

News Release

ST Engineering Reports Comparable Year-on-Year PBT For 3Q2015

FINANCIAL HIGHLIGHTS For the quarter ended 30 September 2015						
	2015 3Q	2014 3Q	Growth %	2015 9M	2014 9M	Growth %
Revenue (\$m)	1,500	1,553	(3)	4,556	4,691	(3)
Earnings before interest and tax (EBIT) (\$m)	120.5	142.9	(16)	381.0	424.6	(10)
Other income, net (\$m)	6.8	4.7	45	32.9	27.7	19
Finance income/ (costs), net (\$m)	12.0	(7.6)	259	9.1	(10.8)	184
Profit before tax (PBT) (\$m)	154.7	151.7	2	463.7	483.3	(4)
Profit attributable to shareholders (\$m)	133.3	121.3	10	388.2	391.7	(1)
Earnings per share (cents)	4.29	3.89	10	12.48	12.57	(1)

- Commercial sales constituted 66% or \$1.0 billion of 3Q2015 revenue
- Order book of \$12.2 billion at end September 2015, of which about \$1.4 billion is expected to be delivered in the remaining months of 2015
- Cash and cash equivalents including funds under management totalled \$1.4 billion
- Advance payments from customers totalled \$1.6 billion

N.B.: All currencies are in Singapore dollars

Singapore, 6 November 2015 - Singapore Technologies Engineering Ltd (ST Engineering) today announced financial results for its third quarter ended 30 September 2015 (3Q2015). The Group posted quarterly revenue of \$1.50b and profit before tax (PBT) of \$154.7m. These results are comparable to revenue of \$1.55b and PBT of \$151.7m in the same quarter last year. Quarterly net profit after tax (Net Profit) was \$133.3m, up 10% from \$121.3m for the same quarter last year.

3Q2015 versus 3Q2014

The Aerospace sector posted revenue of \$506m, up 8% from \$470m a year ago due to higher engines output in the Component/Engine Repair & Overhaul business group that was partially offset by lower revenue from the Aircraft Maintenance & Modification business group. Year-on-year PBT was flat at \$63.3m due to lower gross profit as a result of fewer airframe maintenance work partially offset by lower finance cost as well as the absence of impairment of an associate.

Revenue for the Electronics sector grew 21% year-on-year to \$429m from \$354m as all three business groups recorded higher sales mainly due to higher value project milestone completions and increased satellite communication product sales. However, PBT was comparable at \$49.3m against the same period last year as a result of less favourable sales mix and higher operating expenses.

The Land Systems sector posted revenue of \$319m, down 11% year-on-year from \$357m mainly from lower revenue from Munitions & Weapons business group. Against the same quarter last year, PBT of \$19.8m was up 9% from \$18.1m due to lower allowance for inventory obsolescence, and the absence of goodwill impairment.

Revenue for the Marine sector in 3Q2015 was \$205m, dropped 39% year-on-year from \$336m, and its PBT was down 51% to \$15.9m from \$32.7m in the same period last year due to weaker operating performance.

For 3Q2015, commercial sales contributed 66% or \$1b of 3Q2015 revenue. Cash and cash equivalents including funds under management was \$1.4b after the payment of an interim dividend of \$156m in September 2015.

9M2015 versus 9M2014

Group revenue for 9M2015 was \$4.56b compared to \$4.69b for the same nine-month period last year. Group PBT and Net Profit were comparable at \$463.7m and \$388.2m respectively against the same nine-month period last year.

For the nine-month period, Aerospace and Land Systems sectors posted comparable year-on-year revenue of \$1.51b and \$982.5m respectively, and comparable year-on-year PBT of \$205.3m and \$52.3m respectively. The Electronics sector's revenue of \$1.20b was 9% higher compared to \$1.10b in the same nine-month period a year ago, and its PBT was comparable at \$130.8m over the same period last year. Year-on-year Revenue and PBT for the Marine sector dropped 27% and 22% respectively to \$738.1m and \$68.9m respectively for the nine-month period.

“For the third quarter as well as the first nine months of 2015, the Group reported year-on-year comparable Revenue and PBT.

The Group continues to face challenges with our Aerospace sector's Maintenance, Repair and Overhaul business experiencing prolonged softness in activities. Shipbuilding performance remains weak both locally and in the US, but the diversity of our businesses and appreciation of the USD helped to cushion impact on the Group's performance.

Barring unforeseen circumstances, the Group expects FY2015 Revenue to be comparable, while PBT is expected to be lower than that of FY2014.”

**~Tan Pheng Hock
President & CEO, ST Engineering**

Order Book and New contracts Announced in 3Q2015

The Group maintained a healthy order book of \$12.2b at the end of 3Q2015. It expects to deliver about \$1.4b of the order book in the remaining months of 2015.

For 3Q2015, the Group announced about \$780m worth of contracts. Of these, \$410m was from the Aerospace sector and \$370m from the Electronics sector.

New wins for the Aerospace sector included heavy airframe maintenance agreements for a US airline, cabin interior modification for another US carrier, an engine component repair contract from a major East Asian airline, landing gear overhaul and exchange contracts, Super Puma transmission components repair contracts from helicopter operators in the region, an aircraft part-out contract, as well as a two-year pilot training agreement with an Asian airline. New wins for the Electronics sector included Rail Electronics & Intelligent Transportation contracts from local and overseas customers, Satellite & Broadband Communications contracts from government, telecom and enterprise users worldwide, contracts for Intelligent Security Management System, and automated metering solutions for government agencies and commercial businesses.

ST Engineering (Singapore Technologies Engineering Ltd) is an integrated engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors. Headquartered in Singapore, the Group reported revenue of \$6.54b in FY2014 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index and MSCI Singapore. ST Engineering has about 23,000 employees worldwide, and over 100 subsidiaries and associated companies in 46 cities across 24 countries. Please visit www.stengg.com for more information.

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**SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**
1 CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	GROUP					
	3Q2015 \$'000	3Q2014 \$'000	+/-) %	9M2015 \$'000	9M2014 \$'000	+/-) %
Revenue	1,499,977	1,552,926	(3.4)	4,556,439	4,691,107	(2.9)
Cost of sales	(1,181,084)	(1,219,685)	(3.2)	(3,612,155)	(3,691,096)	(2.1)
Gross profit	318,893	333,241	(4.3)	944,284	1,000,011	(5.6)
Distribution and selling expenses	(48,144)	(42,139)	14.3	(127,912)	(136,506)	(6.3)
Administrative expenses (refer to para 1.6)	(120,106)	(112,733)	6.5	(341,931)	(346,151)	(1.2)
Other operating expenses (refer to para 1.7)	(30,116)	(35,484)	(15.1)	(93,470)	(92,793)	0.7
Profit from operations	120,527	142,885	(15.6)	380,971	424,561	(10.3)
Other income (refer to para 1.8)	6,793	9,701	(30.0)	32,947	32,720	0.7
Other expenses (refer to para 1.9)	-	(5,000)	(100.0)	-	(5,000)	(100.0)
Other income, net	6,793	4,701	44.5	32,947	27,720	18.9
Finance income	26,860	38,985	(31.1)	49,576	50,176	(1.2)
Finance costs	(14,834)	(46,541)	(68.1)	(40,510)	(60,927)	(33.5)
Finance income/(costs), net	12,026	(7,556)	(259.2)	9,066	(10,751)	(184.3)
Share of results of associates and joint ventures, net of tax	15,361	11,649	31.9	40,746	41,777	(2.5)
Profit before taxation	154,707	151,679	2.0	463,730	483,307	(4.1)
Taxation	(22,257)	(31,564)	(29.5)	(75,252)	(91,792)	(18.0)
Profit for the period	132,450	120,115	10.3	388,478	391,515	(0.8)
Attributable to:						
Shareholders of the Company	133,260	121,299	9.9	388,216	391,680	(0.9)
Non-controlling interests	(810)	(1,184)	(31.6)	262	(165)	(258.8)
	132,450	120,115	10.3	388,478	391,515	(0.8)

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

	GROUP					
	3Q2015	3Q2014	+ / (-)	9M2015	9M2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging / (crediting) the following:						
Depreciation and amortisation	47,354	41,022	15.4	137,205	122,321	12.2
The higher depreciation and amortisation in 3Q2015 came mainly from Aerospace, Electronics and Marine sectors.						
Allowance for doubtful debts & bad debts written off, net	6,715	5,328	26.0	6,075	10,617	(42.8)
The higher allowance for doubtful debts, net in 3Q2015 came mainly from Aerospace sector of \$2.5 million, partially offset by lower allowance of doubtful debt from Land Systems sector of \$1.3 million.						
Allowance for inventory obsolescence, net	7,184	17,164	(58.1)	29,951	31,665	(5.4)
The lower allowance for inventory obsolescence, net in 3Q2015 came mainly from Aerospace and Land Systems sectors.						
1.2 Finance income/(costs), net comprises:						
Interest income	5,568	5,669	(1.8)	16,869	18,618	(9.4)
Foreign exchange gain/(loss), net	7,329	(4,340)	(268.9)	10,419	(2,879)	461.9
Fair value changes of financial instruments / hedged items	8,820	852	>500	10,488	451	>500
Gain on disposal of investments, net	416	157	165.0	588	2,640	(77.7)
Impairment losses on investments	-	(632)	(100.0)	-	(632)	(100.0)
Interest expenses	(10,137)	(9,245)	9.6	(29,269)	(29,011)	0.9
Others	30	(17)	(276.5)	(29)	62	(146.8)
	<u>12,026</u>	<u>(7,556)</u>	<u>(259.2)</u>	<u>9,066</u>	<u>(10,751)</u>	<u>(184.3)</u>
1.3 Profit for the period as a percentage of revenue	8.8%	7.7%		8.5%	8.3%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.6%	6.2%		19.2%	20.0%	
1.5 The Group's tax charge in 3Q2015 included adjustments for overprovision of current tax and deferred tax of \$2.3 million and \$0.2 million respectively in respect of prior years (3Q2014: Adjustments for underprovision of deferred tax of \$1.7 million).						
1.6 Administrative expenses was higher by \$7.4 million due mainly to higher staff related costs and depreciation.						
1.7 The lower other operating expenses in 3Q2015 (by \$5.4 million) arose mainly from the absence of goodwill impairment of \$6.3 million in Land Systems sector.						
1.8 The lower 3Q2015 other income (by \$2.9 million) arose mainly from the absence of gain on disposal of a joint venture.						
1.9 The lower 3Q2015 other expenses (by \$5.0 million) arose mainly from the absence of impairment of an associate in Aerospace sector.						

