,139	(62.9)	10,568	22,417	(52.9)
The lower allowance for inventory obsolescence in 2Q2017 came mainly from Aerospace sector.						
1.2 Finance costs, net comprises:						
Interest income	6,367	6,335	0.5	12,931	13,683	(5.5)
Foreign exchange gain/(loss), net	1,827	(2,742)	(166.6)	6,701	2,001	234.9
Fair value changes of financial instruments / hedged items	(1,272)	2,623	(148.5)	(7,342)	(9,876)	(25.7)
Gain/(loss) on disposal of investments, net	65	912	(92.9)	(87)	1,459	(106.0)
Impairment loss on investment	(251)	-	NM	(251)	-	NM
Interest expenses	(10,126)	(10,904)	(7.1)	(20,444)	(22,480)	(9.1)
Others	62	(92)	(167.4)	70	(106)	(166.0)
	<u>(3,328)</u>	<u>(3,868)</u>	(14.0)	<u>(8,422)</u>	<u>(15,319)</u>	(45.0)
* NM - Not Meaningful						
1.3 Profit for the period as a percentage of revenue	6.8%	8.2%		7.0%	7.5%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	5.3%	6.3%		10.2%	11.8%	
1.5 The Group's tax charge in 2Q2017 included adjustments for overprovision of current tax of \$0.1 million and deferred tax of \$0.6 million in respect of prior years. (2Q2016: Adjustments for underprovision of current tax and overprovision for deferred tax of \$5.2 million and \$4.4 million respectively.)						
1.6 Lower distribution and selling expenses in 2Q2017 (by \$4.5 million) arose mainly from write-back of allowance of doubtful debts and lower commissions paid.						
1.7 The lower 2Q2017 other income (by \$13.9 million) arose mainly from absence of gain on divestment of subsidiary in Land Systems sector.						
1.8 There was no disposal of property during the period.						

1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD

	GROUP		
	2017 \$'000	2016 \$'000	+ / (-) %
Revenue reported for first quarter	1,539,189	1,627,068	(5.4)
Profit for the period reported for first quarter	109,985	110,744	(0.7)
Revenue reported for second quarter	1,756,194	1,623,339	8.2
Profit for the period reported for second quarter	119,656	133,011	(10.0)
Revenue reported for first half year	3,295,383	3,250,407	1.4
Profit for the period reported for first half year	229,641	243,755	(5.8)

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	2Q2017	2Q2016	1H2017	1H2016	FY2016
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	3.59	4.10	6.91	7.65	15.60
(ii) On a fully diluted basis	3.59	4.10	6.91	7.65	15.60

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,679,193	1,670,132	3,372	3,251
Subsidiaries	-	-	1,265,738	1,277,609
Associates and joint ventures	446,472	405,530	17,657	17,657
Investments	453,110	322,051	-	-
Intangible assets	1,017,226	1,019,585	-	-
Long-term trade receivables	971	1,894	-	-
Deferred tax assets	79,846	92,528	4,813	4,813
Amounts due from related parties	4,806	4,806	444,715	507,257
Advances and other receivables	2,664	2,534	-	-
Derivative financial instruments	28,998	32,967	-	-
Employee Benefits	156	151	-	-
	3,713,442	3,552,178	1,736,295	1,810,587
Current assets				
Inventories and work-in-progress	1,767,424	1,898,278	-	-
Trade receivables	1,561,730	1,457,982	-	-
Amounts due from related parties	22,416	24,618	77,483	199,634
Advances and other receivables	305,984	338,217	2,590	2,084
Short-term investments	5,907	188,890	-	-
Bank balances and other liquid funds	804,888	904,890	535,400	588,862
	4,468,349	4,812,875	615,473	790,580
TOTAL ASSETS	8,181,791	8,365,053	2,351,768	2,601,167
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers	769,979	932,515	-	-
Trade payables and accruals	1,558,345	1,722,488	18,287	24,148
Amounts due to related parties	22,102	28,449	416,805	504,827
Provisions	255,002	274,662	-	-
Progress billings in excess of work-in-progress	801,396	620,331	-	-
Provision for taxation	134,774	133,227	-	-
Borrowings	103,395	87,427	-	-
Employee benefits	2,030	1,916	-	-
	3,647,023	3,801,015	435,092	528,975
NET CURRENT ASSETS	821,326	1,011,860	180,381	261,605

