

News Release

ST Engineering Reports Lower Profits in 3Q2016 vs 3Q2015

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2016						
	2016 3Q	2015 3Q	Growth %	2016 9M	2015 9M	Growth %
Revenue (\$m)	1,613	1,500	8	4,863	4,556	7
Earnings before interest and tax (EBIT) (\$m)	82.0	120.5	(32)	316.3	381.0	(17)
Other income, net (\$m)	10.7	6.8	58	57.4	32.9	74
Finance income/(costs), net (\$m)	0.6	12.0	(95)	(14.8)	(9.1)	(263)
Profit before tax (PBT) (\$m)	106.6	154.7	(31)	407.3	463.7	(12)
Profit attributable to shareholders (\$m)	76.7	133.3	(42)	314.1	388.2	(19)
Earnings per share (cents)	2.47	4.29	(42)	10.12	12.48	(19)

- Commercial sales constituted 63% or \$1.0 billion of 3Q2016 revenue
- Order book of \$11.4 billion at end September 2016, of which about \$1.4 billion is expected to be delivered in the remaining months of 2016
- Cash and cash equivalents including funds under management totalled \$1.3 billion
- Advance payments from customers totalled \$1.5 billion
- One-off charge of \$61.1m, net of non-controlling interests, for impairment of JHK's assets and provision for closure costs

N.B.: All currencies are in Singapore dollars

Singapore, 10 November 2016 – Singapore Technologies Engineering Ltd (ST Engineering) today announced financial results for its third quarter ended 30 September 2016 (3Q2016). Group revenue for 3Q2016 at \$1.6b was 8% higher when compared with \$1.5b for the same period in 2015. Profit before tax (PBT) of \$106.6m was 31% lower compared with \$154.7m, and Profit attributable to shareholders (Net Profit) of \$76.7m was 42% lower against \$133.3m for the same period last year.

3Q2016 versus 3Q2015

The Aerospace sector posted higher quarterly revenue of \$563m, up 11% year-on-year from \$506m, and PBT of \$65.2m was comparable to the same quarter last year. Quarterly revenue for the Electronics sector was \$466m, up 9% year-on-year from \$429m, and its PBT of \$52.8m was 7% higher compared with \$49.3m for the same quarter last year. Compared with the same quarter the year before, the Land Systems sector posted comparable year-on-year revenue of \$334m. However, it reported a net loss before tax of \$41.4m, as a result of a \$61.1m one-off charge consisting of an impairment of asset carrying values and provision for closure costs for JHK, its road construction equipment business in China. At the Marine sector, while revenue of \$211m was comparable to the same quarter last year, its PBT of \$38.7m was 143% higher than \$15.9m a year ago as all its business groups reported better performance.

For 3Q2016, commercial sales contributed 63% or \$1b of Group revenue. Cash and cash equivalents including funds under management was \$1.3b after the payment of an interim dividend of \$155m in September 2016.

9M2016 versus 9M2015

Group revenue for 9M2016 grew 7% at \$4.86b compared to \$4.56b for the same nine-month period last year. Group PBT at \$407.3m was 12% lower from \$463.7m a year ago, and Net Profit of \$314.1m was 19% lower when compared with \$388.2m for the same period in 2015.

For the nine-month period, the Aerospace sector posted higher revenue of \$1.8b, up 19% compared with \$1.51b a year ago, and comparable PBT of \$214.5m against the same period last year. The Electronics sector's revenue of \$1.37b was 14% higher when compared with \$1.20b a year ago, and its PBT of \$143.6m was 10% higher compared with \$130.8m a year ago. The Land Systems sector's revenue at \$901m was 8% lower year-on-year compared with \$982m, and resulting from the one-off charge for JHK, it

posted a net loss before tax of \$1.9m compared with PBT of \$52.3m for the same period last year. Revenue for the Marine sector was lower at \$672m, down 9% from \$738m and its PBT at \$62.6m was down 9% from \$68.9m a year ago.

“The Group reported higher Revenue but lower PBT for the third quarter as well as the first nine months of 2016, compared with the corresponding periods last year. In 3Q2016, Land Systems sector took a one-off charge of \$61.1m, net of non-controlling interests, for its Specialty Vehicle business in China. Excluding the Specialty Vehicle business in China, comprising JHK and GJK which was divested in 2Q2016, Group PBT for 3Q2016 was higher compared to the same quarter last year.

Our operating environments remain challenged by uncertainties in the global economy. Notwithstanding this, the Electronics sector continues to do well, and delivered a strong performance year-to-date. The Group maintained a healthy order book of \$11.4b at the end of 3Q2016, with cash and cash equivalents including funds under management of \$1.3b after the payment of FY2016 interim dividend of \$155m in August 2016.

Barring unforeseen circumstances, the Group expects FY2016 Revenue to be higher, while PBT is expected to be lower than that of FY2015.”

*~Vincent Chong
President & CEO, ST Engineering*

Order Book and New contracts Announced in 3Q2016

The Group announced \$1b worth of contracts in 3Q2016, maintaining a healthy order book of \$11.4b. It expects to deliver \$1.4b of the order book in the remaining months of 2016.

The Aerospace sector secured new contracts worth \$520m for various projects ranging from line and airframe maintenance to component repair and overhaul. The Electronics sector announced \$480m worth of new contracts for Rail Electronics & Intelligent Transportation, Satellite & Broadband Communications, as well as Advanced Electronics & Information Communications Technologies solutions.

Notes to Editor

Jiangsu Huatong Kinetics Co., Ltd and Jiangsu Huaran Kinetics Co., Ltd (collectively JHK) manufactures road construction equipment.
Guizhou Jonyang Kinetics Co., Ltd (GJK) which manufactured excavators was divested in June 2016.

ST Engineering (Singapore Technologies Engineering Ltd) is an integrated engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors. Headquartered in Singapore, the Group reported revenue of \$6.34b in FY2015 and 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. ST Engineering has about 23,000 employees worldwide, and over 100 subsidiaries and associated companies in 46 cities across 24 countries. Please visit www.stengg.com for more information.

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
1 CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	GROUP					
	3Q2016	3Q2015	+ / (-)	9M2016	9M2015	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,613,024	1,499,977	7.5	4,863,431	4,556,439	6.7
Cost of sales	(1,278,568)	(1,181,084)	8.3	(3,907,032)	(3,612,155)	8.2
Gross profit	334,456	318,893	4.9	956,399	944,284	1.3
Distribution and selling expenses	(45,581)	(48,144)	(5.3)	(137,706)	(127,912)	7.7
Administrative expenses	(120,223)	(120,106)	0.1	(359,871)	(341,931)	5.2
Other operating expenses (refer to para 1.6)	(86,649)	(30,116)	187.7	(142,523)	(93,470)	52.5
Profit from operations	82,003	120,527	(32.0)	316,299	380,971	(17.0)
Other income (refer to para 1.7)	10,747	6,793	58.2	57,418	32,947	74.3
Other expenses	-	-	NM	(15)	-	NM
Other income, net	10,747	6,793	58.2	57,403	32,947	74.2
Finance income	6,373	26,860	(76.3)	25,703	49,576	(48.2)
Finance costs	(5,818)	(14,834)	(60.8)	(40,467)	(40,510)	(0.1)
Finance income/(costs), net	555	12,026	(95.4)	(14,764)	9,066	(262.9)
Share of results of associates and joint ventures, net of tax	13,332	15,361	(13.2)	48,379	40,746	18.7
Profit before taxation	106,637	154,707	(31.1)	407,317	463,730	(12.2)
Taxation	(34,199)	(22,257)	53.7	(91,124)	(75,252)	21.1
Profit for the period	72,438	132,450	(45.3)	316,193	388,478	(18.6)
Attributable to:						
Shareholders of the Company	76,650	133,260	(42.5)	314,106	388,216	(19.1)
Non-controlling interests	(4,212)	(810)	420.0	2,087	262	>500
	72,438	132,450	(45.3)	316,193	388,478	(18.6)