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

	GROUP		
	2015 \$'000	2014 \$'000	+ / (-) %
Revenue reported for first half year	3,056,462	3,138,181	(2.6)
Profit for the period reported for first half year	256,028	271,400	(5.7)
Revenue reported for third quarter	1,499,977	1,552,926	(3.4)
Profit for the period reported for third quarter	132,450	120,115	10.3
Revenue reported for first nine months	4,556,439	4,691,107	(2.9)
Profit for the period reported for first nine months	388,478	391,515	(0.8)

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	3Q2015	3Q2014	9M2015	9M2014	FY2014
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	4.29	3.89	12.48	12.57	17.06
(ii) On a fully diluted basis	4.28	3.89	12.48	12.55	17.04

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,613,677	1,577,523	3,852	4,568
Subsidiaries	-	-	1,190,417	1,197,716
Associates and joint ventures	466,322	478,352	17,657	17,657
Investments	492,779	127,211	-	-
Intangible assets	726,118	671,022	-	-
Long-term receivables, non-current	5,076	2,735	-	-
Finance lease receivables, non-current	811	973	-	-
Deferred tax assets	107,348	106,318	7,000	7,000
Amounts due from related parties, non-current	4,806	4,806	514,487	50,000
Derivative financial instruments, non-current	25,942	24,263	-	81
	3,442,879	2,993,203	1,733,413	1,277,022
Current assets				
Inventories and work-in-progress	2,025,488	1,802,073	-	-
Trade receivables	1,231,168	1,319,101	-	-
Amounts due from related parties, current	60,032	66,382	77,755	497,070
Advances and other receivables	429,726	530,298	5,239	3,597
Long-term receivables, current	6,944	11,375	-	-
Finance lease receivables, current	3,165	6,872	-	-
Short-term investments	326	119,279	-	-
Bank balances and other liquid funds	931,087	1,470,723	49,867	404,876
	4,687,936	5,326,103	132,861	905,543
TOTAL ASSETS	8,130,815	8,319,306	1,866,274	2,182,565
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers, current	781,252	809,637	-	-
Trade payables and accruals, current	1,677,265	1,667,180	19,842	26,961
Amounts due to related parties, current	18,306	29,364	7,734	196,988
Provisions	248,635	245,072	-	-
Progress billings in excess of work-in-progress	638,626	725,347	-	-
Provision for taxation	120,347	164,660	8,112	8,112
Short-term bank loans	77,394	29,820	-	-
Long-term bank loans, current	249,515	43,590	-	-
Lease obligations, current	618	1,126	-	-
Other loans, current	163	148	-	-
	3,812,121	3,715,944	35,688	232,061
NET CURRENT ASSETS	875,815	1,610,159	97,173	673,482

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers, non-current	865,159	899,279	-	-
Trade payables and accruals, non-current	241,969	274,155	11,538	17,006
Deferred tax liabilities	119,898	108,484	-	-
Bonds	711,041	658,424	-	-
Long-term bank loans, non-current	80,203	267,532	-	-
Lease obligations, non-current	18,593	17,547	-	-
Other loans, non-current	354	441	-	-
Deferred income	98,707	98,759	-	-
Other long-term payables, non-current	1,000	1,000	-	-
Derivative financial instruments, non-current	16,323	11,260	-	-
Amounts due to related parties, non-current	6,564	1,871	661,512	407,413
	2,159,811	2,338,752	673,050	424,419
TOTAL LIABILITIES	5,971,932	6,054,696	708,738	656,480
NET ASSETS	2,158,883	2,264,610	1,157,536	1,526,085
Share capital and reserves				
Share capital	895,926	889,426	895,926	889,426
Treasury shares	(61,270)	(6,529)	(61,270)	(6,529)
Capital reserves	113,256	116,323	(3,094)	-
Other reserves	(39,306)	(92,057)	66,901	74,865
Retained earnings	1,115,652	1,225,040	259,073	568,323
	2,024,258	2,132,203	1,157,536	1,526,085
Non-controlling interests	134,625	132,407	-	-
	2,158,883	2,264,610	1,157,536	1,526,085
TOTAL EQUITY AND LIABILITIES	8,130,815	8,319,306	1,866,274	2,182,565

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2014, the decrease in net current assets was mainly attributable to decrease in bank balances and other liquid funds, decrease in advances and other receivables and reclassification of long term bank loans to current. The decreases were partially offset by an increase in inventories and work-in-progress.

Excess cash was placed out to Fund Manager, resulting in an increase in non-current assets.

2(b) GROUP BORROWINGS

	As at 30-Sep-15 \$'000	As at 31-Dec-14 \$'000
<u>Amount repayable within one year</u>		
Secured	27,497	18,161
Unsecured	300,193	56,523
	<u>327,690</u>	<u>74,684</u>
<u>Amount repayable after one year</u>		
Secured	43,460	47,650
Unsecured	766,731	896,294
	<u>810,191</u>	<u>943,944</u>
 Total	 <u>1,137,881</u>	 <u>1,018,628</u>

The increase in borrowings is largely due to the revaluation of non-SGD denominated loans and bonds (\$86 million).

2(c) NET ASSET VALUE

	GROUP		
	3Q2015	3Q2014	FY2014
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	65.23	62.86	68.38

	COMPANY		
	3Q2015	3Q2014	FY2014
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	37.30	38.33	48.94

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	GROUP			
	3Q2015	3Q2014	9M2015	9M2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	154,707	151,679	463,730	483,307
Adjustments:				
Share of results of associates and joint ventures, net of tax	(15,361)	(11,649)	(40,746)	(41,777)
Depreciation charge	43,591	37,720	126,217	112,140
Property, plant and equipment written off	275	51	4,870	136
Gain on disposal of property, plant and equipment	(777)	(779)	(1,025)	(1,276)
Gain on disposal of investments	(416)	(157)	(588)	(2,640)
Gain on disposal of a joint venture	-	(2,731)	-	(2,731)
(Write-back)/impairment losses on goodwill	(144)	6,292	3,856	6,292
Goodwill written off	-	1,186	-	1,186
Impairment losses on an associate	-	5,000	-	5,000
Impairment losses of investments	-	632	-	632
Write-back of impairment losses of property, plant and equipment	(205)	(152)	(230)	(152)
Write-back of impairment losses on progressive payments to contractor	-	-	(283)	-
Share-based payment expense	4,998	5,020	10,794	13,484
Changes in fair value of financial instruments and hedged items	(8,820)	(852)	(10,488)	(451)
Changes in fair value of financial instruments held for trading	(29)	17	31	(61)
Interest expenses	10,137	9,245	29,269	29,011
Interest income	(5,568)	(5,669)	(16,869)	(18,618)
Dividends from investments	(1)	-	(2)	(1)
Amortisation of other intangible assets	3,763	3,302	10,988	10,181
Operating profit before working capital changes	<u>186,150</u>	<u>198,155</u>	<u>579,524</u>	<u>593,662</u>
Changes in:				
Inventories and work-in-progress	(30,643)	(367)	(170,956)	(139,251)
Progress billings in excess of work-in-progress	16,980	9,635	(86,721)	143,269
Trade receivables	(87,775)	(89,879)	84,086	124,167
Advance payments to suppliers	50,529	(25,337)	102,434	(78,130)
Other receivables, deposits and prepayments	(17,438)	4,536	9,009	(255)
Amount due from holding company and related corporations balances	(7,717)	4,658	17,975	(4,832)
Amount due to holding company and related corporations balances	(2,009)	(1,823)	(3,878)	11,429
Amount due from associates	(6,764)	(1,776)	(8,558)	(2,219)
Amount due from joint ventures	27	(5,917)	(5,826)	(14,008)
Trade payables	(4,849)	8,466	30,751	33,687
Advance payments from customers	(5,567)	(34,731)	(62,505)	(13,343)
Other payables, accruals and provisions	58,249	6,608	(58,052)	(117,091)
Loans to staff and third parties	962	(140)	6,311	6,202
Deferred income	5,398	6,735	8,979	5,351
Foreign currency translation of foreign operations	1,445	(8,339)	4,239	(7,659)
Cash generated from operations	<u>156,978</u>	<u>70,484</u>	<u>446,812</u>	<u>540,979</u>
Interest received	7,617	6,892	22,590	22,884
Income tax paid	(47,183)	(37,661)	(119,231)	(124,953)
Net cash from operating activities	<u>117,412</u>	<u>39,715</u>	<u>350,171</u>	<u>438,910</u>

