

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

“Lower profits”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2014

	2014 1Q	2013 1Q	Growth %
Revenue (\$m)	326	348	(6)
Earnings before interest and tax (EBIT) (\$m)	14.8	19.5	(24)
Other income, net (\$m)	4.6	2.5	85
Finance costs, net (\$m)	(3.9)	(1.9)	(104)
Profit before tax (PBT) (\$m)	18.8	21.0	(10)
Profit attributable to shareholders (\$m)	16.6	21.3	(22)

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

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Land Systems sector unaudited results for the first quarter ended 31 March 2014

	1Q2014 \$'000	1Q2013 \$'000	+ / (-) %
1. (a) Revenue	326,411	348,291	(6.3)
(b) Cost of sales	(256,982)	(278,838)	(7.8)
(c) Gross Profit	<u>69,429</u>	<u>69,453</u>	(0.0)
(d) Distribution and selling expenses	(19,266)	(15,570)	23.7
(e) Administrative expenses	(26,718)	(25,076)	6.5
(f) Other operating expenses	(8,689)	(9,329)	(6.9)
(g) Profit from operations	<u>14,756</u>	<u>19,478</u>	(24.2)
(h) Other income	5,055	2,970	70.2
(i) Other expenses	(399)	(454)	(12.1)
(j) Other income, net	4,656	2,516	85.1
(k) Finance income	961	2,074	(53.7)
(l) Finance costs	(4,863)	(3,983)	22.1
(m) Finance costs, net	(3,902)	(1,909)	104.4
(n) Share of results of associates and jointly controlled entities, net of tax	3,313	933	255.1
(o) Profit before taxation	<u>18,823</u>	<u>21,018</u>	(10.4)
(p) Taxation	(4,778)	(1,383)	245.5
(q) Profit for the period	<u>14,045</u>	<u>19,635</u>	(28.5)
Attributable to:			
(r) Shareholders of the Company	16,581	21,272	(22.1)
(s) Non-controlling interests	(2,536)	(1,637)	54.9
	<u>14,045</u>	<u>19,635</u>	(28.5)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,064	9,377	(3.3)
Allowance for doubtful debts & bad debts written off, net	2,027	2,724	(25.6)
Allowance for inventory obsolescence, net	6,312	6,021	4.8
(b) Finance costs, net comprises			
Interest income	707	673	5.1
Foreign exchange (loss)/gain, net	(1,589)	849	(287.2)
Fair value changes of financial instruments/hedged items	(368)	(273)	34.8
Interest expenses	(2,652)	(3,158)	(16.0)
	<u>(3,902)</u>	<u>(1,909)</u>	104.4



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	1Q2014 \$'000	1Q2013 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	4.3%	5.6%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	3.9%	5.1%	
4. (a) Revenue reported for first quarter	326,411	348,291	(6.3)
(b) Profit for the period reported for first quarter	14,045	19,635	(28.5)
5. (a) There was an over-provision of current tax of \$6,000 in respect of prior years. (1Q2013: There was an over-provision of current tax of \$2,322,000 in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2014 \$'000	1Q2013 \$'000		1Q2014 \$'000	1Q2013 \$'000	
<u>By Business Group</u>						
Automotive	247,333	284,122	(12.9)	13	11,514	(99.9)
Munitions & Weapon	59,614	34,039	75.1	13,516	3,890	247.5
Services, Trading & Others	19,464	30,130	(35.4)	5,294	5,614	(5.7)
Total	<u>326,411</u>	<u>348,291</u>	(6.3)	<u>18,823</u>	<u>21,018</u>	(10.4)

By Geographical Areas

Asia	217,313	271,430	(19.9)
USA	62,109	53,098	17.0
Europe	5,071	4,593	10.4
Others	41,918	19,170	118.7
Total	<u>326,411</u>	<u>348,291</u>	(6.3)

By Country of Incorporation

Asia	258,029	290,835	(11.3)
USA	64,671	55,999	15.5
Europe	-	-	-
Others	3,711	1,457	154.7
Total	<u>326,411</u>	<u>348,291</u>	(6.3)

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7. Review of Performance

(a) Revenue

1Q2014 vs 1Q2013

1Q2014	1Q2013	Growth	
\$326m	\$348m	(\$22m)	(6%)

1Q2014 revenue compared to 1Q2013 decreased by 6% or \$22 million to \$326 million. This was due to lower scheduled project deliveries from Automotive (Auto) business group and lower revenue from Services, Trading & Others (S&T) business group, partially offset by higher revenue of Munitions & Weapon (M&W) business group.

(b) Profitability

1Q2014 vs 1Q2013

1Q2014	1Q2013	Growth	
\$18.8m	\$21.0m	(\$2.2m)	(10%)

1Q2014 profit before tax (PBT) compared to 1Q2013 decreased by 10% or \$2.2 million to \$18.8 million attributable mainly to lower profits of the Auto business group, partially offset by higher profits of the M&W business group. The lower profits of the Auto business group were due mainly to lower revenue and higher operating expenses. The M&W business group had higher profits mainly from higher revenue.

8. Prospects

1H2014

Barring unforeseen circumstances, revenue and PBT for 1H2014 are expected to be lower than 1H2013.

9. Balance Sheet

	31-Mar-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	346,338	330,063
Associates and jointly controlled entities	105,600	110,972
Investments	363	349
Intangible assets	210,284	213,942
Long-term receivables, non-current	45	58
Amounts due from related parties, non-current	5,380	5,420
Finance lease receivables, non-current	2,358	2,679
Derivative financial instruments	6,957	9,208
Deferred tax assets	9,332	8,898
Non-current assets	686,657	681,589
Current assets	1,399,148	1,420,861
Total assets	2,085,805	2,102,450
Current liabilities	803,246	898,168
Non-current liabilities	953,063	880,972
Total liabilities	1,756,309	1,779,140
Share capital and reserves	277,423	265,486
Non-controlling interests	52,073	57,824
Total equity and liabilities	2,085,805	2,102,450
Net current assets	595,902	522,693

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10. Statement of Cash Flows for the first quarter ended 31 March 2014

	1Q2014 \$'000	1Q2013 \$'000
Net cash from operating activities	42,796	113,668
Net cash used in investing activities	(18,755)	(4,383)
Proceeds from disposal of property, plant and equipment	381	104
Dividends from an associate	9,300	7,440
Purchase of property, plant and equipment	(28,436)	(11,927)
Net cash (used in)/from financing activities	(30,392)	9,600
Capital contribution from non-controlling interests	-	65
Proceeds from long-term related party loans	-	745
Proceeds from long-term bank loan	-	1,932
Repayment of long-term bank loan	(46)	-
Repayment of long-term loans	(38)	(32)
Repayment of short-term immediate holding company loans	(10,000)	(1,272)
Proceeds from short-term related party loans	-	620
Repayment of short-term related party loans	(893)	-
Proceeds from short-term bank loans	-	10,147
Repayment of short-term bank loans	(14,650)	-
Dividends paid to non-controlling interests	(2,040)	(1,929)
Interest paid	(2,652)	(3,158)
Deposits (pledged)/discharged	(73)	2,482
Net (decrease)/increase in cash and cash equivalents	(6,351)	118,885
Cash and cash equivalents at beginning of the period	244,309	237,969
Exchange difference on cash and cash equivalents at beginning of the period	(331)	328
Cash and cash equivalents at end of the period	237,627	357,182

Media Contact:
Seng Woei Yuan
Head, Corporate Communications
Tel: (65) 6660 7449
Fax: (65) 6261 2338
Email: sengwy@stengg.com