

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 Profit before Tax”

| FINANCIAL HIGHLIGHTS For the quarter ended 30 September 2012 | | | | | |
|--|------------|------------|-------------|------------|-------------|
| | 2012 3Q | 2011 3Q | Growth % | 2012 2Q | Growth % |
| Revenue (\$m) | 236 | 255 | (7) | 277 | (15) |
| Earnings before interest and tax (EBIT) (\$m) | 27.5 | 28.0 | (2) | 33.1 | (17) |
| Other income, net (\$m) | 1.5 | 2.2 | (31) | 1.2 | 21 |
| Finance income/(costs), net (\$m) | 1.2 | 0.7 | 69 | (3.1) | 139 |
| Profit before tax (PBT) (\$m) | 30.4 | 31.3 | (3) | 31.6 | (4) |
| Profit attributable to shareholders (\$m) | 23.7 | 22.0 | 8 | 21.6 | 10 |

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

Marine

Marine sector unaudited results for the third quarter ended 30 September 2012:

| | 3Q2012 \$'000 | 3Q2011 \$'000 | + / (-) % |
|---|------------------|------------------|--------------|
| 1. (a) Revenue | 235,925 | 254,816 | (7.4) |
| (b) Cost of sales | (195,338) | (218,539) | (10.6) |
| (c) Gross Profit | <u>40,587</u> | <u>36,277</u> | 11.9 |
| (d) Distribution and selling expenses | (1,937) | 1,851 | (204.6) |
| (e) Administrative expenses | (8,299) | (7,322) | 13.3 |
| (f) Other operating expenses | (2,863) | (2,781) | 2.9 |
| (g) Profit from operations | <u>27,488</u> | <u>28,025</u> | (1.9) |
| (h) Other income, net | 1,516 | 2,205 | (31.2) |
| (i) Finance income | 4,836 | 1,606 | 201.1 |
| (j) Finance costs | <u>(3,619)</u> | <u>(885)</u> | 308.9 |
| (k) Finance income, net | 1,217 | 721 | 68.8 |
| (l) Share of results of associates and jointly controlled entities | 233 | 367 | (36.5) |
| (m) Profit before taxation | <u>30,454</u> | <u>31,318</u> | (2.8) |
| (n) Taxation | (6,905) | (9,326) | (26.0) |
| (o) Profit for the period | <u>23,549</u> | <u>21,992</u> | 7.1 |
| Profit attributable to: | | | |
| (p) Shareholders of the Company | 23,737 | 22,024 | 7.8 |
| (q) Non-controlling interests | (188) | (32) | 487.5 |
| | <u>23,549</u> | <u>21,992</u> | 7.1 |
| 2. (a) Profit from operations is arrived at after charging/(crediting) the following: | | | |
| Depreciation and amortisation | 3,781 | 3,065 | 23.4 |
| Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net | (20) | (3,724) | (99.5) |
| Allowance/(write-back of allowance) for inventory obsolescence, net | (58) | (92) | (37.0) |
| Impairment of intangibles | - | - | - |
| (b) Finance income/(costs), net comprises | | | |
| Interest income | 442 | 1,383 | (68.0) |
| Foreign exchange gain/(loss), net | (68) | 8 | (950.0) |
| Gain/(loss) on disposal of investments | - | (11) | (100.0) |
| Impairment in value of investments, net | - | - | - |
| Interest expenses | (5) | (277) | (98.2) |
| Fair value changes of financial instruments / hedged items | 817 | (380) | (315.0) |
| Others | 31 | (2) | NM |
| | <u>1,217</u> | <u>721</u> | 68.8 |



Marine

| | 3Q2012 \$'000 | 3Q2011 \$'000 | + / (-) % |
|--|------------------|------------------|--------------|
| 3. (a) Profit for the period [1(o) above] as a percentage of revenue | 10.0% | 8.6% | |
| (b) Profit attributable to shareholders [1(p) above] as a percentage of share capital and reserves at end of period | 14.4% | 13.7% | |
| 4. (a) Revenue reported for first half year | 520,936 | 529,964 | (1.7) |
| (b) Profit for the period reported for first half year | 43,076 | 38,297 | 12.5 |
| (c) Revenue reported for third quarter | 235,925 | 254,816 | (7.4) |
| (d) Profit for the period reported for third quarter | 23,549 | 21,992 | 7.1 |
| (e) Revenue reported for first nine months | 756,861 | 784,780 | (3.6) |
| (f) Profit for the period reported for first nine months | 66,625 | 60,289 | 10.5 |
| 5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (3Q2011: There was a reversal of over provision of current tax \$288k 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 | | |
|---------------------------------------|----------------|----------------|--------------|------------------------|----------------|--------------|
| | 2012 \$'000 | 2011 \$'000 | + / (-) % | 2012 \$'000 | 2011 \$'000 | + / (-) % |
| Third Quarter | | | | | | |
| Shipbuilding | 147,724 | 168,116 | (12.1) | 13,281 | 16,068 | (17.3) |
| Shiprepair | 70,291 | 69,994 | 0.4 | 16,519 | 24,183 | (31.7) |
| Engineering | 17,910 | 16,706 | 7.2 | 654 | (8,933) | (107.3) |
| Total | <u>235,925</u> | <u>254,816</u> | (7.4) | <u>30,454</u> | <u>31,318</u> | (2.8) |
| Nine Months Ended 30 September | | | | | | |
| Shipbuilding | 464,584 | 502,732 | (7.6) | 48,642 | 31,417 | 54.8 |
| Shiprepair | 235,019 | 245,713 | (4.4) | 40,277 | 62,317 | (35.4) |
| Engineering | 57,258 | 36,335 | 57.6 | 2,243 | (9,681) | (123.2) |
| Total | <u>756,861</u> | <u>784,780</u> | (3.6) | <u>91,162</u> | <u>84,053</u> | 8.5 |