3 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**
(cont'd)

	GROUP			
	3Q2015	3Q2014	9M2015	9M2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	878	2,222	2,354	3,359
Proceeds from sale of an investment property	-	-	-	22,000
Proceeds from sale and maturity of investments	14,996	23,597	63,911	140,503
Repayment of loan from a joint venture	-	-	272	3,136
Dividends from associates and joint ventures	14,836	6,764	41,588	30,246
Dividends from investments	1	-	2	1
Purchase of property, plant and equipment	(59,562)	(39,220)	(139,795)	(151,228)
Purchase of investments	(103,848)	(27,478)	(296,653)	(47,897)
Investment in a joint venture	-	(622)	-	(622)
Acquisition of other intangible assets	(5,923)	(8,330)	(20,298)	(24,563)
Acquisition of controlling interests in subsidiaries, net of cash acquired	13,441	-	13,441	(1,008)
Net cash used in investing activities	(125,181)	(43,067)	(335,178)	(26,073)
Cash flows from financing activities				
Capital contribution from non-controlling interests of subsidiaries	-	84	639	2,561
Repayment of other loans	(45)	(146)	(124)	(218)
Repayment of bank loans	(20,217)	(17,376)	(232,758)	(406,641)
Repayment of lease obligations	(319)	(375)	(939)	(972)
Repayment of loan to a joint venture	-	(824)	-	(824)
Proceeds from issue of shares	-	2,844	5,355	16,143
Proceeds from share options exercised with issue of treasury shares	4,341	-	8,495	-
Purchase of treasury shares	(24,372)	-	(83,943)	-
Proceeds from bank loans	39,466	18,995	272,859	35,334
Proceeds from other loans	-	-	3	-
Acquisition of non-controlling interests in a subsidiary	(4,600)	(194)	(7,600)	(194)
Dividends paid to shareholders of the Company	(155,519)	(124,775)	(497,604)	(498,857)
Dividends paid to non-controlling interests	(642)	(4,032)	(3,173)	(9,380)
Interest paid	(16,968)	(16,372)	(33,617)	(35,533)
Deposit (pledged)/discharged	(3,801)	102	(3,017)	(2,027)
Net cash used in financing activities	(182,676)	(142,069)	(575,424)	(900,608)
Net decrease in cash and cash equivalents	(190,445)	(145,421)	(560,431)	(487,771)
Cash and cash equivalents at beginning of the period	1,091,951	1,567,379	1,462,612	1,920,924
Exchange difference on cash and cash equivalents at beginning of the period	18,453	529	17,778	(10,666)
Cash and cash equivalents at end of the period	919,959	1,422,487	919,959	1,422,487

3(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group generated net cash of \$117 million in 3Q2015 from operating activities as compared to \$40 million in 3Q2014. This was due mainly to favourable working capital movements from advances and other receivables, other payables, accruals and provisions, partially offset by higher inventories and work-in-progress.

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

The Group's net cash used in investing activities in 3Q2015 was higher than that for 3Q2014 by \$82 million. This was mainly attributed to increase investment in bonds, net (\$104 million) in 3Q2015 vis-à-vis (\$27 million) in 3Q2014, investment in property, plant and equipment (\$60 million) vis-à-vis (\$39 million) in 3Q2014, partially offset by net cash inflow from acquisition of controlling interests in subsidiaries (\$13 million).

The Group's net cash used in financing activities of \$183 million in 3Q2015 was higher than that in 3Q2014 by \$41 million. The higher cash outflow was largely due to higher interim dividend paid to shareholders and purchase of treasury shares, partially offset by more bank loans.

Compared to end 2Q2015, the cash and cash equivalents as at end of 3Q2015 at \$920 million was \$172 million lower, following the payment of the interim dividend of \$156 million in September 2015.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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

	GROUP					
	3Q2015	3Q2014	+/-)	9M2015	9M2014	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	132,450	120,115	10.3	388,478	391,515	(0.8)
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	(3,112)	(1,237)	151.6	(2,964)	(1,111)	166.8
Net fair value changes on cash flow hedges	25,600	(40,386)	(163.4)	11,686	(53,612)	(121.8)
Share of net fair value changes on cash flow hedges of an associate	1,196	(6,072)	(119.7)	(2,589)	(7,201)	(64.0)
Foreign currency translation differences	46,145	10,496	339.6	48,766	(18,230)	(367.5)
Share of foreign currency translation differences of associates and joint ventures	10,846	3,125	247.1	11,488	1,787	>500
Other comprehensive income for the period, net of tax	80,675	(34,074)	(336.8)	66,387	(78,367)	(184.7)
Total comprehensive income for the period, net of tax	213,125	86,041	147.7	454,865	313,148	45.3
Total comprehensive income attributable to:						
Shareholders of the Company	212,060	86,622	144.8	451,289	314,106	43.7
Non-controlling interests	1,065	(581)	(283.3)	3,576	(958)	(473.3)
	213,125	86,041	147.7	454,865	313,148	45.3

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

Group	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.7.2014	884,574	116,323	(97,788)	1,088,257	1,991,366	140,465	2,131,831
Total comprehensive income for the period							
Profit for the period	-	-	-	121,299	121,299	(1,184)	120,115
Other comprehensive income							
Net fair value changes on available-for-sale financial assets	-	-	(1,237)	-	(1,237)	-	(1,237)
Net fair value changes on cash flow hedges	-	-	(39,407)	-	(39,407)	(979)	(40,386)
Share of Net fair value changes on cash flow hedges of an associate	-	-	(6,072)	-	(6,072)	-	(6,072)
Foreign currency translation differences	-	-	8,914	-	8,914	1,582	10,496
Share of foreign currency translation difference of associates and joint ventures	-	-	3,125	-	3,125	-	3,125
<i>Other comprehensive income for the period, net of tax</i>	-	-	(34,677)	-	(34,677)	603	(34,074)
Total comprehensive income for the period, net of tax	-	-	(34,677)	121,299	86,622	(581)	86,041
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares	3,566	-	(722)	-	2,844	-	2,844
Capital contribution by non-controlling interests	-	-	-	-	-	84	84
Cost of share-based payment	-	-	4,993	-	4,993	27	5,020
Dividends paid	-	-	-	(124,775)	(124,775)	-	(124,775)
Dividends paid to non-controlling interests	-	-	-	-	-	(4,032)	(4,032)
<i>Total contributions by and distributions to owners of the Company</i>	3,566	-	4,271	(124,775)	(116,938)	(3,921)	(120,859)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests in subsidiaries representing total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(194)	(194)
Total transactions with owners of the Company	3,566	-	4,271	(124,775)	(116,938)	(4,115)	(121,053)
At 30.9.2014	888,140	116,323	(128,194)	1,084,781	1,961,050	135,769	2,096,819

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 (cont'd)

Group	Share capital \$'000	Treasury Shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.7.2015	895,926	(42,532)	114,007	(120,368)	1,137,911	1,984,944	130,163	2,115,107
Total comprehensive income for the period								
Profit for the period	-	-	-	-	133,260	133,260	(810)	132,450
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	(3,112)	-	(3,112)	-	(3,112)
Net fair value changes on cash flow hedges	-	-	-	26,499	-	26,499	(899)	25,600
Share of net fair value changes on cash flow hedges of an associate	-	-	-	1,196	-	1,196	-	1,196
Foreign currency translation differences	-	-	-	43,371	-	43,371	2,774	46,145
Share of foreign currency translation differences of associates and joint ventures	-	-	-	10,846	-	10,846	-	10,846
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	78,800	-	78,800	1,875	80,675
Total comprehensive income for the period, net of tax	-	-	-	78,800	133,260	212,060	1,065	213,125
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	4,974	-	4,974	24	4,998
Purchase of treasury shares	-	(24,372)	-	-	-	(24,372)	-	(24,372)
Treasury shares reissued pursuant to share plans	-	5,634	(751)	(531)	-	4,352	(11)	4,341
Dividends paid	-	-	-	-	(155,519)	(155,519)	-	(155,519)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(642)	(642)
<i>Total contributions by and distributions to owners of the Company</i>	-	(18,738)	(751)	4,443	(155,519)	(170,565)	(629)	(171,194)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary representing total change in ownership interests in a subsidiary that does result in a loss of control	-	-	-	(2,181)	-	(2,181)	(2,419)	(4,600)
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	-	6,445	6,445
Total transactions with owners of the Company	-	(18,738)	(751)	2,262	(155,519)	(172,746)	3,397	(169,349)
At 30.9.2015	895,926	(61,270)	113,256	(39,306)	1,115,652	2,024,258	134,625	2,158,883

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.7.2014	884,574	-	62,554	-	370,427	1,317,555
Total comprehensive income for the period						
Profit for the period	-	-	-	-	(4,804)	(4,804)
Total comprehensive income for the period	-	-	-	-	(4,804)	(4,804)
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of shares	3,566	-	(722)	-	-	2,844
Cost of share-based payment	-	-	5,020	-	-	5,020
Dividends paid	-	-	-	-	(124,775)	(124,775)
<i>Total contributions by and distributions to owners of the Company</i>	3,566	-	4,298	-	(124,775)	(116,911)
At 30.9.2014	888,140	-	66,852	-	240,848	1,195,840
At 1.7.2015	895,926	(42,532)	62,438	(2,336)	405,912	1,319,408
Total comprehensive income for the period						
Profit for the period	-	-	-	-	8,680	8,680
Total comprehensive income for the period	-	-	-	-	8,680	8,680
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	4,998	-	-	4,998
Dividends paid	-	-	-	-	(155,519)	(155,519)
Purchase of treasury shares	-	(24,372)	-	-	-	(24,372)
Treasury shares reissued pursuant to share plans	-	5,634	(535)	(758)	-	4,341
<i>Total contributions by and distributions to owners of the Company</i>	-	(18,738)	4,463	(758)	(155,519)	(170,552)
At 30.9.2015	895,926	(61,270)	66,901	(3,094)	259,073	1,157,536

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

As at 30 September 2015, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2014: 3,120,004,716 ordinary shares) of which 19,042,526 were held by the Company as treasury shares (31 December 2014: 2,034,000).