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers	700,723	590,828	-	-
Trade payables and accruals	126,246	137,763	9,348	8,997
Deferred tax liabilities	212,770	216,592	-	-
Borrowings	924,067	992,848	-	-
Employee benefits	90,586	85,200	-	-
Deferred income	75,072	77,159	-	-
Derivative financial instruments	8,099	19,435	-	-
Amounts due to related parties	3,492	17	666,242	676,417
	2,141,055	2,119,842	675,590	685,414
TOTAL LIABILITIES	5,788,078	5,920,857	1,110,682	1,214,389
NET ASSETS	2,393,713	2,444,196	1,241,086	1,386,778
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(15,867)	(44,081)	(15,867)	(44,081)
Capital reserves	117,001	113,184	1,026	(2,791)
Other reserves	(61,395)	(56,653)	53,631	65,231
Retained earnings	1,177,149	1,273,886	306,370	472,493
	2,112,814	2,182,262	1,241,086	1,386,778
Non-controlling interests	280,899	261,934	-	-
	2,393,713	2,444,196	1,241,086	1,386,778
TOTAL EQUITY AND LIABILITIES	8,181,791	8,365,053	2,351,768	2,601,167

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2016, the decrease in Group's net assets was due mainly to decrease in bank balances and other liquid funds and bonds investment after the payment of FY2016 final dividend in May 2017.

In the quarter, the Group acquired 51% interest in SP Telecommunications Pte Ltd ("SP Tel"), which is accounted as a joint venture.

2(b) GROUP BORROWINGS

	As at 30-Jun-17 \$'000	As at 31-Dec-16 \$'000
<u>Amount repayable within one year</u>		
Secured	17,323	29,611
Unsecured	<u>86,072</u>	<u>57,816</u>
	<u>103,395</u>	<u>87,427</u>
<u>Amount repayable after one year</u>		
Secured	93,253	75,960
Unsecured	<u>830,814</u>	<u>916,888</u>
	<u>924,067</u>	<u>992,848</u>
 Total	 <u>1,027,462</u>	 <u>1,080,275</u>

2(c) NET ASSET VALUE

	GROUP		
	2Q2017	2Q2016	FY2016
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	67.77	64.91	70.20

	COMPANY		
	2Q2017	2Q2016	FY2016
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	39.81	41.12	44.61

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	GROUP			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	149,821	170,304	286,834	300,680
Adjustments:				
Share of results of associates and joint ventures, net of tax	(11,646)	(12,444)	(25,397)	(35,047)
Share-based payment expense	5,921	4,919	3,692	(1,660)
Depreciation charge	43,902	49,014	89,314	96,749
Property, plant and equipment written off	139	53	185	88
Amortisation of other intangible assets	7,851	7,017	14,447	14,916
Gain on disposal of property, plant and equipment	(520)	(713)	(116)	(932)
(Gain)/loss on disposal of investments	(65)	(912)	87	(1,459)
Remeasurement gain on fair value of pre-existing interest in an acquiree	-	(1,333)	-	(1,333)
Gain on disposal of an associate	-	(731)	-	(731)
Gain on disposal of subsidiaries	-	(10,389)	-	(10,389)
Changes in fair value of financial instruments and hedged items	1,272	(2,623)	7,342	9,876
Changes in fair value of financial instruments held for trading	(59)	93	(65)	108
Interest expenses	10,126	10,904	20,444	22,480
Interest income	(6,367)	(6,335)	(12,931)	(13,683)
Impairment of property, plant and equipment	-	-	63	-
Impairment of investments	251	-	251	-
Dividends from investments	(3)	(1)	(5)	(2)
Amortisation of deferred income	(15)	(218)	(30)	(485)
Operating profit before working capital changes	200,608	206,605	384,115	379,176
Changes in:				
Inventories and work-in-progress	92,564	(24,835)	122,212	(40,005)
Progress billings in excess of work-in-progress	181,790	17,046	182,023	80,110
Trade receivables	(301,592)	23,716	(122,017)	62,891
Advance payments to suppliers	6,683	(23,964)	23,239	(12,086)
Other receivables, deposits and prepayments	(22,794)	(38,347)	17,498	(31,419)
Amount due from holding company and related corporations balances	(2,601)	9,595	(829)	15,323
Amount due to holding company and related corporations balances	1,723	(548)	4,075	(1,463)
Amount due from associates	(2,343)	22,215	515	24,413
Amount due from joint ventures	(16,169)	10,908	(19,894)	4,641
Trade payables	(11,251)	8,482	(74,598)	(26,373)
Advance payments from customers	(152,244)	(32,697)	(47,222)	(24,175)
Other payables, accruals and provisions	12,696	63,535	(66,862)	(66,151)
Loans to staff and third parties	(2,248)	(1,677)	(2,297)	(4,504)
Deferred income	5,564	(11,935)	(2,057)	(10,352)
Foreign currency translation of foreign operations	(3,018)	(5,385)	(5,551)	(2,598)
Cash (used in)/generated from operations	(12,632)	222,714	392,350	347,428
Interest received	7,248	6,235	15,656	13,618
Income tax paid	(45,443)	(45,573)	(59,299)	(57,113)
Net cash (used in)/from operating activities	(50,827)	183,376	348,707	303,933

