

News Release

ST Engineering reports lower year-on-year profits for 3Q2014

FINANCIAL HIGHLIGHTS For the quarter ended 30 September 2014						
	2014 3Q	2013 3Q	Growth %	2014 9M	2013 9M	Growth %
Revenue (\$m)	1,553	1,550	-	4,691	4,692	-
Earnings before interest and tax (EBIT) (\$m)	142.9	157.9	(10)	424.6	478.8	(11)
Other income, net (\$m)	4.7	4.7	-	27.7	19.3	43
Finance costs, net (\$m)	(7.6)	(3.8)	(99)	(10.8)	(11.3)	5
Profit before tax (PBT) (\$m)	151.7	168.0	(10)	483.3	513.6	(6)
Profit attributable to shareholders (\$m)	121.3	131.4	(8)	391.7	413.3	(5)
Earnings per share (cents)	3.89	4.24	(8)	12.57	13.34	(6)

- Commercial sales constituted 58% or \$0.9 billion of 3Q2014 revenue
- Order book of \$13.2 billion at end September 2014, of which about \$1.6 billion is expected to be delivered in the last quarter of 2014
- Cash and cash equivalents including funds under management totalled \$1.6 billion
- Advance payments from customers totalled \$1.7 billion

N.B.: All currencies are in Singapore dollars

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Singapore, 7 November 2014 - Singapore Technologies Engineering Ltd (ST Engineering) today reported that financial results for its third quarter ended 30 September 2014 (3Q2014) came in with lower profit before tax (PBT) and net profit after tax (Net profit) on the back of a comparable revenue of \$1.55b against the same period last year. Quarterly PBT was \$151.7m, down 10% from \$168m, and Quarterly Net profit was \$121.3m, down 8% from \$131.4m.

3Q2014 versus 3Q2013

Group revenue was flat even though the Marine sector recorded higher revenue of \$336m, which was largely offset by lower revenue recorded by the Aerospace sector. Revenue for the Aerospace sector was \$470m, down 8% from \$510m mainly attributable to the Component/Engine Repair & Overhaul business group which generated lower revenue. Revenues for the Electronics and Land Systems sectors were comparable year-on-year.

The weaker performance in the Aerospace sector's European operations impacted its PBT, which saw a 19% drop to \$63.5m from \$78.5m a year ago. This in turn impacted the Group PBT even though the Electronics sector enjoyed a 9% increase in PBT to \$47m from \$43m, and that both the Land Systems and Marine sectors reported comparable PBT against the same period last year.

During the third quarter, commercial sales accounted for 58% or \$0.9b of 3Q2014 revenue.

9M2014 versus 9M2013

On a nine months basis, Group revenue against the same period last year was comparable at \$4.69b. Revenues for the Aerospace and Electronics sectors were comparable, while revenue for the Land Systems sector was 10% lower at \$975m from \$1.1b, and revenue for the Marine sector was 17% higher at \$1b from \$861m.

Group PBT for 9M2014 was \$483.3m or 6% lower against \$513.6m in the same period last year, as all its business sectors posted lower PBT of between 9% and 24%, with the exception of the Electronics sector. The Electronics sector reported comparable PBT.

“For the third quarter, the Group reported year-on-year comparable Revenue and a decrease in PBT of 10%. For the first nine months of the year, the Group reported year-on-year comparable Revenue and a decrease in PBT of 6%.

The weak economic environment in Europe had impacted our aviation business in the third quarter. We will continue to review the aerospace sector’s European business.

The Group maintained a healthy order book of \$13.2b at the end of the third quarter 2014. Our cash and cash equivalents including funds under management remained high at \$1.6b, after the payment of an interim dividend of \$125m in September 2014.

Barring unforeseen circumstances, the Group expects to achieve comparable Revenue, with a lower PBT for FY2014 when compared to FY2013.”

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

Business Highlights

The Group’s order book was \$13.2b as at end September, of which it expects to deliver about \$1.6b in the last quarter of 2014.

During the third quarter, the Group continued to build up new business wins across the business sectors. The Aerospace sector announced contracts worth \$450m for new orders that span the sector’s repertoire of capabilities covering airframe, component and engine maintenance, freighter conversion, cabin modification, engine wash and pilot training. The Electronics sector announced \$513m of contracts for its rail electronics and intelligent transportation, satellite and broadband communications, as well as advanced electronics and ICT solutions. The Marine sector announced contracts to build two 130-foot Articulated Tug Barges tugs for Bouchard Transportation Co., Inc. in its US yards.

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 \$6.63b in FY2013 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, FTSE ASEAN 40 Index, MSCI Singapore and other indices. ST Engineering has more than 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 2014
1 CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	GROUP					
	3Q2014	3Q2013	+ / (-)	9M2014	9M2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,552,926	1,549,882	0.2	4,691,107	4,691,947	-
Cost of sales	(1,219,685)	(1,202,292)	1.4	(3,691,096)	(3,654,424)	1.0
Gross profit	333,241	347,590	(4.1)	1,000,011	1,037,523	(3.6)
Distribution and selling expenses	(42,139)	(43,338)	(2.8)	(136,506)	(125,229)	9.0
Administrative expenses	(112,733)	(116,139)	(2.9)	(346,151)	(350,445)	(1.2)
Other operating expenses (refer para 1.7)	(35,484)	(30,209)	17.5	(92,793)	(83,043)	11.7
Profit from operations	142,885	157,904	(9.5)	424,561	478,806	(11.3)
Other income	9,701	7,335	32.3	32,720	22,872	43.1
Other expenses	(5,000)	(2,624)	90.5	(5,000)	(3,549)	40.9
Other income, net	4,701	4,711	(0.2)	27,720	19,323	43.5
Finance income	38,985	20,747	87.9	50,176	46,117	8.8
Finance costs	(46,541)	(24,541)	89.6	(60,927)	(57,404)	6.1
Finance income/(costs), net	(7,556)	(3,794)	99.2	(10,751)	(11,287)	(4.7)
Share of results of associates and joint ventures, net of tax	11,649	9,174	27.0	41,777	26,744	56.2
Profit before taxation	151,679	167,995	(9.7)	483,307	513,586	(5.9)
Taxation	(31,564)	(35,398)	(10.8)	(91,792)	(97,485)	(5.8)
Profit for the period	120,115	132,597	(9.4)	391,515	416,101	(5.9)
Attributable to:						
Shareholders of the Company	121,299	131,401	(7.7)	391,680	413,310	(5.2)
Non-controlling interests	(1,184)	1,196	(199.0)	(165)	2,791	(105.9)
	120,115	132,597	(9.4)	391,515	416,101	(5.9)

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

	GROUP					
	3Q2014	3Q2013	+ / (-)	9M2014	9M2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging the following:						
Depreciation and amortisation	41,022	33,987	20.7	122,321	101,616	20.4
The higher depreciation and amortisation in 3Q2014 mainly came from Aerospace, Electronics and Marine sectors.						
Allowance for doubtful debts & bad debts written off, net	5,328	2,805	89.9	10,617	2,700	293.2
The higher allowance for doubtful debts, net in 3Q2014 mainly came from Aerospace, Electronics and Land Systems sectors.						
Allowance for inventory obsolescence, net	17,164	1,934	> 500	31,665	12,240	158.7
The higher allowance for inventory obsolescence, net in 3Q2014 mainly came from Aerospace and Land Systems sectors.						
Impairment losses / write-off of intangible assets	7,478	149	> 500	7,478	149	> 500
The impairment losses / write-off of intangible assets in 3Q2014 came from Aerospace and Land Systems sectors.						
1.2 Finance costs, net comprises:						
Interest income	5,669	6,734	(15.8)	18,618	20,237	(8.0)
Foreign exchange (loss) / gain, net	(4,340)	2,975	(245.9)	(2,879)	522	<-500
Fair value changes of financial instruments / hedged items	852	(1,687)	(150.5)	451	(1,523)	(129.6)
Gain on disposal of investments, net	157	110	42.7	2,640	4,532	(41.7)
(Impairment losses) / write-back of impairment losses on investments	(632)	-	NM	(632)	9	<-500
Interest expenses	(9,245)	(11,960)	(22.7)	(29,011)	(35,145)	(17.5)
Others	(17)	34	(150.0)	62	81	(23.5)
	<u>(7,556)</u>	<u>(3,794)</u>	99.2	<u>(10,751)</u>	<u>(11,287)</u>	(4.7)
1.3 Profit for the period as a percentage of revenue	7.7%	8.6%		8.3%	8.9%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.2%	6.9%		20.0%	21.6%	
1.5 The Group's tax charge in 3Q2014 included adjustments for underprovision of deferred tax of \$1.7 million in respect of prior years (3Q2013: adjustments for underprovision of current tax of \$0.6 million and overprovision of deferred tax of \$0.7 million).						
1.6 There was no disposal of property during the period.						
1.7 The higher 3Q2014 other operating expenses of \$35.5 million compared to \$30.2 million in 3Q2013 was mainly due to impairment losses on intangible assets in Land Systems sector of \$6.3 million.						
NM Not Meaningful						