	Number of shares for the quarter ended 30.9.2015
As at beginning and end of the quarter (including treasury shares)	<u>3,122,495,197</u>
As at end of the quarter (including treasury shares)	<u>3,122,495,197</u>
As at end of the quarter (excluding treasury shares)	<u>3,103,452,671</u>
As at 31 December 2014 (excluding treasury shares)	<u>3,117,970,716</u>

Share Option Plan

As at 30 September 2015, there were 17,726,515 (30 September 2014: 24,013,923) unexercised options of unissued ordinary shares under the terminated Singapore Technologies Engineering Share Option Plan (ESOP).

Performance Share Plan
Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 September 2015, the total number of contingent shares granted conditionally but not released was 3,955,515 (30 September 2014: 3,447,252). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 6,724,375 (30 September 2014: 5,860,328) ordinary shares of the Company.

Restricted Stock Plan
Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 September 2015, the total number of contingent shares granted conditionally but not released was 9,577,671 (30 September 2014: 10,057,872). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 14,316,006 (30 September 2014: 14,351,197) ordinary shares.

As at 30 September 2015, the total number of awards released but not vested was 2,996,608 (30 September 2014: 3,207,271) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased 8,165,700 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (30 September 2014: Nil).

During the quarter, 1,669,999 treasury shares were utilised pursuant to the ESOP and RSP 2010.

<u>Group and Company</u>	Number of treasury shares for the quarter ended 30.9.2015
As at beginning of the quarter	12,546,825
Purchase of treasury shares	8,165,700
Treasury shares transferred on exercise of share options	(1,660,495)
Treasury shares transferred on vesting of RSP 2010	(9,504)
As at end of the quarter	<u>19,042,526</u>

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 2014 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2015. 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

3Q2015 vs 3Q2014

\$m	3Q2015	3Q2014	Growth	
Aerospace	506	470	36	8%
Electronics	429	354	75	21%
Land Systems	319	357	(38)	(11%)
Marine	205	336	(131)	(39%)
Others	41	36	5	13%
Total	1,500	1,553	(53)	(3%)

Group's revenue of \$1,500 million for 3Q2015 was comparable to that of 3Q2014. Lower revenue posted by Land Systems and Marine sectors was partially offset by higher revenue from Aerospace and Electronics sectors.

Aerospace sector's 3Q2015 revenue of \$506 million was 8% or \$36 million higher than that of 3Q2014. Higher engines output in the **Component/Engine Repair & Overhaul** business group was partially offset by lower revenue from the **Aircraft Maintenance & Modification** business group.

3Q2015 revenue of \$429 million for the Electronics sector was 21% or \$75 million higher than that of 3Q2014. All three business groups recorded higher sales mainly due to higher value project milestone completions and increased satellite communication products sales.

Land Systems sector's 3Q2015 revenue of \$319 million was lower as compared to 3Q2014 by 11% or \$38 million, coming mainly from **Munitions & Weapons** business group.

Revenue of Marine sector in 3Q2015 of \$205 million was lower than that of 3Q2014 by 39% or \$131 million, due mainly to lower **Shipbuilding** revenue and lesser **Shiprepair** activities from both local and US operations.

The higher revenue under "Others" was due mainly to revenue from Innosparks (commenced business in 4Q2014) and higher revenue from ST Dynamics.

10 REVIEW OF GROUP PERFORMANCE (cont'd)
10(b) Profitability
3Q2015 vs 3Q2014

\$m	3Q2015	3Q2014	Growth	
Aerospace	63.3	63.5	(0.2)	-
Electronics	49.3	47.0	2.3	5%
Land Systems	19.8	18.1	1.7	9%
Marine	15.9	32.7	(16.8)	(51%)
Others	6.4	(9.6)	16.0	166%
Total	154.7	151.7	3.0	2%

Group's profit before tax (PBT) for 3Q2015 of \$154.7 million was comparable to that of 3Q2014.

Aerospace sector's PBT of \$63.3 million in 3Q2015 was comparable to that achieved in 3Q2014. Lower gross profit which arose from fewer airframe maintenance work and provision of liquidated damages for B757 15-Pallet programme was partially offset by lower finance costs, net, as well as the absence of impairment for an associate.

PBT for Electronics sector in 3Q2015 of \$49.3 million was comparable to that posted in 3Q2014. In spite of the higher revenue, the Sector reported comparable PBT mainly due to less favourable sales mix and higher operating expenses.

Land Systems sector's 3Q2015 PBT of \$19.8 million was higher than that of 3Q2014 by 9% or \$1.7 million. Lower allowance for inventory obsolescence and the absence of goodwill impairment was partially offset by higher operating expenses and the gain on disposal of a joint venture in 3Q2014.

PBT of Marine sector in 3Q2015 of \$15.9 million was lower than that of 3Q2014 by 51% or \$16.8 million, due to weaker Shipbuilding and Shiprepair operating performance from both operations.

PBT under "Others" for 3Q2015 was higher than that for 3Q2014 mainly due to favourable fair value change in respect of the cross currency interest rate swaps, favourable exchange rate impact and better performance of ST Synthesis.

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 third quarter ended 30 September 2015 to be false or misleading in any material respect.

12 **VARIANCE FROM PROSPECTS STATEMENT**

In the 2Q2015 Prospects Statement announced in August 2015, there was no third quarter forecast, but the Group forecasted 2H2015 PBT to be higher than that of 1H2015, with FY2015 PBT to be comparable to FY2014. As a result of 3Q2015 performance and weak market outlook impacting aerospace maintenance, repair and overhaul as well as shipbuilding businesses, the Group projects 2H2015 PBT to be comparable to 1H2015.

13 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group expects FY2015 Revenue to be comparable, while PBT is expected to be lower than that of FY2014.

Sectors

For Aerospace and Land Systems sectors, both Revenue and PBT for FY2015 are expected to be comparable to that of FY2014.

For Electronics sector, Revenue is expected to be higher, while PBT for FY2015 is expected to be comparable to FY2014.

For Marine sector, both Revenue and PBT for FY2015 are expected to be lower than that of FY2014.

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**

No interim dividend for the quarter ended 30 September 2015 is recommended.

15 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	3Q2015						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	506,219	428,894	319,044	204,753	41,067	-	1,499,977
Inter-segment sales	1,223	9,749	1,816	145	7,757	(20,690)	-
	<u>507,442</u>	<u>438,643</u>	<u>320,860</u>	<u>204,898</u>	<u>48,824</u>	<u>(20,690)</u>	<u>1,499,977</u>
Reportable segment profit from operations	50,436	47,302	15,045	10,674	(17,350)	14,420	120,527
Other income	1,391	2,307	2,274	1,863	29,406	(30,448)	6,793
Other expenses	-	-	(444)	(39)	(1)	484	-
Finance income	8,643	1,010	1,911	971	18,498	(4,173)	26,860
Finance costs	(5,964)	(1,545)	(3,505)	(19)	(40,158)	36,357	(14,834)
Share of results of associates and joint ventures, net of tax	<u>8,747</u>	<u>259</u>	<u>4,478</u>	<u>2,493</u>	<u>-</u>	<u>(616)</u>	<u>15,361</u>
Profit before taxation	63,253	49,333	19,759	15,943	(9,605)	16,024	154,707
Taxation	(11,587)	(9,785)	(4,625)	(862)	4,602	-	(22,257)
Non-controlling interests	<u>(288)</u>	<u>12</u>	<u>1,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810</u>
Profit attributable to shareholders	<u>51,378</u>	<u>39,560</u>	<u>16,220</u>	<u>15,081</u>	<u>(5,003)</u>	<u>16,024</u>	<u>133,260</u>
Other assets	2,316,779	1,858,140	1,934,692	1,065,969	4,291,299	(3,802,386)	7,664,493
Associates and joint ventures	<u>319,842</u>	<u>1,315</u>	<u>117,082</u>	<u>8,431</u>	<u>17,657</u>	<u>1,995</u>	<u>466,322</u>
Segment assets	<u>2,636,621</u>	<u>1,859,455</u>	<u>2,051,774</u>	<u>1,074,400</u>	<u>4,308,956</u>	<u>(3,800,391)</u>	<u>8,130,815</u>
Segment liabilities	<u>1,749,936</u>	<u>1,600,648</u>	<u>1,747,847</u>	<u>887,302</u>	<u>2,520,684</u>	<u>(2,534,485)</u>	<u>5,971,932</u>
Capital expenditure ⁺	50,882	13,242	4,482	4,179	477	-	73,262
Depreciation and amortisation	19,142	10,336	8,642	7,451	1,794	(11)	47,354
Write back of impairment losses	-	-	(349)	-	-	-	(349)
Other non-cash expenses	256	-	19	-	-	-	275

