

News Release

ST Engineering Reports Lower Profits for 1Q2016

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	1,627	1,511	8
Earnings before interest and tax (EBIT) (\$m)	97.2	110.1	(12)
Other income, net (\$m)	22.1	20.8	6
Finance income/(costs), net (\$m)	(11.5)	8.5	(234)
Profit before tax (PBT) (\$m)	130.4	150.5	(13)
Profit attributable to shareholders (\$m)	110.2	130.0	(15)
Earnings per share (cents)	3.53	4.17	(15)

- Commercial sales constituted 71% or \$1.15 billion of revenue
- Order book of \$11.5 billion at end March 2016, of which about \$3.0 billion is expected to be delivered in the remaining months of 2016
- Cash and cash equivalents including funds under management totalled \$1.5 billion
- Advance payments from customers totalled \$1.6 billion

N.B.: All currencies are in Singapore dollars

Singapore, 13 May 2016 – Singapore Technologies Engineering Ltd (ST Engineering) today announced financial results for its first quarter ended 31 March 2016 (1Q2016).

Group revenue for 1Q2016 was 8% higher at \$1.63b compared to \$1.51b the year before, with higher sales from the Aerospace and Electronics sectors. Quarterly Profit before tax (PBT) for the Group was \$130.4m, down 13% from \$150.5m, and Quarterly net profit after tax (Net profit) for the Group was \$110.2m, down 15% from \$130.0m as profits from Land Systems and Marine sectors declined.

At the business level compared to the same period last year, revenue for the Aerospace sector was 27% higher at \$622m from \$489m, mainly driven by the contribution of a new subsidiary, Elbe Flugzeugwerke. PBT for the Aerospace sector remained comparable at \$75.2m. Arising from higher value project milestone completions, revenue for the Electronics sector increased 28% to \$457m from \$356m and its PBT up 13% to \$39.6m from \$34.9m. The Land Systems sector recorded lower revenue for all its business groups, resulting in a 18% drop in revenue to \$284m from \$346m, and 28% drop in PBT to \$11.6m from \$16.2m. In the Marine sector, weaker shipbuilding performance in Singapore and US operations resulted in revenue of \$213m, 24% lower compared to \$280m, and PBT of \$3.4m, 85% down from \$23.4m.

“For the first quarter of 2016, the Group reported higher Revenue, but lower PBT compared to the same quarter last year. Our business operations, including shipbuilding, continue to face industry headwinds, the impact of slow-down in China and overall, an uncertain global economic outlook.

Notwithstanding the economic conditions, the quarter ended with an order book of \$11.5b, and we continue to hold cash and cash equivalents, including funds under management, at a healthy level of \$1.5b.

Against a weakening global economic environment, the Group adopts a cautious approach to its businesses. Barring unforeseen circumstances, the Group expects FY2016 Revenue to be higher, and PBT to be comparable to FY2015. We continue to monitor the situation closely and will provide an update at mid-year.”

~Tan Pheng Hock
President & CEO, ST Engineering

Business Highlights And New Contracts in 1Q2016

Commercial business accounted for 71% or \$1.15b of Group revenue in 1Q2016. Order book was \$11.5b at the end of March 2016, of which the Group expects to deliver about \$3.0b in the remaining months of 2016.

In the first quarter, the Group announced \$948m worth of new contracts, comprising \$443m for the Aerospace sector and \$505m for the Electronics sector. Contracts for the Aerospace sector were for various projects, including line and heavy maintenance, cabin interior modifications, component and landing gear support, pilot training and engine wash services. The Electronics sector continued to secure projects for Rail Electronics & Intelligent Transportation, Satellite & Broadband communications, as well as Advanced Electronics and ICT solutions which included contracts to deliver its Trainborne Communications System for the Riyadh Metro in Saudi Arabia, and to deploy its smart lighting solution across the Borough of Southend-on-Sea in the United Kingdom.

In February during the Singapore Airshow 2016, the Group exhibited more than 100 products, services and solutions - new and proven – organised into Aviation, Smart Combat and Smart City clusters. The exhibits showcased broad-based capabilities which position the Group well to capture opportunities driven by megatrends impacting global aerospace, defence and security world, as well as the rapid transformation of cities such as Singapore over the next decade.

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 and MSCI Singapore. 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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FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016
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**SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**
1 CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	GROUP		
	1Q2016	1Q2015	+ / (-)
	\$'000	\$'000	%
Revenue	1,627,068	1,511,390	7.7
Cost of sales	(1,334,870)	(1,218,931)	9.5
Gross profit	292,198	292,459	(0.1)
Distribution and selling expenses (refer to para 1.7)	(48,937)	(37,864)	29.2
Administrative expenses	(116,914)	(112,983)	3.5
Other operating expenses (refer to para 1.8)	(29,224)	(31,547)	(7.4)
Profit from operations	97,123	110,065	(11.8)
Other income (refer to para 1.9)	22,101	20,772	6.4
Other expenses	-	-	-
Other income, net	22,101	20,772	6.4
Finance income	15,528	23,578	(34.1)
Finance costs	(26,979)	(15,055)	79.2
Finance (costs)/income, net	(11,451)	8,523	(234.4)
Share of results of associates and joint ventures, net of tax	22,603	11,159	102.6
Profit before taxation	130,376	150,519	(13.4)
Taxation	(19,632)	(19,040)	3.1
Profit for the period	110,744	131,479	(15.8)
Attributable to:			
Shareholders of the Company	110,198	129,971	(15.2)
Non-controlling interests	546	1,508	(63.8)
	110,744	131,479	(15.8)

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

		GROUP		
		1Q2016	1Q2015	+ / (-)
		\$'000	\$'000	%
1.1	Profit from operations is arrived at after charging the following:			
	Depreciation and amortisation	55,634	44,412	25.3
	The higher depreciation and amortisation in 1Q2016 came mainly from Aerospace sector due to acquisition of a new subsidiary, Elbe Flugzeugwerke GmbH ("EFW") in January 2016 and from Miltope.			
	Allowance/(write back) for doubtful debts & bad debts written off, net	433	(1,108)	139.1
	The allowance for doubtful debts in 1Q2016 came largely from Electronics and Land Systems sectors, while the write back of doubtful debts in 1Q2015 came largely from Aerospace sector.			
	Allowance for inventory obsolescence, net	12,278	12,968	(5.3)
	The lower allowance for inventory obsolescence in 1Q2016 came from Land Systems sector, partially offset by higher allowance for rotatables in Aerospace sector.			
1.2	Finance (costs)/income, net comprises:			
	Interest income	7,348	5,558	32.2
	Foreign exchange gain, net	4,743	4,445	6.7
	Fair value changes of financial instruments / hedged items	(12,499)	8,084	(254.6)
	Gain on disposal of investments, net	547	6	>500
	Interest expenses	(11,576)	(9,540)	21.3
	Others	(14)	(30)	(53.3)
		<u>(11,451)</u>	<u>8,523</u>	(234.4)
	The unfavourable fair value changes in 1Q2016 was mainly due to depreciating USD/SGD.			
1.3	Profit for the period as a percentage of revenue	6.8%	8.7%	
1.4	Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	5.0%	5.9%	
1.5	The Group's tax charge in 1Q2016 included adjustments for overprovision of current tax and deferred tax of \$0.2 million and \$1.2 million respectively in respect of prior years. (1Q2015: Adjustments for overprovision of current tax and deferred tax of \$1.8 million and \$0.2 million respectively.)			
1.6	There was no disposal of property during the period. (1Q2015: Land Systems sector relocated a factory with government compensation, with no profit or loss impact.)			
1.7	The higher distribution and selling expenses in 1Q2016 (by \$11.1 million) arose mainly from \$9.0 million of Singapore Airshow 2016 expenses.			
1.8	Lower research and development activities in Land Systems sector (by \$4.9 million), partially offset by the higher R&D expenses in Aerospace and Electronics sector (by \$2.0 million and \$0.9 million respectively) accounted for the lower other operating expenses in 1Q2016 (by \$2.3 million).			
1.9	The higher 1Q2016 other income (by \$1.3 million) mainly arose from higher receipt of wage credit by Aerospace and Electronics sectors.			

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

	GROUP		
	2016 \$'000	2015 \$'000	+/(-) %
Revenue reported for first quarter	1,627,068	1,511,390	7.7
Profit for the period reported for first quarter	110,744	131,479	(15.8)

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP		
	1Q2016	1Q2015	FY2015
EPS based on profit attributable to shareholders:	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	3.53	4.17	17.05
(ii) On a fully diluted basis	3.53	4.17	17.04

2 BALANCE SHEETS

	GROUP		COMPANY	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,760,521	1,708,779	3,773	3,997
Subsidiaries	-	-	1,178,822	1,194,799
Associates and joint ventures	338,059	461,560	17,657	17,657
Investments	337,380	328,684	-	-
Intangible assets	970,755	736,970	-	-
Long-term receivables, non-current	6,740	5,340	-	-
Finance lease receivables, non-current	276	523	-	-
Deferred tax assets	124,430	105,551	4,700	4,700
Amounts due from related parties, non-current	4,806	4,806	337,307	355,028
Derivative financial instruments, non-current	21,661	25,790	-	-
	3,564,628	3,378,003	1,542,259	1,576,181
Current assets				
Inventories and work-in-progress	2,058,849	1,943,004	-	-
Trade receivables	1,325,425	1,319,714	-	-
Amounts due from related parties, current	54,716	56,582	438,424	470,376
Advances and other receivables	330,646	333,811	7,743	5,299
Long-term receivables, current	891	354	-	-
Finance lease receivables, current	3,238	3,173	-	-
Short-term investments	170,474	182,969	-	-
Bank balances and other liquid funds	1,035,427	951,494	160,576	82,091
	4,979,666	4,791,101	606,743	557,766
TOTAL ASSETS	8,544,294	8,169,104	2,149,002	2,133,947
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers, current	925,260	871,246	-	-
Trade payables and accruals, current	1,641,095	1,702,649	18,450	20,619
Amounts due to related parties, current	20,577	20,553	1,911	1,742
Provisions	246,873	257,524	-	-
Progress billings in excess of work-in-progress	636,304	568,575	-	-
Provision for taxation	148,168	124,628	3,604	5,528
Employee benefits, current	5,945	-	-	-
Short-term bank loans	88,122	65,647	-	-
Long-term bank loans, current	97,316	106,531	-	-
Lease obligations, current	680	730	-	-
Other loans, current	1,704	1,778	-	-
	3,812,044	3,719,861	23,965	27,889
NET CURRENT ASSETS	1,167,622	1,071,240	582,778	529,877

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers, non-current	685,469	700,908	-	-
Trade payables and accruals, non-current	138,412	229,535	10,839	11,538
Deferred tax liabilities	238,285	134,815	-	-
Employee benefits, non-current	69,895	-	-	-
Bonds	673,853	705,567	-	-
Long-term bank loans, non-current	295,820	293,962	-	-
Lease obligations, non-current	17,413	18,706	-	-
Other loans, non-current	255	310	-	-
Deferred income	91,446	92,052	-	-
Other long-term payables, non-current	700	700	-	-
Derivative financial instruments, non-current	21,996	11,615	-	-
Amounts due to related parties, non-current	-	146	669,861	644,274
	2,233,544	2,188,316	680,700	655,812
TOTAL LIABILITIES	6,045,588	5,908,177	704,665	683,701
NET ASSETS	2,498,706	2,260,927	1,444,337	1,450,246
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(56,898)	(66,870)	(56,898)	(66,870)
Capital reserves	112,917	113,277	(3,433)	(3,073)
Other reserves	(103,696)	(65,495)	54,129	72,512
Retained earnings	1,365,412	1,255,214	554,613	551,751
	2,213,661	2,132,052	1,444,337	1,450,246
Non-controlling interests	285,045	128,875	-	-
	2,498,706	2,260,927	1,444,337	1,450,246
TOTAL EQUITY AND LIABILITIES	8,544,294	8,169,104	2,149,002	2,133,947

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2015, the increase in net assets for the Group's Balance Sheets was mainly attributable to stepped-up acquisition of a new subsidiary, EFW, and acquisition of property, plant and equipment of \$55 million for the Group.

The increase in intangible assets of \$234 million was mainly due to the acquisition of EFW. Increase in property, plant and equipment was mainly due to acquisition of a warehouse and an aircraft for Aerospace sector aircraft leasing business.

2(b) GROUP BORROWINGS

	As at 31-Mar-16 \$'000	As at 31-Dec-15 \$'000
<u>Amount repayable within one year</u>		
Secured	32,239	25,592
Unsecured	<u>155,583</u>	<u>149,094</u>
	<u>187,822</u>	<u>174,686</u>
<u>Amount repayable after one year</u>		
Secured	131,130	97,959
Unsecured	<u>856,211</u>	<u>920,586</u>
	<u>987,341</u>	<u>1,018,545</u>
 Total	 <u>1,175,163</u>	 <u>1,193,231</u>

2(c) NET ASSET VALUE

	GROUP		
	1Q2016	1Q2015	FY2015
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	71.30	70.45	68.74

	COMPANY		
	1Q2016	1Q2015	FY2015
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	46.52	47.36	46.76

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	GROUP	
	1Q2016	1Q2015
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	130,376	150,519
Adjustments:		
Share of results of associates and joint ventures, net of tax	(22,603)	(11,159)
Depreciation charge	47,735	40,858
Property, plant and equipment written off	35	4,612
Gain on disposal of property, plant and equipment	(219)	(120)
Gain on disposal of investments	(547)	(6)
Share-based payment expense	(6,579)	(976)
Changes in fair value of financial instruments and hedged items	12,499	(8,084)
Changes in fair value of financial instruments held for trading	15	31
Interest expenses	11,576	9,540
Interest income	(7,348)	(5,558)
Dividends from investments	(1)	(1)
Amortisation of deferred income	(267)	-
Amortisation of other intangible assets	7,899	3,554
Operating profit before working capital changes	<u>172,571</u>	<u>183,210</u>
Changes in:		
Inventories and work-in-progress	(15,170)	(35,664)
Progress billings in excess of work-in-progress	63,064	50,179
Trade receivables	39,175	181,031
Advance payments to suppliers	11,878	(6,122)
Other receivables, deposits and prepayments	6,928	13,222
Amount due from holding company and related corporations balances	5,728	11,074
Amount due to holding company and related corporations balances	(915)	(2,626)
Amount due from associates	2,198	3,030
Amount due from joint ventures	(6,267)	(2,348)
Trade payables	(34,855)	5,524
Advance payments from customers	8,522	10,728
Other payables, accruals and provisions	(129,686)	(111,687)
Loans to staff and third parties	(2,827)	(264)
Deferred income	1,583	3,635
Foreign currency translation of foreign operations	2,826	(3,389)
Cash generated from operations	<u>124,753</u>	<u>299,533</u>
Interest received	7,383	8,875
Income tax paid	(11,540)	(4,807)
Net cash from operating activities	<u>120,596</u>	<u>303,601</u>

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (cont'd)

	GROUP	
	1Q2016	1Q2015
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	374	1,279
Proceeds from sale and maturity of investments	91,028	17,256
Repayment of loan from a joint venture	-	272
Dividends from associates and joint ventures	16,597	17,926
Dividends from investments	1	1
Purchase of property, plant and equipment	(54,697)	(47,449)
Purchase of investments	(87,703)	(35,188)
Acquisition of other intangible assets	(14,242)	(11,963)
Acquisition of controlling interests in subsidiary, net of cash acquired	9,127	-
Net cash used in investing activities	(39,515)	(57,866)
Cash flows from financing activities		
Capital contribution from non-controlling interests of subsidiary	447	51
Repayment of other loans	(39)	(34)
Repayment of bank loans	(29,415)	(184,703)
Repayment of lease obligations	(484)	(369)
Proceeds from issue of shares	-	5,355
Proceeds from share options exercised with issue of treasury shares	642	358
Purchase of treasury shares	(2,838)	(57,640)
Proceeds from bank loans	66,650	208,693
Proceeds from a loan from a joint venture	1,000	-
Acquisition of non-controlling interests in subsidiary	(167)	-
Interest paid	(19,211)	(16,474)
Deposit discharged	1,379	1,791
Net cash from/(used in) financing activities	17,964	(42,972)
Net increase in cash and cash equivalents	99,045	202,763
Cash and cash equivalents at beginning of the period	944,119	1,462,612
Exchange difference on cash and cash equivalents at beginning of the period	(13,733)	5,909
Cash and cash equivalents at end of the period	1,029,431	1,671,284

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Compared to 1Q2015, net cash from operating activities of \$121 million in 1Q2016 was lower by \$183 million due mainly to lower profits and unfavourable working capital movements.

The Group's net cash used in investing activities of \$40 million in 1Q2016 was lower than that of 1Q2015 by \$18 million. In 1Q2016, there was investment in property, plant and equipment (\$55 million), including one additional aircraft and a warehouse and other intangible assets (by \$14 million), partially offset by dividends from associates (\$17 million) and net cash acquired from acquisition of controlling interest in EFW (\$9 million).

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

The Group's net cash from financing activities of \$18 million for 1Q2016 was higher than that of 1Q2015 by \$61 million. The cash inflow is mainly attributable to net drawdown of bank loans in 1Q2016 (\$37 million) primarily to fund acquisition of aircraft, partially offset by share buyback (\$3 million) and interest paid to bondholders/banks (\$19 million).

Resulting from the above and lower cash and cash equivalents ("CCE") at the beginning of 1Q2016, CCE as at end 1Q2016 was \$1,029 million, \$642 million lower than 1Q2015.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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

	GROUP		
	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
Profit for the period	110,744	131,479	(15.8)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net fair value changes on available-for-sale financial assets	6,943	(350)	(2,083.7)
Net fair value changes on cash flow hedges	14,908	(33,993)	(143.9)
Share of net fair value changes on cash flow hedges of an associate	11,368	(8,068)	(240.9)
Foreign currency translation differences	(51,785)	20,916	(347.6)
Share of foreign currency translation differences of associates and joint ventures	3,375	3,961	(14.8)
Other comprehensive income for the period, net of tax	(15,191)	(17,534)	(13.4)
Total comprehensive income for the period, net of tax	95,553	113,945	(16.1)
Total comprehensive income attributable to:			
Shareholders of the Company	90,984	110,662	(17.8)
Non-controlling interests	4,569	3,283	39.2
	95,553	113,945	(16.1)

5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 1.1.2015	889,426	(6,529)	116,323	(92,057)	1,225,040	2,132,203	132,407	2,264,610
Total comprehensive income for the period								
Profit for the period	-	-	-	-	129,971	129,971	1,508	131,479
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	(350)	-	(350)	-	(350)
Net fair value changes on cash flow hedges	-	-	-	(32,878)	-	(32,878)	(1,115)	(33,993)
Share of net fair value changes on cash flow hedges of an associate	-	-	-	(8,068)	-	(8,068)	-	(8,068)
Foreign currency translation differences	-	-	-	18,026	-	18,026	2,890	20,916
Share of foreign currency translation differences of associates and joint ventures	-	-	-	3,961	-	3,961	-	3,961
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	(19,309)	-	(19,309)	1,775	(17,534)
Total comprehensive income for the period, net of tax	-	-	-	(19,309)	129,971	110,662	3,283	113,945
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Issue of shares	5,736	-	-	(381)	-	5,355	-	5,355
Capital contribution by non-controlling interests	-	-	-	-	-	-	51	51
Cost of share-based payment	-	-	-	(961)	-	(961)	(15)	(976)
Purchase of treasury shares	-	(57,640)	-	-	-	(57,640)	-	(57,640)
Treasury shares reissued pursuant to share plans	-	17,584	(2,027)	(15,199)	-	358	-	358
<i>Total contributions by and distributions to owners of the Company</i>	5,736	(40,056)	(2,027)	(16,541)	-	(52,888)	36	(52,852)
Total transactions with owners of the Company	5,736	(40,056)	(2,027)	(16,541)	-	(52,888)	36	(52,852)
At 31.3.2015	895,162	(46,585)	114,296	(127,907)	1,355,011	2,189,977	135,726	2,325,703

5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (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 1.1.2016	895,926	(66,870)	113,277	(65,495)	1,255,214	2,132,052	128,875	2,260,927
Total comprehensive income for the period								
Profit for the period	-	-	-	-	110,198	110,198	546	110,744
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	6,943	-	6,943	-	6,943
Net fair value changes on cash flow hedges	-	-	-	7,462	-	7,462	7,446	14,908
Share of net fair value changes on cash flow hedges of an associate	-	-	-	11,368	-	11,368	-	11,368
Foreign currency translation differences	-	-	-	(48,362)	-	(48,362)	(3,423)	(51,785)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	3,375	-	3,375	-	3,375
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	(19,214)	-	(19,214)	4,023	(15,191)
Total comprehensive income for the period, net of tax	-	-	-	(19,214)	110,198	90,984	4,569	95,553
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	-	-	-	-	-	-	447	447
Cost of share-based payment	-	-	-	(6,539)	-	(6,539)	(40)	(6,579)
Purchase of treasury shares	-	(2,834)	-	-	-	(2,834)	-	(2,834)
Treasury shares reissued pursuant to share plans	-	12,806	(360)	(11,717)	-	729	(87)	642
<i>Total contributions by and distributions to owners of the Company</i>	-	9,972	(360)	(18,256)	-	(8,644)	320	(8,324)
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	-	-	-	-	-	-	150,717	150,717
Total transactions with owners of the Company	-	9,972	(360)	(18,987)	-	(9,375)	151,601	142,226
At 31.3.2016	895,926	(56,898)	112,917	(103,696)	1,365,412	2,213,661	285,045	2,498,706

5 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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 1.1.2015	889,426	(6,529)	74,865	-	568,323	1,526,085
Total comprehensive income for the period						
Profit for the period	-	-	-	-	(813)	(813)
Total comprehensive income for the period	-	-	-	-	(813)	(813)
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of shares	5,736	-	(381)	-	-	5,355
Cost of share-based payment	-	-	(976)	-	-	(976)
Purchase of treasury shares	-	(57,640)	-	-	-	(57,640)
Treasury shares reissued pursuant to share plans	-	17,584	(15,199)	(2,027)	-	358
<i>Total contributions by and distributions to owners of the Company</i>	5,736	(40,056)	(16,556)	(2,027)	-	(52,903)
At 31.3.2015	895,162	(46,585)	58,309	(2,027)	567,510	1,472,369
At 1.1.2016	895,926	(66,870)	72,512	(3,073)	551,751	1,450,246
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,862	2,862
Total comprehensive income for the period	-	-	-	-	2,862	2,862
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	(6,579)	-	-	(6,579)
Purchase of treasury shares	-	(2,834)	-	-	-	(2,834)
Treasury shares reissued pursuant to share plans	-	12,806	(11,804)	(360)	-	642
<i>Total contributions by and distributions to owners of the Company</i>	-	9,972	(18,383)	(360)	-	(8,771)
At 31.3.2016	895,926	(56,898)	54,129	(3,433)	554,613	1,444,337

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

As at 31 March 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 17,921,827 were held by the Company as treasury shares (31 December 2015: 20,966,968).

	Number of Shares for the Quarter ended 31.3.2016
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,104,573,370
As at 31 December 2015 (excluding treasury shares)	3,101,528,229

Singapore Technologies Engineering Share Option Plan (ESOP)

As at 31 March 2016, there were 13,912,090 (31 March 2015: 21,076,050) unexercised options of unissued ordinary shares under the terminated ESOP.

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 31 March 2016, the total number of contingent shares granted conditionally but not released was 4,982,398 (31 March 2015: 3,988,782). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,470,076 (31 March 2015: 6,780,929) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 31 March 2016, the total number of contingent shares granted conditionally but not released was 5,370,242 (31 March 2015: 10,752,339). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,045,363 (31 March 2015: 15,581,898) ordinary shares.

As at 31 March 2016, the total number of awards released but not vested was 5,767,596 (31 March 2015: 2,339,018) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased 988,900 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (31 March 2015: 16,866,000).

During the quarter, 4,034,041 treasury shares were utilised pursuant to the ESOP and RSP 2010 (31 March 2015: 5,178,960).

<u>Group and Company</u>	Number of shares for the quarter ended 31.3.2016
As at beginning of the quarter	20,966,968
Purchase of treasury shares	988,900
Treasury shares transferred on exercise of share options	(223,581)
Treasury shares transferred on vesting of RSP 2010	(3,810,460)
As at end of the quarter	17,921,827

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

1Q2016 vs 1Q2015

\$m	1Q2016	1Q2015	Growth	
Aerospace	622	489	133	27%
Electronics	457	356	101	28%
Land Systems	284	346	(62)	(18%)
Marine	213	280	(67)	(24%)
Others	51	40	11	28%
Total	1,627	1,511	116	8%

Group's revenue of \$1,627 million for 1Q2016 was higher than that of 1Q2015. Higher revenue from Aerospace and Electronics sectors and "Others" were partially offset by lower revenue from Land Systems and Marine sectors.

Aerospace sector's 1Q2016 revenue of \$622 million was 27% or \$133 million higher than that of 1Q2015. All three business groups contributed to the higher revenue. In particular, **Engineering & Material Services** business group recorded higher revenue due mainly to acquisition of EFW, a new subsidiary, with effect from January 2016.

1Q2016 revenue of \$457 million for the Electronics sector was 28% or \$101 million higher than that of 1Q2015 arising from higher value project milestone completions from all three business groups.

Land Systems sector's revenue of \$284 million was 18% or \$62 million lower than that of 1Q2015. All three business groups recorded lower revenue.

Revenue of Marine sector in 1Q2016 of \$213 million was lower than that of 1Q2015 by 24% or \$67 million, due mainly to lower **Shipbuilding** revenue from both local and US operations.

Higher revenue under "Others" was mainly due to increase in revenue from ST Synthesis and Innosparks.

10 REVIEW OF GROUP PERFORMANCE (cont'd)
10(b) Profitability
1Q2016 vs 1Q2015

\$m	1Q2016	1Q2015	Growth	
Aerospace	75.2	71.4	3.8	5%
Electronics	39.6	34.9	4.7	13%
Land Systems	11.6	16.2	(4.6)	(28%)
Marine	3.4	23.4	(20.0)	(85%)
Others	0.6	4.6	(4.0)	(87%)
Total	130.4	150.5	(20.1)	(13%)

Group's profit before tax (PBT) for 1Q2016 of \$130.4 million was lower than that of 1Q2015. Lower PBT of Land Systems and Marine sectors and "Others" were partially offset by higher PBT from Electronics sector. Aerospace sector reported comparable PBT.

Aerospace sector's PBT of \$75.2 million in 1Q2016 was comparable to that achieved in 1Q2015. This was mainly due to higher revenue of new subsidiaries and higher contributions from associates, partially offset by higher operating expenses.

PBT for Electronics sector in 1Q2016 of \$39.6 million was 13% or \$4.7 million higher than that posted in 1Q2015 mainly due to higher revenue and other income, partially offset by less favourable sales mix and higher operating expenses.

Land Systems sector's 1Q2016 PBT of \$11.6 million was 28% or \$4.6 million lower than that of 1Q2015 as a result of lower revenue and unfavourable product mix partially offset by lower operating expenses.

PBT of Marine sector in 1Q2016 of \$3.4 million was 85% or \$20.0 million lower than that of 1Q2015 mainly due to poor performance of Shipbuilding from local and US operations.

PBT under "Others" for 1Q2016 was lower than that for 1Q2015, mainly due to unfavourable fair value changes on cross currency interest rate swaps and forward contracts as a result of depreciation of USD/SGD in 1Q2016, partially offset by contribution from an associate, Experia Events Pte. Ltd., the organiser of Singapore Airshow 2016.

11 **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 first quarter ended 31 March 2016 to be false or misleading in any material respect.

12 **VARIANCE FROM PROSPECTS STATEMENT**

No first quarter forecast was previously provided.

13 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group expects 1H2016 Revenue to be higher, while PBT is expected to be lower than that of 1H2015. For FY2016, the Group expects Revenue to be higher, and PBT to be comparable to FY2015.

Sectors

For Aerospace and Electronics sectors, Revenue for 1H2016 is expected to be higher, while PBT is expected to be comparable to 1H2015.

For Land Systems and Marine sectors, both Revenue and PBT for 1H2016 are expected to be lower than that of 1H2015.

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.

14 **DIVIDENDS**

No interim dividend for the period ended 31 March 2016 is recommended.

15 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	1Q2016						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	622,400	457,263	284,258	213,482	49,665	-	1,627,068
Inter-segment sales	1,403	7,010	1,399	34	8,699	(18,545)	-
	<u>623,803</u>	<u>464,273</u>	<u>285,657</u>	<u>213,516</u>	<u>58,364</u>	<u>(18,545)</u>	<u>1,627,068</u>
Reportable segment profit from operations	59,721	32,657	5,903	(39)	(13,757)	12,638	97,123
Other income	6,744	8,330	6,650	2,230	10,542	(12,395)	22,101
Other expenses	(622)	-	(1,307)	(20)	-	1,949	-
Finance income	2,587	703	2,244	1,128	41,194	(32,328)	15,528
Finance costs	(4,730)	(2,127)	(5,459)	(179)	(32,579)	18,095	(26,979)
Share of results of associates and joint ventures, net of tax	11,470	26	3,551	259	-	7,297	22,603
Profit before taxation	<u>75,170</u>	<u>39,589</u>	<u>11,582</u>	<u>3,379</u>	<u>5,400</u>	<u>(4,744)</u>	<u>130,376</u>
Taxation	(14,087)	(6,517)	(3,589)	2,414	2,187	(40)	(19,632)
Non-controlling interests	(3,131)	19	2,559	7	-	-	(546)
Profit attributable to shareholders	<u>57,952</u>	<u>33,091</u>	<u>10,552</u>	<u>5,800</u>	<u>7,587</u>	<u>(4,784)</u>	<u>110,198</u>
Other assets	2,919,352	1,830,843	1,766,485	1,031,776	4,507,129	(3,849,350)	8,206,235
Associates and joint ventures	185,633	1,423	116,538	8,488	17,657	8,320	338,059
Segment assets	<u>3,104,985</u>	<u>1,832,266</u>	<u>1,883,023</u>	<u>1,040,264</u>	<u>4,524,786</u>	<u>(3,841,030)</u>	<u>8,544,294</u>
Segment liabilities	<u>2,126,106</u>	<u>1,595,716</u>	<u>1,623,643</u>	<u>851,489</u>	<u>2,441,893</u>	<u>(2,593,259)</u>	<u>6,045,588</u>
Capital expenditure ⁺	92,286	8,599	2,591	1,461	250	-	105,187
Depreciation and amortisation	26,614	9,259	9,373	7,166	3,233	(11)	55,634
Other non-cash expenses	34	-	1	-	-	-	35

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

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

	1Q2015						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	489,180	356,492	346,002	279,498	40,218	-	1,511,390
Inter-segment sales	1,669	7,183	1,101	136	5,769	(15,858)	-
	<u>490,849</u>	<u>363,675</u>	<u>347,103</u>	<u>279,634</u>	<u>45,987</u>	<u>(15,858)</u>	<u>1,511,390</u>
Reportable segment profit from operations	55,428	28,967	8,476	18,561	(14,657)	13,290	110,065
Other income	6,302	6,247	5,774	2,863	16,598	(17,012)	20,772
Other expenses	-	-	(400)	(32)	(1)	433	-
Finance income	9,745	1,074	2,347	950	27,998	(18,536)	23,578
Finance costs	(7,402)	(1,432)	(3,656)	-	(37,810)	35,245	(15,055)
Share of results of associates and joint ventures, net of tax	7,411	54	3,678	1,048	-	(1,032)	11,159
Profit before taxation	<u>71,484</u>	<u>34,910</u>	<u>16,219</u>	<u>23,390</u>	<u>(7,872)</u>	<u>12,388</u>	<u>150,519</u>
Taxation	(11,997)	(3,693)	(1,864)	(2,180)	694	-	(19,040)
Non-controlling interests	(2,217)	(427)	1,129	7	-	-	(1,508)
Profit attributable to shareholders	<u>57,270</u>	<u>30,790</u>	<u>15,484</u>	<u>21,217</u>	<u>(7,178)</u>	<u>12,388</u>	<u>129,971</u>
Other assets	2,236,084	1,783,081	2,003,037	1,211,939	4,250,736	(3,495,031)	7,989,846
Associates and joint ventures	<u>319,113</u>	<u>10,351</u>	<u>108,501</u>	<u>9,207</u>	<u>17,657</u>	<u>2,649</u>	<u>467,478</u>
Segment assets	<u>2,555,197</u>	<u>1,793,432</u>	<u>2,111,538</u>	<u>1,221,146</u>	<u>4,268,393</u>	<u>(3,492,382)</u>	<u>8,457,324</u>
Segment liabilities	<u>1,752,881</u>	<u>1,553,226</u>	<u>1,830,779</u>	<u>1,053,425</u>	<u>2,157,892</u>	<u>(2,216,582)</u>	<u>6,131,621</u>
Capital expenditure ⁺	31,775	17,292	7,419	4,738	456	-	61,680
Depreciation and amortisation	16,214	9,431	9,461	7,505	1,812	(11)	44,412
Other non-cash expenses	4,610	-	2	-	-	-	4,612

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

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

For Revenue and Profit Before Tax of 1Q2016 vis-à-vis 1Q2015, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	1Q2016	1Q2015	+ / (-)
	\$'000	\$'000	%
Aerospace	57,952	57,270	1.2
Electronics	33,091	30,790	7.5
Land Systems	10,552	15,484	(31.9)
Marine	5,800	21,217	(72.7)
Others	2,803	5,210	(46.2)
Group	<u>110,198</u>	<u>129,971</u>	<u>(15.2)</u>

By Geographical Areas

	Revenue			
	1Q2016		1Q2015	
	\$'000	%	\$'000	%
Asia	982,158	60.4	896,526	59.3
USA	382,848	23.5	333,206	22.0
Europe	150,587	9.3	89,580	6.0
Others	111,475	6.8	192,078	12.7
Total	<u>1,627,068</u>	<u>100</u>	<u>1,511,390</u>	<u>100</u>

By Country of Incorporation

	Revenue				Non-Current Assets*			
	1Q2016		1Q2015		1Q2016		1Q2015	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,112,547	68.4	1,148,176	76.0	2,106,794	61.6	1,818,462	62.4
USA	380,226	23.4	329,845	21.8	830,956	24.3	812,002	27.9
Europe	121,425	7.5	17,653	1.2	386,196	11.3	180,670	6.2
Others	12,870	0.7	15,716	1.0	94,591	2.8	101,841	3.5
Total	<u>1,627,068</u>	<u>100</u>	<u>1,511,390</u>	<u>100</u>	<u>3,418,537</u>	<u>100</u>	<u>2,912,975</u>	<u>100</u>

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

16 INTERESTED PERSON TRANSACTIONS (unaudited)

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

	1Q2016 \$'000	1Q2015 \$'000
Transactions for the Sale of Goods and Services		
Singapore Telecommunications Limited and its Associates	-	297
Singapore Airlines Limited and its Associates	-	1,052
SMRT Corporation Ltd and its Associates	360	22,599
Temasek Holdings (Private) Limited and its Associates (non-listed)	875	894
	<u>1,235</u>	<u>24,842</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	887	766
SembCorp Industries Ltd and its Associates	260	1,811
SembCorp Marine Ltd and its Associates	-	180
Singapore Telecommunications Limited and its Associates	521	136
StarHub Ltd and its Associates	1,700	-
Temasek Holdings (Private) Limited and its Associates (non-listed)	2,054	765
	<u>5,422</u>	<u>3,658</u>
Total Interested Person Transactions	<u>6,657</u>	<u>28,500</u>

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).

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN

Company Secretaries

13 May 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

“Higher Revenue”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	624	491	27
Earnings before interest and tax (EBIT) (\$m)	59.7	55.4	8
Other income, net (\$m)	6.1	6.3	(3)
Finance income/(costs), net (\$m)	(2.1)	2.3	(192)
Profit before tax (PBT) (\$m)	75.2	71.4	5
Profit attributable to shareholders (\$m)	58.0	57.3	1

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

Singapore Technologies Engineering Ltd

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(Regn. No.: 199706274H)

Aerospace

Aerospace sector unaudited results for the first quarter ended 31 March 2016:

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
1. (a) Revenue	623,803	490,849	27.1
(b) Cost of sales	(524,280)	(402,445)	30.3
(c) Gross Profit	99,523	88,404	12.6
(d) Distribution and selling expenses	(3,619)	650	>-500
(e) Administrative expenses	(29,566)	(28,978)	2.0
(f) Other operating expenses	(6,617)	(4,648)	42.4
(g) Profit from operations	59,721	55,428	7.7
(h) Other income	6,744	6,302	7.0
(i) Other expenses	(622)	-	NM
(j) Other income/(expenses), net	6,122	6,302	(2.9)
(k) Finance income	2,587	9,745	(73.5)
(l) Finance costs	(4,730)	(7,402)	(36.1)
(m) Finance (costs)/income, net	(2,143)	2,343	(191.5)
(n) Share of results of associates and joint ventures, net of tax	11,470	7,411	54.8
(o) Profit before taxation	75,170	71,484	5.2
(p) Taxation	(14,087)	(11,997)	17.4
(q) Profit for the period	61,083	59,487	2.7
Attributable to:			
(r) Shareholders of the Company	57,952	57,270	1.2
(s) Non-controlling interests	3,131	2,217	41.2
	61,083	59,487	2.7
* NM - Not Meaningful			
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	26,614	16,214	64.1
Write-back of allowance for doubtful debts & bad debts written off, net	(1,758)	(2,367)	(25.7)
Allowance for inventory obsolescence, net	7,715	5,783	33.4
(b) Finance income/(costs), net comprises			
Interest income	1,137	835	36.2
Foreign exchange (loss)/gain, net	(647)	6,650	(109.7)
Fair value changes of financial instruments/hedged items	152	(2,518)	(106.0)
Interest expenses	(2,786)	(2,625)	6.1
Others	1	1	0.0
	(2,143)	2,343	(191.5)

Aerospace

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	9.8%	12.1%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	7.0%	7.9%	
4. (a) Revenue reported for first quarter	623,803	490,849	27.1
(b) Profit for the period reported for first quarter	61,083	59,487	2.7
5. (a) There was an adjustment of \$505,000 underprovision and \$974,000 overprovision of current and deferred tax respectively in respect of prior years. (1Q2015: There was an adjustment of \$568,000 for overprovision of current tax in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<u>By Business Group</u>						
Aircraft Maintenance & Modification	278,009	242,482	14.7	44,747	40,861	9.5
Component/Engine Repair & Overhaul	165,988	150,194	10.5	13,236	13,432	(1.5)
Engineering & Material Services	179,806	98,173	83.2	17,187	17,191	(0.0)
Total	<u>623,803</u>	<u>490,849</u>	27.1	<u>75,170</u>	<u>71,484</u>	5.2
<u>By Geographical Areas</u>						
Asia	305,238	264,691	15.3			
USA	163,936	142,322	15.2			
Europe	106,470	38,597	175.9			
Others	48,159	45,239	6.5			
Total	<u>623,803</u>	<u>490,849</u>	27.1			
<u>By Country of Incorporation</u>						
Asia	380,453	366,975	3.7			
USA	126,827	108,878	16.5			
Europe	116,080	14,556	>500			
Others	443	440	0.7			
Total	<u>623,803</u>	<u>490,849</u>	27.1			

Aerospace

7. Review of Performance

(a) Revenue

1Q2016 vs 1Q2015

1Q2016	1Q2015	Growth	
\$624m	\$491m	\$133m	27%

1Q2016 revenue compared to 1Q2015 increased by 27% or \$133 million to \$624 million contributed by all the three business groups. Included in the **Engineering & Material Services (EMS)** business group was sales from Elbe Flugzeugwerke GmbH (EFW) which became a subsidiary effective January 2016.

(b) Profitability

1Q2016 vs 1Q2015

1Q2016	1Q2015	Growth	
\$75.2m	\$71.4m	\$3.8m	5%

The current quarter's PBT of \$75.2 million was higher than 1Q2015 PBT of \$71.4 million by \$3.8 million. This was a result of higher gross profit in line with higher revenue and higher contributions from associates, reduced partially by higher operating expenses and unfavourable foreign exchange impact. The biennial airshow expenses and higher amortisation charges accounted for the higher operating expenses.

8. Prospects

1H2016

Barring unforeseen circumstances, 1H2016 revenue is expected to be higher compared to 1H2015, whilst profit before tax is expected to be comparable.

9. Balance Sheet

	31-Mar-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	903,577	820,145
Associates and joint ventures	185,633	311,473
Investments	12	12
Intangible assets	400,323	141,239
Long-term receivables, non-current	2,372	64
Deferred tax assets	31,519	11,840
Derivative financial instruments, non-current	-	136
Non-current assets	1,523,436	1,284,909
Current assets	1,581,549	1,355,186
Total assets	3,104,985	2,640,095
Current liabilities	1,374,594	1,262,967
Non-current liabilities	751,512	611,257
Total liabilities	2,126,106	1,874,224
Share capital and reserves	741,109	686,310
Non-controlling interests	237,770	79,561
Total equity and liabilities	3,104,985	2,640,095
Net current assets	206,955	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 first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000
Net cash from operating activities	68,031	107,583
Net cash used in investing activities	(39,260)	(21,332)
Proceeds from sale of property, plant and equipment	283	1,094
Dividends from associates	7,854	7,080
Dividends from investments	1	1
Purchase of property, plant and equipment	(45,971)	(29,507)
Development of intangible assets	(10,554)	-
Acquisition of controlling interests in subsidiaries, net of cash acquired	9,127	-
Net cash used in financing activities	(2,377)	(77,828)
Capital contribution from non-controlling interests	447	-
Repayment of loan to immediate holding company	(38,405)	(245,664)
Proceeds from inter-company loans, net	-	170,000
Proceeds from long term bank loans	15,375	-
Proceeds from short term bank loans	23,549	-
Repayment of short term bank loans	(217)	-
Repayment of lease obligations	(484)	(88)
Interest paid	(2,642)	(2,076)
Net increase in cash and cash equivalents	26,394	8,423
Cash and cash equivalents at beginning of the period	234,274	243,497
Exchange difference on cash and cash equivalents at beginning of the period	(3,587)	2,214
Cash and cash equivalents at end of the period	<u>257,081</u>	<u>254,134</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”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	464	364	28
Earnings before interest and tax (EBIT) (\$m)	32.7	29.0	13
Other income, net (\$m)	8.3	6.2	33
Finance costs, net (\$m)	(1.4)	(0.4)	(298)
Profit before tax (PBT) (\$m)	39.6	34.9	13
Profit attributable to shareholders (\$m)	33.1	30.8	7

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

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Electronics

Electronics sector unaudited results for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
1. (a) Revenue	464,273	363,675	27.7
(b) Cost of sales	(342,964)	(251,279)	36.5
(c) Gross Profit	121,309	112,396	7.9
(d) Distribution and selling expenses	(26,837)	(22,065)	21.6
(e) Administrative expenses	(40,569)	(39,974)	1.5
(f) Other operating expenses	(21,246)	(21,390)	(0.7)
(g) Profit from operations	32,657	28,967	12.7
(h) Other income	8,330	6,247	33.3
(i) Other expenses	-	-	NM
(j) Other income, net	8,330	6,247	33.3
(k) Finance income	703	1,074	(34.5)
(l) Finance costs	(2,127)	(1,432)	48.5
(m) Finance costs, net	(1,424)	(358)	297.8
(n) Share of results of associates and joint ventures, net of tax	26	54	(51.9)
(o) Profit before taxation	39,589	34,910	13.4
(p) Taxation	(6,517)	(3,693)	76.5
(q) Profit for the period	33,072	31,217	5.9
Attributable to:			
(r) Shareholder of the Company	33,091	30,790	7.5
(s) Non-controlling interests	(19)	427	(104.4)
	33,072	31,217	5.9

* NM - Not Meaningful

2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	9,259	9,431	(1.8)
Allowance for doubtful debts & bad debts written off, net	1,079	835	29.2
Allowance/(write-back of allowance) for inventory obsolescence, net	(419)	74	>(500)
(b) Finance costs, net comprises:			
Interest income	703	1,040	(32.4)
Foreign exchange gain/(loss), net	(139)	28	>(500)
Gain on disposal of an investment	-	6	(100.0)
Interest expenses	(1,988)	(1,432)	38.8
	(1,424)	(358)	297.8

Electronics

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	7.1%	8.6%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	9.2%	8.4%	
4. (a) Revenue reported for first quarter	464,273	363,675	27.7
(b) Profit for the period reported for first quarter	33,072	31,217	5.9
5. (a) There was an underprovision of current tax of \$1,173,000 and an overprovision of deferred tax of \$518,000 in respect of prior years (1Q2015: There was an overprovision of current tax of \$1,801,000 and an underprovision of deferred tax of \$160,000 in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<u>By Business Group</u>						
Large-Scale Systems Group	121,293	105,999	14.4	15,011	13,390	12.1
Communication & Sensor Systems Group	224,957	158,889	41.6	10,232	9,864	3.7
Software Systems Group	118,023	98,787	19.5	14,346	11,656	23.1
Total	<u>464,273</u>	<u>363,675</u>	27.7	<u>39,589</u>	<u>34,910</u>	13.4

By Geographical Areas

Asia	357,809	269,880	32.6
USA	52,485	26,486	98.2
Europe	33,848	24,610	37.5
Others	20,131	42,699	(52.9)
Total	<u>464,273</u>	<u>363,675</u>	27.7

By Country of Incorporation

Asia	368,757	292,762	26.0
USA	84,107	56,550	48.7
Europe	5,888	3,725	58.1
Others	5,521	10,638	(48.1)
Total	<u>464,273</u>	<u>363,675</u>	27.7

Electronics

7. Review of Performance

(a) Revenue

<u>1Q2016 vs1Q2015</u>	1Q2016	1Q2015	Growth	
	\$464m	\$364m	\$100m	28%

Revenue of \$464 million recorded in 1Q2016 was higher than that of 1Q2015 by 28% or \$100 million. All three business groups recorded higher sales. **Communication & Sensor Systems Group's (CSG)** sales were higher mainly due to higher value project milestone completions and increased sales of satellite communication products. **Large-Scale Systems Group (LSG) and Software Systems Group (SSG)** recorded higher sales mainly due to higher value project milestone completions.

(b) Profitability

<u>1Q2016 vs1Q2015</u>	1Q2016	1Q2015	Growth	
	\$39.6m	\$34.9m	\$4.7m	13%

The profit before tax of \$39.6 million for 1Q2016 was higher than that of 1Q2015 by 13% or \$4.7 million. The Sector recorded higher profit mainly due to increased sales and higher other income, partially offset by less favourable sales mix and higher operating expenses.

8. Prospects

1H2016

Barring unforeseen circumstances, 1H2016 revenue is expected to be higher and PBT is expected to be comparable to 1H2015.

9. Balance Sheet

	31-Mar-16	31-Dec-15
	\$'000	\$'000
Property, plant and equipment	180,570	185,192
Associates and joint venture	1,423	1,397
Investments	9,456	9,902
Intangible assets	322,924	335,049
Long-term receivable, non-current	897	913
Deferred tax assets	28,971	29,726
Derivative financial instruments, non-current	917	40
Non-current assets	545,158	562,219
Current assets	1,287,108	1,299,812
Total assets	1,832,266	1,862,031
Current liabilities	1,083,635	1,114,278
Non-current liabilities	512,081	523,445
Total liabilities	1,595,716	1,637,723
Share capital and reserves	229,377	217,088
Non-controlling interests	7,173	7,220
Total equity and liabilities	1,832,266	1,862,031
Net current assets	203,473	185,534

Electronics

10. Statement of Cash Flows for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000
Net cash from operating activities	9,983	92,762
Net cash used in investing activities	(8,152)	(17,285)
Proceeds from sale of property, plant and equipment	24	1
Purchase of property, plant and equipment	(4,557)	(13,677)
Acquisition of other intangible assets	(3,619)	(3,615)
Proceed from sale of an unquoted investment	-	6
Net cash from/(used in) financing activities	11,991	(44,138)
Repayment of related parties loans	(13,000)	(2,723)
Proceeds from related parties loans	26,000	-
Loans to a related party	-	(45,000)
Repayment of loan by a related party	-	5,000
Proceed of a loan from a joint venture	1,000	-
Interest paid	(2,013)	(1,462)
Deposits discharged	4	47
Net increase in cash and cash equivalents	13,822	31,339
Cash and cash equivalents at beginning of the period	270,221	276,893
Exchange difference on cash and cash equivalents at beginning of the period	(4,515)	387
Cash and cash equivalents at end of the period	279,528	308,619 ¹

¹ Cash and cash equivalents at the end of 1Q2015 was after deducting \$120.0 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

“Lower profits”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	286	347	(18)
Earnings before interest and tax (EBIT) (\$m)	5.9	8.5	(30)
Other income, net (\$m)	5.3	5.3	0
Finance costs, net (\$m)	(3.2)	(1.3)	(146)
Profit before tax (PBT) (\$m)	11.6	16.2	(29)
Profit attributable to shareholders (\$m)	10.6	15.5	(32)

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

Land Systems

Land Systems sector unaudited results for the first quarter ended 31 March 2016:

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
1. (a) Revenue	285,657	347,103	(17.7)
(b) Cost of sales	(234,493)	(289,183)	(18.9)
(c) Gross Profit	51,164	57,920	(11.7)
(d) Distribution and selling expenses	(14,160)	(13,207)	7.2
(e) Administrative expenses	(24,760)	(24,353)	1.7
(f) Other operating expenses	(6,341)	(11,884)	(46.6)
(g) Profit from operations	5,903	8,476	(30.4)
(h) Other income	6,650	5,774	15.2
(i) Other expenses	(1,307)	(400)	226.8
(j) Other income, net	5,343	5,374	(0.6)
(k) Finance income	2,244	2,347	(4.4)
(l) Finance costs	(5,459)	(3,656)	49.3
(m) Finance costs, net	(3,215)	(1,309)	145.6
(n) Share of results of associates and joint ventures, net of tax	3,551	3,678	(3.5)
(o) Profit before taxation	11,582	16,219	(28.6)
(p) Taxation	(3,589)	(1,864)	92.5
(q) Profit for the period	7,993	14,355	(44.3)
Attributable to:			
(r) Shareholders of the Company	10,552	15,484	(31.9)
(s) Non-controlling interests	(2,559)	(1,129)	126.7
	7,993	14,355	(44.3)
2. (a) Profit from operations is arrived at after charging the following:			
Depreciation and amortisation	9,373	9,461	(0.9)
Allowance for doubtful debts & bad debts written off, net	1,114	1,083	2.9
Allowance for inventory obsolescence, net	4,255	7,857	(45.8)
(b) Finance costs, net comprises			
Interest income	490	728	(32.7)
Foreign exchange gain/(loss), net	(1,175)	889	(232.2)
Fair value changes of financial instruments / hedged items	136	12	>500
Gain on disposal of investments	3	-	NM
Interest expenses	(2,669)	(2,938)	(9.2)
	(3,215)	(1,309)	145.6

* NM - Not Meaningful

Land Systems

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	2.8%	4.1%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	2.9%	4.1%	
4. (a) Revenue reported for first quarter	285,657	347,103	(17.7)
(b) Profit for the period reported for first quarter	7,993	14,355	(44.3)
5. (a) There were over-provisions of current tax and deferred tax of \$2,000 and \$5,000 respectively in respect of prior years. (1Q2015: There was an under-provision of current tax of \$17,000 and over-provision of deferred tax of \$17,000 in respect of prior year.)			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<u>By Business Group</u>						
Automotive	231,964	276,278	(16.0)	(935)	829	(212.8)
Munitions & Weapon	39,347	48,348	(18.6)	5,139	7,358	(30.2)
Services, Trading & Others	14,346	22,477	(36.2)	7,378	8,032	(8.1)
Total	<u>285,657</u>	<u>347,103</u>	(17.7)	<u>11,582</u>	<u>16,219</u>	(28.6)

By Geographical Areas

Asia	182,064	263,407	(30.9)
USA	90,520	66,075	37.0
Europe	2,009	6,665	(69.9)
Others	11,064	10,956	1.0
Total	<u>285,657</u>	<u>347,103</u>	(17.7)

By Country of Incorporation

Asia	185,856	274,341	(32.3)
USA	92,895	68,124	36.4
Europe	-	-	-
Others	6,906	4,638	48.9
Total	<u>285,657</u>	<u>347,103</u>	(17.7)

Land Systems

7. Review of Performance

(a) Revenue

<u>1Q2016 vs 1Q2015</u>	1Q2016	1Q2015	Growth	
	\$286m	\$347m	(\$61m)	(18%)

1Q2016 revenue compared to 1Q2015 decreased by 18% or \$61 million to \$286 million. This was due to lower revenue from all three business groups.

(b) Profitability

<u>1Q2016 vs 1Q2015</u>	1Q2016	1Q2015	Growth	
	\$11.6m	\$16.2m	(\$4.6m)	(29%)

1Q2016 profit before tax (PBT) of \$11.6 million was lower than 1Q2015 PBT by 29% or \$4.6 million. This was due mainly to lower profits of the **Munitions & Weapon (M&W)** and **Automotive (Auto)** business groups. The **M&W** business group's lower profits were due mainly to lower revenue and unfavourable product mix, partially offset by lower operating expenses. The **Auto** business group had lower profits mainly from lower revenue and unfavourable variance in foreign exchange difference.

8. Prospects

1H2016

Barring unforeseen circumstances, 1H2016 revenue and PBT are expected to be lower compared to 1H2015.

9. Balance Sheet

	31-Mar-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	341,838	354,677
Associates and joint ventures	116,538	121,781
Investments	111	189
Intangible assets	198,952	208,201
Finance lease receivables, non-current	276	523
Deferred tax assets	25,308	25,993
Amounts due from related parties, non-current	5,777	6,049
Derivative financial instruments, non-current	873	1,138
Non-current assets	689,673	718,551
Current assets	1,193,350	1,258,310
Total assets	1,883,023	1,976,861
Current liabilities	886,653	942,164
Non-current liabilities	736,990	771,307
Total liabilities	1,623,643	1,713,471
Share capital and reserves	219,758	221,847
Non-controlling interests	39,622	41,543
Total equity and liabilities	1,883,023	1,976,861
Net current assets	306,697	316,146

Land Systems

10. Statement of Cash Flows for the first quarter ended 31 March 2016

	1Q2016 \$'000	1Q2015 \$'000
Net cash (used in) / from operating activities	(2,305)	70,481
Net cash from investing activities	6,185	407
Proceeds from sale of property, plant and equipment	30	8
Proceeds from disposal of quoted equity investment	3	-
Repayment of short-term loan by joint venture	-	272
Dividends from associates	8,743	7,546
Purchase of property, plant and equipment	(2,522)	(7,419)
Purchase of intangible assets	(69)	-
Net cash used in financing activities	(22,081)	(77,852)
Interest paid	(2,629)	(2,938)
Repayment of short-term related party loans	-	(50,000)
Proceeds from short-term related party loans	581	2,752
Short-term loan to a related corporation	-	(6,880)
Repayment of short-term immediate holding company loans	(15,000)	(31,400)
Repayment of long-term related party loans	(2,701)	-
Repayment of short-term loans	(39)	(34)
Repayment of short-term bank loans	(10,287)	(4,434)
Proceeds from short-term bank loans	6,786	13,287
Capital contribution from non-controlling interests	-	51
Acquisition of non-controlling interests in a subsidiary	(167)	-
Deposits discharged	1,375	1,744
Net decrease in cash and cash equivalents	(18,201)	(6,964)
Cash and cash equivalents at beginning of the period	193,357	276,750
Exchange difference on cash and cash equivalents at beginning of the period	(1,619)	1,160
Cash and cash equivalents at end of the period	<u>173,537</u>	<u>270,946</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.

Marine

“Lower profits”

FINANCIAL HIGHLIGHTS For the first quarter ended 31 March 2016			
	2016 1Q	2015 1Q	Growth %
Revenue (\$m)	214	280	(24)
Earnings before interest and tax (EBIT) (\$m)	0.0	18.6	(100)
Other income, net (\$m)	2.2	2.8	(22)
Finance income, net (\$m)	1.0	1.0	-
Profit before tax (PBT) (\$m)	3.4	23.4	(86)
Profit attributable to shareholders (\$m)	5.8	21.2	(73)

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

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Marine

Marine sector unaudited results for the first quarter ended 31 March 2016:

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
1. (a) Revenue	213,516	279,634	(23.6)
(b) Cost of sales	(200,904)	(249,279)	(19.4)
(c) Gross Profit	12,612	30,355	(58.5)
(d) Distribution and selling expenses	(2,158)	(1,001)	115.6
(e) Administrative expenses	(9,175)	(8,643)	6.2
(f) Other operating expenses	(1,318)	(2,150)	(38.7)
(g) Profit from operations	(39)	18,561	(100.2)
(h) Other income	2,230	2,863	(22.1)
(i) Other expenses	(20)	(32)	(37.5)
(j) Other income, net	2,210	2,831	(21.9)
(k) Finance income	1,128	950	18.7
(l) Finance costs	(179)	0	NM
(m) Finance income, net	949	950	(0.1)
(n) Share of results of joint ventures, net of tax	259	1,048	(75.3)
(o) Profit before taxation	3,379	23,390	(85.6)
(p) Taxation	2,414	(2,180)	(210.7)
(q) Profit for the period	5,793	21,210	(72.7)
Attributable to:			
(r) Shareholders of the Company	5,800	21,217	(72.7)
(s) Non-controlling interests	(7)	(7)	0.0
	5,793	21,210	(72.7)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	7,166	7,505	(4.5)
Write-back of allowance for doubtful debts & bad debts written off, net	-	(964)	(100.0)
Allowance/(write-back of allowance) for inventory obsolescence, net	273	(822)	(133.2)
(b) Finance income, net comprises			
Interest income	1,128	865	30.4
Foreign exchange gain/(loss), net	(155)	85	(282.4)
Interest expenses	(24)	-	NM
	949	950	(0.1)

Marine

	1Q2016 \$'000	1Q2015 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	2.7%	7.6%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	2.7%	10.9%	
4. (a) