

*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

“Higher profit before tax”

<b>FINANCIAL HIGHLIGHTS</b>					
<b>For the quarter ended</b>					
<b>30 June 2012</b>					
	<b>2012 2Q</b>	<b>2011 2Q</b>	<b>Growth %</b>	<b>2012 1Q</b>	<b>Growth %</b>
Revenue (\$m)	391	353	11	321	22
Earnings before interest and tax (EBIT) (\$m)	24.4	29.6	(17)	25.0	(2)
Other income, net (\$m)	7.6	3.0	149	2.6	194
Finance costs, net (\$m)	(1.6)	(4.5)	63	(4.7)	65
Profit before tax (PBT) (\$m)	32.0	30.2	6	23.7	35
Profit attributable to shareholders (\$m)	23.6	22.0	7	21.2	11

- Economic Value Added for the first half of 2012 was \$29.5 million

*“We achieved comparable sales and PBT in 1H2012. We will continue to pursue new orders for our defence business and expand the range and market reach of our commercial products.”*

*Sew Chee Jhuen, President*

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

## Land Systems

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

	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
1. (a) Revenue	391,335	353,121	10.8
(b) Cost of sales	(308,972)	(271,399)	13.8
(c) Gross Profit	<u>82,363</u>	<u>81,722</u>	0.8
(d) Distribution and selling expenses	(22,916)	(15,679)	46.2
(e) Administrative expenses	(26,490)	(24,612)	7.6
(f) Other operating expenses	(8,513)	(11,873)	(28.3)
(g) Profit from operations	<u>24,444</u>	<u>29,558</u>	(17.3)
(h) Other income, net	7,617	3,065	148.5
(i) Finance income	1,657	1,176	40.9
(j) Finance costs	<u>(3,308)</u>	<u>(5,667)</u>	(41.6)
(k) Finance costs, net	(1,651)	(4,491)	(63.2)
(l) Share of results of associates and jointly controlled entities	1,585	2,052	(22.8)
(m) Profit before taxation	<u>31,995</u>	<u>30,184</u>	6.0
(n) Taxation	(7,920)	(5,113)	54.9
(o) Profit for the period	<u>24,075</u>	<u>25,071</u>	(4.0)
Attributable to:			
(p) Shareholders of the Company	23,555	21,951	7.3
(q) Non-controlling interests	520	3,120	(83.3)
	<u>24,075</u>	<u>25,071</u>	(4.0)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,080	8,353	8.7
Allowance for doubtful debts & bad debts written off, net	6,686	58	>500
Allowance for stock obsolescence, net	4,525	3,404	32.9
(b) Finance costs, net comprises			
Interest income	876	437	100.5
Foreign exchange loss, net	(243)	(717)	(66.1)
Interest expenses	(2,879)	(4,036)	(28.7)
Fair value changes of financial instruments/hedged items	(25)	(231)	(89.2)
Others	620	58	>500
	<u>(1,651)</u>	<u>(4,491)</u>	(63.2)

## Land Systems

	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	6.2%	7.1%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	9.1%	7.7%	
4. (a) Revenue reported for first quarter	321,002	363,320	(11.6)
(b) Profit for the period reported for first quarter	20,899	21,170	(1.3)
(c) Revenue reported for second quarter	391,335	353,121	10.8
(d) Profit for the period reported for second quarter	24,075	25,071	(4.0)
(e) Revenue reported for first half year	712,337	716,441	(0.6)
(f) Profit for the period reported for first half year	44,974	46,241	(2.7)
5. (a) There was an over-provision of current tax of \$5,000 in respect of prior years (2Q2011: There was an under-provision of current tax of \$16,000 in respect of prior years).			
(b) There was a disposal of property for a gain of \$5,774,000 during the second quarter.			

### 6. Business Group Information

#### By Business Group

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	2012 \$'000	2011 \$'000		2012 \$'000	2011 \$'000	
<b>Second Quarter</b>						
Automotive	320,653	271,084	18.3	19,136	6,417	198.2
Munitions & Weapon	33,926	39,707	(14.6)	3,708	9,832	(62.3)
Services, Trading & Others	36,756	42,330	(13.2)	9,151	13,935	(34.3)
<b>Total</b>	<b>391,335</b>	<b>353,121</b>	<b>10.8</b>	<b>31,995</b>	<b>30,184</b>	<b>6.0</b>
<b>First Half Year</b>						
Automotive	554,745	556,255	(0.3)	25,386	19,612	29.4
Munitions & Weapon	84,949	82,807	2.6	13,263	15,223	(12.9)
Services, Trading & Others	72,643	77,379	(6.1)	17,083	20,974	(18.6)
<b>Total</b>	<b>712,337</b>	<b>716,441</b>	<b>(0.6)</b>	<b>55,732</b>	<b>55,809</b>	<b>(0.1)</b>

#### By Geographical Areas

	Revenue		
	2Q2012 \$'000	2Q2011 \$'000	
Asia	290,933	231,047	25.9
USA	66,516	55,085	20.8
Europe	18,252	30,048	(39.3)
Others	15,634	36,941	(57.7)
<b>Total</b>	<b>391,335</b>	<b>353,121</b>	<b>10.8</b>

#### By Country of Incorporation

	2Q2012 \$'000	2Q2011 \$'000	
Asia	321,627	292,186	10.1
USA	68,400	59,172	15.6
Europe	-	-	-
Others	1,308	1,763	(25.8)
<b>Total</b>	<b>391,335</b>	<b>353,121</b>	<b>10.8</b>

## Land Systems

### 7. Review of Performance

#### (a) Revenue

##### 2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$391m	\$353m	\$38m	11%

2Q2012 revenue compared to 2Q2011 increased by 11% or \$38 million to \$391 million. This was due to higher sales of the **Automotive (Auto)** business group attributable mainly to higher project deliveries.