⁺ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

	3Q2014						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	470,068	353,967	356,453	336,129	36,309	-	1,552,926
Inter-segment sales	3,131	6,631	1,902	208	6,485	(18,357)	-
	<u>473,199</u>	<u>360,598</u>	<u>358,355</u>	<u>336,337</u>	<u>42,794</u>	<u>(18,357)</u>	<u>1,552,926</u>
Reportable segment profit from operations	64,310	45,511	10,478	28,630	(20,052)	14,008	142,885
Other income	1,110	1,772	5,631	2,179	18,881	(19,872)	9,701
Other expenses	(4,997)	(1)	(390)	(10)	-	398	(5,000)
Finance income	1,339	1,518	1,620	18,601	12,100	3,807	38,985
Finance costs	(4,352)	(1,875)	(3,166)	(18,461)	(16,924)	(1,763)	(46,541)
Share of results of associates and joint ventures, net of tax	6,144	87	3,924	1,747	-	(253)	11,649
Profit before taxation	63,554	47,012	18,097	32,686	(5,995)	(3,675)	151,679
Taxation	(16,270)	(10,234)	(4,153)	(2,906)	1,999	-	(31,564)
Non-controlling interests	(882)	138	1,929	(1)	-	-	1,184
Profit attributable to shareholders	<u>46,402</u>	<u>36,916</u>	<u>15,873</u>	<u>29,779</u>	<u>(3,996)</u>	<u>(3,675)</u>	<u>121,299</u>
Other assets	2,276,203	1,785,182	1,994,737	1,210,640	3,866,924	(3,424,554)	7,709,132
Associates and joint ventures	314,212	871	108,876	5,996	17,681	8,078	455,714
Segment assets	<u>2,590,415</u>	<u>1,786,053</u>	<u>2,103,613</u>	<u>1,216,636</u>	<u>3,884,605</u>	<u>(3,416,476)</u>	<u>8,164,846</u>
Segment liabilities	<u>1,775,430</u>	<u>1,546,787</u>	<u>1,808,266</u>	<u>1,020,961</u>	<u>2,063,160</u>	<u>(2,146,577)</u>	<u>6,068,027</u>
Capital expenditure ⁺	19,369	14,820	21,715	8,464	857	-	65,225
Depreciation and amortisation	14,593	9,020	8,934	7,152	1,333	(10)	41,022
Impairment losses	5,000	632	6,140	-	-	-	11,772
Other non-cash expenses	1,231	1	2	-	3	-	1,237

⁺ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

For Revenue and Profit Before Tax of 3Q2015 vis-à-vis 3Q2014, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	3Q2015	3Q2014	+ / (-)
	\$'000	\$'000	%
Aerospace	51,378	46,402	10.7
Electronics	39,560	36,916	7.2
Land Systems	16,220	15,873	2.2
Marine	15,081	29,779	(49.4)
Others	11,021	(7,671)	(243.7)
Group	133,260	121,299	9.9

	Revenue			Profit Before Tax		
	9M2015	9M2014	+ / (-)	9M2015	9M2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,510,098	1,507,645	0.2	205,327	211,126	(2.7)
Electronics	1,197,987	1,103,098	8.6	130,798	127,530	2.6
Land Systems	982,493	974,793	0.8	52,265	55,154	(5.2)
Marine	738,132	1,006,861	(26.7)	68,931	88,865	(22.4)
Others	127,729	98,710	29.4	6,409	632	>500
Group	4,556,439	4,691,107	(2.9)	463,730	483,307	(4.1)

	Profit Attributable to Shareholders		
	9M2015	9M2014	+ / (-)
	\$'000	\$'000	%
Aerospace	165,363	162,266	1.9
Electronics	108,325	104,766	3.4
Land Systems	43,049	51,546	(16.5)
Marine	59,790	75,654	(21.0)
Others	11,689	(2,552)	<-500
Group	388,216	391,680	(0.9)

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

	Revenue				Revenue			
	3Q2015		3Q2014		9M2015		9M2014	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	970,352	64.7	914,039	58.9	2,796,926	61.4	2,646,448	56.4
USA	351,616	23.4	337,842	21.8	1,091,676	24.0	1,143,295	24.4
Europe	70,722	4.7	70,997	4.5	231,133	5.0	211,650	4.5
Others	107,287	7.2	230,048	14.8	436,704	9.6	689,714	14.7
Total	1,499,977	100	1,552,926	100	4,556,439	100	4,691,107	100

By Country of Incorporation

	Revenue				Revenue			
	3Q2015		3Q2014		9M2015		9M2014	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,104,699	73.6	1,184,963	76.3	3,362,240	73.8	3,549,612	75.7
USA	356,632	23.8	334,702	21.6	1,086,098	23.8	1,046,312	22.3
Europe	22,488	1.5	17,269	1.1	58,602	1.3	53,328	1.1
Others	16,158	1.1	15,992	1.0	49,499	1.1	41,855	0.9
Total	1,499,977	100	1,552,926	100	4,556,439	100	4,691,107	100

	Non-Current Assets *			
	9M2015		9M2014	
	\$'000	%	\$'000	%
Asia	2,299,579	69.5	1,937,782	68.2
USA	855,574	25.8	750,494	26.4
Europe	56,023	1.7	52,220	1.9
Others	98,413	3.0	99,127	3.5
Total	3,309,589	100	2,839,623	100

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

16 INTERESTED PERSON TRANSACTIONS

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

	3Q2015 \$'000	3Q2014 \$'000
Transactions for the Sale of Goods and Services		
Singapore Telecommunications Limited and its Associates	2,768	130
Singapore Airlines Limited and its Associates	559	-
SMRT Corporation Ltd and its Associates	200	-
Temasek Holdings (Private) Limited and its Associates (non-listed)	835	1,670
	<u>4,362</u>	<u>1,800</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	350	384
SembCorp Industries Ltd and its Associates	2,092	-
Singapore Airlines Limited and its Associates	-	6,138
Singapore Telecommunications Limited and its Associates	213	800
Temasek Holdings (Private) Limited and its Associates (non-listed)	819	807
	<u>3,474</u>	<u>8,129</u>
Total Interested Person Transactions	<u>7,836</u>	<u>9,929</u>

BY ORDER OF THE BOARD

CHUA SU LI / NG KWEE LIAN
Company Secretaries
6 November 2015

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For more details on how the business of each Sector is managed and its related performance, please see the attached sections. The information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not made pursuant to any law or regulation.

News Release

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.

Aerospace

“Comparable Profits”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2015			
	2015 3Q	2014 3Q	Growth %
Revenue (\$m)	507	473	7
Earnings before interest and tax (EBIT) (\$m)	50.4	64.3	(22)
Other income/(costs), net (\$m)	1.4	(3.9)	136
Finance income/(costs), net (\$m)	2.7	(3.0)	189
Profit before tax (PBT) (\$m)	63.3	63.5	(1)
Profit attributable to shareholders (\$m)	51.4	46.4	11

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

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(Regn. No.: 199706274H)

Aerospace

Aerospace sector unaudited results for the third quarter ended 30 September 2015

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
1. (a) Revenue	507,442	473,199	7.2
(b) Cost of sales	(421,299)	(375,267)	12.3
(c) Gross Profit	86,143	97,932	(12.0)
(d) Distribution and selling expenses	(3,627)	(1,557)	132.9
(e) Administrative expenses	(27,573)	(25,997)	6.1
(f) Other operating expenses	(4,507)	(6,068)	(25.7)
(g) Profit from operations	50,436	64,310	(21.6)
(h) Other income	1,391	1,110	25.3
(i) Other expenses	-	(4,997)	(100.0)
(j) Other income/(expenses), net	1,391	(3,887)	(135.8)
(k) Finance income	8,643	1,339	>500
(l) Finance costs	(5,964)	(4,352)	37.0
(m) Finance income/(costs), net	2,679	(3,013)	(188.9)
(n) Share of results of associates and joint ventures, net of tax	8,747	6,144	42.4
(o) Profit before taxation	63,253	63,554	(0.5)
(p) Taxation	(11,587)	(16,270)	(28.8)
(q) Profit for the period	51,666	47,284	9.3
Attributable to:			
(r) Shareholders of the Company	51,378	46,402	10.7
(s) Non-controlling interests	288	882	(67.3)
	51,666	47,284	9.3
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	19,142	14,593	31.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	2,093	(372)	<-500
Allowance/(write-back of allowance) for stock obsolescence, net	4,210	7,783	(45.9)
Impairment losses on intangible assets	-	1,186	(100.0)
(b) Finance income/(costs), net comprises:			
Interest income	671	1,286	(47.8)
Foreign exchange gain/(loss), net	4,064	683	495.0
Fair value changes of financial instruments / hedged items	(86)	(1,147)	(92.5)
Interest expenses	(1,971)	(3,835)	(48.6)
Others	1	-	NM
	2,679	(3,013)	(188.9)

