

*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

“Higher Profits”

<b>FINANCIAL HIGHLIGHTS</b> For the quarter ended 30 June 2012					
	<b>2012 2Q</b>	<b>2011 2Q</b>	<b>Growth %</b>	<b>2012 1Q</b>	<b>Growth %</b>
Revenue (\$m)	494	504	(2)	457	8
Earnings before interest and tax (EBIT) (\$m)	65.2	63.0	3	55.3	18
Other income, net (\$m)	8.7	0.1	>500	0.9	>500
Finance income/(costs), net (\$m)	(1.2)	(3.9)	70	(3.6)	68
Profit before tax (PBT) (\$m)	81.6	68.1	20	59.8	37
Profit attributable to shareholders (\$m)	66.3	57.8	15	50.9	30

- Economic Value Added for the first half of 2012 was \$85.6 million

*“Better 1H2012 profits despite a challenging economic environment.”*

*Chang Cheow Teck, President*

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

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### Aerospace sector unaudited results for the second quarter ended 30 June 2012:

	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
1. (a) Revenue	494,002	503,969	(2.0)
(b) Cost of sales	(393,970)	(410,557)	(4.0)
(c) Gross Profit	<u>100,032</u>	<u>93,412</u>	7.1
(d) Distribution and selling expenses	(4,872)	(2,569)	89.6
(e) Administrative expenses	(25,587)	(24,319)	5.2
(f) Other operating expenses	(4,412)	(3,526)	25.1
(g) Profit from operations	<u>65,161</u>	<u>62,998</u>	3.4
(h) Other income, net	8,736	133	>500.0
(i) Finance income	2,905	5,245	(44.6)
(j) Finance costs	(4,097)	(9,157)	(55.3)
(k) Finance income/(costs), net	<u>(1,192)</u>	<u>(3,912)</u>	(69.5)
(l) Share of results of associates and jointly controlled entities	8,891	8,888	0.0
(m) Profit before taxation	<u>81,596</u>	<u>68,107</u>	19.8
(n) Taxation	(13,779)	(8,880)	55.2
(o) Profit for the period	<u>67,817</u>	<u>59,227</u>	14.5
Attributable to:			
(p) Shareholders of the Company	66,340	57,807	14.8
(q) Non-controlling interests	1,477	1,420	4.0
	<u>67,817</u>	<u>59,227</u>	14.5
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	15,529	13,798	12.5
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	3,174	1,397	127.2
Allowance/(write-back of allowance) for stock obsolescence, net	(1,166)	3,295	(135.4)
(b) Finance income/(costs), net comprises			
Interest income	709	1,478	(52.0)
Foreign exchange gain/(loss), net	896	(2,087)	(142.9)
Impairment/(write-back of impairment) in value of investments, net	-	-	NM
Interest expenses	(2,845)	(3,534)	(19.5)
Fair value changes of financial instruments / hedged items	41	27	51.9
Others	7	204	(96.6)
	<u>(1,192)</u>	<u>(3,912)</u>	(69.5)

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	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	13.7%	11.8%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	12.5%	12.3%	
4. (a) Revenue reported for first quarter	457,073	452,261	1.1
(b) Profit for the period reported for first quarter	51,738	46,159	12.1
(c) Revenue reported for second quarter	494,002	503,969	(2.0)
(d) Profit for the period reported for second quarter	67,817	59,227	14.5
(e) Revenue reported for first half year	951,075	956,230	(0.5)
(f) Profit for the period reported for first half year	119,555	105,386	13.4
5. (a) There was an adjustment of \$3,269,000 and \$855,000 for overprovision of current tax and deferred tax respectively in respect of prior years. (2Q2011: There was an adjustment of \$5,392,000 for overprovision of current tax and \$15,000 for underprovision of deferred tax in respect of prior years).			
(b) During the quarter, the Sector disposed a property for a gain of \$6,974,000. (2Q2011 - There was no disposal of property during the quarter).			

### 6. Business Group Information

#### By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2012 \$'000	2011 \$'000		2012 \$'000	2011 \$'000	
<b>Second Quarter</b>						
Aircraft Maintenance & Modification	268,370	254,373	5.5	43,931	38,834	13.1
Component/Engine Repair & Overhaul	159,562	177,072	(9.9)	14,687	11,918	23.2
Engineering & Material Services	66,070	72,524	(8.9)	22,978	17,355	32.4
<b>Total</b>	<u>494,002</u>	<u>503,969</u>	(2.0)	<u>81,596</u>	<u>68,107</u>	19.8
<b>First Half Year</b>						
Aircraft Maintenance & Modification	491,135	484,150	1.4	85,825	76,034	12.9
Component/Engine Repair & Overhaul	329,713	338,950	(2.7)	29,082	21,869	33.0
Engineering & Material Services	130,227	133,130	(2.2)	26,447	26,868	(1.6)
<b>Total</b>	<u>951,075</u>	<u>956,230</u>	(0.5)	<u>141,354</u>	<u>124,771</u>	13.3