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

	GROUP					
	3Q2016	3Q2015	+/-)	9M2016	9M2015	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging the following:						
Depreciation and amortisation	64,717	47,354	36.7	176,382	137,205	28.6
The higher depreciation and amortisation in 3Q2016 came mainly from Aerospace sector due to acquisition of new subsidiaries, Elbe Flugzeugwerke GmbH ("EFW") and Singapore Precision Repair and Overhaul Pte Ltd ("SPRO"), as well as from Miltope.						
Allowance/(write back) for doubtful debts & bad debts written off, net	10,654	6,715	58.7	14,250	6,075	134.6
The higher allowance for doubtful debts in 3Q2016 was due mainly to the impairment of the overdue receivables of Jiangsu Huatong Kinetics Co., Ltd and Jiangsu Huaran Kinetics Co., Ltd (collectively "JHK"), Land Systems sector's subsidiaries in China.						
Allowance for inventory obsolescence, net	25,340	7,184	252.7	47,757	29,951	59.5
The higher allowance for inventory obsolescence in 3Q2016 came from Aerospace sector arising from revision to the provisioning policy for rotatable stocks in the early part of 2016, and writedown of the carrying value of JHK's inventories to net realisable value.						
1.2 Finance income/(costs), net comprises:						
Interest income	6,642	5,568	19.3	20,325	16,869	20.5
Foreign exchange (loss)/gain, net	(1,666)	7,329	(122.7)	335	10,419	(96.8)
Fair value changes of financial instruments / hedged items	4,559	8,820	(48.3)	(5,317)	10,488	(150.7)
Gain on disposal of investments, net	695	416	67.1	2,154	588	266.3
Interest expenses	(9,699)	(10,137)	(4.3)	(32,179)	(29,269)	9.9
Others	24	30	(20.0)	(82)	(29)	182.8
	<u>555</u>	<u>12,026</u>	<u>(95.4)</u>	<u>(14,764)</u>	<u>9,066</u>	<u>(262.9)</u>
1.3 Profit for the period as a percentage of revenue	4.5%	8.8%		6.5%	8.5%	
The lower profit for the period was due mainly to the impairment of net assets of JHK and provision of closure costs.						
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	3.9%	6.6%		15.9%	19.2%	
1.5 The Group's tax charge in 3Q2016 included adjustments for overprovision of both current tax and deferred tax of \$1.2 million and \$0.6 million respectively in respect of prior years. (3Q2015: Adjustments for both overprovision of current tax and deferred tax of \$2.3 million and \$0.2 million respectively.)						
1.6 Higher other operating expenses in 3Q2016 (by \$56.5 million) arose mainly from the impairment of JHK's assets and provision for closure costs under Land Systems sector.						
1.7 The higher 3Q2016 other income (by \$4.0 million) arose mainly from EFW remeasurement gain in Aerospace sector and higher government grant.						

1(b) CESSATION OF PRODUCTION

On 7 November 2016, the Board of JHK approved the cessation of production to reduce its operating losses. A one-off charge of \$61.1 million, net of non-controlling interests, was recorded in 3Q2016 for impairment of JHK's asset carrying values and provision for closure costs. In the past few years, there has been a severe overcapacity in the road construction equipment segment in China, resulting in low utilisation of JHK's production capacity. JHK will not be able to operate on an ongoing basis as cash will soon run out.

1(c) BREAKDOWN OF REVENUE AND PROFIT FOR THE PERIOD

	GROUP		
	2016	2015	+ / (-)
	\$'000	\$'000	%
Revenue reported for first half year	3,250,407	3,056,462	6.3
Profit for the period reported for first half year	243,755	256,028	(4.8)
Revenue reported for third quarter	1,613,024	1,499,977	7.5
Profit for the period reported for third quarter	72,438	132,450	(45.3)
Revenue reported for first nine months	4,863,431	4,556,439	6.7
Profit for the period reported for first nine months	316,193	388,478	(18.6)

1(d) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	3Q2016	3Q2015	9M2016	9M2015	FY2015
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	2.47	4.29	10.12	12.48	17.05
(ii) On a fully diluted basis	2.47	4.28	10.12	12.48	17.04

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,600,984	1,708,779	3,473	3,997
Subsidiaries	-	-	1,273,227	1,194,799
Associates and joint ventures	390,954	461,560	17,657	17,657
Investments	322,205	328,684	-	-
Intangible assets	979,747	736,970	-	-
Long-term receivables	5,206	5,340	-	-
Finance lease receivables	-	523	-	-
Deferred tax assets	98,485	105,551	4,700	4,700
Amounts due from related parties	4,806	4,806	301,672	355,028
Derivative financial instruments	23,299	25,790	-	-
	3,425,686	3,378,003	1,600,729	1,576,181
Current assets				
Inventories and work-in-progress	1,969,079	1,943,004	-	-
Trade receivables	1,228,605	1,319,714	-	-
Amounts due from related parties	30,445	56,582	278,199	470,376
Advances and other receivables	343,983	333,811	1,763	5,299
Long-term receivables	1,535	354	-	-
Finance lease receivables	768	3,173	-	-
Short-term investments	183,392	182,969	-	-
Bank balances and other liquid funds	790,380	951,494	488,515	82,091
	4,548,187	4,791,101	768,477	557,766
TOTAL ASSETS	7,973,873	8,169,104	2,369,206	2,133,947
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers	918,334	871,246	-	-
Trade payables and accruals	1,612,796	1,702,649	23,536	20,619
Amounts due to related parties	5,213	20,553	529,345	1,742
Provisions	238,482	257,524	-	-
Progress billings in excess of work-in-progress	616,780	568,575	-	-
Provision for taxation	106,019	124,628	3,604	5,528
Employee benefits	2,439	-	-	-
Short-term bank loans	103,076	65,647	-	-
Long-term bank loans	3,708	106,531	-	-
Lease obligations	622	730	-	-
Other loans	1,678	1,778	-	-
	3,609,147	3,719,861	556,485	27,889
NET CURRENT ASSETS	939,040	1,071,240	211,992	529,877

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers	620,438	700,908	-	-
Trade payables and accruals	139,072	229,535	8,997	11,538
Deferred tax liabilities	242,188	134,815	-	-
Employee benefits	85,574	-	-	-
Bonds	681,358	705,567	-	-
Long-term bank loans	245,786	293,962	-	-
Lease obligations	17,345	18,706	-	-
Other loans	178	310	-	-
Deferred income	78,197	92,052	-	-
Other long-term payables	700	700	-	-
Derivative financial instruments	17,130	11,615	-	-
Amounts due to related parties	-	146	643,585	644,274
	2,127,966	2,188,316	652,582	655,812
TOTAL LIABILITIES	5,737,113	5,908,177	1,209,067	683,701
NET ASSETS	2,236,760	2,260,927	1,160,139	1,450,246
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(45,183)	(66,870)	(45,183)	(66,870)
Capital reserves	113,110	113,277	(2,865)	(3,073)
Other reserves	(96,413)	(65,495)	58,235	72,512
Retained earnings	1,102,943	1,255,214	254,026	551,751
	1,970,383	2,132,052	1,160,139	1,450,246
Non-controlling interests	266,377	128,875	-	-
	2,236,760	2,260,927	1,160,139	1,450,246
TOTAL EQUITY AND LIABILITIES	7,973,873	8,169,104	2,369,206	2,133,947

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2015, the Group's net assets as at 30 September 2016 were lower due to total dividend payment of \$466m, divestment of subsidiary, Guizhou Jonyang Kinetics Co., Ltd ("GJK") and deconsolidation of Keystone Holdings (Global) Pte. Ltd. ("Keystone"), as well as the impairment of net carrying assets and provision for closure costs relating to JHK. The decrease in net assets was partially offset by consolidation of a new subsidiary, EFW.

The increase in intangible assets of \$243 million was due mainly to the acquisition of EFW.

2(b) GROUP BORROWINGS

	As at 30-Sep-16 \$'000	As at 31-Dec-15 \$'000
<u>Amount repayable within one year</u>		
Secured	13,135	25,592
Unsecured	95,949	149,094
	<u>109,084</u>	<u>174,686</u>
<u>Amount repayable after one year</u>		
Secured	85,807	97,959
Unsecured	858,860	920,586
	<u>944,667</u>	<u>1,018,545</u>
 Total	 <u>1,053,751</u>	 <u>1,193,231</u>

2(c) NET ASSET VALUE

	GROUP		
	3Q2016	3Q2015	FY2015
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	63.39	65.23	68.74

	COMPANY		
	3Q2016	3Q2015	FY2015
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	37.32	37.30	46.76

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	GROUP			
	3Q2016	3Q2015	9M2016	9M2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	106,637	154,707	407,317	463,730
Adjustments:				
Share of results of associates and joint ventures, net of tax	(13,332)	(15,361)	(48,379)	(40,746)
Depreciation charge	47,756	43,591	144,505	126,217
Property, plant and equipment written off	29	275	117	4,870
Impairment/(writeback) of property, plant and equipment	28,170	(205)	28,170	(230)
Gain on disposal of property, plant and equipment	(42)	(777)	(974)	(1,025)
Gain on disposal of investments	(695)	(416)	(2,154)	(588)
Remeasurement gain on fair value of pre-existing interest in acquiree	(1,364)	-	(2,697)	-
Gain on disposal of an associate	-	-	(731)	-
Gain on disposal of subsidiaries	(238)	-	(10,642)	-
Loss on disposal of a subsidiary	-	-	15	-
Impairment losses/(writeback) on goodwill and other intangible assets	9,322	(144)	9,322	3,856
Writeback on progressive payments to contractor	-	-	-	(283)
Share-based payment expense	3,208	4,998	1,548	10,794
Changes in fair value of financial instruments and hedged items	(4,559)	(8,820)	5,317	(10,488)
Changes in fair value of financial instruments held for trading	(22)	(29)	86	31
Interest expenses	9,699	10,137	32,179	29,269
Interest income	(6,642)	(5,568)	(20,325)	(16,869)
Dividends from investments	(2)	(1)	(4)	(2)
Amortisation of deferred income	(186)	-	(671)	-
Amortisation of other intangible assets	16,961	3,763	31,877	10,988
Operating profit before working capital changes	194,700	186,150	573,876	579,524
Changes in:				
Inventories and work-in-progress	3,714	(30,643)	(36,291)	(170,956)
Progress billings in excess of work-in-progress	(37,222)	16,980	42,888	(86,721)
Trade receivables	32,401	(87,775)	95,292	84,086
Advance payments to suppliers	17,438	50,529	5,352	102,434
Other receivables, deposits and prepayments	10,853	(17,438)	(20,566)	9,009
Amount due from holding company and related corporations balances	(7,069)	(7,717)	8,254	17,975
Amount due to holding company and related corporations balances	(4,875)	(2,009)	(6,338)	(3,878)
Amount due from associates	(5,746)	(6,764)	18,667	(8,558)
Amount due from joint ventures	(9,573)	27	(4,932)	(5,826)
Trade payables	(27,931)	(4,849)	(54,304)	30,751
Advance payments from customers	(20,023)	(5,567)	(44,198)	(62,505)
Other payables, accruals and provisions	44,505	58,249	(21,646)	(58,052)
Loans to staff and third parties	1,070	962	(3,434)	6,311
Deferred income	(1,343)	5,398	(11,695)	8,979
Foreign currency translation of foreign operations	7,665	1,445	5,067	4,239
Cash generated from operations	198,564	156,978	545,992	446,812
Interest received	8,377	7,617	21,995	22,590
Income tax paid	(37,545)	(47,183)	(94,658)	(119,231)
Net cash from operating activities	169,396	117,412	473,329	350,171