Aerospace

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	10.2%	10.0%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	5.7%	5.6%	
4. (a) Revenue reported for first half year	1,007,557	1,042,104	(3.3)
(b) Profit for the period reported for first half year	117,095	120,391	(2.7)
(c) Revenue reported for third quarter	507,442	473,199	7.2
(d) Profit for the period reported for third quarter	51,666	47,284	9.3
(e) Revenue reported for first nine months	1,514,999	1,515,303	(0.0)
(f) Profit for the period reported for first nine months	168,761	167,675	0.6
5. (a) There was an adjustment of \$696,000 for overprovision of current tax and \$28,000 of deferred tax in respect of prior years. (3Q2014: There was an adjustment of \$1,110,000 for overprovision of current tax and underprovision of \$2,545,000 for deferred tax in respect of prior years.)			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
Third Quarter						
Aircraft Maintenance & Modification	227,916	243,881	(6.5)	33,615	41,374	(18.8)
Component/Engine Repair & Overhaul	191,614	143,622	33.4	16,640	2,403	>500
Engineering & Material Services	87,912	85,696	2.6	12,998	19,777	(34.3)
Total	<u>507,442</u>	<u>473,199</u>	7.2	<u>63,253</u>	<u>63,554</u>	(0.5)

Nine Months Ended 30 September

Aircraft Maintenance & Modification	762,893	820,487	(7.0)	116,705	144,358	(19.2)
Component/Engine Repair & Overhaul	478,252	443,778	7.8	45,803	22,912	99.9
Engineering & Material Services	273,854	251,038	9.1	42,819	43,856	(2.4)
Total	<u>1,514,999</u>	<u>1,515,303</u>	(0.0)	<u>205,327</u>	<u>211,126</u>	(2.7)

	Revenue		+ / (-) %
	3Q2015 \$'000	3Q2014 \$'000	
<u>By Geographical Areas</u>			
Asia	314,011	277,523	13.1
USA	116,503	139,027	(16.2)
Europe	36,158	33,211	8.9
Others	40,770	23,438	73.9
Total	<u>507,442</u>	<u>473,199</u>	7.2

By Country of Incorporation

Asia	396,002	349,981	13.1
USA	94,539	109,110	(13.4)
Europe	16,582	13,641	21.6
Others	319	467	(31.7)
Total	<u>507,442</u>	<u>473,199</u>	7.2

Aerospace

7. Review of Performance

(a) Revenue

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$507m	\$473m	\$34m	7%

Revenue for 3Q2015 was \$34 million or 7% higher compared to that of 3Q2014 due mainly to higher engines output in the **Component/Engine Repair & Overhaul (CERO)** business group, reduced partially by lower revenue in the **Aircraft Maintenance & Modification (AMM)** business group.

(b) Profitability

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$63.3m	\$63.5m	(\$0.2m)	(0%)

The current quarter's PBT of \$63.3 million was comparable to 3Q2014 PBT despite lower gross profit which was offset by the absence of impairment for an associate, favourable foreign exchange impact and lower interest expense. The lower gross profit was because of lower airframe maintenance work during the summer months and provision for liquidated damages for 757 15-Pallet programme.

8. Prospects

FY2015

Barring unforeseen circumstances, revenue and profit before tax for FY2015 are expected to be comparable to FY2014.

9. Balance Sheet

	30-Sep-15	31-Dec-14
	\$'000	\$'000
Property, plant and equipment	721,208	671,068
Associates and joint ventures	319,842	322,508
Investments	12	12
Intangible assets	130,778	126,958
Long-term receivables, non-current	71	1,534
Deferred tax assets	19,012	19,941
Non-current assets	1,190,923	1,142,021
Current assets	1,445,698	1,383,006
Total assets	2,636,621	2,525,027
Current liabilities	1,170,494	1,139,953
Non-current liabilities	579,442	639,407
Total liabilities	1,749,936	1,779,360
Share capital and reserves	805,726	668,421
Non-controlling interests	80,959	77,246
Total equity and liabilities	2,636,621	2,525,027
Net current assets	275,204	243,053

Aerospace

10. Statement of Cash Flows for the third quarter ended 30 September 2015

	3Q2015	3Q2014
	\$'000	\$'000
Net cash from operating activities	110,036	65,675
Net cash used in investing activities	(29,305)	(1,999)
Proceeds from sale of property, plant and equipment	26	1,096
Dividends from an associate	10,156	6,100
Dividends from investments	1	-
Purchase of property, plant and equipment	(35,253)	(8,573)
Additional investment of associated companies and joint ventures	-	(622)
Acquisition of a subsidiary, net of cash acquired	(4,235)	-
Net cash used in financing activities	(46,369)	(97,166)
Repayment of short-term loans to related corporations, net	(45,052)	(84,955)
Repayment of lease obligations	(88)	(88)
Dividend paid to shareholder of the company	-	(4,514)
Dividend paid to non-controlling interests	-	(3,926)
Interest paid	(1,229)	(3,683)
Net increase/(decrease) in cash and cash equivalents	34,362	(33,490)
Cash and cash equivalents at beginning of period	194,739	361,004
Exchange difference on cash and cash equivalents	8,676	(1,551)
Cash and cash equivalents at end of period	<u>237,777</u>	<u>325,963</u>

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News Release

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

“Comparable PBT in 3Q2015”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2015			
	2015 3Q	2014 3Q	Growth %
Revenue (\$m)	439	360	22
Earnings before interest and tax (EBIT) (\$m)	47.3	45.5	4
Other income, net (\$m)	2.3	1.8	30
Finance costs, net (\$m)	(0.5)	(0.4)	(50)
Profit before tax (PBT) (\$m)	49.3	47.0	5
Profit attributable to shareholders (\$m)	39.6	36.9	7

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

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Electronics

Electronics sector unaudited results for the third quarter ended 30 September 2015

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
1. (a) Revenue	438,643	360,598	21.6
(b) Cost of sales	(302,160)	(237,502)	27.2
(c) Gross Profit	136,483	123,096	10.9
(d) Distribution and selling expenses	(21,603)	(20,259)	6.6
(e) Administrative expenses	(45,098)	(38,101)	18.4
(f) Other operating expenses	(22,480)	(19,225)	16.9
(g) Profit from operations	47,302	45,511	3.9
(h) Other income	2,307	1,772	30.2
(i) Other expenses	-	(1)	(100.0)
(j) Other income, net	2,307	1,771	30.3
(k) Finance income	1,010	1,518	(33.5)
(l) Finance costs	(1,545)	(1,875)	(17.6)
(m) Finance costs, net	(535)	(357)	49.9
(n) Share of results of associates and joint ventures, net of tax	259	87	197.7
(o) Profit before taxation	49,333	47,012	4.9
(p) Taxation	(9,785)	(10,234)	(4.4)
(q) Profit for the period	39,548	36,778	7.5
Attributable to:			
(r) Shareholders of the Company	39,560	36,916	7.2
(s) Non-controlling interests	(12)	(138)	(91.3)
	39,548	36,778	7.5
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	10,336	9,020	14.6
Allowance for doubtful debts & bad debts written off, net	517	44	>500
Allowance for stock obsolescence, net	381	499	(23.6)
(b) Finance costs, net comprises:			
Interest income	677	1,459	(53.6)
Foreign exchange gain, net	333	59	464.4
Impairment loss on an investment	-	(632)	(100.0)
Interest expenses	(1,545)	(1,243)	24.3
	(535)	(357)	49.9

Electronics

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.0%	10.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.3%	10.3%	
4. (a) Revenue reported for first half year	784,530	763,414	2.8
(b) Profit for the period reported for first half year	69,544	68,616	1.4
(c) Revenue reported for third quarter	438,643	360,598	21.6
(d) Profit for the period reported for third quarter	39,548	36,778	7.5
(e) Revenue reported for first nine months	1,223,173	1,124,012	8.8
(f) Profit for the period reported for first nine months	109,092	105,394	3.5
5. (a) There was an overprovision of current tax of \$963,000 and an underprovision of deferred tax of \$37,000 in respect of prior years (3Q2014: There was an underprovision of current tax of \$1,065,000 and an overprovision of deferred tax of \$849,000 in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
Third Quarter						
Large-Scale Systems Group	102,454	83,927	22.1	9,071	9,335	(2.8)
Communication & Sensor Systems Group	191,865	164,971	16.3	18,962	18,851	0.6
Software Systems Group	144,324	111,700	29.2	21,300	18,826	13.1
Total	<u>438,643</u>	<u>360,598</u>	21.6	<u>49,333</u>	<u>47,012</u>	4.9
Nine Months Ended 30 September						
Large-Scale Systems Group	303,507	283,199	7.2	35,133	33,266	5.6
Communication & Sensor Systems Group	543,974	522,434	4.1	42,825	44,488	(3.7)
Software Systems Group	375,692	318,379	18.0	52,840	49,776	6.2
Total	<u>1,223,173</u>	<u>1,124,012</u>	8.8	<u>130,798</u>	<u>127,530</u>	2.6

	Revenue		
	3Q2015 \$'000	3Q2014 \$'000	
<u>By Geographical Areas</u>			
Asia	336,576	282,516	19.1
USA	40,306	27,926	44.3
Europe	23,682	17,214	37.6
Others	38,079	32,942	15.6
Total	<u>438,643</u>	<u>360,598</u>	21.6

By Country of Incorporation

Asia	354,322	295,728	19.8
USA	67,921	52,675	28.9
Europe	5,906	4,016	47.1
Others	10,494	8,179	28.3
Total	<u>438,643</u>	<u>360,598</u>	21.6

Electronics

7. Review of Performance

(a) Revenue

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$439m	\$360m	\$79m	22%

Revenue of \$439 million recorded in 3Q2015 was higher than that of 3Q2014 by 22% or \$79 million. All three business groups recorded higher sales. **Large-Scale Systems Group (LSG)** and **Software Systems Group (SSG)** recorded higher sales mainly due to higher value project milestone completions. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions and increased sales of satellite communication products.