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

	GROUP		
	2014 \$'000	2013 \$'000	+ / (-) %
Revenue reported for first half year	3,138,181	3,142,065	(0.1)
Profit for the period reported for first half year	271,400	283,504	(4.3)
Revenue reported for third quarter	1,552,926	1,549,882	0.2
Profit for the period reported for third quarter	120,115	132,597	(9.4)
Revenue reported for first nine months	4,691,107	4,691,947	-
Profit for the period reported for first nine months	391,515	416,101	(5.9)

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	3Q2014	3Q2013	9M2014	9M2013	FY2013
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	3.89	4.24	12.57	13.34	18.73
(ii) On a fully diluted basis	3.89	4.23	12.55	13.31	18.67

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,536,736	1,520,404	4,897	1,434
Subsidiaries	-	-	1,192,130	927,728
Associates and joint ventures	455,714	462,139	17,657	17,657
Investments	171,277	166,033	-	-
Intangible assets	660,354	638,408	-	-
Long-term receivables, non-current	6,399	12,528	-	-
Finance lease receivables, non-current	1,912	2,679	-	-
Deferred tax assets	96,521	95,634	6,700	7,200
Amounts due from related parties, non-current	7,231	7,430	1,000	258,874
Derivative financial instruments, non-current	9,871	39,978	75	77
	2,946,015	2,945,233	1,222,459	1,212,970
Current assets				
Inventories and work-in-progress	1,962,336	1,807,509	-	-
Trade receivables	1,097,770	1,221,937	-	-
Amounts due from related parties, current	47,037	40,076	342,267	504,498
Advances and other receivables	621,122	598,210	2,121	9,827
Long-term receivables, current	12,484	12,508	-	-
Finance lease receivables, current	6,455	16,447	-	-
Short-term investments	37,897	134,581	-	-
Bank balances and other liquid funds	1,433,730	1,930,140	270,408	470,124
	5,218,831	5,761,408	614,796	984,449
TOTAL ASSETS	8,164,846	8,706,641	1,837,255	2,197,419
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers, current	783,733	878,895	-	-
Trade payables and accruals, current	1,567,138	1,604,740	23,816	25,017
Amounts due to related parties, current	25,002	24,953	188,076	98,946
Provisions	217,539	218,910	-	-
Progress billings in excess of work-in-progress	877,994	734,725	-	-
Provision for taxation	149,867	197,139	7,761	11,666
Short-term bank loans	28,994	139,842	-	-
Long-term bank loans, current	30,578	292,789	-	-
Lease obligations, current	1,032	1,321	-	-
Other loans, current	260	369	-	-
	3,682,137	4,093,683	219,653	135,629
NET CURRENT ASSETS	1,536,694	1,667,725	395,143	848,820

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Sep-14 \$'000	31-Dec-13 \$'000	30-Sep-14 \$'000	31-Dec-13 \$'000
Non-current liabilities				
Advance payments from customers, non-current	939,315	857,496	-	-
Trade payables and accruals, non-current	301,073	353,701	17,006	18,817
Deferred tax liabilities	98,313	94,867	-	-
Bonds	635,000	631,283	-	-
Long-term bank loans, non-current	289,528	288,867	-	-
Lease obligations, non-current	17,539	18,150	-	-
Other loans, non-current	461	564	-	-
Deferred income	93,603	83,695	-	-
Other long-term payables, non-current	1,500	1,500	-	-
Derivative financial instruments, non-current	9,558	22,515	-	-
Amounts due to related parties, non-current	-	406	404,756	553,192
	2,385,890	2,353,044	421,762	572,009
TOTAL LIABILITIES	6,068,027	6,446,727	641,415	707,638
NET ASSETS	2,096,819	2,259,914	1,195,840	1,489,781
Share capital and reserves				
Share capital	888,140	852,611	888,140	852,611
Capital reserves	116,323	116,323	-	-
Other reserves	(128,194)	(44,651)	66,852	72,754
Retained earnings	1,084,781	1,191,958	240,848	564,416
	1,961,050	2,116,241	1,195,840	1,489,781
Non-controlling interests	135,769	143,673	-	-
	2,096,819	2,259,914	1,195,840	1,489,781
TOTAL EQUITY AND LIABILITIES	8,164,846	8,706,641	1,837,255	2,197,419

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2013, the decrease in net current assets was mainly attributable to decreases in trade receivables, bank balances and other liquid funds and increase in progress billings in excess of work-in-progress, but these were partially offset by increase in inventories and work-in-progress as well as decreases in advance payments from customers, current, short-term banks loans and current portion of long-term bank loans.

2(b) GROUP BORROWINGS

	As at 30-Sep-14 \$'000	As at 31-Dec-13 \$'000
<u>Amount repayable within one year</u>		
Secured	17,588	28,534
Unsecured	43,276	405,787
	<u>60,864</u>	<u>434,321</u>
<u>Amount repayable after one year</u>		
Secured	78,061	79,290
Unsecured	864,467	859,574
	<u>942,528</u>	<u>938,864</u>
 Total	 <u>1,003,392</u>	 <u>1,373,185</u>

2(c) NET ASSET VALUE

	GROUP		
	3Q2014	3Q2013	FY2013
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	62.86	61.71	68.14

	COMPANY		
	3Q2014	3Q2013	FY2013
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	38.33	36.14	47.97

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	GROUP			
	3Q2014	3Q2013	9M2014	9M2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	151,679	167,995	483,307	513,586
<u>Adjustments:</u>				
Share of results of associates and joint ventures, net of tax	(11,649)	(9,174)	(41,777)	(26,744)
Depreciation charge	37,720	30,128	112,140	90,829
Property, plant and equipment written off	51	144	136	1,491
Gain on disposal of property, plant and equipment	(779)	(1,216)	(1,276)	(1,285)
Gain on disposal of investments	(157)	(110)	(2,640)	(4,532)
Gain on disposal of a joint venture	(2,731)	-	(2,731)	-
Impairment losses on goodwill	6,292	149	6,292	149
Goodwill written off	1,186	-	1,186	-
Impairment losses on an associate	5,000	1,546	5,000	1,546
Impairment losses/(write-back) of impairment losses on investments	632	-	632	(9)
Write-back of impairment losses of property, plant and equipment	(152)	(124)	(152)	(159)
Share-based payment expense	5,020	4,097	13,484	11,245
Changes in fair value of financial instruments and hedged items	(852)	1,687	(451)	1,523
Changes in fair value of financial instruments held for trading	17	(34)	(61)	(81)
Interest expenses	9,245	11,960	29,011	35,145
Interest income	(5,669)	(6,734)	(18,618)	(20,237)
Dividends from investments	-	-	(1)	-
Amortisation of other intangible assets	3,302	3,859	10,181	10,787
Operating profit before working capital changes	198,155	204,173	593,662	613,254
<u>(Increase)/decrease in:</u>				
Inventories and work-in-progress	(367)	(54,297)	(139,251)	(81,000)
Progress billings in excess of work-in-progress	9,635	12,924	143,269	(29,324)
Trade receivables	(89,879)	52,795	124,167	161,078
Advance payments to suppliers	(25,337)	(56,459)	(78,130)	(67,364)
Other receivables, deposits and prepayments	4,536	15,991	(255)	(7,972)
Holding company and related corporations balances, net	2,835	(4,551)	6,597	(3,253)
Amount due from associates	(1,776)	(1,148)	(2,219)	(5,592)
Amount due from joint ventures	(5,917)	1,609	(14,008)	2,965
Trade payables	8,466	79,021	33,687	47,494
Advance payments from customers	(34,731)	(41,669)	(13,343)	164,870
Other payables, accruals and provisions	6,608	44,517	(117,091)	(26,498)
Loans to staff and third parties	(140)	121	6,202	5,428
Deferred income	6,735	455	5,351	15,685
Foreign currency translation of foreign operations	(8,339)	4,214	(7,659)	8,438
Cash generated from operations	70,484	257,696	540,979	798,209
Interest received	6,892	7,562	22,884	20,118
Income tax paid	(37,661)	(40,423)	(124,953)	(108,586)
Net cash from operating activities	39,715	224,835	438,910	709,741