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
 (cont'd)

	GROUP			
	3Q2016	3Q2015	9M2016	9M2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	870	878	3,295	2,354
Proceeds from sale and maturity of investments	32,649	14,996	202,139	63,911
Proceeds from disposal of an associate	-	-	731	-
Repayment of loan by a joint venture	-	-	-	272
Dividends from associates and joint ventures	8,373	14,836	34,301	41,588
Dividends from investments	2	1	4	2
Purchase of property, plant and equipment	(48,842)	(59,562)	(136,429)	(139,795)
Purchase of investments	(61,776)	(103,848)	(189,864)	(296,653)
Investment in an associate and joint venture	(363)	-	(35,139)	-
Acquisition of other intangible assets	(21,598)	(5,923)	(40,110)	(20,298)
Acquisition of controlling interests in subsidiaries, net of cash acquired	-	13,441	9,127	13,441
Disposal of subsidiaries, net of cash disposed	13,921	-	32,536	-
Net cash used in investing activities	(76,764)	(125,181)	(119,409)	(335,178)
Cash flows from financing activities				
Capital contribution from non-controlling interests of subsidiary	-	-	448	639
Return of capital to non-controlling interests of subsidiary	-	-	(1,178)	-
Repayment of other loans	(39)	(45)	(117)	(124)
Repayment of bank loans	(11,772)	(20,217)	(156,208)	(232,758)
Repayment of lease obligations	(125)	(319)	(757)	(939)
Repayment of loan to a joint venture	-	-	(7,000)	-
Proceeds from issue of shares	-	-	-	5,355
Proceeds from share options exercised with issue of treasury shares	5,824	4,341	9,207	8,495
Purchase of treasury shares	(303)	(24,372)	(3,141)	(83,943)
Proceeds from bank loans	73,505	39,466	161,215	272,859
Proceeds from other loans	-	-	-	3
Proceeds from a loan from a joint venture	-	-	2,000	-
Acquisition of non-controlling interests in a subsidiary	-	(4,600)	(167)	(7,600)
Dividends paid to shareholders of the Company	(155,412)	(155,519)	(465,930)	(497,604)
Dividends paid to non-controlling interests	(2,605)	(642)	(3,281)	(3,173)
Interest paid	(16,852)	(16,968)	(38,100)	(33,617)
Deposit discharged/(pledged)	66	(3,801)	6,129	(3,017)
Net cash used in financing activities	(107,713)	(182,676)	(496,880)	(575,424)
Net decrease in cash and cash equivalents	(15,081)	(190,445)	(142,960)	(560,431)
Cash and cash equivalents at beginning of the period	799,954	1,091,951	944,119	1,462,612
Exchange difference on cash and cash equivalents at beginning of the period	4,261	18,453	(12,025)	17,778
Cash and cash equivalents at end of the period	789,134	919,959	789,134	919,959

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents ("CCE") at the end of 3Q2016 was \$789 million. The favourable working capital movements contributed to the strong net cash from operating activities of \$169 million.

Net cash used in investing activities of \$77 million in 3Q2016, primarily for investment in property, plant and equipment (\$49 million) and research and development ("R&D") activities (\$22 million); and

Cash used in financing activities of \$108 million in 3Q2016 for FY2016 interim dividend (\$155 million).

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

	GROUP					
	3Q2016	3Q2015	+ / (-)	9M2016	9M2015	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	72,438	132,450	(45.3)	316,193	388,478	(18.6)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan remeasurements	(6,987)	-	NM	(6,987)	-	NM
Items that are or may be reclassified subsequently to profit or loss						
Net fair value changes on available-for-sale financial assets	549	(3,112)	(117.6)	8,402	(2,964)	(383.5)
Net fair value changes on cash flow hedges	9,241	25,600	(63.9)	17,924	11,686	53.4
Share of net fair value changes on cash flow hedges of an associate	8	1,196	(99.3)	11,376	(2,589)	(>500)
Foreign currency translation differences	17,318	46,145	(62.5)	(44,213)	48,766	(190.7)
Share of foreign currency translation differences of associates and joint ventures	2,695	10,846	(75.2)	685	11,488	(94.0)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	927	-	NM	(2,606)	-	NM
Other comprehensive income for the period, net of tax	23,751	80,675	(70.6)	(15,419)	66,387	(123.2)
Total comprehensive income for the period, net of tax	96,189	213,125	(54.9)	300,774	454,865	(33.9)
Total comprehensive income attributable to:						
Shareholders of the Company	100,547	212,060	(52.6)	297,653	451,289	(34.0)
Non-controlling interests	(4,358)	1,065	(>500)	3,121	3,576	(12.7)
	96,189	213,125	(54.9)	300,774	454,865	(33.9)

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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 1.7.2015	895,926	(42,532)	114,007	(120,368)	1,137,911	1,984,944	130,163	2,115,107
Total comprehensive income for the period								
Profit for the period	-	-	-	-	133,260	133,260	(810)	132,450
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	(3,112)	-	(3,112)	-	(3,112)
Net fair value changes on cash flow hedges	-	-	-	26,499	-	26,499	(899)	25,600
Share of net fair value changes on cash flow hedges of an associate	-	-	-	1,196	-	1,196	-	1,196
Foreign currency translation differences	-	-	-	43,371	-	43,371	2,774	46,145
Share of foreign currency translation differences of associates and joint ventures	-	-	-	10,846	-	10,846	-	10,846
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	78,800	-	78,800	1,875	80,675
Total comprehensive income for the period, net of tax	-	-	-	78,800	133,260	212,060	1,065	213,125
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	4,974	-	4,974	24	4,998
Purchase of treasury shares	-	(24,372)	-	-	-	(24,372)	-	(24,372)
Treasury shares reissued pursuant to share plans	-	5,634	(751)	(531)	-	4,352	(11)	4,341
Dividends paid	-	-	-	-	(155,519)	(155,519)	-	(155,519)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(642)	(642)
<i>Total contributions by and distributions to owners of the Company</i>	-	(18,738)	(751)	4,443	(155,519)	(170,565)	(629)	(171,194)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(2,181)	-	(2,181)	(2,419)	(4,600)
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	-	6,445	6,445
Total transactions with owners of the Company	-	(18,738)	(751)	2,262	(155,519)	(172,746)	3,397	(169,349)
At 30.9.2015	895,926	(61,270)	113,256	(39,306)	1,115,652	2,024,258	134,625	2,158,883

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (cont'd)

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 1.7.2016	895,926	(52,209)	112,803	(125,838)	1,185,548	2,016,230	269,229	2,285,459
Total comprehensive income for the period								
Profit for the period	-	-	-	-	76,650	76,650	(4,212)	72,438
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	549	-	549	-	549
Net fair value changes on cash flow hedges	-	-	-	8,072	-	8,072	1,169	9,241
Share of net fair value changes on cash flow hedges of an associate	-	-	-	8	-	8	-	8
Foreign currency translation differences	-	-	-	15,489	-	15,489	1,829	17,318
Share of foreign currency translation differences of associates and joint ventures	-	-	-	2,695	-	2,695	-	2,695
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	927	-	927	-	927
Defined benefit plan remeasurements	-	-	-	-	(3,843)	(3,843)	(3,144)	(6,987)
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	27,740	(3,843)	23,897	(146)	23,751
Total comprehensive income for the period, net of tax	-	-	-	27,740	72,807	100,547	(4,358)	96,189
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	3,188	-	3,188	20	3,208
Treasury shares reissued pursuant to share plans	-	7,026	307	(1,503)	-	5,830	(6)	5,824
Dividends paid	-	-	-	-	(155,412)	(155,412)	-	(155,412)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,605)	(2,605)
<i>Total contributions by and distributions to owners of the Company</i>	-	7,026	307	1,685	(155,412)	(146,394)	(2,591)	(148,985)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	4,097	4,097
Total transactions with owners of the Company	-	7,026	307	1,685	(155,412)	(146,394)	1,506	(144,888)
At 30.9.2016	895,926	(45,183)	113,110	(96,413)	1,102,943	1,970,383	266,377	2,236,760

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.7.2015	895,926	(42,532)	62,438	(2,336)	405,912	1,319,408
Total comprehensive income for the period						
Profit for the period	-	-	-	-	8,680	8,680
Total comprehensive income for the period	-	-	-	-	8,680	8,680
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	4,998	-	-	4,998
Dividends paid	-	-	-	-	(155,519)	(155,519)
Purchase of treasury shares	-	(24,372)	-	-	-	(24,372)
Treasury shares reissued pursuant to share plans	-	5,634	(535)	(758)	-	4,341
<i>Total contributions by and distributions to owners of the Company</i>	-	(18,738)	4,463	(758)	(155,519)	(170,552)
At 30.9.2015	895,926	(61,270)	66,901	(3,094)	259,073	1,157,536
At 1.7.2016	895,926	(52,209)	56,536	(3,172)	380,148	1,277,229
Total comprehensive income for the period						
Profit for the period	-	-	-	-	29,290	29,290
Total comprehensive income for the period	-	-	-	-	29,290	29,290
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	3,208	-	-	3,208
Dividends paid	-	-	-	-	(155,412)	(155,412)
Treasury shares reissued pursuant to share plans	-	7,026	(1,509)	307	-	5,824
<i>Total contributions by and distributions to owners of the Company</i>	-	7,026	1,699	307	(155,412)	(146,380)
At 30.9.2016	895,926	(45,183)	58,235	(2,865)	254,026	1,160,139

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

As at 30 September 2016, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2015: 3,122,495,197 ordinary shares) of which 14,235,728 were held by the Company as treasury shares (31 December 2015: 20,966,968).

	Number of Shares for the Quarter ended 30.9.2016
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,108,259,469
As at 31 December 2015 (excluding treasury shares)	3,101,528,229

Singapore Technologies Engineering Share Option Plan (ESOP)

As at 30 September 2016, there were 10,155,956 (30 September 2015: 17,726,515) unexercised options of unissued ordinary shares under the terminated ESOP.

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 September 2016, the total number of contingent shares granted conditionally but not released was 4,914,514 (30 September 2015: 3,955,515). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,354,673 (30 September 2015: 6,724,375) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 September 2016, the total number of contingent shares granted conditionally but not released was 5,457,171 (30 September 2015: 9,577,671). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,081,738 (30 September 2015: 14,316,006) ordinary shares.

As at 30 September 2016, the total number of unreleased and unvested awards was 5,291,077 (30 September 2015: 2,996,608) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased nil ordinary shares by way of open market acquisitions (30 September 2015: 8,165,700).

During the quarter, 2,213,902 treasury shares were utilised pursuant to the ESOP and RSP 2010 (30 September 2015: 1,669,999).

<u>Group and Company</u>	Number of Shares for the Quarter ended 30.9.2016
As at beginning of the quarter	16,449,630
Treasury shares transferred on exercise of share options	(2,039,383)
Treasury shares transferred on vesting of RSP 2010	(174,519)
As at end of the quarter	14,235,728

6 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

7 **AUDITORS' REPORT**

Not applicable

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 2015 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2016. 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

3Q2016 vs 3Q2015

\$m	3Q2016	3Q2015	Growth	
Aerospace	563	506	57	11%
Electronics	466	429	37	9%
Land Systems	334	319	15	5%
Marine	211	205	6	3%
Others	39	41	(2)	(5%)
Total	1,613	1,500	113	8%

Group's revenue of \$1,613 million for 3Q2016 was 8% or \$113 million higher than that of 3Q2015. Aerospace and Electronics sectors reported higher revenue, while Land Systems and Marine sectors and "Others" generated comparable revenue.

Aerospace sector's 3Q2016 revenue of \$563 million was 11% or \$57 million higher than that of 3Q2015. Both **Aircraft Maintenance & Modification** and **Engineering & Material Services** business groups recorded higher revenue, partially offset by lower revenue from **Component/Engine Repair and Overhaul** business group.

3Q2016 revenue of \$466 million for the Electronics sector was 9% or \$37 million higher than that of 3Q2015 arising from higher value project milestone completions from **Large-Scale Systems Group** and **Communication & Sensor Systems Group** and also increased sales of satellite communication products and electro-optic equipment. **Software Systems Group** reported comparable revenue.

Land Systems sector's revenue of \$334 million was comparable to that achieved in 3Q2015. **Munitions & Weapon** and **Services, Trading & Others** business groups reported higher revenue, while **Automotive** business group's revenue was lower due mainly to fewer project deliveries and divestment of GJK in May 2016.

Revenue of Marine sector in 3Q2016 of \$211 million was comparable to 3Q2015.

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability
3Q2016 vs 3Q2015

\$m	3Q2016	3Q2015	Growth	
Aerospace	65.2	63.3	1.9	3%
Electronics	52.8	49.3	3.5	7%
Land Systems	(41.4)	19.8	(61.2)	(309%)
Marine	38.7	15.9	22.8	143%
Others	(8.7)	6.4	(15.1)	(236%)
Total	106.6	154.7	(48.1)	(31%)

Group's profit before tax (PBT) for 3Q2016 of \$106.6 million was lower than that of 3Q2015 by 31% or \$48.1 million. Lower PBT from Land Systems sector and "Others" were partially offset by higher PBT from the Electronics and Marine sectors. Aerospace sector reported comparable PBT.

PBT for Electronics sector in 3Q2016 of \$52.8 million was 7% or \$3.5 million higher than that posted in 3Q2015 due mainly to higher revenue, partially offset by higher R&D expenses.

Land Systems sector's 3Q2016 loss before tax of \$41.4 million was 309% or \$61.2 million lower than that for 3Q2015 as a result of the impairment of asset carrying values and provision for closure costs for JHK.

PBT of Marine sector in 3Q2016 of \$38.7 million was 143% or \$22.8 million higher than that for 3Q2015 due mainly to higher gross profits from better performance of all three business groups.

Compared to 3Q2015, PBT under "Others" for 3Q2016 was lower in the absence of favourable fair value changes on cross currency interest rate swaps and forward contracts arising from strengthening of the USD against SGD.

11 **VARIANCE FROM PROSPECTS STATEMENT**

No third quarter forecast was previously provided.

12 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group expects FY2016 Revenue to be higher, while PBT is expected to be lower than that of FY2015.

Sectors

For Aerospace sector, Revenue for FY2016 is expected to be higher, while PBT is expected to be comparable to that of FY2015.

For Electronics sector, both Revenue and PBT for FY2016 are expected to be higher than that of FY2015.

For Land Systems and Marine sectors, both Revenue and PBT for FY2016 are expected to be lower than that of FY2015.

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**

No interim dividend for the quarter ended 30 September 2016 is recommended.

14 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	3Q2016						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	562,605	465,999	334,043	210,939	39,438	-	1,613,024
Inter-segment sales	3,149	7,676	1,961	5	9,184	(21,975)	-
	<u>565,754</u>	<u>473,675</u>	<u>336,004</u>	<u>210,944</u>	<u>48,622</u>	<u>(21,975)</u>	<u>1,613,024</u>
Reportable segment profit from operations	51,565	49,429	(47,717)	36,182	(20,006)	12,550	82,003
Other income	4,036	3,806	3,330	1,356	54,413	(56,194)	10,747
Other expenses	(994)	-	(317)	(31)	-	1,342	-
Finance income	2,912	1,319	1,265	979	8,867	(8,969)	6,373
Finance costs	(1,479)	(1,891)	(1,759)	(60)	(13,766)	13,137	(5,818)
Share of results of associates and joint ventures, net of tax	9,113	146	3,829	307	-	(63)	13,332
Profit before taxation	65,153	52,809	(41,369)	38,733	29,508	(38,197)	106,637
Taxation	(13,063)	(7,723)	(8,951)	(6,882)	340	2,080	(34,199)
Non-controlling interests	(3,526)	101	7,638	(1)	-	-	4,212
Profit attributable to shareholders	<u>48,564</u>	<u>45,187</u>	<u>(42,682)</u>	<u>31,850</u>	<u>29,848</u>	<u>(36,117)</u>	<u>76,650</u>
Other assets	2,690,428	1,873,348	1,555,629	959,192	4,714,182	(4,209,860)	7,582,919
Associates and joint ventures	231,896	1,507	123,871	8,329	17,657	7,694	390,954
Segment assets	<u>2,922,324</u>	<u>1,874,855</u>	<u>1,679,500</u>	<u>967,521</u>	<u>4,731,839</u>	<u>(4,202,166)</u>	<u>7,973,873</u>
Segment liabilities	<u>1,910,741</u>	<u>1,583,599</u>	<u>1,469,005</u>	<u>786,725</u>	<u>2,797,378</u>	<u>(2,810,335)</u>	<u>5,737,113</u>
Capital expenditure ⁺	35,519	18,601	24,342	2,338	505	-	81,305
Depreciation and amortisation	28,302	11,383	8,735	7,079	9,228	(10)	64,717
Impairment losses	-	-	37,492	-	-	-	37,492
Other non-cash expenses	24	-	5	-	-	-	29

