

News Release

ST Engineering Reports Higher Profits for FY2017 vs FY2016

FINANCIAL HIGHLIGHTS			
For the year ended			
31 December 2017			
	2017 FY	2016 FY	Growth %
Revenue (\$m)	6,619	6,684	(1)
Earnings before interest and tax (EBIT) (\$m)	553.3	471.1	17
Other income, net (\$m)	38.7	67.8	(43)
Finance costs, net (\$m)	(18.0)	(12.0)	(50)
Profit before tax (PBT) (\$m)	623.3	590.6	6
Profit attributable to shareholders (Net Profit) (\$m)	511.9	484.5	6
Earnings per share (cents)	16.43	15.60	5
Economic value added (EVA) (\$m)	321.6	252.4	27
Return on equity (%)	22.9	22.2	NM
Dividend per share (cents)	15.0	15.0	-
• Final	10.0	10.0	
• Interim	5.0	5.0	

NM: Not Meaningful

- Order book of \$13.2b at end December 2017, of which about \$3.8b is expected to be delivered in 2018
- Commercial sales and defence sales constituted 65% or \$4.3b and 35% or \$2.3b respectively
- Cash and cash equivalents including funds under management totalled \$1.3b
- Economic value added for FY2017 was \$321.6m

N.B.: All currencies are in Singapore dollars

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Singapore, 23 February 2018 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its full year financial results for the period ended 31 December 2017 (FY2017), with a Group revenue of \$6.62b compared to \$6.68b for FY2016. Year-on-year, the Group registered higher profits. Group Profit before tax (PBT) at \$623.3m was 6% higher than \$590.6m, and Profit attributable to shareholders (Net Profit) of \$511.9m was 6% higher compared to \$484.5m in the prior year.

At the business sector level, the Aerospace sector posted revenue of \$2.54b, up 2% from \$2.48b the year before. Year-on-year, its PBT was 6% higher at \$317.8m compared to \$300.3m and Net Profit was comparable at \$244.1m. Revenue for the Electronics sector was \$2.11b, 12% up compared to \$1.88b a year ago. Its PBT was \$212.3m compared to \$207.8m and Net Profit was 2% higher at \$178.8m compared to \$174.5m a year ago. The Land Systems sector revenue was \$1.24b, down 11% year-on-year compared to \$1.39b. Due to the absence of prior year's impairment of asset carrying values and the provision of closure costs for Land Systems' subsidiaries in China, its PBT was \$85.0m, up 119% from \$38.8m and Net Profit improved 243% year-on-year from \$25.5m to \$87.4m. The Marine sector revenue was \$637m, down 24% year-on-year from \$841m and its PBT was \$22.4m, down 70% from \$75.1m a year ago due mainly to the weak industry conditions and its US operations. Consequently, Net Profit for Marine sector was 60% lower at \$27.0m from the year before.

4Q2017 versus 4Q2016

In the fourth quarter ended 31 December 2017 (4Q2017), the Group posted revenue of \$1.70b, down 6% compared to \$1.82b in the same period last year. Group PBT was 5% lower at \$173.5m compared to \$183.3m and Net profit was flat at \$168.5m compared to the same period the year before.

At the business sector level, revenue for the Aerospace sector rose 9% to \$740m from \$680m. Its PBT was up 10% to \$94.5m from \$85.8m in the same period last year and Net Profit at \$86.4m, was 14% higher from the year before. For the Electronics sector, revenue of \$468m was 9% down from \$517m, its PBT and Net Profit of \$63.0m and \$55.7m were comparable to \$64.2m and \$54.6m respectively in the same period last year. Revenue for the Land Systems sector at \$338m was 21% lower than \$426m; its PBT was down 9% to \$24.4m from \$26.8m a year ago in the same period. Despite this, Net Profit was 57% higher at \$42.6m compared to a year ago, mainly due to tax reform effects in the US. The Marine sector posted revenue of \$131m, down 22% from \$168m. Its PBT was

\$0.4m, down 97% from \$12.6m a year ago in the same period and Net Profit was 95% lower year-on-year at \$0.7m.

In 2017, commercial sales and defence sales constituted 65% or \$4.3b, and 35% or \$2.3b respectively of Group revenue. The spread of Group revenue in FY2017 by business sector was 38% from the Aerospace sector, 32% from the Electronics sector, 19% from the Land Systems sector and 10% from the Marine sector, with the remainder under “Others”.

As at 31 December 2017, cash and cash equivalents including funds under management totalled \$1.3b.

“In FY2017, profits were higher than and revenue was comparable to FY2016. We started 2018 with a strong order book of \$13.2b, providing us with steady revenue pipeline for the next few years.

We will continue to strengthen our core businesses, drawing upon the strengths of each sector to offer innovative technologies in the areas of defence and smart city solutions (including, among others, cybersecurity, public security services, urban transportation and robotics) to our customers around the world. We expect that our performance will strengthen over the next few years. Growth will come from the Aerospace sector as its A330 and A320 passenger-to-freighter conversion programmes gain momentum, and from the more expansive smart city offerings emanating from the Electronics and Land Systems sectors in Singapore and overseas. Industry conditions for the Marine sector are likely to remain weak in 2018, but we will continue to focus on strengthening our operational efficiency,” said Vincent Chong, President & CEO, ST Engineering.

Dividend payout and dividend yield

The Board of Directors proposes a Final Dividend of 10.0 cents per share. Together with the Interim Dividend of 5.0 cents per share distributed in August 2017, shareholders will receive a total dividend of 15.0 cents per share for FY2017. This translates to a dividend yield of 4.6%, computed using the average closing share price of the last trading day of 2017 and 2016.