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014
 (cont'd)

	GROUP			
	3Q2014	3Q2013	9M2014	9M2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	2,222	3,384	3,359	9,631
Proceeds from sale of an investment property	-	-	22,000	-
Proceeds from sale and maturity of investments	23,597	20,284	140,503	69,827
Repayment of loan from a joint venture	-	-	3,136	-
Dividends from associates and joint ventures	6,764	5,984	30,246	31,992
Dividends from investments	-	-	1	-
Purchase of property, plant and equipment	(39,220)	(82,206)	(151,228)	(211,806)
Purchase of investments	(27,478)	(9,734)	(47,897)	(56,062)
Investment in associates	-	(304)	-	(7,936)
Investment in a joint venture	(622)	(1,794)	(622)	(7,613)
Acquisition of other intangible assets	(8,330)	(1,725)	(24,563)	(51,880)
Acquisition of controlling interests in subsidiary, net of cash acquired	-	(593)	(1,008)	(593)
Net cash used in investing activities	(43,067)	(66,704)	(26,073)	(224,440)
Cash flows from financing activities				
Capital contribution from non-controlling interests of subsidiaries	84	6,901	2,561	22,611
Repayment of other loans	(146)	(29)	(218)	(215)
Repayment of bank loans	(17,376)	(29,038)	(406,641)	(158,809)
Repayment of lease obligations	(375)	(9)	(972)	(67)
Repayment of loan to a joint venture	(824)	-	(824)	-
Proceeds from issue of shares	2,844	3,710	16,143	50,784
Proceeds from bank loans	18,995	38,774	35,334	206,101
Acquisition of non-controlling interests in subsidiary	(194)	-	(194)	-
Dividends paid to shareholders of the Company	(124,775)	(93,153)	(498,857)	(521,290)
Dividends paid to non-controlling interests	(4,032)	(288)	(9,380)	(5,471)
Interest paid	(16,372)	(18,616)	(35,533)	(41,934)
Deposit pledged	102	660	(2,027)	600
Net cash used in financing activities	(142,069)	(91,088)	(900,608)	(447,690)
Net (decrease)/increase in cash and cash equivalents	(145,421)	67,043	(487,771)	37,611
Cash and cash equivalents at beginning of the period	1,567,379	1,682,505	1,920,924	1,700,950
Exchange difference on cash and cash equivalents at beginning of the period	529	1,650	(10,666)	12,637
Cash and cash equivalents at end of the period	1,422,487	1,751,198	1,422,487	1,751,198

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Compared to 3Q2013, net cash from operating activities of \$40 million in 3Q2014 was lower by \$185 million. This was mainly due to unfavourable working capital movements arising mainly from the negative variances in trade receivables and trade payables, but these were partially offset by positive variance in advance payments to suppliers.

The Group's net cash used in investing activities of \$43 million in 3Q2014 was lower than that of 3Q2013 by \$24 million. The lower cash outflow was mainly attributable to lower acquisition of property, plant and equipment but partially offset by higher purchase of investments.

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

The Group's net cash used in financing activities of \$142 million in 3Q2014 was higher than that of 3Q2013 by \$51 million, mainly attributable to reduced bank loans and higher interim dividends paid to shareholders.

Compared to end 2Q2014, the cash and cash equivalents as at end of 3Q2014 at \$1,422 million was \$145 million lower, following the payment of 2014 interim dividends of \$125 million in September 2014.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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

	GROUP					
	3Q2014	3Q2013	+ / (-)	9M2014	9M2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	120,115	132,597	(9.4)	391,515	416,101	(5.9)
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	(1,237)	2,412	(151.3)	(1,111)	(5,881)	(81.1)
Net fair value changes on cash flow hedges	(46,458)	22,314	(308.2)	(60,813)	31,187	(295.0)
Foreign currency translation differences	10,496	(5,967)	(275.9)	(18,230)	37,010	(149.3)
Share of foreign currency translation differences of associates and joint ventures	3,125	792	294.6	1,787	7,459	(76.0)
Other comprehensive income for the period, net of tax	(34,074)	19,551	(274.3)	(78,367)	69,775	(212.3)
Total comprehensive income for the period, net of tax	86,041	152,148	(43.4)	313,148	485,876	(35.5)
Total comprehensive income attributable to:						
Shareholders of the Company	86,622	150,807	(42.6)	314,106	480,946	(34.7)
Non-controlling interests	(581)	1,341	(143.3)	(958)	4,930	(119.4)
	86,041	152,148	(43.4)	313,148	485,876	(35.5)

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Group	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.7.2013	847,443	116,323	(99,322)	986,416	1,850,860	135,598	1,986,458
Total comprehensive income for the period							
Profit for the period	-	-	-	131,401	131,401	1,196	132,597
Other comprehensive income							
Net fair value changes on available-for-sale financial assets	-	-	2,412	-	2,412	-	2,412
Net fair value changes on cash flow hedges	-	-	21,765	-	21,765	549	22,314
Foreign currency translation differences	-	-	(5,563)	-	(5,563)	(404)	(5,967)
Share of foreign currency translation differences of associates and joint ventures	-	-	792	-	792	-	792
<i>Other comprehensive income for the period, net of tax</i>	-	-	19,406	-	19,406	145	19,551
Total comprehensive income for the period, net of tax	-	-	19,406	131,401	150,807	1,341	152,148
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares	3,719	-	(9)	-	3,710	-	3,710
Capital contribution by non-controlling interests	-	-	-	-	-	6,901	6,901
Cost of share-based payment	-	-	4,068	-	4,068	29	4,097
Dividends paid	-	-	-	(93,153)	(93,153)	-	(93,153)
Dividends paid to non-controlling interests	-	-	-	-	-	(288)	(288)
<i>Total contributions by and distributions to owners of the Company</i>	3,719	-	4,059	(93,153)	(85,375)	6,642	(78,733)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	(426)	(426)
Disposal of a subsidiary	-	-	-	-	-	(1,354)	(1,354)
<i>Total transactions with owners of the Company</i>	3,719	-	4,059	(93,153)	(85,375)	4,862	(80,513)
At 30.9.2013	851,162	116,323	(75,857)	1,024,664	1,916,292	141,801	2,058,093

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (cont'd)

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	-	-	(45,479)	-	(45,479)	(979)	(46,458)
Foreign currency translation differences	-	-	8,914	-	8,914	1,582	10,496
Share of foreign currency translation differences 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)
<i>Total transactions with owners of the Company</i>	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 2014**
(cont'd)

Company	Share capital \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.7.2013	847,443	64,400	296,555	1,208,398
Total comprehensive income for the period				
Profit for the period	-	-	(650)	(650)
Total comprehensive income for the period	-	-	(650)	(650)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Issue of shares	3,719	(9)	-	3,710
Cost of share-based payment	-	4,097	-	4,097
Dividends paid	-	-	(93,153)	(93,153)
<i>Total contributions by and distributions to owners of the Company</i>	3,719	4,088	(93,153)	(85,346)
At 30.9.2013	851,162	68,488	202,752	1,122,402
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

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

As at 30 September 2014, the Company had an issued share capital of 3,119,526,506 ordinary shares (31 December 2013: 3,105,903,530 ordinary shares).

