

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

“Higher Profits”

FINANCIAL HIGHLIGHTS For the quarter ended 30 June 2012					
	2012 2Q	2011 2Q	Growth %	2012 1Q	Growth %
Revenue (\$m)	277	258	7	244	14
Earnings before interest and tax (EBIT) (\$m)	33.1	25.7	29	27.0	23
Other income, net (\$m)	1.2	1.5	(17)	1.3	(7)
Finance income/(costs), net (\$m)	(3.1)	0.9	(456)	0.4	(NM)
Profit before tax (PBT) (\$m)	31.6	28.5	11	29.1	9
Profit attributable to shareholders (\$m)	21.6	20.4	6	21.5	1

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

- Economic Value Added for the first half of 2012 was \$39.6 million

“The Marine sector’s focus to provide total naval solutions for our customers had yielded the recent contract from The Royal Navy of Oman.”

Ng Sing Chan, President

Marine

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

	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
1. (a) Revenue	277,405	258,368	7.4
(b) Cost of sales	(232,458)	(221,292)	5.0
(c) Gross Profit	44,947	37,076	21.2
(d) Distribution and selling expenses	(1,847)	(934)	97.8
(e) Administrative expenses	(7,797)	(7,645)	2.0
(f) Other operating expenses	(2,201)	(2,763)	(20.3)
(g) Profit from operations	33,102	25,734	28.6
(h) Other income, net	1,251	1,499	(16.5)
(i) Finance income	12,392	1,572	NM
(j) Finance costs	(15,514)	(694)	NM
(k) Finance income/(costs), net	(3,122)	878	(455.6)
(l) Share of results of associates and jointly controlled entities	389	405	(4.0)
(m) Profit before taxation	31,620	28,516	10.9
(n) Taxation	(10,016)	(8,147)	22.9
(o) Profit for the period	21,604	20,369	6.1
Attributable to:			
(p) Shareholders of the Company	21,638	20,377	6.2
(q) Non-controlling interests	(34)	(8)	325.0
	21,604	20,369	6.1
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	3,493	3,058	14.2
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	190	(650)	(129.2)
Allowance/(write-back of allowance) for stock obsolescence, net	23	-	-
(b) Finance income/(costs), net comprises			
Interest income	428	222	92.8
Foreign exchange gain/(loss), net	3	737	(99.6)
Gain on disposal of investments	-	46	(100.0)
Impairment/(write-back of impairment) in value of investments, net	-	-	-
Interest expenses	(1)	(338)	(99.7)
Fair value changes of financial instruments / hedged items	(3,588)	210	NM
Others	36	1	NM
	(3,122)	878	(455.6)

Marine

	2Q2012 \$'000	2Q2011 \$'000	+ / (-) %
3. (a) Profit for the period [1(o) above] as a percentage of revenue	7.8%	7.9%	
(b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period	14.4%	15.1%	
4. (a) Revenue reported for first quarter	243,531	271,596	(10.3)
(b) Profit for the period reported for first quarter	21,472	17,928	19.8
(c) Revenue reported for second quarter	277,405	258,368	7.4
(d) Profit for the period reported for second quarter	21,604	20,369	6.1
(e) Revenue reported for first half year	520,936	529,964	(1.7)
(f) Profit for the period reported for first half year	43,076	38,297	12.5
5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (2Q2011: Nil).			
(b) There was no disposal of property during the second quarter.			

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	2012 \$'000	2011 \$'000	+ / (-) %	2012 \$'000	2011 \$'000	+ / (-) %
Second Quarter						
Shipbuilding	175,767	157,820	11.4	20,954	10,808	93.9
Shiprepair	80,584	90,336	(10.8)	9,968	18,214	(45.3)
Engineering	21,054	10,212	106.2	698	(506)	(237.9)
Total	<u>277,405</u>	<u>258,368</u>	7.4	<u>31,620</u>	<u>28,516</u>	10.9
First Half Year						
Shipbuilding	316,860	334,616	(5.3)	35,361	15,349	130.4
Shiprepair	164,728	175,719	(6.3)	23,758	38,134	(37.7)
Engineering	39,348	19,629	100.5	1,589	(748)	(312.4)
Total	<u>520,936</u>	<u>529,964</u>	(1.7)	<u>60,708</u>	<u>52,735</u>	15.1