Order book and 2017 new wins

The Group ended the year with an Order book of \$13.2b, about 14% higher than the year before. About \$3.8b of the Order book is expected to be delivered in 2018. Announced contract value for 2017 amounted to about \$5.1b, comprising about \$2.8b for the Aerospace sector, and about \$2.3b for the Electronics sector. Both the Land Systems and Marine sectors also secured new contracts, including the new generation armoured fighting vehicles and new builds for a Passenger Ferry, an ATB Tug and America's first offshore Liquefied Natural Gas Articulated Tug and Barge unit.

ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 22,000 people across offices in Asia, the Americas, Europe and the Middle East, serving customers in more than 100 countries. Its employees bring innovation and technology together to create smart engineering solutions for customers in the defence, government and commercial segments. Headquartered in Singapore, ST Engineering reported revenue of S\$6.62b in FY2017 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore and the SGX Sustainability Leaders Index. Please visit www.stengg.com for more information.

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017
1 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP		
	FY2017	FY2016	+ / (-)
	\$'000	\$'000	%
Revenue	6,619,491	6,683,737	(1.0)
Cost of sales	(5,296,209)	(5,378,469)	(1.5)
Gross profit	1,323,282	1,305,268	1.4
Distribution and selling expenses (refer to para 1.6)	(169,488)	(182,322)	(7.0)
Administrative expenses	(474,045)	(476,252)	(0.5)
Other operating expenses (refer to para 1.7)	(126,404)	(175,611)	(28.0)
Profit from operations	553,345	471,083	17.5
Other income	39,944	67,815	(41.1)
Other expenses	(1,278)	(15)	NM
Other income, net (refer to para 1.8)	38,666	67,800	(43.0)
Finance income	38,222	33,691	13.4
Finance costs	(56,271)	(45,707)	23.1
Finance costs, net	(18,049)	(12,016)	50.2
Share of results of associates and joint ventures, net of tax	49,332	63,766	(22.6)
Profit before taxation	623,294	590,633	5.5
Taxation	(87,867)	(97,770)	(10.1)
Profit for the year	535,427	492,863	8.6
Attributable to:			
Shareholders of the Company	511,882	484,514	5.6
Non-controlling interests	23,545	8,349	182.0
	535,427	492,863	8.6

NM: *Not Meaningful*

1(a) BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT

	GROUP		
	FY2017 \$'000	FY2016 \$'000	+ / (-) %
1.1 Profit from operations is arrived at after charging the following:			
Depreciation and amortisation	216,959	247,321	(12.3)
The lower depreciation and amortisation in FY2017 came mainly from Aerospace and Land Systems sectors and Miltope Corporation ("Miltope"), partially offset by higher depreciation and amortisation from Electronics and Marine sectors.			
Allowance for doubtful debts & bad debts written off, net	16,432	20,420	(19.5)
The lower allowance for doubtful debts in FY2017 was due mainly from absence of prior year's impairment of overdue receivables for Land Systems sector's China subsidiaries, partially offset by higher bad debts written off for Marine sector in FY2017.			
Allowance for inventory obsolescence, net	35,012	54,864	(36.2)
The lower allowance for inventory obsolescence in FY2017 arose mainly from Aerospace sector.			
1.2 Finance costs, net comprises:			
Interest income	24,190	27,342	(11.5)
Foreign exchange gain/(loss), net	12,025	(1,503)	NM
Fair value changes of financial instruments / hedged items	(13,166)	2,500	NM
Gain on disposal of investments, net	540	3,672	(85.3)
Impairment loss on investment	(447)	(1,579)	(71.7)
Interest expenses	(41,198)	(42,441)	(2.9)
Others	7	(7)	NM
	<u>(18,049)</u>	<u>(12,016)</u>	50.2
NM: <i>Not Meaningful</i>			
1.3 Profit for the year as a percentage of revenue	8.1%	7.4%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the year	22.9%	22.2%	
1.5 The Group's tax charge in FY2017 included adjustments for overprovision of both current tax of \$8.9 million and deferred tax of \$31.3 million in respect of prior years, including \$20.3 million from effect of changes in tax rates. (FY2016: Adjustments for overprovision of both current tax and deferred tax of \$18.4 million and \$14.3 million respectively.)			
1.6 Lower distribution and selling expenses in FY2017 (by \$12.8 million) arose mainly from the absence of prior year's impairment of overdue receivables for Land Systems sector's China subsidiaries.			
1.7 Lower other operating expenses in FY2017 (by \$49.2 million) was due mainly to the absence of prior year's impairment of China subsidiaries' assets and related provision for closure costs.			
1.8 The lower FY2017 other income (by \$29.1 million) arose mainly from lower government grants and absence of gain on divestment of a subsidiary in Land Systems sector.			
1.9 There was no disposal of property during the year.			

1(b) BREAKDOWN OF REVENUE AND PROFIT FOR THE YEAR

	GROUP		
	2017 \$'000	2016 \$'000	+ / (-) %
Revenue reported for first half year	3,295,383	3,250,407	1.4
Profit for the period reported for first half year	229,641	243,755	(5.8)
Revenue reported for second half year	3,324,108	3,433,330	(3.2)
Profit for the period reported for second half year	305,786	249,108	22.8

1(c) EARNINGS PER ORDINARY SHARE ("EPS")

	GROUP	
	FY2017	FY2016
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	16.43	15.60
(ii) On a fully diluted basis	16.35	15.60