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (cont'd)

	GROUP			
	2Q2017	2Q2016	1H2017	1H2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	898	2,051	1,328	2,425
Proceeds from disposal of an associate	-	731	-	731
Proceeds from sale and maturity of investments	44,915	78,462	174,287	169,490
Dividends from associates and joint ventures	14,868	9,331	36,858	25,928
Dividends from investments	3	1	5	2
Purchase of property, plant and equipment	(61,371)	(32,890)	(118,108)	(87,587)
Purchase of investments	(26,620)	(40,385)	(124,116)	(128,088)
Investment in joint ventures and an associate	(60,175)	(34,776)	(60,175)	(34,776)
Acquisition of other intangible assets	(18,234)	(4,270)	(30,247)	(18,512)
Acquisition of controlling interests in subsidiaries, net of cash acquired	-	-	-	9,127
Disposal of subsidiaries, net of cash disposed	8,324	18,615	8,324	18,615
Net cash used in investing activities	(97,392)	(3,130)	(111,844)	(42,645)
Cash flows from financing activities				
Proceeds from bank loans	26,974	21,060	31,822	87,710
Proceeds from a loan from a joint venture	12,463	1,000	20,463	2,000
Repayment of bank loans	(28,558)	(115,021)	(38,862)	(144,436)
Repayment of other loans	(42)	(39)	(96)	(78)
Repayment of lease obligations	(154)	(148)	(341)	(632)
Repayment of loan to a joint venture	(5,000)	(7,000)	(5,000)	(7,000)
Proceeds from share options exercised with issuance of treasury shares	2,835	2,741	16,739	3,383
Purchase of treasury shares	-	-	-	(2,838)
Capital contribution from non-controlling interests of subsidiaries	-	1	397	448
Return of capital to non-controlling interests of a subsidiary	-	(1,178)	-	(1,178)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(167)
Dividends paid to shareholders of the Company	(311,645)	(310,518)	(311,645)	(310,518)
Dividends paid to non-controlling interests	(7,713)	(676)	(7,713)	(676)
Interest paid	(1,936)	(2,037)	(21,257)	(21,248)
Deposit (pledged)/discharged	(1)	4,684	1	6,063
Net cash used in financing activities	(312,777)	(407,131)	(315,492)	(389,167)
Net decrease in cash and cash equivalents	(460,996)	(226,885)	(78,629)	(127,879)
Cash and cash equivalents at beginning of the period	1,271,754	1,029,431	903,632	944,119
Exchange difference on cash and cash equivalents at beginning of the period	(7,126)	(2,592)	(21,371)	(16,286)
Cash and cash equivalents at end of the period	803,632	799,954	803,632	799,954

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the quarter with cash and cash equivalents (“CCE”) of \$804 million. In the quarter, the Group utilised net cash of \$51 million in its operating activities due to working capital changes arising from an increase in trade receivables and utilization of advances from customers, partially offset by higher progress billings in excess of work-in-progress.

Net cash used in investing activities of \$97 million in 2Q2017 was primarily for acquisition of a new joint venture, SP Tel (\$55 million) and investment in property, plant and equipment by Aerospace (\$41 million), Electronics (\$12 million) and Land Systems (\$6 million) sectors and receipt of deferred consideration on disposal of a subsidiary in FY2016 (\$8 million).

Net cash used in financing activities of \$313 million in 2Q2017 was mainly attributable to payment of FY2016 final dividend (\$312 million).

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2017

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the Singapore Financial Reporting Standards (FRS).