As at 30 September 2014, the Company did not hold any treasury shares (30 September 2013: Nil).

	Number of shares for the quarter ended 30.9.2014
As at beginning of the quarter	3,118,110,878
Issue of shares under the terminated Singapore Technologies Engineering Share Option Plan (ESOP)	1,218,411
Issue of shares under the Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)	197,217
As at end of the quarter	3,119,526,506

Share Option Plan

As at 30 September 2014, there were 24,013,923 (30 September 2013: 31,098,591) unexercised options of unissued ordinary shares under ESOP.

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

As at 30 September 2014, the total number of contingent shares granted conditionally but not released was 3,447,252 (30 September 2013: 3,839,401). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 5,860,328 (30 September 2013: 6,526,981) ordinary shares of the Company.

Restricted Stock Plan
(i) Singapore Technologies Engineering Restricted Stock Plan (RSP 2000)

As at 30 September 2014, the total number of awards released but not vested was nil (30 September 2013: 1,709,827) ordinary shares of the Company.

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

As at 30 September 2014, the total number of contingent shares granted conditionally but not released was 10,057,872 (30 September 2013: 8,597,321). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 14,351,197 (30 September 2013: 12,893,481) ordinary shares.

As at 30 September 2014, the total number of awards released but not vested was 3,207,271 (30 September 2013: 3,308,360) ordinary shares of the Company.

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 2013 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2014. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

Not applicable.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

3Q2014 vs 3Q2013

\$m	3Q2014	3Q2013	Growth	
Aerospace	470	510	(40)	(8%)
Electronics	354	350	4	1%
Land Systems	357	348	9	2%
Marine	336	296	40	14%
Others	36	46	(10)	(20%)
Total	1,553	1,550	3	-

Group's revenue of \$1,553 million for 3Q2014 was comparable to that of 3Q2013. Higher revenue from Marine sector was largely offset by lower revenue recorded by Aerospace sector, while revenue for Electronics and Land Systems sectors were comparable. The lower revenue under "Others" was mainly attributable to Miltope.

Aerospace sector's 3Q2014 revenue of \$470 million was 8% or \$40 million lower than that of 3Q2013, mainly attributable to lower revenue in the **Component/Engine Repair & Overhaul** business group.

3Q2014 revenue of \$354 million for the Electronics sector was comparable to that of 3Q2013. The higher revenue from **Large-Scale Systems Group (LSG)** and **Software Systems Group (SSG)** was largely offset by lower revenue from **Communication & Sensor Systems Group (CSG)**. The higher **LSG** revenue was mainly due to milestone completions of the Land Transport Authority's Circle Line project and the MRT projects in Bangkok and Wuxi, while milestone completions of various software system projects accounted for the higher revenue in **SSG**. For **CSG**, the lower revenue was mainly attributable to lower sales of satellite communication products.

Land Systems sector's 3Q2014 revenue of \$357 million was comparable to that achieved in 3Q2013. The higher revenue recorded by **Munitions & Weapon** business group from higher project deliveries, was partially offset by lower revenue in the **Automotive** and **Services, Trading & Others** business groups.

Revenue of Marine sector in 3Q2014 of \$336 million was higher than that of 3Q2013 by 14% or \$40 million, due mainly to higher **Shipbuilding** revenue from the local operation as well as higher **Engineering** revenue, but partially offset by lower **Shiprepair** revenue.

10 REVIEW OF GROUP PERFORMANCE (cont'd)
10(b) Profitability
3Q2014 vs 3Q2013

\$m	3Q2014	3Q2013	Growth	
Aerospace	63.5	78.5	(15.0)	(19%)
Electronics	47.0	43.0	4.0	9%
Land Systems	18.1	17.5	0.6	3%
Marine	32.7	34.0	(1.3)	(4%)
Others	(9.6)	(5.0)	(4.6)	(91%)
Total	151.7	168.0	(16.3)	(10%)

Group's profit before tax (PBT) for 3Q2014 of \$151.7 million was lower than that of 3Q2013 by 10% or \$16.3 million. Lower PBT recorded by Aerospace sector was partially offset by higher PBT from Electronics sector, while both Land Systems and Marine sectors reported comparable PBT.

Aerospace sector's PBT of \$63.5 million in 3Q2014 was lower than that achieved in 3Q2013 by 19% or \$15.0 million. The lower PBT was mainly attributable to weaker performance from the European operations and restructuring costs as well as impairment for an associate, with a total amounting to \$12 million.

PBT for Electronics sector in 3Q2014 of \$47.0 million was 9% or \$4.0 million higher than 3Q2013. Notwithstanding comparable revenue, the Sector recorded higher PBT mainly due to lower operating expenses as well as lower loss incurred by an associate.

Land Systems sector's 3Q2014 PBT of \$18.1 million was comparable to that achieved in 3Q2013.

PBT of Marine sector in 3Q2014 of \$32.7 million was comparable to that of 3Q2013.

The lower PBT under "Others" was mainly due to lower PBT from Miltope in line with the lower revenue as well as unfavourable foreign exchange impact, partially offset by favourable fair value change in 3Q2014 in respect of the cross currency interest rate swaps.

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 2014 to be false or misleading in any material respect.

12 **VARIANCE FROM PROSPECTS STATEMENT**

No third quarter forecast was previously provided.

13 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group expects FY2014 Revenue to be comparable, while PBT is expected to be lower than that of FY2013.

Sectors

For the Aerospace, Land Systems and Marine sectors, FY2014 Revenue is expected to be comparable, while PBT is expected to be lower than that of FY2013.

For the Electronics sector, FY2014 Revenue is expected to be comparable, while PBT is expected to be higher than that of FY2013.

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 2014 is recommended.

15 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	3Q2014						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

	3Q2013						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	510,036	349,951	348,342	295,902	45,651	-	1,549,882
Inter-segment sales	908	7,260	3,126	3	7,775	(19,072)	-
	<u>510,944</u>	<u>357,211</u>	<u>351,468</u>	<u>295,905</u>	<u>53,426</u>	<u>(19,072)</u>	<u>1,549,882</u>
Reportable segment profit from operations	71,555	43,684	16,198	31,622	(17,158)	12,003	157,904
Other income	2,988	489	2,885	1,327	11,628	(11,982)	7,335
Other expenses	(3)	(50)	(2,556)	(18)	13	(10)	(2,624)
Finance income	2,141	1,064	756	11,719	20,377	(15,310)	20,747
Finance costs	(4,966)	(1,182)	(3,168)	(11,188)	(17,802)	13,765	(24,541)
Share of results of associates and joint ventures, net of tax	6,828	(963)	3,391	510	-	(592)	9,174
Profit before taxation	78,543	43,042	17,506	33,972	(2,942)	(2,126)	167,995
Taxation	(14,221)	(10,006)	(2,983)	(8,241)	53	-	(35,398)
Non-controlling interests	(559)	(618)	(18)	(1)	-	-	(1,196)
Profit attributable to shareholders	<u>63,763</u>	<u>32,418</u>	<u>14,505</u>	<u>25,730</u>	<u>(2,889)</u>	<u>(2,126)</u>	<u>131,401</u>
Other assets	2,456,728	1,658,517	1,967,487	1,108,705	3,999,879	(3,166,955)	8,024,361
Associates and joint ventures	328,883	3,430	108,161	3,538	17,681	2,431	464,124
Segment assets	<u>2,785,611</u>	<u>1,661,947</u>	<u>2,075,648</u>	<u>1,112,243</u>	<u>4,017,560</u>	<u>(3,164,524)</u>	<u>8,488,485</u>
Segment liabilities	<u>2,141,769</u>	<u>1,446,137</u>	<u>1,739,649</u>	<u>899,577</u>	<u>2,355,866</u>	<u>(2,152,606)</u>	<u>6,430,392</u>
Capital expenditure ⁺	54,079	14,964	20,538	8,271	3,055	-	100,907
Depreciation and amortisation	11,454	6,929	9,571	4,793	1,251	(11)	33,987
Impairment losses	-	149	1,422	-	-	-	1,571
Other non-cash expenses	97	35	12	-	-	-	144