⁺ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

	3Q2015						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	506,219	428,894	319,044	204,753	41,067	-	1,499,977
Inter-segment sales	1,223	9,749	1,816	145	7,757	(20,690)	-
	<u>507,442</u>	<u>438,643</u>	<u>320,860</u>	<u>204,898</u>	<u>48,824</u>	<u>(20,690)</u>	<u>1,499,977</u>
Reportable segment profit from operations	50,436	47,302	15,045	10,674	(17,350)	14,420	120,527
Other income	1,391	2,307	2,274	1,863	29,406	(30,448)	6,793
Other expenses	-	-	(444)	(39)	(1)	484	-
Finance income	8,643	1,010	1,911	971	18,498	(4,173)	26,860
Finance costs	(5,964)	(1,545)	(3,505)	(19)	(40,158)	36,357	(14,834)
Share of results of associates and joint ventures, net of tax	8,747	259	4,478	2,493	-	(616)	15,361
Profit before taxation	63,253	49,333	19,759	15,943	(9,605)	16,024	154,707
Taxation	(11,587)	(9,785)	(4,625)	(862)	4,602	-	(22,257)
Non-controlling interests	(288)	12	1,086	-	-	-	810
Profit attributable to shareholders	<u>51,378</u>	<u>39,560</u>	<u>16,220</u>	<u>15,081</u>	<u>(5,003)</u>	<u>16,024</u>	<u>133,260</u>
Other assets	2,316,779	1,858,140	1,934,692	1,065,969	4,291,299	(3,802,386)	7,664,493
Associates and joint ventures	319,842	1,315	117,082	8,431	17,657	1,995	466,322
Segment assets	<u>2,636,621</u>	<u>1,859,455</u>	<u>2,051,774</u>	<u>1,074,400</u>	<u>4,308,956</u>	<u>(3,800,391)</u>	<u>8,130,815</u>
Segment liabilities	<u>1,749,936</u>	<u>1,600,648</u>	<u>1,747,847</u>	<u>887,302</u>	<u>2,520,684</u>	<u>(2,534,485)</u>	<u>5,971,932</u>
Capital expenditure ⁺	50,882	13,242	4,482	4,179	477	-	73,262
Depreciation and amortisation	19,142	10,336	8,642	7,451	1,794	(11)	47,354
Impairment losses	-	-	(349)	-	-	-	(349)
Other non-cash expenses	256	-	19	-	-	-	275

⁺ Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

For Revenue and Profit Before Tax of 3Q2016 vis-à-vis 3Q2015, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	3Q2016	3Q2015	+ / (-)
	\$'000	\$'000	%
Aerospace	48,564	51,378	(5.5)
Electronics	45,187	39,560	14.2
Land Systems	(42,682)	16,220	(363.1)
Marine	31,850	15,081	111.2
Others	(6,269)	11,021	(156.9)
Group	76,650	133,260	(42.5)

	Revenue			Profit Before Tax		
	9M2016	9M2015	+ / (-)	9M2016	9M2015	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,804,154	1,510,098	19.5	214,491	205,327	4.5
Electronics	1,368,047	1,197,987	14.2	143,623	130,798	9.8
Land Systems	900,884	982,493	(8.3)	(1,949)	52,265	(103.7)
Marine	672,305	738,132	(8.9)	62,558	68,931	(9.2)
Others	118,041	127,729	(7.6)	(11,406)	6,409	(278.0)
Group	4,863,431	4,556,439	6.7	407,317	463,730	(12.2)

	Profit Attributable to Shareholders		
	9M2016	9M2015	+ / (-)
	\$'000	\$'000	%
Aerospace	158,545	165,363	(4.1)
Electronics	119,932	108,325	10.7
Land Systems	(12,107)	43,049	(128.1)
Marine	54,363	59,790	(9.1)
Others	(6,627)	11,689	(156.7)
Group	314,106	388,216	(19.1)

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

	Revenue				Revenue			
	3Q2016		3Q2015		9M2016		9M2015	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	986,600	61.1	970,352	64.7	2,899,447	59.6	2,796,926	61.4
USA	397,699	24.7	351,616	23.4	1,203,406	24.7	1,091,676	24.0
Europe	133,416	8.3	70,722	4.7	435,974	9.0	231,133	5.0
Others	95,309	5.9	107,287	7.2	324,604	6.7	436,704	9.6
Total	1,613,024	100	1,499,977	100	4,863,431	100	4,556,439	100

By Country of Incorporation

	Revenue				Revenue			
	3Q2016		3Q2015		9M2016		9M2015	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,112,675	69.0	1,104,699	73.6	3,293,021	67.7	3,362,240	73.8
USA	375,848	23.3	356,632	23.8	1,167,297	24.0	1,086,098	23.8
Europe	105,253	6.5	22,488	1.5	355,686	7.3	58,602	1.3
Others	19,248	1.2	16,158	1.1	47,427	1.0	49,499	1.1
Total	1,613,024	100	1,499,977	100	4,863,431	100	4,556,439	100

	Non-Current Assets *			
	9M2016		9M2015	
	\$'000	%	\$'000	%
Asia	1,973,878	59.7	2,299,579	69.5
USA	816,071	24.7	855,574	25.8
Europe	422,057	12.8	56,023	1.7
Others	91,896	2.8	98,413	3.0
Total	3,303,902	100	3,309,589	100

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

15 INTERESTED PERSON TRANSACTIONS (unaudited)

Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual

	3Q2016 \$'000	3Q2015 \$'000
Transactions for the Sale of Goods and Services		
StarHub Ltd and its Associates	5,915	-
SembCorp Marine Ltd and its Associates	754	-
Singapore Airlines Limited and its Associates	197	559
Singapore Telecommunications Limited and its Associates	439	2,768
SMRT Corporation Ltd and its Associates	-	200
Temasek Holdings (Private) Limited and its Associates (non-listed)	722	835
	<u>8,027</u>	<u>4,362</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	233	350
SembCorp Industries Ltd and its Associates	-	2,092
Singapore Telecommunications Limited and its Associates	717	213
Temasek Holdings (Private) Limited and its Associates (non-listed)	3,192	819
	<u>4,142</u>	<u>3,474</u>
Total Interested Person Transactions	<u>12,169</u>	<u>7,836</u>

16 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).

17 **CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the third quarter ended 30 September 2016 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN
Company Secretaries
10 November 2016

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For more details on how the business of each Sector is managed and its related performance, please see the attached sections. The information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not made pursuant to any law or regulation.

News Release

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

“Comparable Profits”

FINANCIAL HIGHLIGHTS			
For the third quarter ended			
30 September 2016			
	2016 3Q	2015 3Q	Growth %
Revenue (\$m)	566	507	11
Earnings before interest and tax (EBIT) (\$m)	51.6	50.4	2
Other income/(costs), net (\$m)	3.0	1.4	119
Finance income/(costs), net (\$m)	1.4	2.7	(47)
Profit before tax (PBT) (\$m)	65.1	63.3	3
Profit attributable to shareholders (\$m)	48.6	51.4	(5)

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

Aerospace

Aerospace sector unaudited results for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
1. (a) Revenue	565,754	507,442	11.5
(b) Cost of sales	(471,686)	(421,299)	12.0
(c) Gross Profit	94,068	86,143	9.2
(d) Distribution and selling expenses	(3,020)	(3,627)	(16.7)
(e) Administrative expenses	(28,814)	(27,573)	4.5
(f) Other operating expenses	(10,669)	(4,507)	136.7
(g) Profit from operations	51,565	50,436	2.2
(h) Other income	4,036	1,391	190.2
(i) Other expenses	(994)	-	NM
(j) Other income/(expenses), net	3,042	1,391	118.7
(k) Finance income	2,912	8,643	(66.3)
(l) Finance costs	(1,479)	(5,964)	(75.2)
(m) Finance income/(costs), net	1,433	2,679	(46.5)
(n) Share of results of associates and joint ventures, net of tax	9,113	8,747	4.2
(o) Profit before taxation	65,153	63,253	3.0
(p) Taxation	(13,063)	(11,587)	12.7
(q) Profit for the period	52,090	51,666	0.8
Attributable to:			
(r) Shareholders of the Company	48,564	51,378	(5.5)
(s) Non-controlling interests	3,526	288	>500
	52,090	51,666	0.8
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	28,302	19,142	47.9
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	1,223	2,093	(41.6)
Allowance/(write-back of allowance) for stock obsolescence, net	11,644	4,210	176.6
(b) Finance income/(costs), net comprises:			
Interest income	1,594	671	137.6
Foreign exchange gain/(loss), net	1,834	4,064	(54.9)
Fair value changes of financial instruments / hedged items	(107)	(86)	24.4
Interest expenses	(1,890)	(1,971)	(4.1)
Others	2	1	100.0
	1,433	2,679	(46.5)