(b) Profitability

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$49.3m	\$47.0m	\$2.3m	5%

The profit before tax of \$49.3 million for 3Q2015 was comparable to that of 3Q2014. Notwithstanding higher sales and better contribution from satellite communication product sales, the Sector recorded comparable profit as a result of less favourable sales mix and higher operating expenses.

8. Prospects

FY2015

Barring unforeseen circumstances, FY2015 revenue is expected to be higher while profit before tax is expected to be comparable to FY2014.

9. Balance Sheet

	30-Sep-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	173,904	179,704
Associates and joint ventures	1,315	10,297
Investments	9,981	3,963
Intangible assets	345,953	304,545
Long-term receivables, non-current	588	187
Deferred tax assets	27,642	30,023
Derivative financial instruments, non-current	103	-
Non-current assets	559,486	528,719
Current assets	1,299,969	1,265,351
Total assets	1,859,455	1,794,070
Current liabilities	1,080,861	1,086,428
Non-current liabilities	519,787	510,536
Total liabilities	1,600,648	1,596,964
Share capital and reserves	251,560	191,847
Non-controlling interests	7,247	5,259
Total equity and liabilities	1,859,455	1,794,070
Net current assets	219,108	178,923

Electronics

10. Statement of Cash Flows for the third quarter ended 30 September 2015

	3Q2015	3Q2014
	\$'000	\$'000
Net cash from/(used in) operating activities	6,811	(1,303)
Net cash from/(used in) investing activities	7,369	(16,078)
Proceed from sale of property, plant and equipment	23	1
Dividend from an associate	-	46
Purchase of property, plant and equipment	(4,407)	(7,795)
Acquisition of other intangible assets	(5,923)	(8,330)
Acquisition of controlling interests in a subsidiary, net of cash acquired	17,676	-
Net cash used in financing activities	(14,889)	(1,399)
Repayment of related parties loans	-	(10,129)
Proceeds from a related party loans	6,839	11,702
Loans to related parties	(33,000)	(15,000)
Repayment of loans by related parties	34,000	15,000
Repayment of a joint venture loan	-	(824)
Acquisition of non-controlling interests in subsidiaries	(4,600)	-
Dividend paid to shareholder	(16,600)	(1,249)
Interest paid	(445)	(1,238)
Deposits (pledged)/discharged	(1,083)	339
Net decrease in cash and cash equivalents	(709)	(18,780)
Cash and cash equivalents at beginning of period	242,911	324,227
Exchange difference on cash and cash equivalents	4,034	(314)
Cash and cash equivalents at end of period	246,236 ¹	305,133 ²

¹ Cash and cash equivalents at the end of 3Q2015 was after deducting \$69.0 million of short term net lending to a related party.

² Cash and cash equivalents at the end of 3Q2014 was after deducting \$140.0 million of short term net lending to a related party.

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News Release

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.

Land Systems

“Comparable net profit”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2015			
	2015 3Q	2014 3Q	Growth %
Revenue (\$m)	321	358	(10)
Earnings before interest and tax (EBIT) (\$m)	15.0	10.5	44
Other income, net (\$m)	1.9	5.2	(65)
Finance costs, net (\$m)	(1.6)	(1.5)	(3)
Profit before tax (PBT) (\$m)	19.8	18.1	9
Profit attributable to shareholders (\$m)	16.2	15.9	2

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

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Land Systems

Land Systems sector unaudited results for the third quarter ended 30 September 2015

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
1. (a) Revenue	320,860	358,355	(10.5)
(b) Cost of sales	(249,282)	(291,522)	(14.5)
(c) Gross Profit	71,578	66,833	7.1
(d) Distribution and selling expenses	(19,148)	(16,957)	12.9
(e) Administrative expenses	(27,104)	(23,304)	16.3
(f) Other operating expenses	(10,281)	(16,094)	(36.1)
(g) Profit from operations	15,045	10,478	43.6
(h) Other income	2,274	5,631	(59.6)
(i) Other expenses	(444)	(390)	13.8
(j) Other income, net	1,830	5,241	(65.1)
(k) Finance income	1,895	1,620	17.0
(l) Finance costs	(3,489)	(3,166)	10.2
(m) Finance costs, net	(1,594)	(1,546)	3.1
(n) Share of results of associates and joint ventures, net of tax	4,478	3,924	14.1
(o) Profit before taxation	19,759	18,097	9.2
(p) Taxation	(4,625)	(4,153)	11.4
(q) Profit for the period	15,134	13,944	8.5
Attributable to:			
(r) Shareholders of the Company	16,220	15,873	2.2
(s) Non-controlling interests	(1,086)	(1,929)	(43.7)
	15,134	13,944	8.5
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	8,642	8,934	(3.3)
Allowance for doubtful debts & bad debts written off, net	4,151	5,446	(23.8)
Allowance for stock obsolescence, net	2,220	8,794	(74.8)
Impairment losses on intangible assets	-	6,292	(100.0)
(b) Finance costs, net comprises:			
Interest income	466	577	(19.2)
Foreign exchange gain, net	519	894	(41.9)
Fair value changes of financial instruments / hedged items	(9)	(329)	(97.3)
Interest expenses	(2,570)	(2,688)	(4.4)
	(1,594)	(1,546)	3.1

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	4.7%	3.9%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	4.0%	4.0%	
4. (a) Revenue reported for first half year	665,709	622,926	6.9
(b) Profit for the period reported for first half year	24,019	31,413	(23.5)
(c) Revenue reported for third quarter	320,860	358,355	(10.5)
(d) Profit for the period reported for third quarter	15,134	13,944	8.5
(e) Revenue reported for first nine months	986,569	981,281	0.5
(f) Profit for the period reported for first nine months	39,153	45,357	(13.7)
5. (a) There was an over-provision of current tax of \$512,000 and under-provision of deferred tax of \$18,000 in respect of prior years. (3Q2014: There was an over-provision of current tax of \$1,000 and under-provision of deferred tax of \$9,000 in respect of prior year).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2015 \$'000	2014 \$'000		2015 \$'000	2014 \$'000	
Third Quarter						
Automotive	271,269	273,319	(0.8)	9,534	3,041	213.5
Munitions & Weapon	36,034	64,936	(44.5)	2,069	7,857	(73.7)
Services, Trading & Others	13,557	20,100	(32.6)	8,156	7,199	13.3
Total	<u>320,860</u>	<u>358,355</u>	(10.5)	<u>19,759</u>	<u>18,097</u>	9.2

Nine Months Ended 30 September

Automotive	815,944	738,735	10.5	16,700	5,127	225.7
Munitions & Weapon	120,097	180,921	(33.6)	12,599	27,400	(54.0)
Services, Trading & Others	50,528	61,625	(18.0)	22,966	22,627	1.5
Total	<u>986,569</u>	<u>981,281</u>	0.5	<u>52,265</u>	<u>55,154</u>	(5.2)

By Geographical Areas

	Revenue		+ / (-) %
	3Q2015 \$'000	3Q2014 \$'000	
Asia	215,303	266,144	(19.1)
USA	88,803	60,964	45.7
Europe	3,959	5,574	(29.0)
Others	12,795	25,673	(50.2)
Total	<u>320,860</u>	<u>358,355</u>	(10.5)

By Country of Incorporation

Asia	226,371	287,022	(21.1)
USA	90,098	63,937	40.9
Europe	-	-	-
Others	4,391	7,396	(40.6)
Total	<u>320,860</u>	<u>358,355</u>	(10.5)

7. Review of Performance

(a) Revenue

3Q2015 vs 3Q2014	3Q2015	3Q2014	Growth	
	\$321m	\$358m	(\$37m)	(10%)

3Q2015 revenue compared to 3Q2014 decreased by 10% or \$37 million to \$321 million. This was due mainly to lower revenue from **Munitions & Weapon (M&W)** business group.

(b) Profitability

3Q2015 vs 3Q2014	3Q2015	3Q2014	Growth	
	\$19.8m	\$18.1m	\$1.7m	9%

3Q2015 profit before tax (PBT) of \$19.8 million was higher than 3Q2014 PBT by 9% or \$1.7 million. This was due to higher profits of the **Automotive (Auto)** and **Services, Trading & Others (S&T)** business groups, partially offset by lower profits of the **M&W** business group. The **Auto** business group's higher profits were due mainly to lower allowance for inventory obsolescence and absence of goodwill impairment which impacted 3Q2014, partially offset by higher selling, administrative and research and development expenses as well as absence of gain on disposal of a joint venture which aided 3Q2014. The **S&T** business group's higher profits were due mainly to favourable product mix and share of higher profit of an associate. The **M&W** business group had lower profits mainly from lower revenue.