⁺ 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 3Q2014 vis-à-vis 3Q2013, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	3Q2014	3Q2013	+/(-)
	\$'000	\$'000	%
Aerospace	46,402	63,763	(27.2)
Electronics	36,916	32,418	13.9
Land Systems	15,873	14,505	9.4
Marine	29,779	25,730	15.7
Others	(7,671)	(5,015)	53.0
Group	<u>121,299</u>	<u>131,401</u>	(7.7)

	Revenue			Profit Before Tax		
	9M2014	9M2013	+/(-)	9M2014	9M2013	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,507,645	1,491,893	1.1	211,126	231,270	(8.7)
Electronics	1,103,098	1,128,042	(2.2)	127,530	123,579	3.2
Land Systems	974,793	1,086,042	(10.2)	55,154	72,151	(23.6)
Marine	1,006,861	860,924	17.0	88,865	99,248	(10.5)
Others	98,710	125,046	(21.1)	632	(12,662)	(105.0)
Group	<u>4,691,107</u>	<u>4,691,947</u>	-	<u>483,307</u>	<u>513,586</u>	(5.9)

	Profit Attributable to Shareholders		
	9M2014	9M2013	+/(-)
	\$'000	\$'000	%
Aerospace	162,266	189,649	(14.4)
Electronics	104,766	98,573	6.3
Land Systems	51,546	62,012	(16.9)
Marine	75,654	75,191	0.6
Others	(2,552)	(12,115)	(78.9)
Group	<u>391,680</u>	<u>413,310</u>	(5.2)

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

	Revenue				Revenue			
	3Q2014		3Q2013		9M2014		9M2013	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	914,039	58.9	884,566	57.1	2,646,448	56.4	2,708,431	57.7
USA	337,842	21.8	397,861	25.7	1,143,295	24.4	1,266,740	27.0
Europe	70,997	4.5	91,649	5.9	211,650	4.5	304,408	6.5
Others	230,048	14.8	175,806	11.3	689,714	14.7	412,368	8.8
Total	1,552,926	100	1,549,882	100	4,691,107	100	4,691,947	100

By Country of Incorporation

	Revenue				Revenue			
	3Q2014		3Q2013		9M2014		9M2013	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,184,963	76.3	1,117,128	72.1	3,549,612	75.7	3,339,507	71.2
USA	334,702	21.6	398,350	25.7	1,046,312	22.3	1,219,923	26.0
Europe	17,269	1.1	23,526	1.5	53,328	1.1	103,542	2.2
Others	15,992	1.0	10,878	0.7	41,855	0.9	28,975	0.6
Total	1,552,926	100	1,549,882	100	4,691,107	100	4,691,947	100

	Non-Current Assets *			
	9M2014		9M2013	
	\$'000	%	\$'000	%
Asia	1,937,782	68.2	1,921,310	68.4
USA	750,494	26.4	712,659	25.4
Europe	52,220	1.9	83,319	3.0
Others	99,127	3.5	89,950	3.2
Total	2,839,623	100	2,807,238	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

	3Q2014	3Q2013
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
Singapore Telecommunications Limited and its Associates	130	326
SMRT Corporation Ltd and its Associates	-	526
Temasek Holdings (Private) Limited and its Associates (non-listed)	1,670	1,941
	<u>1,800</u>	<u>2,793</u>
Transactions for the Purchase of Goods and Services		
Singapore Airport Terminal Services Limited and its Associates	384	364
Singapore Airlines Limited and its Associates	6,138	-
Singapore Telecommunications Limited and its Associates	800	313
SMRT Corporation Ltd and its Associates	-	127
Temasek Holdings (Private) Limited and its Associates (non-listed)	807	185
	<u>8,129</u>	<u>989</u>
Total Interested Person Transactions	<u>9,929</u>	<u>3,782</u>

BY ORDER OF THE BOARD

CHUA SU LI
Company Secretary
7 November 2014

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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

“Lower Profits”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	2013 3Q	Growth %
Revenue (\$m)	473	511	(7)
Earnings before interest and tax (EBIT) (\$m)	64.3	71.6	(10)
Other income/(costs), net (\$m)	(3.9)	3.0	(230)
Finance income/(costs), net (\$m)	(3.0)	(2.8)	(7)
Profit before tax (PBT) (\$m)	63.5	78.5	(19)
Profit attributable to shareholders (\$m)	46.4	63.8	(27)

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 2014

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
1. (a) Revenue	473,199	510,944	(7.4)
(b) Cost of sales	(375,267)	(403,429)	(7.0)
(c) Gross Profit	97,932	107,515	(8.9)
(d) Distribution and selling expenses	(1,557)	(564)	176.1
(e) Administrative expenses	(25,997)	(30,919)	(15.9)
(f) Other operating expenses	(6,068)	(4,477)	35.5
(g) Profit from operations	64,310	71,555	(10.1)
(h) Other income	1,110	2,985	(62.8)
(i) Other expenses	(4,997)	-	NM
(j) Other income/(expenses), net	(3,887)	2,985	(230.2)
(k) Finance income	1,339	2,141	(37.5)
(l) Finance costs	(4,352)	(4,966)	(12.4)
(m) Finance income/(costs), net	(3,013)	(2,825)	6.7
(n) Share of results of associates and joint ventures, net of tax	6,144	6,828	(10.0)
(o) Profit before taxation	63,554	78,543	(19.1)
(p) Taxation	(16,270)	(14,221)	14.4
(q) Profit for the period	47,284	64,322	(26.5)
Attributable to:			
(r) Shareholders of the Company	46,402	63,763	(27.2)
(s) Non-controlling interests	882	559	57.8
	47,284	64,322	(26.5)

* NM - Not Meaningful

2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	14,593	11,454	27.4
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(372)	(859)	(56.7)
Allowance/(write-back of allowance) for stock obsolescence, net	7,783	206	>500
Write-off of intangible assets	1,186	-	NM
(b) Finance income/(costs), net comprises:			
Interest income	1,286	728	76.6
Foreign exchange gain/(loss), net	683	1,072	(36.3)
Fair value changes of financial instruments/hedged items	(1,147)	608	(288.7)
Gain/(loss) on disposal of investments, net	-	10	(100.0)
Interest expenses	(3,835)	(5,243)	(26.9)
	(3,013)	(2,825)	6.7

Aerospace

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	10.0%	12.6%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	5.6%	9.8%	
4. (a) Revenue reported for first half year	1,042,104	986,573	5.6
(b) Profit for the period reported for first half year	120,391	128,673	(6.4)
(c) Revenue reported for third quarter	473,199	510,944	(7.4)
(d) Profit for the period reported for third quarter	47,284	64,322	(26.5)
(e) Revenue reported for first nine months	1,515,303	1,497,517	1.2
(f) Profit for the period reported for first nine months	167,675	192,995	(13.1)
5. (a) 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. (3Q2013: There was an adjustment of \$4,394,000 for overprovision of current tax and underprovision of \$4,957,000 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		+ / (-) %
	2014 \$'000	2013 \$'000		2014 \$'000	2013 \$'000	
Third Quarter						
Aircraft Maintenance & Modification	243,881	250,813	(2.8)	41,374	43,265	(4.4)
Component/Engine Repair & Overhaul	143,622	182,565	(21.3)	2,403	13,997	(82.8)
Engineering & Material Services	85,696	77,566	10.5	19,777	21,281	(7.1)
Total	<u>473,199</u>	<u>510,944</u>	(7.4)	<u>63,554</u>	<u>78,543</u>	(19.1)

Nine Months Ended 30 September

Aircraft Maintenance & Modification	820,487	815,033	0.7	144,358	143,748	0.4
Component/Engine Repair & Overhaul	443,778	469,863	(5.6)	22,912	42,116	(45.6)
Engineering & Material Services	251,038	212,621	18.1	43,856	45,406	(3.4)
Total	<u>1,515,303</u>	<u>1,497,517</u>	1.2	<u>211,126</u>	<u>231,270</u>	(8.7)