Aerospace

	3Q2016	3Q2015	+ / (-)
	\$'000	\$'000	%
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.2%	10.2%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	5.7%	6.6%	
	2016	2015	+ / (-)
	\$'000	\$'000	%
4. (a) Revenue reported for first half year	1,244,119	1,007,557	23.5
(b) Profit for the period reported for first half year	117,857	117,095	0.7
(c) Revenue reported for third quarter	565,754	507,442	11.5
(d) Profit for the period reported for third quarter	52,090	51,666	0.8
(e) Revenue reported for first nine months	1,809,873	1,514,999	19.5
(f) Profit for the period reported for first nine months	169,947	168,761	0.7
5. (a) There was an adjustment of \$21,000 for underprovision of current tax and \$1,304,000 for overprovision of deferred tax in respect of prior years. (3Q2015: There was an adjustment of \$696,000 for overprovision of current tax and overprovision of \$28,000 for deferred tax 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		+ / (-)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Third Quarter						
Aircraft Maintenance & Modification	247,188	227,916	8.5	39,063	33,615	16.2
Component/Engine Repair & Overhaul	131,058	191,614	(31.6)	9,826	16,640	(40.9)
Engineering & Material Services	187,508	87,912	113.3	16,264	12,998	25.1
Total	<u>565,754</u>	<u>507,442</u>	11.5	<u>65,153</u>	<u>63,253</u>	3.0
Nine Months Ended 30 September						
Aircraft Maintenance & Modification	791,859	762,893	3.8	130,596	116,705	11.9
Component/Engine Repair & Overhaul	449,470	478,252	(6.0)	33,792	45,803	(26.2)
Engineering & Material Services	568,544	273,854	107.6	50,103	42,819	17.0
Total	<u>1,809,873</u>	<u>1,514,999</u>	19.5	<u>214,491</u>	<u>205,327</u>	4.5

	Revenue		
	3Q2016	3Q2015	
	\$'000	\$'000	

By Geographical Areas

Asia	277,866	314,011	(11.5)
USA	151,728	116,503	30.2
Europe	95,547	36,158	164.2
Others	40,613	40,770	(0.4)
Total	<u>565,754</u>	<u>507,442</u>	11.5

By Country of Incorporation

Asia	338,868	396,002	(14.4)
USA	124,522	94,539	31.7
Europe	101,870	16,582	>500
Others	494	319	54.9
Total	<u>565,754</u>	<u>507,442</u>	11.5

Aerospace

7. Review of Performance

(a) Revenue

<u>3Q2016 vs 3Q2015</u>	3Q2016	3Q2015	Growth	
	\$566m	\$507m	\$59m	11%

Revenue for 3Q2016 was \$59 million or 11% higher compared to that of 3Q2015. This was due to higher revenue in the **Aircraft Maintenance & Modification (AMM)** and **Engineering & Materials Services (EMS)** business groups, reduced partially by lower revenue in the **Component/Engine Repair & Overhaul (CERO)** business group. Included in the **EMS** business group was sales from Elbe Flugzeugwerke GmbH (EFW) which became a subsidiary effective January 2016.

(b) Profitability

<u>3Q2016 vs 3Q2015</u>	3Q2016	3Q2015	Growth	
	\$65.1m	\$63.3m	\$1.8m	3%

The current quarter's PBT of \$65.1 million was comparable to 3Q2015 PBT of \$63.3 million. This was a result of higher gross profit, in line with higher revenue and higher other income reduced partially by higher operating expenses.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue for FY2016 is expected to be higher compared to FY2015, whilst profit before tax is expected to be comparable.

9. Balance Sheet

	30-Sep-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	794,746	820,145
Associates and joint ventures	231,896	311,473
Investments	12	12
Intangible assets	418,742	141,239
Derivative financial instruments, non-current	202	136
Long-term receivables, non-current	2,375	64
Deferred tax assets	23,196	11,840
Non-current assets	1,471,169	1,284,909
Current assets	1,451,155	1,355,186
Total assets	2,922,324	2,640,095
Current liabilities	1,219,184	1,262,967
Non-current liabilities	691,557	611,257
Total liabilities	1,910,741	1,874,224
Share capital and reserves	765,589	686,310
Non-controlling interests	245,994	79,561
Total equity and liabilities	2,922,324	2,640,095
Net current assets	231,971	92,219

On 1 January 2016, the Sector acquired an additional 20% equity interest, increasing its shareholdings from 35% to 55% in EFW. This resulted in an increase in the Sector's net assets due to the consolidation of EFW's identifiable net assets stated at fair value.

Aerospace

10. Statement of Cash Flows for the third quarter ended 30 September 2016

	3Q2016	3Q2015
	\$'000	\$'000
Net cash from operating activities	119,832	110,036
Net cash used in investing activities	(20,142)	(29,305)
Proceeds from sale of property, plant and equipment	617	26
Proceeds from disposal of a subsidiary	13,921	-
Dividends from associates	7,436	10,156
Dividends from investments	2	1
Purchase of property, plant and equipment	(24,786)	(35,253)
Acquisition of a subsidiary, net of cash acquired	-	(4,235)
Acquisition of other intangible assets	(17,332)	-
Net cash used in financing activities	(93,677)	(46,369)
Repayment of short-term loans to related corporations, net	(134,397)	(45,052)
Proceeds from long term bank loans, net	5,264	-
Proceeds from short term bank loans	58,766	-
Repayment of lease obligations	(102)	(88)
Dividend paid to shareholder of the company	(20,000)	-
Dividend paid to non-controlling interests	(2,000)	-
Interest paid	(1,208)	(1,229)
Net increase in cash and cash equivalents	6,013	34,362
Cash and cash equivalents at beginning of period	235,085	194,739
Exchange difference on cash and cash equivalents	1,837	8,676
Cash and cash equivalents at end of period	<u>242,935</u>	<u>237,777</u>

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News Release

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.

Electronics

“Higher Revenue and Profits in 3Q2016”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2016			
	2016 3Q	2015 3Q	Growth %
Revenue (\$m)	474	439	8
Earnings before interest and tax (EBIT) (\$m)	49.4	47.3	4
Other income, net (\$m)	3.8	2.3	65
Finance costs, net (\$m)	(0.6)	(0.5)	(7)
Profit before tax (PBT) (\$m)	52.8	49.3	7
Profit attributable to shareholders (\$m)	45.2	39.6	14

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

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Electronics

Electronics sector unaudited results for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
1. (a) Revenue	473,675	438,643	8.0
(b) Cost of sales	(331,698)	(302,160)	9.8
(c) Gross Profit	141,977	136,483	4.0
(d) Distribution and selling expenses	(21,590)	(21,603)	(0.1)
(e) Administrative expenses	(43,308)	(45,098)	(4.0)
(f) Other operating expenses	(27,650)	(22,480)	23.0
(g) Profit from operations	49,429	47,302	4.5
(h) Other income	3,806	2,307	65.0
(i) Other expenses	-	-	-
(j) Other income, net	3,806	2,307	65.0
(k) Finance income	1,319	1,010	30.6
(l) Finance costs	(1,891)	(1,545)	22.4
(m) Finance costs, net	(572)	(535)	6.9
(n) Share of results of associates and joint venture, net of tax	146	259	(43.6)
(o) Profit before taxation	52,809	49,333	7.0
(p) Taxation	(7,723)	(9,785)	(21.1)
(q) Profit for the period	45,086	39,548	14.0
Attributable to:			
(r) Shareholder of the Company	45,187	39,560	14.2
(s) Non-controlling interests	(101)	(12)	>500
	45,086	39,548	14.0
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	11,383	10,336	10.1
Allowance for doubtful debts & bad debts written off, net	365	517	(29.4)
Allowance for inventory obsolescence, net	183	381	(52.0)
(b) Finance costs, net comprises:			
Interest income	432	677	(36.2)
Foreign exchange gain, net	638	333	91.6
Gain on disposal of an investment	249	-	NM
Interest expenses	(1,891)	(1,545)	22.4
	(572)	(535)	6.9

* NM - Not Meaningful

Electronics

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.5%	9.0%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.9%	10.3%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for first half year	914,578	784,530	16.6
(b) Profit for the period reported for first half year	74,771	69,544	7.5
(c) Revenue reported for third quarter	473,675	438,643	8.0
(d) Profit for the period reported for third quarter	45,086	39,548	14.0
(e) Revenue reported for first nine months	1,388,253	1,223,173	13.5
(f) Profit for the period reported for first nine months	119,857	109,092	9.9
5. (a) There was an overprovision of current tax of \$1,412,000 and an underprovision of deferred tax of \$722,000 in respect of prior years (3Q2015: There was an overprovision of current tax of \$963,000 and an underprovision of deferred tax of \$37,000 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		+ / (-) %
	2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000	
Third Quarter						
Large-Scale Systems Group	108,348	102,454	5.8	12,681	9,071	39.8
Communication & Sensor Systems Group	226,168	191,865	17.9	18,520	18,962	(2.3)
Software Systems Group	139,159	144,324	(3.6)	21,608	21,300	1.4
Total	<u>473,675</u>	<u>438,643</u>	8.0	<u>52,809</u>	<u>49,333</u>	7.0

Nine Months Ended 30 September

Large-Scale Systems Group	337,259	303,507	11.1	41,356	35,133	17.7
Communication & Sensor Systems Group	676,065	543,974	24.3	47,366	42,825	10.6
Software Systems Group	374,929	375,692	(0.2)	54,901	52,840	3.9
Total	<u>1,388,253</u>	<u>1,223,173</u>	13.5	<u>143,623</u>	<u>130,798</u>	9.8

	Revenue		
	3Q2016 \$'000	3Q2015 \$'000	
<u>By Geographical Areas</u>			
Asia	374,884	336,576	11.4
USA	47,977	40,306	19.0
Europe	24,748	23,682	4.5
Others	26,066	38,079	(31.5)
Total	<u>473,675</u>	<u>438,643</u>	8.0

By Country of Incorporation

Asia	382,966	354,322	8.1
USA	73,632	67,921	8.4
Europe	3,746	5,906	(36.6)
Others	13,331	10,494	27.0
Total	<u>473,675</u>	<u>438,643</u>	8.0

Electronics

7. Review of Performance

(a) Revenue

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$474m	\$439m	\$35m	8%

Revenue of \$474 million recorded in 3Q2016 was higher than that of 3Q2015 by 8% or \$35 million. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions, increased sales of satellite communication products and electro-optics equipment. **Large-Scale Systems Group (LSG)** recorded higher sales mainly due to higher value project milestone completions. **Software Systems Group's (SSG)** sales were comparable to that of 3Q2015.