2 BALANCE SHEETS

	GROUP		COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,719,396	1,670,132	9,661	3,251
Subsidiaries	-	-	1,277,232	1,277,609
Associates and joint ventures	448,387	405,530	17,657	17,657
Investments	360,346	322,051	-	-
Intangible assets	1,087,412	1,019,585	-	-
Long-term trade receivables	1,052	1,894	-	-
Deferred tax assets	74,047	92,528	2,200	4,813
Amounts due from related parties	4,806	4,806	344,514	507,257
Advances and other receivables	20,406	2,534	-	-
Derivative financial instruments	33,082	32,967	-	-
Employee benefits	243	151	-	-
	3,749,177	3,552,178	1,651,264	1,810,587
Current assets				
Inventories and work-in-progress	1,764,320	1,898,278	-	-
Trade receivables	1,645,824	1,457,982	-	-
Amounts due from related parties	28,271	24,618	388,894	199,634
Advances and other receivables	286,419	338,217	12,923	2,084
Short-term investments	357	188,890	-	-
Bank balances and other liquid funds	999,003	904,890	596,494	588,862
	4,724,194	4,812,875	998,311	790,580
TOTAL ASSETS	8,473,371	8,365,053	2,649,575	2,601,167
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers	822,958	932,515	-	-
Trade payables and accruals	1,612,509	1,722,488	21,019	24,148
Amounts due to related parties	104,042	28,449	545,066	504,827
Provisions	235,240	274,662	-	-
Progress billings in excess of work-in-progress	762,483	620,331	-	-
Provision for taxation	138,730	133,227	1,000	-
Borrowings	221,642	87,427	-	-
Deferred Income	630	-	-	-
Employee benefits	2,491	1,916	-	-
	3,900,725	3,801,015	567,085	528,975
NET CURRENT ASSETS	823,469	1,011,860	431,226	261,605

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers	641,262	590,828	-	-
Trade payables and accruals	122,978	137,763	7,608	8,997
Deferred tax liabilities	205,200	216,592	-	-
Borrowings	894,422	992,848	-	-
Deferred income	69,156	77,159	-	-
Employee benefits	102,669	85,200	-	-
Derivative financial instruments	15,553	19,435	-	-
Amounts due to related parties	17	17	667,594	676,417
	2,051,257	2,119,842	675,202	685,414
TOTAL LIABILITIES	5,951,982	5,920,857	1,242,287	1,214,389
NET ASSETS	2,521,389	2,444,196	1,407,288	1,386,778
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(22,870)	(44,081)	(22,870)	(44,081)
Capital reserves	119,782	113,184	3,807	(2,791)
Other reserves	(67,468)	(56,653)	61,151	65,231
Retained earnings	1,314,610	1,273,886	469,274	472,493
	2,239,980	2,182,262	1,407,288	1,386,778
Non-controlling interests	281,409	261,934	-	-
	2,521,389	2,444,196	1,407,288	1,386,778
TOTAL EQUITY AND LIABILITIES	8,473,371	8,365,053	2,649,575	2,601,167

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2016, the increase in the Group's total assets arose mainly from several acquisitions made during the year and increase in intangible assets from on-going development efforts. The acquisitions included a new subsidiary, Aethon, Inc. ("Aethon"), a 51% interest in SP Telecommunications Pte Ltd ("SP Tel"), which was accounted as a joint venture, and marine repair assets in the US. The increase in total liabilities was mainly attributable to the increase in borrowings to fund the acquisition of Aethon and the purchase of property, plant and equipment.

2(b) GROUP BORROWINGS

	As at 31-Dec-17 \$'000	As at 31-Dec-16 \$'000
<u>Amount repayable within one year</u>		
Secured	33,460	29,611
Unsecured	188,182	57,816
	<u>221,642</u>	<u>87,427</u>
<u>Amount repayable after one year</u>		
Secured	46,779	75,960
Unsecured	847,643	916,888
	<u>894,422</u>	<u>992,848</u>
 Total	 <u>1,116,064</u>	 <u>1,080,275</u>

2(c) NET ASSET VALUE

	GROUP	
	FY2017	FY2016
	Cents	Cents
Net asset value per ordinary share at end of the financial year	71.89	70.20

	COMPANY	
	FY2017	FY2016
	Cents	Cents
Net asset value per ordinary share at end of the financial year	45.17	44.61

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP	
	FY2017	FY2016
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	623,294	590,633
Adjustments:		
Share of results of associates and joint ventures, net of tax	(49,332)	(63,766)
Share-based payment expense	14,561	9,535
Depreciation charge	183,616	195,678
Property, plant and equipment written off	431	709
Amortisation of other intangible assets	33,343	51,643
Other intangible assets written off	-	54
Gain on disposal of property, plant and equipment	(241)	(903)
Gain on disposal of investments, net	(540)	(3,672)
Remeasurement gain on fair value of pre-existing interest in an acquiree	-	(1,364)
Loss/(gain) on disposal of an associate	1	(731)
Gain on disposal of subsidiaries	-	(11,796)
Loss on disposal of a subsidiary	1,277	15
Bargain purchase arising from business combination	-	(1,333)
Changes in fair value of financial instruments and hedged items	13,166	(2,500)
Changes in fair value of financial instruments held for trading	-	11
Interest expense	41,198	42,441
Interest income	(24,190)	(27,342)
Impairment of property, plant and equipment	63	30,837
Impairment of goodwill and other intangible assets	11	9,322
Impairment of investments	447	1,579
Dividends from investments	(7)	(4)
Amortisation of deferred income	(61)	-
Operating profit before working capital changes	<u>837,037</u>	<u>819,046</u>
Changes in:		
Inventories and work-in-progress	116,497	75,264
Progress billings in excess of work-in-progress	143,749	50,477
Trade receivables	(210,959)	(106,021)
Advance payments to suppliers	42,042	(15,694)
Other receivables, deposits and prepayments	1,733	(3,902)
Amount due from holding company and related corporations balances	(9,286)	15,502
Amount due to holding company and related corporations balances	230	(7,248)
Amount due from associates	9,077	22,005
Amount due from joint ventures	55,063	15,966
Trade payables	(84,678)	19,074
Advance payments from customers	(50,025)	(67,602)
Other payables, accruals and provisions	(15,329)	(3,943)
Deferred income	(7,942)	(6,378)
Foreign currency translation of foreign operations	1,171	(912)
Cash generated from operations	<u>828,380</u>	<u>805,634</u>
Interest received	26,948	29,886
Income tax paid	<u>(91,666)</u>	<u>(76,715)</u>
Net cash from operating activities	<u>763,662</u>	<u>758,805</u>