By Geographical Areas

| | Revenue | | |
|--------|------------------|------------------|--------|
| | 3Q2012 \$'000 | 3Q2011 \$'000 | |
| Asia | 94,924 | 91,498 | 3.7 |
| USA | 116,854 | 128,984 | (9.4) |
| Europe | 16,304 | 29,431 | (44.6) |
| Others | 7,843 | 4,903 | 60.0 |
| Total | <u>235,925</u> | <u>254,816</u> | (7.4) |

By Country of Incorporation

| | | | |
|--------|----------------|----------------|--------|
| Asia | 120,660 | 125,844 | (4.1) |
| USA | 115,265 | 128,972 | (10.6) |
| Europe | - | - | - |
| Others | - | - | - |
| Total | <u>235,925</u> | <u>254,816</u> | (7.4) |

Marine

7. Review of Performance

(a) Revenue

3Q2012 vs 3Q2011

| 3Q2012 | 3Q2011 | Growth | |
|--------|--------|---------|------|
| \$236m | \$255m | (\$19m) | (7%) |

3Q2012 revenue compared to 3Q2011 decreased by 7% or \$19 million to \$236 million. This was contributed mainly by lower **Shipbuilding** revenue as a result of lower revenue recognition from contracts.

3Q2012 vs 2Q2012

| 3Q2012 | 2Q2012 | Growth | |
|--------|--------|---------|-------|
| \$236m | \$277m | (\$41m) | (15%) |

3Q2012 revenue compared to 2Q2012 decreased by 15% or \$41 million to \$236 million. 3Q2012 **Shipbuilding** revenue was lower due mainly to lower revenue recognition from contracts from the US operations. Lower repair activities resulted in lower **Shiprepair** revenue.

(b) Profitability

3Q2012 vs 3Q2011

| 3Q2012 | 3Q2011 | Growth | |
|---------|---------|----------|------|
| \$30.4m | \$31.3m | (\$0.9m) | (3%) |

3Q2012 profit before tax (PBT) of \$30.4 million was comparable to that of 3Q2011. The 3Q2012 unfavourable variance from selling & distribution expenses (\$3.8 million) due to higher reversal of allowance for doubtful debts in 3Q2011 and higher administrative expenses was reduced by higher gross profit.

3Q2012 vs 2Q2012

| 3Q2012 | 2Q2012 | Growth | |
|---------|---------|----------|------|
| \$30.4m | \$31.6m | (\$1.2m) | (4%) |

3Q2012 PBT was comparable to that of 2Q2012. The lower gross profit as a result of the lower revenue was reduced by favourable variance from finance income in 3Q2012.

8. Prospects

FY2012

Barring unforeseen circumstances, revenue for FY2012 is expected to be higher than FY2011, whilst PBT is expected to be comparable to that of FY2011.

9. Balance Sheet

| | 30-Sep-12 \$'000 | 31-Dec-11 \$'000 |
|---|---------------------|---------------------|
| Property, plant and equipment | 134,551 | 118,578 |
| Associates and jointly controlled entities | 2,690 | 1,871 |
| Intangible assets | 681 | 877 |
| Long-term receivables, non-current | 599 | 552 |
| Amounts due from related parties, non-current | 4,806 | 4,806 |
| Derivative financial instruments | 10,854 | 48 |
| Deferred tax assets | 33,052 | 32,418 |
| Non-current assets | 187,233 | 159,150 |
| Current assets | 673,472 | 604,437 |
| Total assets | 860,705 | 763,587 |
| Current liabilities | 568,313 | 574,776 |
| Non-current liabilities | 154,280 | 73,563 |
| Total liabilities | 722,593 | 648,339 |
| Share capital and reserves | 138,459 | 115,362 |
| Non-controlling interests | (347) | (114) |
| Total equity and liabilities | 860,705 | 763,587 |
| Net current assets | 105,159 | 29,661 |

Marine
10. Statement of Cash Flows for the third quarter ended 30 September 2012

| | 3Q2012 \$'000 | 3Q2011 \$'000 |
|---|------------------|------------------|
| Net cash from operating activities | 42,105 | 124,582 |
| Net cash used in investing activities | (9,138) | (2,296) |
| Proceeds from sale of property, plant and equipment | - | 15 |
| Dividends from a joint venture | - | 520 |
| Payment from sale and maturity of investments | (2) | (11) |
| Purchase of property, plant and equipment | (8,626) | (2,820) |
| Additional investment in joint ventures | (510) | - |
| Net cash from/(used in) financing activities | 217 | (56,477) |
| Loan from minority shareholders | 222 | 29 |
| Repayment of inter-company loans, net | - | (12,039) |
| Repayment of short-term bank loans, net | - | (44,190) |
| Interest paid | (5) | (277) |
| Net increase in cash and cash equivalents | 33,184 | 65,809 |
| Cash and cash equivalents at beginning of period | 251,220 | 110,303 |
| Exchange difference on cash and cash equivalents | (2,377) | 979 |
| Cash and cash equivalents at end of period | <u>282,027</u> | <u>177,091</u> |

Media Contact:
Ong Tek Liam
SVP / Group Financial Controller
Tel: (65) 6860 9210
Fax: (65) 6861 3028
Email: ongtekliaam@stengg.com