8. Prospects

FY2015

Barring unforeseen circumstances, revenue and PBT for FY2015 are expected to be comparable to FY2014.

9. Balance Sheet

	30-Sep-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	361,251	372,275
Associates and joint ventures	117,082	112,750
Investments	226	378
Intangible assets	212,503	205,335
Amounts due from related parties, non-current	6,098	5,650
Finance lease receivables, non-current	811	973
Long-term receivables, non-current	-	13
Deferred tax assets	22,695	18,028
Derivative financial instruments	2,599	1,196
Non-current assets	723,265	716,598
Current assets	1,328,509	1,487,167
Total assets	2,051,774	2,203,765
Current liabilities	887,555	965,063
Non-current liabilities	860,292	966,263
Total liabilities	1,747,847	1,931,326
Share capital and reserves	258,064	223,060
Non-controlling interests	45,863	49,379
Total equity and liabilities	2,051,774	2,203,765
Net current assets	440,954	522,104



10. Statement of Cash Flows for the third quarter ended 30 September 2015

	3Q2015	3Q2014
	\$'000	\$'000
Net cash used in operating activities	(20,914)	(59,515)
Net cash used in investing activities	(4,378)	(18,666)
Proceeds from sale of property, plant and equipment	104	929
Proceeds from disposal of a subsidiary	-	2
Dividends from associated companies	-	118
Purchase of property, plant and equipment	(4,482)	(19,715)
Net cash from / (used in) financing activities	41,010	(15,924)
Interest paid	(2,561)	(2,688)
Repayment of short-term related party loans	(7,129)	(1,703)
Proceeds from short-term related party loans	10,000	-
Repayment of loan by a related company	20,000	-
Repayment of short-term immediate holding company loans	-	(10,000)
Proceeds from short-term immediate holding company loans	24,100	-
Repayment of short-term loans	(40)	(151)
Repayment of short-term bank loans	(9,524)	(9,731)
Proceeds from short-term bank loans	9,524	8,802
Dividends paid to non-controlling interests	(642)	(106)
Capital contribution from non-controlling interests	-	84
Acquisition of non-controlling interests in subsidiary	-	(194)
Deposits pledged	(2,718)	(237)
Net increase / (decrease) in cash and cash equivalents	15,718	(94,105)
Cash and cash equivalents at beginning of the period	179,594	277,100
Exchange difference on cash and cash equivalents at beginning of the period	1,344	814
Cash and cash equivalents at end of the period	196,656	183,809

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News Release

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.

Marine

“Lower profits”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2015			
	2015 3Q	2014 3Q	Growth %
Revenue (\$m)	205	336	(39)
Earnings before interest and tax (EBIT) (\$m)	10.7	28.6	(63)
Other income, net (\$m)	1.8	2.2	(16)
Finance income, net (\$m)	0.9	0.1	>500
Profit before tax (PBT) (\$m)	15.9	32.7	(51)
Profit attributable to shareholders (\$m)	15.1	29.8	(49)

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

Marine

Marine sector unaudited results for the third quarter ended 30 September 2015

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
1. (a) Revenue	204,898	336,337	(39.1)
(b) Cost of sales	(182,141)	(294,787)	(38.2)
(c) Gross Profit	22,757	41,550	(45.2)
(d) Distribution and selling expenses	(1,478)	(1,582)	(6.6)
(e) Administrative expenses	(8,414)	(8,614)	(2.3)
(f) Other operating expenses	(2,191)	(2,724)	(19.6)
(g) Profit from operations	10,674	28,630	(62.7)
(h) Other income	1,863	2,179	(14.5)
(i) Other expenses	(39)	(10)	290.0
(j) Other income, net	1,824	2,169	(15.9)
(k) Finance income	971	18,601	(94.8)
(l) Finance costs	(19)	(18,461)	(99.9)
(m) Finance income, net	952	140	>500
(n) Share of results of joint ventures, net of tax	2,493	1,747	42.7
(o) Profit before taxation	15,943	32,686	(51.2)
(p) Taxation	(862)	(2,906)	(70.3)
(q) Profit for the period	15,081	29,780	(49.4)
Attributable to:			
(r) Shareholders of the Company	15,081	29,779	(49.4)
(s) Non-controlling interests	-	1	(100.0)
	15,081	29,780	(49.4)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	7,451	7,152	4.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	3	(97)	(103.1)
Allowance/(write-back of allowance) for stock obsolescence, net	102	(185)	(155.1)
(b) Finance income, net comprises:			
Interest income	894	796	12.3
Foreign exchange gain, net	77	116	(33.6)
Fair value changes of financial instruments / hedged items	-	(772)	(100.0)
Interest expenses	(19)	-	NM
	952	140	>500

Marine

	3Q2015 \$'000	3Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	7.4%	8.9%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	7.1%	13.4%	
4. (a) Revenue reported for first half year	533,527	671,455	(20.5)
(b) Profit for the period reported for first half year	44,702	45,873	(2.6)
(c) Revenue reported for third quarter	204,898	336,337	(39.1)
(d) Profit for the period reported for third quarter	15,081	29,780	(49.4)
(e) Revenue reported for first nine months	738,425	1,007,792	(26.7)
(f) Profit for the period reported for first nine months	59,783	75,653	(21.0)
5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (3Q2014: There was no over or under provision of current and deferred tax in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
Third Quarter						
Shipbuilding	134,567	264,504	(49.1)	1,294	10,877	(88.1)
Shiprepair	42,874	54,229	(20.9)	12,747	19,644	(35.1)
Engineering	27,457	17,604	56.0	1,902	2,165	(12.1)
Total	<u>204,898</u>	<u>336,337</u>	(39.1)	<u>15,943</u>	<u>32,686</u>	(51.2)
Nine Months Ended 30 September						
Shipbuilding	487,556	774,828	(37.1)	12,856	31,022	(58.6)
Shiprepair	190,758	177,462	7.5	51,321	50,331	2.0
Engineering	60,111	55,502	8.3	4,754	7,512	(36.7)
Total	<u>738,425</u>	<u>1,007,792</u>	(26.7)	<u>68,931</u>	<u>88,865</u>	(22.4)

By Geographical Areas

	Revenue		
	3Q2015 \$'000	3Q2014 \$'000	
Asia	97,344	85,365	14.0
USA	86,015	90,664	(5.1)
Europe	6,850	13,757	(50.2)
Others	14,689	146,551	(90.0)
Total	<u>204,898</u>	<u>336,337</u>	(39.1)

By Country of Incorporation

Asia	120,980	247,852	(51.2)
USA	83,918	88,485	(5.2)
Total	<u>204,898</u>	<u>336,337</u>	(39.1)

Marine

7. Review of Performance

(a) Revenue

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$205m	\$336m	(\$131m)	(39%)

3Q2015 revenue compared to 3Q2014 decreased by 39% or \$131 million to \$205 million due mainly to lower revenue recognition from **Shipbuilding** contracts and lower **Shiprepair** activities from both the local and US operations.

(b) Profitability

3Q2015 vs 3Q2014

3Q2015	3Q2014	Growth	
\$15.9m	\$32.7m	(\$16.8m)	(51%)

3Q2015 profit before tax (PBT) compared to 3Q2014 decreased by 51% or \$16.8 million to \$15.9 million due mainly to weaker **Shipbuilding** and **Shiprepair** performance from both operations.

8. Prospects

FY2015

Barring unforeseen circumstances, revenue and profit before tax for FY2015 are expected to be lower compared to FY2014.

9. Balance Sheet

	30-Sep-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	340,202	334,075
Joint ventures	8,431	8,159
Intangible assets	87	94
Derivative financial instruments, non-current	2,723	605
Amounts due from related parties, non-current	4,806	12,806
Long-term receivables, non-current	4,417	1,001
Deferred tax assets	12,732	19,021
Non-current assets	373,398	375,761
Current assets	701,002	738,494
Total assets	1,074,400	1,114,255
Current liabilities	778,034	856,315
Non-current liabilities	109,268	99,068
Total liabilities	887,302	955,383
Share capital and reserves	187,065	158,834
Non-controlling interests	33	38
Total equity and liabilities	1,074,400	1,114,255
Net current liabilities	(77,032)	(117,821)

Marine

10. Statement of Cash Flows for the third quarter ended 30 September 2015

	3Q2015 \$'000	3Q2014 \$'000
Net cash from operating activities	10,052	25,249
Net cash from/(used in) investing activities	2,969	(1,487)
Proceeds from sale of property, plant and equipment	722	8
Dividends from joint ventures	4,680	500
Purchase of property, plant and equipment	(2,433)	(1,995)
Net cash from/(used in) financing activities	15,220	(58,000)
Proceeds from short term bank loans	24,239	-
Repayment of loans by a related corporation	1,000	-
Loans to related corporations	(10,000)	(58,000)
Interest paid	(19)	-
Net increase/(decrease) in cash and cash equivalents	28,241	(34,238)
Cash and cash equivalents at beginning of period	103,247	321,789
Exchange difference on cash and cash equivalents	1,468	650
Cash and cash equivalents at end of period	132,956 ¹	288,201 ²

¹ Cash and cash equivalents at the end of 3Q2015 was after deducting \$172.0 million of short term net lending to a related party.

² Cash and cash equivalents at the end of 3Q2014 was after deducting \$88.2 million of short term net lending to a related party.

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