By Geographical Areas

	Revenue		
	2Q2012 \$'000	2Q2011 \$'000	
Asia	98,635	91,661	7.6
USA	157,551	123,461	27.6
Europe	12,539	29,030	(56.8)
Others	8,680	14,216	(38.9)
Total	<u>277,405</u>	<u>258,368</u>	7.4

By Country of Incorporation

Asia	121,610	136,120	(10.7)
USA	155,795	122,248	27.4
Europe	-	-	-
Others	-	-	-
Total	<u>277,405</u>	<u>258,368</u>	7.4

Marine

7. Review of Performance

(a) Revenue

2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$277m	\$258m	\$19m	7%

Revenue for 2Q2012 was higher than 2Q2011 by 7% or \$19 million due mainly to higher **Shipbuilding** revenue.

2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$277m	\$244m	\$33m	14%

Revenue for 2Q2012 was higher than 1Q2012 by 14% or \$33 million was also due mainly to higher **Shipbuilding** revenue.

(b) Profitability

2Q2012 vs 2Q2011

2Q2012	2Q2011	Growth	
\$31.6m	\$28.5m	\$3.1m	11%

The current quarter's profit before tax ("PBT") of \$31.6 million was higher than 2Q2011 by 11% or \$3.1 million due mainly to favourable sales mix of **Shipbuilding** business group.

2Q2012 vs 1Q2012

2Q2012	1Q2012	Growth	
\$31.6m	\$29.1m	\$2.5m	9%

2Q2012 PBT of \$31.6 million was higher than 1Q2012 by 9% or \$2.5 million due mainly to higher **Shipbuilding** revenue.

8. Prospects

2H2012

Barring unforeseen circumstances, revenue and profit before tax for 2H2012 are expected to be comparable to that of 1H2012.

9. Balance Sheet

	30-Jun-12 \$'000	31-Dec-11 \$'000
Property, plant and equipment	131,704	118,578
Associates and jointly controlled entity	1,988	1,871
Intangible assets	746	877
Long-term receivables, non-current	556	552
Amounts due from related parties, non-current	4,806	4,806
Derivative financial instruments	6,407	48
Deferred tax assets	32,834	32,418
Non-current assets	179,041	159,150
Current assets	675,873	604,437
Total assets	854,914	763,587
Current liabilities	567,121	574,776
Non-current liabilities	163,879	73,563
Total liabilities	731,000	648,339
Share capital and reserves	124,087	115,362
Non-controlling interests	(173)	(114)
Total equity and liabilities	854,914	763,587
Net current assets	108,752	29,661

Marine

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

	2Q2012 \$'000	2Q2011 \$'000
Net cash from operating activities	143,001	34,937
Net cash used in investing activities	(11,893)	(1,574)
Proceeds from sale of property, plant and equipment	10	-
Dividends from a joint venture	500	260
Dividends from investments	5	5
Purchase of property, plant and equipment	(12,407)	(1,885)
Proceed from sale and maturity of investments	(1)	46
Net cash used in financing activities	(20,315)	(21,630)
Repayment of inter-company loans, net	-	(1,229)
Dividends paid to shareholder of the Company	(20,314)	(20,063)
Interest paid	(1)	(338)
Net increase in cash and cash equivalents	110,793	11,733
Cash and cash equivalents at beginning of period	139,900	98,972
Exchange difference on cash and cash equivalents	527	(402)
Cash and cash equivalents at end of period	251,220	110,303

11. Economic Value Added (EVA)

EVA for 1H2012 was \$39.6 million, an increase of \$5.4 million or 16% over 1H2011. The weighted average cost of capital was 5.3% for 2012 (2011: 5.9%).

Media Contact:
 Ong Tek Liam
 SVP / GFC
 Tel: (65) 6860 9210
 Fax: (65) 6861 3028
 Email: ongtekliam@stengg.com