	GROUP					
	2Q2017	2Q2016	+ / (-)	1H2017	1H2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	119,656	133,011	(10.0)	229,641	243,755	(5.8)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss						
Net fair value changes on available-for-sale financial assets	2,663	910	192.6	8,075	7,853	2.8
Net fair value changes on cash flow hedges	34,772	(6,225)	>500	47,771	8,683	450.2
Share of net fair value changes on cash flow hedges of an associate	(97)	-	NM	(14)	-	NM
Reclassification of cash flow hedge reserve arising from disposal of an associate	-	-	-	-	11,368	(100.0)
Foreign currency translation differences	17,022	(9,746)	(274.7)	(30,519)	(61,531)	(50.4)
Share of foreign currency translation differences of associates and joint ventures	(668)	(5,385)	(87.6)	(7,758)	(2,010)	286.0
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	851	(3,533)	(124.1)	851	(3,533)	(124.1)
Other comprehensive gain/(loss) for the period, net of tax	54,543	(23,979)	(327.5)	18,406	(39,170)	(147.0)
Total comprehensive income for the period, net of tax	174,199	109,032	59.8	248,047	204,585	21.2
Total comprehensive income attributable to:						
Shareholders of the Company	155,726	106,122	46.7	221,722	197,106	12.5
Non-controlling interests	18,473	2,910	>500	26,325	7,479	252.0
	174,199	109,032	59.8	248,047	204,585	21.2

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1.4.2016	895,926	(56,898)	112,917	(103,696)	1,365,412	2,213,661	285,045	2,498,706
Total comprehensive income for the period								
Profit for the period	-	-	-	-	127,258	127,258	5,753	133,011
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	910	-	910	-	910
Net fair value changes on cash flow hedges	-	-	-	(6,176)	-	(6,176)	(49)	(6,225)
Foreign currency translation differences	-	-	-	(6,952)	-	(6,952)	(2,794)	(9,746)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(5,385)	-	(5,385)	-	(5,385)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	(3,533)	-	(3,533)	-	(3,533)
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	(21,136)	-	(21,136)	(2,843)	(23,979)
Total comprehensive income for the period, net of tax	-	-	-	(21,136)	127,258	106,122	2,910	109,032
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Capital contribution by non-controlling interests	-	-	-	-	-	-	1	1
Return of capital to non-controlling interests	-	-	-	-	-	-	(1,178)	(1,178)
Cost of share-based payment	-	-	-	4,898	-	4,898	21	4,919
Purchase of treasury shares	-	(303)	-	-	-	(303)	-	(303)
Treasury shares reissued pursuant to share plans	-	4,992	261	(2,508)	-	2,745	(4)	2,741
Dividends paid	-	-	-	-	(310,518)	(310,518)	-	(310,518)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(676)	(676)
<i>Total contributions by and distributions to owners of the Company</i>	-	4,689	261	2,390	(310,518)	(303,178)	(1,836)	(305,014)
Changes in ownership interests in subsidiaries								
Disposal of subsidiary	-	-	(375)	(3,474)	3,474	(375)	(16,890)	(17,265)
Total transactions with owners of the Company	-	4,689	(114)	(1,084)	(307,044)	(303,553)	(18,726)	(322,279)
Transfer from retained earnings to statutory reserve	-	-	-	78	(78)	-	-	-
At 30.6.2016	895,926	(52,209)	112,803	(125,838)	1,185,548	2,016,230	269,229	2,285,459

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (cont'd)

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1.4.2017	895,926	(20,085)	115,859	(108,946)	1,377,245	2,259,999	270,117	2,530,116
Total comprehensive income for the period								
Profit for the period	-	-	-	-	111,549	111,549	8,107	119,656
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	2,663	-	2,663	-	2,663
Net fair value changes on cash flow hedges	-	-	-	27,387	-	27,387	7,385	34,772
Share of net fair value changes on cash flow hedges of an associate	-	-	-	(97)	-	(97)	-	(97)
Foreign currency translation differences	-	-	-	14,041	-	14,041	2,981	17,022
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(668)	-	(668)	-	(668)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	851	-	851	-	851
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	44,177	-	44,177	10,366	54,543
Total comprehensive income for the period, net of tax	-	-	-	44,177	111,549	155,726	18,473	174,199
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	5,901	-	5,901	20	5,921
Treasury shares reissued pursuant to share plans	-	4,218	1,142	(2,527)	-	2,833	2	2,835
Dividends paid	-	-	-	-	(311,645)	(311,645)	-	(311,645)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7,713)	(7,713)
<i>Total contributions by and distributions to owners of the Company</i>	-	4,218	1,142	3,374	(311,645)	(302,911)	(7,691)	(310,602)
Total transactions with owners of the Company	-	4,218	1,142	3,374	(311,645)	(302,911)	(7,691)	(310,602)
At 30.6.2017	895,926	(15,867)	117,001	(61,395)	1,177,149	2,112,814	280,899	2,393,713