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

	GROUP	
	FY2017	FY2016
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,994	3,760
Proceeds from disposal of an associate	-	731
Proceeds from sale and maturity of investments	315,838	224,093
Dividends from associates and joint ventures	81,029	44,736
Dividends from investments	7	4
Purchase of property, plant and equipment	(272,561)	(250,922)
Purchase of investments	(171,433)	(216,297)
Investment in associates and joint ventures	(85,784)	(35,162)
Additions to other intangible assets	(73,271)	(76,823)
Acquisition of controlling interests in subsidiaries, net of cash acquired	(50,005)	9,127
Disposal of subsidiaries, net of cash disposed	8,324	29,526
Net cash used in investing activities	(245,862)	(267,227)
Cash flows from financing activities		
Proceeds from bank loans	171,412	199,478
Proceeds from loan from non-controlling interests of a subsidiary	5,152	-
Proceeds from a loan from a joint venture	36,463	2,000
Repayment of bank loans	(65,702)	(222,611)
Repayment of other loans	(137)	(161)
Repayment of lease obligations	(784)	(972)
Repayment of loan to a joint venture	(19,607)	(7,000)
Proceeds from share options exercised with issuance of treasury shares	24,916	9,392
Purchase of treasury shares	(15,748)	(3,137)
Capital contribution from non-controlling interests of subsidiaries	397	448
Return of capital to non-controlling interests of a subsidiary	(43)	(1,178)
Acquisition of non-controlling interests in a subsidiary	(223)	(167)
Dividends paid to shareholders of the Company	(467,641)	(465,930)
Dividends paid to non-controlling interests	(16,010)	(10,638)
Interest paid	(41,824)	(40,885)
Deposit (pledged)/discharged	(131)	6,117
Net cash used in financing activities	(389,510)	(535,244)
Net increase/(decrease) in cash and cash equivalents	128,290	(43,666)
Cash and cash equivalents at beginning of the year	903,632	944,119
Exchange difference on cash and cash equivalents at beginning of the year	(34,308)	3,179
Cash and cash equivalents at end of the year	997,614	903,632

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the year with cash and cash equivalents (“CCE”) of \$998 million, \$94 million higher than FY2016. The Group generated net cash of \$764 million from its operating activities compared to \$759 million in FY2016. The increase in net cash from operating activities was due to improved profits, partially offset by an increase in income tax paid.

Net cash used in investing activities of \$246 million in FY2017 was primarily for investment in SP Tel (\$55 million), acquisition of Aethon (\$50 million) and investment in property, plant and equipment by Aerospace (\$123 million), Electronics (\$60 million), Land Systems (\$30 million) and Marine (\$44 million) sectors, partially offset by net proceeds from sale of investments (\$144 million).

Net cash used in financing activities of \$390 million in FY2017 was mainly attributable to the payment of both the FY2016 final dividend and FY2017 interim dividend (\$468 million), partially offset by higher loans drawdown (\$106 million).

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the Singapore Financial Reporting Standards (FRS).

	GROUP		
	FY2017	FY2016	+ / (-)
	\$'000	\$'000	%
Profit for the year	535,427	492,863	8.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan remeasurements	(6,109)	(5,964)	2.4
Items that are or may be reclassified subsequently to profit or loss			
Net fair value changes on available-for-sale financial assets	8,670	1,089	>500
Net fair value changes on cash flow hedges	56,112	4,124	>500
Share of net fair value changes on cash flow hedges of joint ventures	(127)	-	NM
Reclassification of cash flow hedge reserve arising from disposal of an associate	-	11,368	(100.0)
Foreign currency translation differences	(47,327)	(2,937)	>500
Share of foreign currency translation differences of associates and joint ventures	(11,102)	(2,809)	295.2
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	2,161	9,446	(77.1)
Other comprehensive income for the year, net of tax	2,278	14,317	(84.1)
Total comprehensive income for the year, net of tax	537,705	507,180	6.0
Total comprehensive income attributable to:			
Shareholders of the Company	502,229	501,379	0.2
Non-controlling interests	35,476	5,801	>500
	537,705	507,180	6.0

NM: *Not Meaningful*

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1.1.2016	895,926	(66,870)	113,277	(65,495)	1,255,214	2,132,052	128,875	2,260,927
Total comprehensive income for the year								
Profit for the year	-	-	-	-	484,514	484,514	8,349	492,863
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	1,089	-	1,089	-	1,089
Net fair value changes on cash flow hedges	-	-	-	572	-	572	3,552	4,124
Reclassification of cash flow hedge reserve arising from disposal of an associate	-	-	-	11,368	-	11,368	-	11,368
Foreign currency translation differences	-	-	-	467	-	467	(3,404)	(2,937)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(2,809)	-	(2,809)	-	(2,809)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	9,446	-	9,446	-	9,446
Defined benefit plan remeasurements	-	-	-	-	(3,268)	(3,268)	(2,696)	(5,964)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	20,133	(3,268)	16,865	(2,548)	14,317
Total comprehensive income for the year, net of tax	-	-	-	20,133	481,246	501,379	5,801	507,180
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Capital contribution by non-controlling interests	-	-	-	-	-	-	448	448
Return of capital to non-controlling interests	-	-	-	-	-	-	(1,178)	(1,178)
Cost of share-based payment	-	-	-	9,515	-	9,515	20	9,535
Purchase of treasury shares	-	(3,137)	-	-	-	(3,137)	-	(3,137)
Treasury shares reissued pursuant to share plans	-	25,926	282	(16,719)	-	9,489	(97)	9,392
Dividends paid	-	-	-	-	(465,930)	(465,930)	-	(465,930)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(10,638)	(10,638)
<i>Total contributions by and distributions to owners of the Company</i>	-	22,789	282	(7,204)	(465,930)	(450,063)	(11,445)	(461,508)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(731)	-	(731)	564	(167)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	154,816	154,816
Disposal of subsidiary	-	-	(375)	(3,474)	3,474	(375)	(16,677)	(17,052)
Total transactions with owners of the Company	-	22,789	(93)	(11,409)	(462,456)	(451,169)	127,258	(323,911)
Transfer from retained earnings to statutory reserve	-	-	-	118	(118)	-	-	-
At 31.12.2016	895,926	(44,081)	113,184	(56,653)	1,273,886	2,182,262	261,934	2,444,196