	Revenue		
	3Q2014 \$'000	3Q2013 \$'000	
<u>By Geographical Areas</u>			
Asia	277,523	263,895	5.2
USA	139,027	149,758	(7.2)
Europe	33,211	33,214	(0.0)
Others	23,438	64,077	(63.4)
Total	<u>473,199</u>	<u>510,944</u>	(7.4)

By Country of Incorporation

Asia	349,981	387,360	(9.6)
USA	109,110	102,346	6.6
Europe	13,641	20,920	(34.8)
Others	467	318	46.9
Total	<u>473,199</u>	<u>510,944</u>	(7.4)

Aerospace

7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$473m	\$511m	(\$38m)	(7%)

Revenue for 3Q2014 was \$38 million or 7% lower compared to that of 3Q2013 due mainly to lower revenue in the **Component/Engine Repair & Overhaul (CERO)** business group.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$63.5m	\$78.5m	(\$15.0m)	(19%)

The current quarter's PBT of \$63.5 million was lower compared to 3Q2013 PBT of \$78.5 million. This was a result of the weaker performance from the European operations, restructuring costs and impairment for an associate, with a total amounting to \$12.0 million.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable, whilst profit before tax is expected to be lower compared to FY2013.

Aerospace

9. Balance Sheet

	30-Sep-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	651,079	679,552
Associates and joint ventures	314,212	328,017
Investments	12	43
Intangible assets	126,965	108,546
Long-term receivables, non-current	8,622	14,900
Deferred tax assets	14,313	17,778
Non-current assets	1,115,203	1,148,836
Current assets	1,475,212	1,600,632
Total assets	2,590,415	2,749,468
Current liabilities	1,107,640	1,519,751
Non-current liabilities	667,790	703,080
Total liabilities	1,775,430	2,222,831
Share capital and reserves	740,514	453,316
Non-controlling interests	74,471	73,321
Total equity and liabilities	2,590,415	2,749,468
Net current assets	367,572	80,881

The increase in share capital and reserves was due mainly to a capital injection of \$216 million by the immediate holding company for the repayment of the company's bank loans in the first quarter of 2014.

10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000
Net cash from operating activities	65,675	111,535
Net cash used in investing activities	(1,999)	(25,339)
Proceeds from sale of property, plant and equipment	1,096	3,082
Dividends from associated companies	6,100	5,919
Proceeds from sale and maturity of investments	-	10
Purchase of property, plant and equipment	(8,573)	(32,555)
Investment in jointly controlled entity	(622)	(1,795)
Net cash used in financing activities	(97,166)	(8,942)
Repayment of short-term loans from related corporation, net	(84,955)	(3,382)
Repayment of lease obligations	(88)	-
Dividend paid to shareholder of the Company	(4,514)	-
Dividend paid to non-controlling interests	(3,926)	-
Interest paid	(3,683)	(5,560)
Net (decrease)/increase in cash and cash equivalents	(33,490)	77,254
Cash and cash equivalents at beginning of period	361,004	347,986
Exchange difference on cash and cash equivalents	(1,551)	2,087
Cash and cash equivalents at end of period	325,963	427,327

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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

“Higher Profit in 3Q2014”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	2013 3Q	Growth %
Revenue (\$m)	360	357	1
Earnings before interest and tax (EBIT) (\$m)	45.5	43.7	4
Other income, net (\$m)	1.8	0.4	303
Finance costs, net (\$m)	(0.4)	(0.1)	(203)
Profit before tax (PBT) (\$m)	47.0	43.0	9
Profit attributable to shareholders (\$m)	36.9	32.4	14

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

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Electronics

Electronics sector unaudited results for the third quarter ended 30 September 2014

	3Q2014	3Q2013	+ / (-)
	\$'000	\$'000	%
1. (a) Revenue	360,598	357,211	0.9
(b) Cost of sales	(237,502)	(234,008)	1.5
(c) Gross Profit	123,096	123,203	(0.1)
(d) Distribution and selling expenses	(20,259)	(20,871)	(2.9)
(e) Administrative expenses	(38,101)	(34,887)	9.2
(f) Other operating expenses	(19,225)	(23,761)	(19.1)
(g) Profit from operations	45,511	43,684	4.2
(h) Other income	1,772	489	262.4
(i) Other expenses	(1)	(50)	(98.0)
(j) Other income, net	1,771	439	303.4
(k) Finance income	1,518	1,064	42.7
(l) Finance costs	(1,875)	(1,182)	58.6
(m) Finance costs, net	(357)	(118)	202.5
(n) Share of results of associates and joint ventures, net of tax	87	(963)	(109.0)
(o) Profit before taxation	47,012	43,042	9.2
(p) Taxation	(10,234)	(10,006)	2.3
(q) Profit for the period	36,778	33,036	11.3
Attributable to:			
(r) Shareholders of the Company	36,916	32,418	13.9
(s) Non-controlling interests	(138)	618	(122.3)
	36,778	33,036	11.3
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,020	6,929	30.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	44	(459)	(109.6)
Allowance/(write-back of allowance) for stock obsolescence, net	499	(253)	(297.2)
Impairment losses on intangible assets	-	149	(100.0)
(b) Finance costs, net comprises:			
Interest income	1,459	953	53.1
Foreign exchange gain/(loss), net	59	11	436.4
Gain on disposal of an investment	-	100	(100.0)
Impairment losses on an investment	(632)	-	NM
Interest expenses	(1,243)	(1,182)	5.2
	(357)	(118)	202.5

* NM - Not Meaningful

Electronics

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	10.2%	9.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.3%	9.7%	
4. (a) Revenue reported for first half year	763,414	795,277	(4.0)
(b) Profit for the period reported for first half year	68,616	67,386	1.8
(c) Revenue reported for third quarter	360,598	357,211	0.9
(d) Profit for the period reported for third quarter	36,778	33,036	11.3
(e) Revenue reported for first nine months	1,124,012	1,152,488	(2.5)
(f) Profit for the period reported for first nine months	105,394	100,422	5.0
5. (a) 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 (3Q2013: There was an underprovision of current tax of \$145,000 and overprovision of deferred tax of \$36,000 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		+ / (-) %
	2014 \$'000	2013 \$'000		2014 \$'000	2013 \$'000	
Third Quarter						
Large-Scale Systems Group	83,927	79,221	5.9	9,335	4,735	97.1
Communication & Sensor Systems Group	164,971	178,804	(7.7)	18,851	23,505	(19.8)
Software Systems Group	111,700	99,186	12.6	18,826	14,802	27.2
Total	<u>360,598</u>	<u>357,211</u>	0.9	<u>47,012</u>	<u>43,042</u>	9.2
Nine Months Ended 30 September						
Large-Scale Systems Group	283,199	274,864	3.0	33,266	30,855	7.8
Communication & Sensor Systems Group	522,434	558,771	(6.5)	44,488	52,117	(14.6)
Software Systems Group	318,379	318,853	(0.1)	49,776	40,607	22.6
Total	<u>1,124,012</u>	<u>1,152,488</u>	(2.5)	<u>127,530</u>	<u>123,579</u>	3.2

	Revenue		
	3Q2014 \$'000	3Q2013 \$'000	
<u>By Geographical Areas</u>			
Asia	282,516	255,507	10.6
USA	27,926	31,938	(12.6)
Europe	17,214	35,563	(51.6)
Others	32,942	34,203	(3.7)
Total	<u>360,598</u>	<u>357,211</u>	0.9

By Country of Incorporation

Asia	295,728	269,701	9.7
USA	52,675	78,169	(32.6)
Europe	4,016	2,995	34.1
Others	8,179	6,346	28.9
Total	<u>360,598</u>	<u>357,211</u>	0.9

Electronics

7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$360m	\$357m	\$3m	1%

Revenue of \$360 million recorded in 3Q2014 was comparable to that of 3Q2013. The increase in sales recorded by **Software Systems Group (SSG)** and **Large-Scale Systems Group (LSG)** was mainly due to higher value project milestone completions. This was offset by lower sales in **Communication & Sensor Systems Group (CSG)** mainly due to decreased sales of satellite communication products.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$47.0m	\$43.0m	\$4.0m	9%

The profit before tax of \$47.0 million for 3Q2014 was higher than that of 3Q2013 by 9% or \$4.0 million. Notwithstanding comparable sales, the Sector recorded higher profit mainly due to lower operating expenses and lower loss incurred by an associate.