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.4.2016	895,926	(56,898)	54,129	(3,433)	554,613	1,444,337
Total comprehensive income for the period						
Profit for the period	-	-	-	-	136,053	136,053
Total comprehensive income for the period	-	-	-	-	136,053	136,053
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	4,919	-	-	4,919
Dividends paid	-	-	-	-	(310,518)	(310,518)
Purchase of treasury shares	-	(303)	-	-	-	(303)
Treasury shares reissued pursuant to share plans	-	4,992	(2,512)	261	-	2,741
<i>Total contributions by and distributions to owners of the Company</i>	-	4,689	2,407	261	(310,518)	(303,161)
At 30.6.2016	895,926	(52,209)	56,536	(3,172)	380,148	1,277,229
At 1.4.2017	895,926	(20,085)	50,235	(116)	483,303	1,409,263
Total comprehensive income for the period						
Profit for the period	-	-	-	-	134,712	134,712
Total comprehensive income for the period	-	-	-	-	134,712	134,712
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	5,921	-	-	5,921
Dividends paid	-	-	-	-	(311,645)	(311,645)
Treasury shares reissued pursuant to share plans	-	4,218	(2,525)	1,142	-	2,835
<i>Total contributions by and distributions to owners of the Company</i>	-	4,218	3,396	1,142	(311,645)	(302,889)
At 30.6.2017	895,926	(15,867)	53,631	1,026	306,370	1,241,086

5(a) CHANGES IN COMPANY'S SHARE CAPITAL
Issued and paid up capital

As at 30 June 2017, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2016: 3,122,495,197 ordinary shares) of which 4,999,326 were held by the Company as treasury shares (31 December 2016: 13,888,757).

	Number of Shares for the Quarter ended 30.6.2017
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,117,495,871
As at 31 December 2016 (excluding treasury shares)	3,108,606,440

Singapore Technologies Engineering Share Option Plan (ESOP)

As at 30 June 2017, there were 4,056,240 (30 June 2016: 12,838,285) unexercised options of unissued ordinary shares under the terminated ESOP.

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 June 2017, the total number of contingent shares granted conditionally but not released was 5,281,590 (30 June 2016: 4,962,740). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,978,703 (30 June 2016: 8,436,658) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 June 2017, the total number of contingent shares granted conditionally but not released was 5,561,329 (30 June 2016: 5,313,533). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,958,654 (30 June 2016: 7,970,299) ordinary shares.

As at 30 June 2017, the total number of unvested awards was 5,429,553 (30 June 2016: 5,354,080) ordinary shares of the Company.

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

Treasury Shares

During the quarter, the Company did not purchase any ordinary shares by way of open market acquisitions (30 June 2016: 100,000).

During the quarter, 1,328,960 treasury shares were utilised pursuant to the ESOP and RSP 2010 (30 June 2016: 1,572,197).

As at 30 June 2017, the number of treasury shares held by the Company represented 0.16% (30 June 2016: 0.53%) of the total number of issued shares (excluding treasury shares).

<u>Group and Company</u>	Number of Shares for the Quarter ended 30.6.2017
As at beginning of the quarter	6,328,286
Treasury shares transferred on exercise of share options	(785,201)
Treasury shares transferred on vesting of RSP 2010	(543,759)
As at end of the quarter	4,999,326

6 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

7 **AUDITORS' REPORT**

Not applicable.

8 **ACCOUNTING POLICIES**

The Group 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 2016 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2017. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

There are no changes to the accounting policies.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

2Q2017 vs 2Q2016

\$m	2Q2017	2Q2016 Restated*	Growth	
Aerospace	639	619	20	3%
Electronics	621	445	176	40%
Land Systems	302	298	4	1%
Marine	163	248	(85)	(34%)
Others	31	13	18	138%
Total	1,756	1,623	133	8%

Group's revenue of \$1,756 million for 2Q2017 was higher than that of 2Q2016 by 8% or \$133 million. Higher revenue was recorded by Electronics sector and "Others", while Marine sector reported lower revenue. Aerospace and Land Systems sectors reported comparable revenue.