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

Group	Share capital \$'000	Treasury Shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.1.2017	895,926	(44,081)	113,184	(56,653)	1,273,886	2,182,262	261,934	2,444,196
Total comprehensive income for the year								
Profit for the year	-	-	-	-	511,882	511,882	23,545	535,427
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	8,670	-	8,670	-	8,670
Net fair value changes on cash flow hedges	-	-	-	42,119	-	42,119	13,993	56,112
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	(127)	-	(127)	-	(127)
Foreign currency translation differences	-	-	-	(47,930)	-	(47,930)	603	(47,327)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(11,102)	-	(11,102)	-	(11,102)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	2,144	-	2,144	17	2,161
Defined benefit plan remeasurements	-	-	-	-	(3,427)	(3,427)	(2,682)	(6,109)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	(6,226)	(3,427)	(9,653)	11,931	2,278
Total comprehensive income for the year, net of tax	-	-	-	(6,226)	508,455	502,229	35,476	537,705
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Capital contribution by non-controlling interests	-	-	-	-	-	-	397	397
Return of capital to non-controlling interests	-	-	-	-	-	-	(43)	(43)
Cost of share-based payment	-	-	-	14,509	-	14,509	52	14,561
Purchase of treasury shares	-	(15,748)	-	-	-	(15,748)	-	(15,748)
Treasury shares reissued pursuant to share plans	-	36,959	6,598	(18,599)	-	24,958	(42)	24,916
Dividends paid	-	-	-	-	(467,641)	(467,641)	-	(467,641)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16,615)	(16,615)
<i>Total contributions by and distributions to owners of the Company</i>	-	21,211	6,598	(4,090)	(467,641)	(443,922)	(16,251)	(460,173)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(589)	-	(589)	250	(339)
Total transactions with owners of the Company	-	21,211	6,598	(4,679)	(467,641)	(444,511)	(16,001)	(460,512)
Transfer from retained earnings to statutory reserve	-	-	-	90	(90)	-	-	-
At 31.12.2017	895,926	(22,870)	119,782	(67,468)	1,314,610	2,239,980	281,409	2,521,389

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.1.2016	895,926	(66,870)	(3,073)	72,512	551,751	1,450,246
Total comprehensive income for the year						
Profit for the year	-	-	-	-	386,672	386,672
Total comprehensive income for the year	-	-	-	-	386,672	386,672
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	9,535	-	9,535
Purchase of treasury shares	-	(3,137)	-	-	-	(3,137)
Treasury shares reissued pursuant to share plans	-	25,926	282	(16,816)	-	9,392
Dividends paid	-	-	-	-	(465,930)	(465,930)
<i>Total contributions by and distributions to owners of the Company</i>	-	22,789	282	(7,281)	(465,930)	(450,140)
At 31.12.2016	895,926	(44,081)	(2,791)	65,231	472,493	1,386,778
At 1.1.2017	895,926	(44,081)	(2,791)	65,231	472,493	1,386,778
Total comprehensive income for the year						
Profit for the year	-	-	-	-	464,422	464,422
Total comprehensive income for the year	-	-	-	-	464,422	464,422
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	14,561	-	14,561
Purchase of treasury shares	-	(15,748)	-	-	-	(15,748)
Treasury shares reissued pursuant to share plans	-	36,959	6,598	(18,641)	-	24,916
Dividends paid	-	-	-	-	(467,641)	(467,641)
<i>Total contributions by and distributions to owners of the Company</i>	-	21,211	6,598	(4,080)	(467,641)	(443,912)
At 31.12.2017	895,926	(22,870)	3,807	61,151	469,274	1,407,288

5(a) CHANGES IN COMPANY'S SHARE CAPITAL
Issued and paid up capital

As at 31 December 2017, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2016: 3,122,495,197 ordinary shares) of which 6,772,773 were held by the Company as treasury shares (31 December 2016: 13,888,757).

	Number of Shares
	FY2017/4Q2017
As at beginning and end of the year/quarter (including treasury shares)	3,122,495,197
As at end of the year/quarter (excluding treasury shares)	3,115,722,424
As at 31 December 2016 (excluding treasury shares)	3,108,606,440

Singapore Technologies Engineering Share Option Plan (ESOP)

As at 31 December 2017, there was no outstanding balance of unexercised options of unissued ordinary shares under the terminated ESOP (31 December 2016: 10,051,479). All options have expired as of December 2017.

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 31 December 2017, the total number of contingent shares granted conditionally but not released was 5,007,919 (31 December 2016: 4,842,471). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,513,462 (31 December 2016: 8,232,200) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 31 December 2017, the total number of contingent shares granted conditionally but not released was 4,764,480 (31 December 2016: 5,683,298). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,107,340 (31 December 2016: 8,282,078) ordinary shares.