8. Prospects

FY2014

Barring unforeseen circumstances, FY2014 revenue is expected to be comparable while profit before tax is expected to be higher compared to FY2013.

9. Balance Sheet

	30-Sep-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	176,798	170,244
Associates and joint ventures	871	729
Investments	-	632
Intangible assets	292,040	282,861
Deferred tax assets	27,287	31,159
Non-current assets	496,996	485,625
Current assets	1,289,057	1,247,896
Total assets	1,786,053	1,733,521
Current liabilities	1,081,350	1,081,005
Non-current liabilities	465,437	457,767
Total liabilities	1,546,787	1,538,772
Share capital and reserves	227,908	182,754
Non-controlling interests	11,358	11,995
Total equity and liabilities	1,786,053	1,733,521
Net current assets	207,707	166,891

Electronics

10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000
Net cash (used in)/from operating activities	(1,303)	76,098
Net cash used in investing activities	(16,078)	(22,831)
Proceeds from sale of property, plant and equipment	1	70
Proceed from sale of an unquoted investment	-	100
Dividend from an associate	46	23
Additional investment in an associate	-	(304)
Purchase of property, plant and equipment	(7,795)	(22,640)
Acquisition of other intangible assets	(8,330)	(80)
Net cash (used in)/from financing activities	(1,399)	225
Repayment of related parties loans	(10,129)	(3,850)
Proceeds from a related party loans	11,702	5,890
Loans to related parties	(15,000)	(702)
Repayment of loans by related parties	15,000	390
Repayment of a joint venture loan	(824)	-
Repayment of lease obligations	-	(9)
Dividend paid to shareholder	(1,249)	-
Dividend paid to non-controlling interests	-	(300)
Interest paid	(1,238)	(1,188)
Deposits pledged	339	(6)
Net (decrease)/increase in cash and cash equivalents	(18,780)	53,492
Cash and cash equivalents at beginning of period	324,227	444,007
Exchange difference on cash and cash equivalents	(314)	(156)
Cash and cash equivalents at end of period	305,133	497,343

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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 profit before tax”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	2013 3Q	Growth %
Revenue (\$m)	358	351	2
Earnings before interest and tax (EBIT) (\$m)	10.5	16.2	(35)
Other income, net (\$m)	5.2	0.3	>500
Finance costs, net (\$m)	(1.5)	(2.4)	36
Profit before tax (PBT) (\$m)	18.1	17.5	3
Profit attributable to shareholders (\$m)	15.9	14.5	9

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 2014

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
1. (a) Revenue	358,355	351,468	2.0
(b) Cost of sales	(291,522)	(280,801)	3.8
(c) Gross Profit	66,833	70,667	(5.4)
(d) Distribution and selling expenses	(16,957)	(18,169)	(6.7)
(e) Administrative expenses	(23,304)	(27,354)	(14.8)
(f) Other operating expenses	(16,094)	(8,946)	79.9
(g) Profit from operations	10,478	16,198	(35.3)
(h) Other income	5,631	2,885	95.2
(i) Other expenses	(390)	(2,556)	(84.7)
(j) Other income, net	5,241	329	>500
(k) Finance income	1,620	679	138.6
(l) Finance costs	(3,166)	(3,091)	2.4
(m) Finance costs, net	(1,546)	(2,412)	(35.9)
(n) Share of results of associates and joint ventures, net of tax	3,924	3,391	15.7
(o) Profit before taxation	18,097	17,506	3.4
(p) Taxation	(4,153)	(2,983)	39.2
(q) Profit for the period	13,944	14,523	(4.0)
Attributable to:			
(r) Shareholders of the Company	15,873	14,505	9.4
(s) Non-controlling interests	(1,929)	18	<-500
	13,944	14,523	(4.0)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	8,934	9,571	(6.7)
Allowance for doubtful debts & bad debts written off, net	5,446	4,116	32.3
Allowance for stock obsolescence, net	8,794	1,590	453.1
Impairment losses on intangible assets	6,292	-	NM
(b) Finance costs, net comprises:			
Interest income	577	593	(2.7)
Foreign exchange gain/(loss) net	894	(77)	<-500
Fair value changes of financial instruments/hedged items	(329)	(303)	8.6
Interest expenses	(2,688)	(2,625)	2.4
	(1,546)	(2,412)	(35.9)

* NM - Not Meaningful

Land Systems

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	3.9%	4.1%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	4.0%	3.4%	
4. (a) Revenue reported for first half year	622,926	742,605	(16.1)
(b) Profit for the period reported for first half year	31,413	45,119	(30.4)
(c) Revenue reported for third quarter	358,355	351,468	2.0
(d) Profit for the period reported for third quarter	13,944	14,523	(4.0)
(e) Revenue reported for first nine months	981,281	1,094,073	(10.3)
(f) Profit for the period reported for first nine months	45,357	59,642	(24.0)
5. (a) 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. (3Q2013: There was an under-provision of current tax of \$1,984,000 and over-provision of deferred tax of \$2,806,000 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		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
Third Quarter						
Automotive	273,319	283,175	(3.5)	3,041	9,004	(66.2)
Munitions & Weapon	64,936	45,280	43.4	7,857	1,850	324.7
Services, Trading & Others	20,100	23,013	(12.7)	7,199	6,652	8.2
Total	<u>358,355</u>	<u>351,468</u>	2.0	<u>18,097</u>	<u>17,506</u>	3.4

Nine Months Ended 30 September

Automotive	738,735	887,664	(16.8)	5,127	39,787	(87.1)
Munitions & Weapon	180,921	124,447	45.4	27,400	10,563	159.4
Services, Trading & Others	61,625	81,962	(24.8)	22,627	21,801	3.8
Total	<u>981,281</u>	<u>1,094,073</u>	(10.3)	<u>55,154</u>	<u>72,151</u>	(23.6)

	Revenue		
	3Q2014 \$'000	3Q2013 \$'000	
By Geographical Areas			
Asia	266,144	258,590	2.9
USA	60,964	64,560	(5.6)
Europe	5,574	3,004	85.6
Others	25,673	25,314	1.4
Total	<u>358,355</u>	<u>351,468</u>	2.0

By Country of Incorporation

Asia	287,022	282,404	1.6
USA	63,937	64,850	(1.4)
Europe	-	-	-
Others	7,396	4,214	75.5
Total	<u>358,355</u>	<u>351,468</u>	2.0

Land Systems

7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$358m	\$351m	\$7m	2%

3Q2014 revenue compared to 3Q2013 increased by 2% or \$7 million to \$358 million. This was due mainly to higher revenue from **Munitions & Weapon (M&W)** business group attributable mainly to higher project deliveries, partially offset by lower revenue from **Automotive (Auto)** business group.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$18.1m	\$17.5m	\$0.6m	3%

3Q2014 profit before tax (PBT) compared to 3Q2013 increased by 3% or \$0.6 million to \$18.1 million attributable mainly to higher profits of the **M&W** business group due mainly to higher revenue, largely offset by lower profits of the **Auto** business group. The lower profits of the **Auto** business group were due mainly to lower revenue, higher allowance for inventory obsolescence and higher operating expenses including goodwill impairment, partially offset by favourable product mix and gain on disposal of a joint venture.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable to FY2013, while PBT is expected to be lower.