Revenue of Aerospace sector in 2Q2017 of \$639 million was comparable to that of 2Q2016. **Engineering & Materials Services** business group registered higher revenue while **Aircraft Maintenance & Modification** and **Component/Engine Repair and Overhaul** business groups reported comparable revenue.

2Q2017 revenue of \$621 million for the Electronics sector was 40% or \$176 million higher than that of 2Q2016 arising from all three business groups largely due to the modification of estimates of revenue recognition for long term contracts from milestone completion per customer acceptance to monthly work done.

Land Systems sector's revenue of \$302 million was comparable to that of 2Q2016 mainly from increased revenue from **Automotive** and **Munitions & Weapon** business groups, partially offset by lower revenue from **Services, Trading and Others** business group.

Revenue of Marine sector in 2Q2017 of \$163 million was 34% or \$85 million lower due to lower **Shipbuilding** revenue from both local and US operations and lower **Engineering** revenue.

Higher revenue under "Others" was due mainly from Miltope.

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 2Q2016 figures in the income statement and segmental information were restated.

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability
2Q2017 vs 2Q2016

\$m	2Q2017	2Q2016 Restated*	Growth	
Aerospace	78.9	74.2	4.7	6%
Electronics	52.1	51.2	0.9	2%
Land Systems	29.3	30.6	(1.3)	(4%)
Marine	(8.1)	20.4	(28.5)	NM
Others	(2.4)	(6.1)	3.7	NM
Total	149.8	170.3	(20.5)	(12%)

Group's profit before tax (PBT) for 2Q2017 of \$149.8 million was lower than that of 2Q2016 by 12% or \$20.5 million. Lower PBT from Marine sector was partially offset by higher PBT from Aerospace sector. Electronics and Land Systems sectors reported comparable PBT, while "Others" incurred lower losses.

Aerospace sector's PBT of \$78.9 million in 2Q2017 was higher than 2Q2016 by 6% or \$4.7 million due mainly to favourable sales mix, partially offset by higher operating expenses and lower other income.

Electronics sector's PBT of \$52.1 million in 2Q2017 was comparable to that achieved in 2Q2016. The higher revenue generated and lower operating expenses incurred was partially offset by less favourable sales mix and lower other income.

Land Systems sector's 2Q2017 PBT of \$29.3 million was comparable to that of 2Q2016 due mainly to absence of gain on divestment of a subsidiary recognised in 2Q2016, partially offset by higher gross profit and lower operating expenses.

Marine sector incurred a loss before tax of \$8.1 million in 2Q2017 versus a PBT of \$20.4m in 2Q2016, due mainly to weak industry conditions and its US operations.

Lower losses were incurred under "Others" for 2Q2017 due mainly to higher contribution from Miltope.

NM: *Not Meaningful*

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 2Q2016 figures in the income statement and segmental information were restated.

11 **CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the second quarter ended 30 June 2017 to be false or misleading in any material respect.

12 **VARIANCE FROM PROSPECTS STATEMENT**

There has been no variance from the previous prospects statement.

13 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group's Revenue and PBT for FY2017 are expected to be comparable to FY2016.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

14 DIVIDENDS

On 10 August 2017, the Directors approved an interim dividend of 5.0 cents per ordinary share for the financial year ending 31 December 2017.

The financial statements for the quarter ended, and as at 30 June 2017, do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of Retained Earnings in the quarter ending 30 September 2017.

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	5.0 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	5.0 cents per ordinary share

(c) Books Closure and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT The Register of Members and Share Transfer Books will be closed on 22 August 2017 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 21 August 2017 will be registered to determine members' entitlements to the interim dividend. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 21 August 2017 will be entitled to the interim dividend. The interim dividend will be paid on 29 August 2017.