(b) Profitability

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$52.8m	\$49.3m	\$3.5m	7%

The profit before tax of \$52.8 million for 3Q2016 was higher than that of 3Q2015 by 7% or \$3.5 million. The Sector recorded higher profit mainly due to increased sales and higher other income, partially offset by higher operating expenses.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue and profit before tax for FY2016 are expected to be higher compared to FY2015.

9. Balance Sheet

	30-Sep-16	31-Dec-15
	\$'000	\$'000
Property, plant and equipment	189,372	185,192
Associates and joint venture	1,507	1,397
Investments	9,558	9,902
Intangible assets	329,151	335,049
Long-term receivable, non-current	936	913
Deferred tax assets	24,704	29,726
Derivative financial instruments, non-current	857	40
Non-current assets	556,085	562,219
Current assets	1,318,770	1,299,812
Total assets	1,874,855	1,862,031
Current liabilities	1,079,627	1,114,278
Non-current liabilities	503,972	523,445
Total liabilities	1,583,599	1,637,723
Share capital and reserves	284,784	217,088
Non-controlling interests	6,472	7,220
Total equity and liabilities	1,874,855	1,862,031
Net current assets	239,143	185,534

Electronics

10. Statement of Cash Flows for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000
Net cash from operating activities	44,152	6,811
Net cash (used in)/from investing activities	(17,901)	7,369
Proceeds from sale of property, plant and equipment	19	23
Proceeds from sale of an unquoted investment	249	-
Dividend from an associate	137	-
Purchase of property, plant and equipment	(15,526)	(5,907)
Acquisition of other intangible assets	(2,780)	(4,423)
Acquisition of controlling interests in a subsidiary, net of cash acquired	-	17,676
Net cash from/(used in) financing activities	29,787	(14,889)
Repayment of a related party loan	(2,467)	-
Repayment of loans by related parties	-	34,000
Proceeds from related parties loans	33,698	6,839
Loans to related parties	-	(33,000)
Acquisition of non-controlling interests in subsidiaries	-	(4,600)
Dividend paid to shareholder	-	(16,600)
Dividend paid to non-controlling interests	(605)	-
Interest paid	(833)	(445)
Deposits pledged	(6)	(1,083)
Net increase/(decrease) in cash and cash equivalents	56,038	(709)
Cash and cash equivalents at beginning of period	203,179	242,911
Exchange difference on cash and cash equivalents	1,262	4,034
Cash and cash equivalents at end of period	260,479	246,236 ¹

¹ Cash and cash equivalents at the end of 3Q2015 was after deducting \$69.0 million of short term net lending to a related party.

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News Release

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

“Profits impacted by JHK impairment and closure costs”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2016			
	2016 3Q	2015 3Q	Growth %
Revenue (\$m)	336	321	5
Earnings before interest and tax (EBIT) (\$m)	(47.7)	15.0	(417)
Other income, net (\$m)	3.0	1.9	65
Finance costs, net (\$m)	(0.5)	(1.6)	69
(Loss)/Profit before tax (LBT/PBT) (\$m)	(41.4)	19.8	(309)
(Loss)/Profit attributable to shareholders (\$m)	(42.7)	16.2	(363)

- One-off charge of \$61.1m, net of non-controlling interests, for impairment of JHK’s assets and provision for closure costs

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

Land Systems

Land Systems sector unaudited results for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
1. (a) Revenue	336,004	320,860	4.7
(b) Cost of sales	(287,439)	(249,282)	15.3
(c) Gross Profit	48,565	71,578	(32.2)
(d) Distribution and selling expenses	(16,863)	(19,148)	(11.9)
(e) Administrative expenses	(22,372)	(27,104)	(17.5)
(f) Other operating expenses	(57,047)	(10,281)	454.9
(g) (Loss)/Profit from operations	(47,717)	15,045	(417.2)
(h) Other income	3,330	2,274	46.4
(i) Other expenses	(317)	(444)	(28.6)
(j) Other income, net	3,013	1,830	64.6
(k) Finance income	1,265	1,895	(33.2)
(l) Finance costs	(1,759)	(3,489)	(49.6)
(m) Finance costs, net	(494)	(1,594)	(69.0)
(n) Share of results of associates and joint ventures, net of tax	3,829	4,478	(14.5)
(o) (Loss)/Profit before taxation	(41,369)	19,759	(309.4)
(p) Taxation	(8,951)	(4,625)	93.5
(q) (Loss)/Profit for the period	(50,320)	15,134	(432.5)
Attributable to:			
(r) Shareholders of the Company	(42,682)	16,220	(363.1)
(s) Non-controlling interests	(7,638)	(1,086)	>500
	(50,320)	15,134	(432.5)

2. (a) (Loss)/Profit from operations is arrived at after charging/(crediting) the following:

Depreciation and amortisation	8,735	8,642	1.1
Allowance for doubtful debts & bad debts written off, net	8,518	4,151	105.2
Allowance for inventory obsolescence, net	11,831	2,220	432.9
Impairment losses on intangible assets	9,322	-	NM
Impairment losses on property, plant and equipment	28,170	-	NM
Impairment losses on other receivables	2,637	-	NM
(b) Finance costs, net comprises			
Interest income	271	466	(41.8)
Foreign exchange (loss)/gain, net	694	519	33.7
Fair value changes of financial instruments / hedged items	(156)	(9)	>500
Interest expenses	(1,303)	(2,570)	(49.3)
	(494)	(1,594)	(69.0)

* NM - Not Meaningful

(c) On 7 November 2016, the Board of JHK approved the cessation of production to reduce its operating losses. A one-off charge of \$61.1 million, net of non-controlling interests, was recorded in 3Q2016 for impairment of JHK's asset carrying values and provision for closure costs. In the past few years, there has been a severe overcapacity in the road construction equipment segment in China, resulting in low utilisation of JHK's production capacity. JHK will not be able to operate on an ongoing basis as cash will soon run out.

Land Systems

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
3. (a) (Loss)/Profit for the period [1(q) above] as a percentage of revenue	-15.0%	4.7%	
(b) (Loss)/Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	-11.0%	4.0%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for first half year	569,996	665,709	(14.4)
(b) Profit for the period reported for first half year	28,979	24,019	20.7
(c) Revenue reported for third quarter	336,004	320,860	4.7
(d) (Loss)/Profit for the period reported for third quarter	(50,320)	15,134	(432.5)
(e) Revenue reported for first nine months	906,000	986,569	(8.2)
(f) (Loss)/Profit for the period reported for first nine months	(21,341)	39,153	(154.5)
5. (a) There was an under-provision of current tax \$142,000 in respect of prior years. (3Q2015: There was an over-provision of current tax of \$512,000 and under-provision of deferred tax of \$18,000 in respect of prior years).			
(b) There was no disposal of property during the third quarter.			

6. Business Group Information

By Business Group

	Revenue		+ / (-) %	(Loss)/Profit before Taxation		+ / (-) %
	2016 \$'000	2015 \$'000		2016 \$'000	2015 \$'000	
Third Quarter						
Automotive	250,000	271,269	(7.8)	(58,005)	9,534	<-500
Munitions & Weapon	65,372	36,034	81.4	7,620	2,069	268.3
Services, Trading & Others	20,632	13,557	52.2	9,016	8,156	10.5
Total	<u>336,004</u>	<u>320,860</u>	4.7	<u>(41,369)</u>	<u>19,759</u>	(309.4)
Nine Months Ended 30 September						
Automotive	694,644	815,944	(14.9)	(44,627)	16,700	(367.2)
Munitions & Weapon	152,110	120,097	26.7	18,310	12,599	45.3
Services, Trading & Others	59,246	50,528	17.3	24,368	22,966	6.1
Total	<u>906,000</u>	<u>986,569</u>	(8.2)	<u>(1,949)</u>	<u>52,265</u>	(103.7)

By Geographical Areas

	Revenue		+ / (-) %
	3Q2016 \$'000	3Q2015 \$'000	
Asia	202,850	215,303	(5.8)
USA	112,143	88,803	26.3
Europe	938	3,959	(76.3)
Others	20,073	12,795	56.9
Total	<u>336,004</u>	<u>320,860</u>	4.7

By Country of Incorporation

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
Asia	238,837	226,371	5.5
USA	91,744	90,098	1.8
Europe	-	-	-
Others	5,423	4,391	23.5
Total	<u>336,004</u>	<u>320,860</u>	4.7

Land Systems

7. Review of Performance

(a) Revenue

3Q2016 vs 3Q2015	3Q2016	3Q2015	Growth	
		\$336m	\$321m	\$15m

3Q2016 revenue compared to 3Q2015 increased by 5% or \$15 million to \$336 million. This was due mainly to higher revenue from **Munitions & Weapon (M&W)** and **Services, Trading and Others (S&T)** business groups, partially offset by lower revenue from **Automotive (Auto)** business group.