As at 31 December 2017, the total number of unvested awards was 5,647,978 (31 December 2016: 5,043,749) ordinary shares of the Company.

5(a) **CHANGES IN COMPANY'S SHARE CAPITAL** (cont'd)

Treasury Shares

During the year, the Company purchased 4,500,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (31 December 2016: 1,088,900).

During the year, 11,615,984 treasury shares were utilised pursuant to the ESOP and RSP 2010 (31 December 2016: 8,167,111).

As at 31 December 2017, the number of treasury shares held by the Company represented 0.22% (31 December 2016: 0.45%) of the total number of issued shares (excluding treasury shares).

<u>Group and Company</u>	<u>Number of Shares for the Year ended 31.12.2017</u>	<u>Number of Shares for the Quarter ended 31.12.2017</u>
As at beginning of the year/quarter	13,888,757	5,929,540
Purchase of treasury shares	4,500,000	1,136,500
Treasury shares transferred on exercise of share options	(7,323,524)	-
Treasury shares transferred on vesting of RSP 2010	(4,292,460)	(293,267)
As at end of the year/quarter	6,772,773	6,772,773

6 **AUDIT**

The figures have been audited by the Company's auditors.

7 **AUDITORS' REPORT**

See attached auditors' report.

8 **ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2017. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

There are no changes to the accounting policies.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

FY2017 vs FY2016

\$m	FY2017	FY2016 Restated*	Increase/(Decrease)	
Aerospace	2,535	2,484	51	2%
Electronics	2,108	1,885	223	12%
Land Systems	1,244	1,390	(146)	(11%)
Marine	637	841	(204)	(24%)
Others	95	84	11	13%
Total	6,619	6,684	(65)	(1%)

Group's revenue of \$6,619 million for FY2017 was comparable to that of FY2016. Land Systems and Marine sectors reported lower revenue, while Electronics sector and "Others" contributed higher revenue. Aerospace sector reported comparable revenue.

Aerospace sector's revenue in FY2017 of \$2,535 million was comparable to that achieved in FY2016. **Component/Engine Repair and Overhaul** and **Engineering & Materials Services** business groups generated higher revenue, partially offset by decreased revenue from **Aircraft Maintenance & Modification** business group.

In FY2017, Electronics sector achieved a record revenue of \$2,108 million, 12% or \$223 million higher than that of FY2016 arising from higher project revenue recognition from all three business groups and increased sales of satellite communication products for **Communication & Sensor Systems Group**.

Land Systems sector's revenue of \$1,244 million was 11% or \$146 million lower than FY2016, driven by decreased revenue from **Automotive** and **Munitions & Weapon Services, Trading and Others** business group reported comparable revenue.

Revenue of Marine sector in FY2017 of \$637 million was 24% or \$204 million lower than FY2016 with decreases from all three business groups.

Higher revenue under "Others" was due mainly to improved contribution from Miltope.

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative FY2016 figures in the income statement and segmental information were restated.

10 REVIEW OF GROUP PERFORMANCE (cont'd)
10(b) Profitability
FY2017 vs FY2016

\$m	FY2017	FY2016 Restated*	Increase/(Decrease)	
Aerospace	317.8	300.3	17.5	6%
Electronics	212.3	207.8	4.5	2%
Land Systems	85.0	38.8	46.2	119%
Marine	22.4	75.1	(52.7)	(70%)
Others	(14.2)	(31.4)	17.2	NM
Total	623.3	590.6	32.7	6%

Group's profit before tax (PBT) for FY2017 of \$623.3 million was higher than that achieved for FY2016 by 6% or \$32.7m. Higher PBT for Aerospace and Land Systems sectors and lower losses incurred by "Others" were partially offset by lower PBT from Marine sector. Electronics sector reported comparable PBT.

In FY2017, Aerospace sector contributed PBT of \$317.8 million, 6% or \$17.5m higher than that of FY2016. The improved PBT was mainly attributable to higher gross profit from higher revenue and favourable sales mix, and lower operating expenses partially offset by lower other income and higher finance costs.

Electronics sector generated PBT of \$212.3 million in FY2017, comparable to FY2016. Notwithstanding the higher revenue recognised, the sector reported comparable PBT due mainly to less favourable sales mix, higher operating expenses and lower other income.

Land Systems sector's FY2017 PBT of \$85.0 million was 119% or \$46.2 million higher than that achieved in FY2016, due mainly to the absence of prior year's impairment of asset carrying values and the provision of closure costs for its subsidiaries in China.

Marine sector's PBT of \$22.4 million in FY2017 was 70% or \$52.7m lower than FY2016, due mainly to weak industry conditions and its US operations.

"Others" have incurred lower losses in FY2017 due mainly to improved performance from Miltope.

NM: *Not Meaningful*

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative FY2016 figures in the income statement and segmental information were restated.

11 VARIANCE FROM PROSPECTS STATEMENT

In the Prospects Statement for the 3Q2017 results announced in November 2017; the Group forecasted PBT for FY2017 to be comparable to FY2016. The Group is pleased to report that PBT for FY2017 is higher than that achieved for FY2016, due mainly to lower operating expenses than what was forecasted.

12 PROSPECTS**Group**

The Group started 2018 with a strong order book of \$13.2b, providing it with steady revenue pipeline for the next few years.

The Group will continue to strengthen its core businesses, drawing upon the strengths of each sector to offer innovative technologies in the areas of defence and smart city solutions (including, among others, cybersecurity, public security services, urban transportation and robotics) to its customers around the world. Over the next few years, growth is expected to come from the Aerospace sector as its A330 and A320 passenger-to-freighter conversion programmes gain momentum, and from the more expansive smart city offerings emanating from the Electronics and Land Systems sectors in Singapore and overseas. Industry conditions for the Marine sector are likely to remain weak in 2018, but the Group will continue to focus on strengthening its operational efficiency.