15 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	2Q2017						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	639,044	621,541	301,644	162,641	31,324	-	1,756,194
Inter-segment sales	3,012	9,831	3,879	5	1,268	(17,995)	-
	<u>642,056</u>	<u>631,372</u>	<u>305,523</u>	<u>162,646</u>	<u>32,592</u>	<u>(17,995)</u>	<u>1,756,194</u>
Reportable segment profit from operations	68,951	51,534	24,107	(10,223)	(20,600)	17,062	130,831
Other income	4,040	2,637	3,831	1,783	155,068	(156,687)	10,672
Other expenses	(1,266)	(3)	(770)	(36)	(1)	2,076	-
Finance income	973	525	345	705	30,318	(24,208)	8,658
Finance costs	(2,512)	(2,025)	(1,278)	(638)	(25,225)	19,692	(11,986)
Share of results of associates and joint ventures, net of tax	8,735	(590)	3,112	294	-	95	11,646
Profit before taxation	78,921	52,078	29,347	(8,115)	139,560	(141,970)	149,821
Taxation	(18,888)	(8,829)	(7,551)	6,746	(1,154)	(489)	(30,165)
Non-controlling interests	(7,287)	(128)	(692)	-	-	-	(8,107)
Profit attributable to shareholders	<u>52,746</u>	<u>43,121</u>	<u>21,104</u>	<u>(1,369)</u>	<u>138,406</u>	<u>(142,459)</u>	<u>111,549</u>
Other assets	2,763,994	2,070,908	1,490,440	938,834	4,656,846	(4,185,703)	7,735,319
Associates and joint ventures	236,724	56,492	123,926	8,654	17,657	3,019	446,472
Segment assets	<u>3,000,718</u>	<u>2,127,400</u>	<u>1,614,366</u>	<u>947,488</u>	<u>4,674,503</u>	<u>(4,182,684)</u>	<u>8,181,791</u>
Segment liabilities	<u>1,993,407</u>	<u>1,793,525</u>	<u>1,338,401</u>	<u>811,519</u>	<u>2,628,530</u>	<u>(2,777,304)</u>	<u>5,788,078</u>
Capital expenditure ⁺	53,179	18,401	5,918	1,830	698	-	80,026
Depreciation and amortisation	24,756	11,804	7,484	6,847	872	(10)	51,753
Impairment losses ⁺	-	-	251	-	-	-	251
Other non-cash expenses	47	-	92	-	-	-	139

⁺ These relate to additions to or impairment of property, plant and equipment and intangible assets.

15 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

	2Q2016						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000 (Restated)*	Marine \$'000	Others \$'000 (Restated)*	Elimination \$'000	
Revenue							
External sales	619,149	444,785	297,907	247,884	13,614	-	1,623,339
Inter-segment sales	1,167	5,520	3,259	355	1,271	(11,572)	-
	<u>620,316</u>	<u>450,305</u>	<u>301,166</u>	<u>248,239</u>	<u>14,885</u>	<u>(11,572)</u>	<u>1,623,339</u>
Reportable segment profit from operations	62,436	47,902	16,934	17,021	(22,800)	15,680	137,173
Other income	6,365	4,042	13,596	2,658	156,493	(158,584)	24,570
Other expenses	(1,213)	(15)	(520)	(45)	-	1,778	(15)
Finance income	113	1,056	732	1,035	24,620	(23,754)	3,802
Finance costs	(2,994)	(1,835)	(3,623)	(192)	(22,050)	23,024	(7,670)
Share of results of associates and joint ventures, net of tax	9,461	75	3,501	(31)	-	(562)	12,444
Profit before taxation	74,168	51,225	30,620	20,446	136,263	(142,418)	170,304
Taxation	(17,394)	(9,526)	(7,525)	(3,733)	2,022	(1,137)	(37,293)
Non-controlling interests	(4,745)	(45)	(963)	-	-	-	(5,753)
Profit attributable to shareholders	<u>52,029</u>	<u>41,654</u>	<u>22,132</u>	<u>16,713</u>	<u>138,285</u>	<u>(143,555)</u>	<u>127,258</u>
Other assets	2,806,289	1,767,008	1,644,553	1,035,670	4,241,500	(3,756,304)	7,738,716
Associates and joint ventures	215,259	1,498	119,936	8,457	17,657	7,757	370,564
Segment assets	<u>3,021,548</u>	<u>1,768,506</u>	<u>1,764,489</u>	<u>1,044,127</u>	<u>4,259,157</u>	<u>(3,748,547)</u>	<u>8,109,280</u>
Segment liabilities	<u>2,050,815</u>	<u>1,526,990</u>	<u>1,505,055</u>	<u>887,573</u>	<u>2,213,364</u>	<u>(2,359,976)</u>	<u>5,823,821</u>
Capital expenditure [†]	18,700	14,567	3,846	2,190	201	-	39,504
Depreciation and amortisation	26,441	9,836	9,457	7,100	3,207	(10)	56,031
Other non-cash expenses	34	1	18	-	-	-	53

[†] These relate to additions or impairment of property, plant and equipment and intangible assets.

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 2Q2016 figures in the income statement and segmental information were restated.