9. Balance Sheet

	30-Sep-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	359,944	330,063
Associates and joint ventures	108,876	110,972
Investments	335	349
Intangible assets	208,307	213,942
Long-term receivables, non-current	20	58
Amounts due from related parties, non-current	5,450	5,420
Finance lease receivables, non-current	1,912	2,679
Derivative financial instruments	1,159	9,208
Deferred tax assets	14,881	8,898
Non-current assets	700,884	681,589
Current assets	1,402,729	1,420,861
Total assets	2,103,613	2,102,450
Current liabilities	869,522	898,168
Non-current liabilities	938,744	880,972
Total liabilities	1,808,266	1,779,140
Share capital and reserves	245,911	265,486
Non-controlling interests	49,436	57,824
Total equity and liabilities	2,103,613	2,102,450
Net current assets	533,207	522,693

Land Systems

10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000
Net cash (used in)/from operating activities	(59,515)	2,276
Net cash used in investing activities	(18,666)	(20,439)
Proceeds from disposal of property, plant and equipment	929	178
Proceeds from disposal of a subsidiary	2	-
Dividends from an associate	118	-
Purchase of property, plant and equipment	(19,715)	(18,379)
Purchase of intangible assets	-	(1,645)
Acquisition of a subsidiary, net of cash acquired	-	(593)
Net cash used in financing activities	(15,924)	(5,995)
Capital contribution from non-controlling interest	84	6,901
Acquisition of non-controlling interests in a subsidiary	(194)	-
Proceeds from long-term bank loan	-	275
Repayment of long-term loans	-	(29)
Repayment of short-term loans	(151)	-
Repayment of short-term immediate holding company loans	(10,000)	(3,054)
Repayment of short-term related party loans	(1,703)	(4,637)
Proceeds from short-term bank loans	8,802	-
Repayment of short-term bank loans	(9,731)	(3,492)
Dividends paid to non-controlling interest	(106)	-
Interest paid	(2,688)	(2,625)
Deposits pledged	(237)	666
Net decrease in cash and cash equivalents	(94,105)	(24,158)
Cash and cash equivalents at beginning of the period	277,100	225,822
Exchange difference on cash and cash equivalents at beginning of the period	814	(103)
Cash and cash equivalents at end of the period	183,809	201,561

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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

“Comparable PBT”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	2013 3Q	Growth %
Revenue (\$m)	336	296	14
Earnings before interest and tax (EBIT) (\$m)	28.6	31.6	(9)
Other income, net (\$m)	2.2	1.3	66
Finance income, net (\$m)	0.1	0.5	(74)
Profit before tax (PBT) (\$m)	32.7	34.0	(4)
Profit attributable to shareholders (\$m)	29.8	25.7	16

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

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Marine

Marine sector unaudited results for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
1. (a) Revenue	336,337	295,905	13.7
(b) Cost of sales	(294,787)	(251,944)	17.0
(c) Gross Profit	41,550	43,961	(5.5)
(d) Distribution and selling expenses	(1,582)	(1,176)	34.5
(e) Administrative expenses	(8,614)	(8,210)	4.9
(f) Other operating expenses	(2,724)	(2,953)	(7.8)
(g) Profit from operations	28,630	31,622	(9.5)
(h) Other income	2,179	1,327	64.2
(i) Other expenses	(10)	(18)	(44.4)
(j) Other income, net	2,169	1,309	65.7
(k) Finance income	18,601	11,719	58.7
(l) Finance costs	(18,461)	(11,188)	65.0
(m) Finance income, net	140	531	(73.6)
(n) Share of results of joint ventures, net of tax	1,747	510	242.5
(o) Profit before taxation	32,686	33,972	(3.8)
(p) Taxation	(2,906)	(8,241)	(64.7)
(q) Profit for the period	29,780	25,731	15.7
Attributable to:			
(r) Shareholders of the Company	29,779	25,730	15.7
(s) Non-controlling interests	1	1	0.0
	29,780	25,731	15.7
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	7,152	4,793	49.2
(Write-back of allowance)/allowance for doubtful debts & bad debts written off, net	(97)	7	NM
(Write-back of allowance)/allowance for stock obsolescence, net	(185)	388	(147.7)
(b) Finance income/(costs), net comprises:			
Interest income	796	638	24.8
Foreign exchange gain/(loss), net	116	(3)	NM
Fair value changes of financial instruments/hedged items	(772)	(75)	>500
Interest expenses	-	(29)	(100.0)
	140	531	(73.6)

Marine

	3Q2014 \$'000	3Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	8.9%	8.7%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	13.4%	10.7%	
4. (a) Revenue reported for first half year	671,455	565,044	18.8
(b) Profit for the period reported for first half year	45,873	49,447	(7.2)
(c) Revenue reported for third quarter	336,337	295,905	13.7
(d) Profit for the period reported for third quarter	29,780	25,731	15.7
(e) Revenue reported for first nine months	1,007,792	860,949	17.1
(f) Profit for the period reported for first nine months	75,653	75,178	0.6
5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (3Q2013: Nil).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2014 \$'000	2013 \$'000		2014 \$'000	2013 \$'000	
Third Quarter						
Shipbuilding	264,504	207,013	27.8	10,877	12,964	(16.1)
Shiprepair	54,229	76,450	(29.1)	19,644	20,011	(1.8)
Engineering	17,604	12,442	41.5	2,165	997	117.2
Total	<u>336,337</u>	<u>295,905</u>	13.7	<u>32,686</u>	<u>33,972</u>	(3.8)
Nine Months Ended 30 September						
Shipbuilding	774,828	596,332	29.9	31,022	42,220	(26.5)
Shiprepair	177,462	229,670	(22.7)	50,331	53,902	(6.6)
Engineering	55,502	34,947	58.8	7,512	3,126	140.3
Total	<u>1,007,792</u>	<u>860,949</u>	17.1	<u>88,865</u>	<u>99,248</u>	(10.5)

	Revenue		
	3Q2014 \$'000	3Q2013 \$'000	
By Geographical Areas			
Asia	85,365	102,365	(16.6)
USA	90,664	124,059	(26.9)
Europe	13,757	19,019	(27.7)
Others	146,551	50,462	190.4
Total	<u>336,337</u>	<u>295,905</u>	13.7

By Country of Incorporation

Asia	247,852	171,984	44.1
USA	88,485	123,921	(28.6)
Europe	-	-	-
Others	-	-	-
Total	<u>336,337</u>	<u>295,905</u>	13.7

Marine

7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$336m	\$296m	\$40m	14%

3Q2014 revenue of \$336 million was higher than 3Q2013 by 14% or \$40 million. The increase was due mainly to higher revenue recognition from **Shipbuilding** contracts from the local operations and higher **Engineering** revenue, partially offset by lower **Shiprepair** revenue.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
\$32.7m	\$34.0m	(\$1.3m)	(4%)

3Q2014 profit before tax (PBT) of \$32.7 million was comparable to 3Q2013.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable, whilst PBT is expected to be lower compared to FY2013.

9. Balance Sheet

	30-Sep-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	327,595	324,043
Joint ventures	5,996	3,223
Intangible assets	160	355
Long-term receivables, non-current	182	194
Amounts due from related parties, non-current	12,806	4,806
Derivative financial instruments	1,422	27,899
Deferred tax assets	21,091	16,072
Non-current assets	369,252	376,592
Current assets	847,384	764,224
Total assets	1,216,636	1,140,816
Current liabilities	922,232	846,639
Non-current liabilities	98,729	103,680
Total liabilities	1,020,961	950,319
Share capital and reserves	195,638	190,459
Non-controlling interests	37	38
Total equity and liabilities	1,216,636	1,140,816
Net current liabilities	(74,848)	(82,415)

Marine

10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 \$'000	3Q2013 \$'000
Net cash from operating activities	25,249	42,465
Net cash used in investing activities	(59,487)	(8,227)
Proceeds from sale of property, plant and equipment	8	2
Purchase of property, plant and equipment	(1,995)	(8,271)
Dividends from joint ventures	500	42
Loans to related companies	(58,000)	-
Net cash from financing activities	-	6,259
Proceeds from short-term bank loans	-	6,288
Interest paid	-	(29)
Net increase/(decrease) in cash and cash equivalents	(34,238)	40,497
Cash and cash equivalents at beginning of period	321,789	322,888
Exchange difference on cash and cash equivalents	650	(125)
Cash and cash equivalents at end of period	288,201	363,260

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