This release may contain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions and beliefs about future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes, as well as natural disasters which may negatively impact business activities of the ST Engineering group. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

13 DIVIDENDS

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2017. Together with the interim dividend of 5.0 cents per share paid on 29 August 2017, the total dividend for the year ended 31 December 2017 will be 15.0 cents per share and amounts to \$468.2 million. The recommended dividends take into consideration the Group's FY2017 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$156.0m	\$312.2m	\$468.2m

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim Ordinary tax exempt (one-tier)	Final Ordinary tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	10.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$155.4m	\$311.7m	\$467.1m

(c) Books Closure and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 27 April 2018 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road#05-01 Singapore 068902 up to 5.00 p.m. on 26 April 2018 will be registered to determine members' entitlements to the proposed dividend, subject to approval of members to the proposed dividend at the Annual General Meeting to be convened on 20 April 2018. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 26 April 2018 will be entitled to the proposed dividend. The proposed dividend, if so approved by members, will be paid on 8 May 2018.

14 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	FY2017						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	2,535,265	2,107,667	1,243,511	637,444	95,604	-	6,619,491
Inter-segment sales	11,990	31,171	19,148	87	6,021	(68,417)	-
	<u>2,547,255</u>	<u>2,138,838</u>	<u>1,262,659</u>	<u>637,531</u>	<u>101,625</u>	<u>(68,417)</u>	<u>6,619,491</u>
Reportable segment profit from operations	270,837	206,773	70,231	14,795	(90,537)	81,246	553,345
Other income	13,793	14,911	11,230	7,122	545,228	(552,340)	39,944
Other expenses	(5,261)	(66)	(1,766)	(109)	(1)	5,925	(1,278)
Finance income	8,061	1,778	935	2,690	133,759	(109,001)	38,222
Finance costs	(10,801)	(8,771)	(6,820)	(3,196)	(110,459)	83,776	(56,271)
Share of results of associates and joint ventures, net of tax	41,171	(2,282)	11,229	1,106	-	(1,892)	49,332
Profit before taxation	317,800	212,343	85,039	22,408	477,990	(492,286)	623,294
Taxation	(51,525)	(33,477)	3,677	4,641	(6,465)	(4,718)	(87,867)
Non-controlling interests	(22,172)	(77)	(1,296)	-	-	-	(23,545)
Profit attributable to shareholders	<u>244,103</u>	<u>178,789</u>	<u>87,420</u>	<u>27,049</u>	<u>471,525</u>	<u>(497,004)</u>	<u>511,882</u>
Other assets	2,912,667	2,185,630	1,560,510	935,769	4,941,982	(4,511,574)	8,024,984
Associates and joint ventures	248,168	54,523	108,233	10,493	25,520	1,450	448,387
Segment assets	<u>3,160,835</u>	<u>2,240,153</u>	<u>1,668,743</u>	<u>946,262</u>	<u>4,967,502</u>	<u>(4,510,124)</u>	<u>8,473,371</u>
Segment liabilities	<u>2,195,746</u>	<u>1,931,636</u>	<u>1,344,733</u>	<u>827,415</u>	<u>2,754,115</u>	<u>(3,101,663)</u>	<u>5,951,982</u>
Capital expenditure	170,519	83,678	33,137	44,176	14,435	-	345,945
Depreciation and amortisation	103,537	47,810	32,503	28,875	4,276	(42)	216,959
Impairment losses	11	-	314	-	196	-	521
Other non-cash expenses	188	141	102	-	-	-	431

14 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

	FY2016						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000 (Restated)*	Marine \$'000	Others \$'000 (Restated)*	Elimination \$'000	
Revenue							
External sales	2,484,337	1,884,733	1,390,071	840,582	84,014	-	6,683,737
Inter-segment sales	8,520	25,768	15,245	578	6,375	(56,486)	-
	<u>2,492,857</u>	<u>1,910,501</u>	<u>1,405,316</u>	<u>841,160</u>	<u>90,389</u>	<u>(56,486)</u>	<u>6,683,737</u>
Reportable segment profit from operations	240,431	191,846	4,119	63,576	(93,380)	64,491	471,083
Other income	22,736	19,400	26,245	7,548	480,858	(488,972)	67,815
Other expenses	(4,339)	(15)	(1,675)	(124)	-	6,138	(15)
Finance income	11,431	4,089	2,372	3,866	45,817	(33,884)	33,691
Finance costs	(12,038)	(7,827)	(7,199)	(596)	(59,767)	41,720	(45,707)
Share of results of associates and joint ventures, net of tax	42,097	305	14,896	851	-	5,617	63,766
Profit before taxation	300,318	207,798	38,758	75,121	373,528	(404,890)	590,633
Taxation	(49,102)	(33,194)	(21,831)	(7,370)	19,488	(5,761)	(97,770)
Non-controlling interests	(16,831)	(58)	8,534	6	-	-	(8,349)
Profit attributable to shareholders	<u>234,385</u>	<u>174,546</u>	<u>25,461</u>	<u>67,757</u>	<u>393,016</u>	<u>(410,651)</u>	<u>484,514</u>
Other assets	2,770,573	2,054,854	1,592,285	967,208	5,011,293	(4,436,690)	7,959,523
Associates and joint ventures	244,263	1,565	126,737	8,666	17,657	6,642	405,530
Segment assets	<u>3,014,836</u>	<u>2,056,419</u>	<u>1,719,022</u>	<u>975,874</u>	<u>5,028,950</u>	<u>(4,430,048)</u>	<u>8,365,053</u>
Segment liabilities	<u>2,030,556</u>	<u>1,783,937</u>	<u>1,471,566</u>	<u>809,473</u>	<u>2,842,261</u>	<u>(3,016,936)</u>	<u>5,920,857</u>
Capital expenditure	200,041	80,070	37,664	10,235	1,193	(25)	329,178
Depreciation and amortisation	112,988	45,536	40,149	28,422	20,268	(42)	247,321
Impairment losses	2,667	8	37,492	-	1,571	-	41,738
Other non-cash expenses	393	56	314	-	-	-	763

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative FY2016 figures in the income statement and segmental information were restated.