(b) Profitability

3Q2016 vs 3Q2015	3Q2016	3Q2015	Growth	
		(\$41.4m)	\$19.8m	(\$61.2m)

3Q2016 loss before tax was \$41.4 million compared to 3Q2015 profit before tax (PBT) of \$19.8 million. PBT was impacted by JHK impairment and closure costs totalling \$65.1 million from the **Auto** business group. The **M&W** business group had higher profits mainly from higher revenue.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue and profit before tax for FY2016 are expected to be lower compared to FY2015.

9. Balance Sheet

	30-Sep-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	294,666	354,677
Associates and joint ventures	123,871	121,781
Investments	97	189
Intangible assets	192,294	208,201
Finance lease receivables, non-current	-	523
Deferred tax assets	13,676	25,993
Amounts due from related parties, non-current	5,840	6,049
Derivative financial instruments, non-current	820	1,138
Non-current assets	631,264	718,551
Current assets	1,048,236	1,258,310
Total assets	1,679,500	1,976,861
Current liabilities	802,149	942,164
Non-current liabilities	666,856	771,307
Total liabilities	1,469,005	1,713,471
Share capital and reserves	197,074	221,847
Non-controlling interests	13,421	41,543
Total equity and liabilities	1,679,500	1,976,861
Net current assets	246,087	316,146

Land Systems

10. Statement of Cash Flows for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000
Net cash from / (used in) operating activities	24,657	(20,914)
Net cash used in investing activities	(7,100)	(4,378)
Proceeds from sale of property, plant and equipment	74	104
Purchase of property, plant and equipment	(5,688)	(4,482)
Purchase of intangible assets	(1,486)	-
Net cash (used in) / from financing activities	(125)	41,010
Interest paid	(1,302)	(2,561)
Repayment of short-term related party loans	(1,952)	(7,129)
Proceeds from short-term related party loans	-	10,000
Repayment of short-term loan by a related corporation	-	20,000
Proceeds from short-term immediate holding company loans	8,200	24,100
Repayment of long-term related party loans	(5,570)	-
Repayment of short-term loans	(39)	(40)
Repayment of short-term bank loans	-	(9,524)
Proceeds from short-term bank loans	466	9,524
Dividends paid to non-controlling interests	-	(642)
Deposits discharged / (pledged)	72	(2,718)
Net increase in cash and cash equivalents	17,432	15,718
Cash and cash equivalents at beginning of the period	137,111	179,594
Exchange difference on cash and cash equivalents at beginning of the period	419	1,344
Cash and cash equivalents at end of the period	154,962	196,656

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News Release

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 PBT”

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2016			
	2016 3Q	2015 3Q	Growth %
Revenue (\$m)	211	205	3
Earnings before interest and tax (EBIT) (\$m)	36.2	10.7	239
Other income, net (\$m)	1.3	1.8	(27)
Finance income, net (\$m)	0.9	0.9	(3)
Profit before tax (PBT) (\$m)	38.7	15.9	143
Profit attributable to shareholders (\$m)	31.9	15.1	111

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

Marine

Marine sector unaudited results for the third quarter ended 30 September 2016

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
1. (a) Revenue	210,944	204,898	3.0
(b) Cost of sales	(163,241)	(182,141)	(10.4)
(c) Gross Profit	47,703	22,757	109.6
(d) Distribution and selling expenses	(1,665)	(1,478)	12.7
(e) Administrative expenses	(7,468)	(8,414)	(11.2)
(f) Other operating expenses	(2,388)	(2,191)	9.0
(g) Profit from operations	36,182	10,674	239.0
(h) Other income, net	1,356	1,863	(27.2)
(i) Other expenses	(31)	(39)	(20.5)
(j) Other income/(expenses), net	1,325	1,824	(27.4)
(k) Finance income	1,004	971	3.4
(l) Finance costs	(85)	(19)	347.4
(m) Finance income/(costs), net	919	952	(3.5)
(n) Share of results of associates and joint ventures, net of tax	307	2,493	(87.7)
(o) Profit before taxation	38,733	15,943	142.9
(p) Taxation	(6,882)	(862)	NM
(q) Profit for the period	31,851	15,081	111.2
Attributable to:			
(r) Shareholders of the Company	31,850	15,081	111.2
(s) Non-controlling interests	1	-	-
	31,851	15,081	111.2
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	7,079	7,451	(5.0)
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	178	3	NM
Allowance/(write-back of allowance) for stock obsolescence, net	112	102	9.8
(b) Finance income, net comprises:			
Interest income	979	894	9.5
Foreign exchange gain, net	25	77	(67.5)
Interest expenses	(85)	(19)	347.4
	919	952	(3.5)

Marine

	3Q2016 \$'000	3Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	15.1%	7.4%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	15.4%	7.1%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for half year	461,755	533,527	(13.5)
(b) Profit for the period reported for first half year	22,506	44,702	(49.7)
(c) Revenue reported for third quarter	210,944	204,898	3.0
(d) Profit for the period reported for third quarter	31,851	15,081	111.2
(e) Revenue reported for first nine months	672,699	738,425	(8.9)
(f) Profit for the period reported for first nine months	54,357	59,783	(9.1)
5. (a) There was no over or under provision of current and deferred tax in respect of prior years (3Q2015: There was no over or under provision of current and deferred tax 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		
	2016 \$'000	2015 \$'000	+ / (-) %	2016 \$'000	2015 \$'000	+ / (-) %
Third Quarter						
Shipbuilding	120,495	134,567	(10.5)	9,930	1,294	>500
Shiprepair	78,705	42,874	83.6	24,475	12,747	92.0
Engineering	11,744	27,457	(57.2)	4,328	1,902	127.5
Total	<u>210,944</u>	<u>204,898</u>	3.0	<u>38,733</u>	<u>15,943</u>	142.9

Nine Months Ended 30 September

Shipbuilding	399,020	487,556	(18.2)	3,692	12,856	(71.3)
Shiprepair	229,439	190,758	20.3	50,686	51,321	(1.2)
Engineering	44,240	60,111	(26.4)	8,180	4,754	72.1
Total	<u>672,699</u>	<u>738,425</u>	(8.9)	<u>62,558</u>	<u>68,931</u>	(9.2)

	Revenue		
	3Q2016 \$'000	3Q2015 \$'000	
<u>By Geographical Areas</u>			
Asia	117,690	97,344	20.9
USA	65,328	86,015	(24.1)
Europe	12,044	6,850	75.8
Others	15,882	14,689	8.1
Total	<u>210,944</u>	<u>204,898</u>	3.0

By Country of Incorporation

Asia	145,616	120,980	20.4
USA	65,328	83,918	(22.2)
Total	<u>210,944</u>	<u>204,898</u>	3.0

Marine

7. Review of Performance

(a) Revenue

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$211m	\$205m	\$6m	3%

Revenue for 3Q2016 was comparable to 3Q2015.

(b) Profitability

3Q2016 vs 3Q2015

3Q2016	3Q2015	Growth	
\$38.7m	\$15.9m	\$22.8m	143%

3Q2016 profit before tax ("PBT") of \$38.7 million was higher than 3Q2015 by 143% or \$22.8 million. The higher PBT was due mainly to higher gross profits as a result of better performance from all three business groups.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue and PBT for FY2016 are expected to be lower compared to FY2015.

9. Balance Sheet

	30-Sep-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	310,002	332,533
Associates and joint ventures	8,329	8,229
Investments	138	84
Long-term receivables, non-current	1,895	4,363
Deferred tax assets	15,696	17,225
Amounts due from related parties, non-current	4,806	4,806
Derivative financial instruments, non-current	2,406	2,341
Non-current assets	343,272	369,581
Current assets	623,658	633,271
Total assets	966,930	1,002,852
Current liabilities	692,323	709,493
Non-current liabilities	93,811	101,234
Total liabilities	786,134	810,727
Share capital and reserves	180,771	192,093
Non-controlling interests	25	32
Total equity and liabilities	966,930	1,002,852
Net current liabilities	(68,665)	(76,222)

Marine

10. Statement of Cash Flows for the third quarter ended 30 September 2016

	3Q2016	3Q2015
	\$'000	\$'000
Net cash from/(used in) operating activities	(20,309)	10,052
Net cash from/(used in) investing activities	(1,903)	2,969
Proceeds from sale of property, plant and equipment	-	722
Dividends from joint ventures	800	4,680
Purchase of property, plant and equipment	(2,338)	(2,433)
Investment in a joint venture	(365)	-
Net cash from financing activities	6,707	15,220
Proceeds from loans from a related party	24,555	-
Repayment of short-term bank loans	(12,206)	-
Proceeds from short-term bank loans	9,443	24,239
Repayment of loans by related corporations	-	1,000
Loans to related corporations	-	(10,000)
Dividend paid to shareholders	(15,000)	-
Interest paid	(85)	(19)
Net increase/(decrease) in cash and cash equivalents	(15,505)	28,241
Cash and cash equivalents at beginning of period	131,074	103,247
Exchange difference on cash and cash equivalents	169	1,468
Cash and cash equivalents at end of period	115,738	132,956

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