#### By Geographical Areas

	Revenue		+ / (-) %
	2Q2012 \$'000	2Q2011 \$'000	
Asia	217,312	253,238	(14.2)
USA	179,739	157,852	13.9
Europe	77,334	72,700	6.4
Others	19,617	20,179	(2.8)
<b>Total</b>	<u>494,002</u>	<u>503,969</u>	(2.0)

#### By Country of Incorporation

	2012 \$'000	2011 \$'000	+ / (-) %
Asia	316,143	327,385	(3.4)
USA	116,226	107,731	7.9
Europe	61,193	67,190	(8.9)
Others	440	1,663	(73.5)
<b>Total</b>	<u>494,002</u>	<u>503,969</u>	(2.0)

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### 7. Review of Performance

#### (a) Revenue

##### 2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$494m	\$504m	(\$10m)	(2%)

Revenue for 2Q2012 was \$10 million lower compared to that of 2Q2011. This was due to lower revenue in the **Component/Engine Repair & Overhaul (CERO)** and **Engineering & Material Services (EMS)** business groups, offset partially by higher revenue in the **Aircraft Maintenance & Modification (AMM)** business group. The lower revenue in the **CERO** business group was due to lower revenue from the engines division and weaker Euro. Fewer project milestone completions, offset by higher revenue from Maintenance-by-the-Hour (MBH)<sup>TM</sup> programmes accounted for the lower revenue in the **EMS** business group.

##### 2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$494m	\$457m	\$37m	8%

Revenue for 2Q2012 was \$37 million higher compared to 1Q2012 due mainly to higher revenue in the **AMM** business group, reduced partially by lower engines input in the **CERO** business group.

#### (b) Profitability

##### 2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$81.6m	\$68.1m	\$13.5m	20%

The current quarter's PBT of \$81.6 million was higher than 2Q2011 PBT of \$68.1 million by \$13.5 million or 20%. This was due to favourable sales mix and gain from the sale of property, reduced partially by allowance for debts.

##### 2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$81.6m	\$59.8m	\$21.8m	37%

The current quarter's PBT of \$81.6 million was higher than 1Q2012 PBT of \$59.8 million by \$21.8 million or 37%. This was due mainly to higher gross profit because of higher revenue and favourable sales mix as well as gain from the sale of property.

### 8. Prospects

#### 2H2012

Barring unforeseen circumstances, revenue and profit before tax for 2H2012 are expected to be higher compared to 1H2012.

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### 9. Balance Sheet

	30-Jun-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	822,435	836,777
Associates and jointly controlled entity investments	163,673	170,173
Intangible assets	8	4
Long-term receivables, non-current	27,614	9,846
Derivative financial instruments	33,226	40,076
Deferred tax assets	19,635	11,834
Non-current assets	22,888	23,163
Current assets	1,089,479	1,091,873
<b>Total assets</b>	<b>2,164,538</b>	<b>2,178,819</b>
Current liabilities	998,919	1,082,014
Non-current liabilities	635,045	629,349
<b>Total liabilities</b>	<b>1,633,964</b>	<b>1,711,363</b>
Share capital and reserves	473,804	420,024
Non-controlling interests	56,770	47,432
<b>Total equity and liabilities</b>	<b>2,164,538</b>	<b>2,178,819</b>
<b>Net current assets</b>	<b>76,140</b>	<b>4,932</b>

The increase in intangible assets of \$17.8 million was due to the provisional goodwill from the acquisition of EcoServices, LLC (EcoServices).

The initial accounting for the acquisition of EcoServices had been determined provisionally under FRS 103 Business Combinations and ST Aerospace would recognise any adjustments to this provisional value as a result of the initial accounting within 12 months of the acquisition date.

### 10. Statement of Cash Flows for the second quarter ended 30 June 2012

	2Q2012 \$'000	2Q2011 \$'000
Net cash from operating activities	43,251	27,415
Net cash used in investing activities	(28,386)	(11,640)
Proceeds from sale of property, plant and equipment	9,778	2,529
Dividends from associates	5,444	5,264
Dividends from investments	-	211
Purchase of property, plant and equipment	(18,788)	(19,640)
Purchase of investments	-	(4)
Acquisition of a subsidiary	(24,820)	-
Net cash used in financing activities	(25,424)	(124,737)
Proceeds from inter-company loans, net	28,656	-
Proceeds from long term bank loans, net	5,327	1,906
Repayment of short term bank loans, net	(4,987)	(60,960)
Repayment of long-term loans, net	-	(2,693)
Addition of lease obligations	3	-
Dividend paid to shareholder of the Company	(51,041)	(59,000)
Dividend paid to non-controlling interests	(655)	(559)
Interest paid	(2,727)	(3,431)
Net decrease in cash and cash equivalents	(10,559)	(108,962)
Cash and cash equivalents at beginning of period	240,557	366,183
Exchange difference on cash and cash equivalents	(1,310)	(238)
<b>Cash and cash equivalents at end of period</b>	<b>228,688</b>	<b>256,983</b>

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### 11. Economic Value Added (EVA)

EVA for 1H2012 was \$85.6 million, an increase of \$6.9 million or 9% over 1H2011. The weighted average cost of capital was 5.3% for 2012 (2011: 5.9%).

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