15 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

For Revenue and Profit Before Tax of 2Q2017 vis-à-vis 2Q2016, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	2Q2017	2Q2016	+ / (-)
		Restated*	
	\$'000	\$'000	%
Aerospace	52,746	52,029	1.4
Electronics	43,121	41,654	3.5
Land Systems	21,104	22,132	(4.6)
Marine	(1,369)	16,713	NM
Others	(4,053)	(5,270)	NM
Group	111,549	127,258	(12.3)

	Revenue			Profit Before Tax		
	1H2017	1H2016	+ / (-)	1H2017	1H2016	+ / (-)
		Restated*			Restated*	
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,188,298	1,241,549	(4.3)	157,045	149,338	5.2
Electronics	1,144,691	902,048	26.9	93,759	90,814	3.2
Land Systems	574,302	613,875	(6.4)	45,590	48,966	(6.9)
Marine	341,868	461,366	(25.9)	902	23,825	(96.2)
Others	46,224	31,569	46.4	(10,462)	(12,263)	NM
Group	3,295,383	3,250,407	1.4	286,834	300,680	(4.6)

	Profit Attributable to Shareholders		
	1H2017	1H2016	+ / (-)
		Restated*	
	\$'000	\$'000	%
Aerospace	108,791	109,981	(1.1)
Electronics	79,549	74,745	6.4
Land Systems	32,719	37,848	(13.6)
Marine	6,708	22,513	(70.2)
Others	(12,769)	(7,631)	NM
Group	214,998	237,456	(9.5)

NM: *Not Meaningful*

- * Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 2Q2016 figures in the income statement and segmental information were restated.

15 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Geographical Areas

	Revenue				Revenue			
	2Q2017		2Q2016		1H2017		1H2016	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,110,616	63.2	930,689	57.3	2,065,984	62.7	1,912,847	58.8
USA	341,101	19.4	422,859	26.0	688,794	20.9	805,707	24.8
Europe	199,563	11.4	151,971	9.4	348,057	10.6	302,558	9.3
Others	104,914	6.0	117,820	7.3	192,548	5.8	229,295	7.1
Total	1,756,194	100	1,623,339	100	3,295,383	100	3,250,407	100

By Country of Incorporation

	Revenue				Revenue			
	2Q2017		2Q2016		1H2017		1H2016	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,307,452	74.5	1,067,799	65.8	2,391,950	72.5	2,180,346	67.1
USA	299,155	17.0	411,223	25.3	618,715	18.8	791,449	24.3
Europe	139,446	7.9	129,008	8.0	262,391	8.0	250,433	7.7
Others	10,141	0.6	15,309	0.9	22,327	0.7	28,179	0.9
Total	1,756,194	100	1,623,339	100	3,295,383	100	3,250,407	100

	Non-Current Assets ⁺			
	1H2017		1H2016	
	\$'000	%	\$'000	%
Asia	2,169,794	60.2	2,054,162	61.1
USA	833,132	23.1	827,853	24.6
Europe	509,551	14.1	384,963	11.5
Others	91,965	2.6	94,516	2.8
Total	3,604,442	100	3,361,494	100

⁺ Non-current assets for the purpose of FRS 108 *Operating Segments* excludes derivative financial instruments, employee benefits and deferred tax assets.

16 INTERESTED PERSON TRANSACTIONS (unaudited)

Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual

	2Q2017 \$'000	2Q2016 \$'000
Transactions for the Sale of Goods and Services		
CapitalLand Limited and its Associates	-	157
SembCorp Industries Ltd and its Associates	311	4,020
SATS Ltd. and its Associates	421	-
Singapore Airlines Limited and its Associates	222	770
Singapore Telecommunications Limited and its Associates	-	2,142
Temasek Holdings (Private) Limited and its Associates (non-listed)	9,485	5,507
	<u>10,439</u>	<u>12,596</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	754	575
Singapore Telecommunications Limited and its Associates	53	598
Temasek Holdings (Private) Limited and its Associates (non-listed)	3,198	3,611
	<u>4,005</u>	<u>4,784</u>
Total Interested Person Transactions	<u>14,444</u>	<u>17,380</u>

17 ECONOMIC VALUE ADDED (EVA)

EVA for 1H2017 was \$116.1 million, a decrease of 10% or \$12.6 million over 1H2016. The weighted average cost of capital for 2017 was 5.7% (2016: 5.6%)

18 CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN
Company Secretaries
11 August 2017

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