##### 2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$391m	\$321m	\$70m	22%

2Q2012 revenue compared to 1Q2012 increased by 22% or \$70 million to \$391 million attributable to higher project deliveries and specialty vehicle sales of the **Auto** business group, partially offset by lower deliveries of the **Munitions & Weapon (M&W)** business group.

#### (b) Profitability

##### 2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$32.0m	\$30.2m	\$1.8m	6%

2Q2012 profit before tax (PBT) compared to 2Q2011 increased by 6% or \$1.8 million to \$32.0 million due to higher profits of the **Auto** business group, partially offset by lower profits of the **M&W** and **Services, Trading & Others (S&T)** business groups. The **Auto** business group had higher profits mainly from higher sales and a gain on disposal of property, partially offset by higher operating expenses. The **M&W** and **S&T** business groups' lower profits were due mainly to lower sales and product mix.

##### 2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$32.0m	\$23.7m	\$8.3m	35%

2Q2012 PBT compared to 1Q2012 increased by 35% or \$8.3 million to \$32.0 million. This was contributed mainly by better results of the **Auto** business group, partially offset by lower profits of the **M&W** business group. The **Auto** business group's higher profits were due mainly to higher sales and a gain on disposal of property, partially offset by higher operating expenses. The **M&W** business group recorded lower profits due mainly to lower sales.

### 8. Prospects

#### 2H2012

Barring unforeseen circumstances, revenue for 2H2012 is expected to be higher compared to 1H2012, while profit before tax is expected to be comparable.

## Land Systems

### 9. Balance Sheet

	30-Jun-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	304,903	305,805
Associates and jointly controlled entities	112,732	117,573
Investments	128	2,417
Intangible assets	201,131	205,629
Investment property	-	1,509
Long-term receivables, non-current	147	151
Amounts due from related parties, non-current	5,469	5,556
Finance lease receivables, non-current	15,842	14,482
Derivative financial instruments	371	151
Deferred tax assets	16,238	13,760
Non-current assets	656,961	667,033
Current assets	1,351,818	1,202,219
<b>Total assets</b>	<b>2,008,779</b>	<b>1,869,252</b>
Current liabilities	867,153	979,820
Non-current liabilities	979,082	734,291
<b>Total liabilities</b>	<b>1,846,235</b>	<b>1,714,111</b>
Share capital and reserves	113,361	105,573
Non-controlling interests	49,183	49,568
<b>Total equity and liabilities</b>	<b>2,008,779</b>	<b>1,869,252</b>
<b>Net current assets</b>	<b>484,665</b>	<b>222,399</b>

The increase in non-current liabilities was due mainly to higher customer advances.

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

	2Q2012 \$'000	2Q2011 \$'000
Net cash used in operating activities	(87,117)	(85,631)
Net cash from/(used in) investing activities	16,237	(13,884)
Proceeds from sale of property, plant and equipment	4,227	731
Proceeds from disposal of investment property	3,908	-
Distribution from funds under management	705	-
Distribution from unquoted long-term investment	-	58
Proceeds from disposal of quoted long-term investment	104	-
Purchase of property, plant and equipment	(11,162)	(14,757)
Investment in an associate	-	(126)
Acquisition of a subsidiary, net of cash acquired	18,455	-
Distribution from dissolution of an associate	-	210
Net cash (used in)/from financing activities	(19,220)	13,416
Capital contribution from non-controlling interests	32	88
Proceeds from long-term related party loans	1,023	20,337
Proceeds from long-term bank loan	1,314	-
Repayment of long-term loans	(34)	(53)
Proceeds from/(repayment of) short-term related party loans	2,558	(160)
Proceeds from short-term bank loan	3,518	-
Dividend paid to shareholder	(23,600)	-
Dividends paid to non-controlling interests	(1,152)	(2,758)
Interest paid	(2,879)	(4,038)
Net decrease in cash and cash equivalents	(90,100)	(86,099)
Cash and cash equivalents at beginning of the period	290,537	242,153
Exchange difference on cash and cash equivalents at beginning of the period	160	(297)
<b>Cash and cash equivalents at end of the period</b>	<b>200,597</b>	<b>155,757</b>

## Land Systems

### 11. Economic Value Added (EVA)

EVA for 1H2012 was \$29.5 million, an increase of \$1.5 million or 5% over 1H2011. The weighted average cost of capital was 5.3% for 2012 (2011: 5.9%).

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