14 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Business Activity

	Revenue			Revenue		
	4Q2017	4Q2016	+ / (-)	FY2017	FY2016	+ / (-)
	\$'000	Restated* \$'000	%	\$'000	Restated* \$'000	%
Aerospace	739,711	680,183	8.8	2,535,265	2,484,337	2.0
Electronics	468,200	516,686	(9.4)	2,107,667	1,884,733	11.8
Land Systems	337,813	425,829	(20.7)	1,243,511	1,390,071	(10.5)
Marine	131,216	168,277	(22.0)	637,444	840,582	(24.2)
Others	25,340	29,331	(13.6)	95,604	84,014	13.8
Group	1,702,280	1,820,306	(6.5)	6,619,491	6,683,737	(1.0)

	Profit Before Tax			Profit Before Tax		
	4Q2017	4Q2016	+ / (-)	FY2017	FY2016	+ / (-)
	\$'000	Restated* \$'000	%	\$'000	Restated* \$'000	%
Aerospace	94,501	85,827	10.1	317,800	300,318	5.8
Electronics	62,975	64,175	(1.9)	212,343	207,798	2.2
Land Systems	24,380	26,841	(9.2)	85,039	38,758	119.4
Marine	380	12,563	(97.0)	22,408	75,121	(70.2)
Others	(8,687)	(6,090)	NM	(14,296)	(31,362)	NM
Group	173,549	183,316	(5.3)	623,294	590,633	5.5

	Profit Attributable to Shareholders			Profit Attributable to Shareholders		
	4Q2017	4Q2016	+ / (-)	FY2017	FY2016	+ / (-)
	\$'000	Restated* \$'000	%	\$'000	Restated* \$'000	%
Aerospace	86,415	75,840	13.9	244,103	234,385	4.1
Electronics	55,669	54,614	1.9	178,789	174,546	2.4
Land Systems	42,552	27,076	57.2	87,420	25,461	243.3
Marine	673	13,394	(95.0)	27,049	67,757	(60.1)
Others	(16,819)	(516)	NM	(25,479)	(17,635)	NM
Group	168,490	170,408	(1.1)	511,882	484,514	5.6

NM: *Not Meaningful*

- * Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 4Q2016 and FY2016 figures in the income statement and segmental information were restated.

14 BUSINESS SEGMENTAL INFORMATION (cont'd)
By Geographical Areas

	Revenue			
	FY2017		FY2016	
	\$'000	%	\$'000	%
Asia	4,066,561	61.4	3,951,297	59.1
USA	1,359,722	20.5	1,631,675	24.4
Europe	725,719	11.0	610,188	9.1
Others	467,489	7.1	490,577	7.4
Total	6,619,491	100	6,683,737	100

By Country of Incorporation

	Revenue			
	FY2017		FY2016	
	\$'000	%	\$'000	%
Asia	4,790,828	72.4	4,599,078	68.8
USA	1,219,072	18.4	1,524,481	22.8
Europe	552,621	8.3	494,651	7.4
Others	56,970	0.9	65,527	1.0
Total	6,619,491	100	6,683,737	100

	Non-Current Assets ⁺			
	FY2017		FY2016	
	\$'000	%	\$'000	%
Asia	2,071,813	56.9	2,005,125	58.5
USA	915,986	25.1	867,663	25.3
Europe	559,755	15.4	457,397	13.4
Others	94,251	2.6	96,347	2.8
Total	3,641,805	100	3,426,532	100

⁺ Non-current assets for the purpose of FRS 108 *Operating Segments* excludes derivative financial instruments, employee benefits and deferred tax assets.

15 ECONOMIC VALUE ADDED (EVA)

EVA for FY2017 was \$321.6 million, an increase of 27% or \$69.2 million over FY2016. The weighted average cost of capital for 2017 was 5.7% (2016: 5.6%).

16 INTERESTED PERSON TRANSACTIONS (unaudited)

	Aggregate value of all transactions excluding transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	FY2017	FY2016	FY2017	FY2016
	\$'000	\$'000	\$'000	\$'000
Transactions for the Sale of Goods and Services				
CapitaLand Limited and its Associates	-	-	-	157
SembCorp Industries Ltd and its Associates	-	-	2,548	5,394
SembCorp Marine Ltd and its Associates	-	-	-	746
SATS Ltd. and its Associates	-	-	857	191
StarHub Ltd and its Associates	-	-	-	5,915
Singapore Airlines Limited and its Associates	-	-	222	1,528
SIA Engineering Company Limited and its Associates	-	-	102	-
Singapore Telecommunications Limited and its Associates	-	-	414	2,693
Temasek Holdings (Private) Limited and its Associates (non-listed)	-	-	23,262	8,040
	-	-	27,405	24,664
Transactions for the Purchase of Goods and Services				
SATS Ltd. and its Associates	-	-	3,353	2,345
SembCorp Industries Ltd and its Associates	-	-	-	260
Singapore Telecommunications Limited and its Associates	-	-	3,268	4,006
StarHub Ltd and its Associates	-	-	1,114	1,700
Mapletree Industrial Trust	-	-	1,068	1,068
Temasek Holdings (Private) Limited and its Associates (non-listed)	55,326	-	9,905	10,190
	55,326	-	18,708	19,569
Total Interested Person Transactions	55,326	-	46,113	44,233

17 CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

18 **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2017, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN
Company Secretaries
23 February 2018

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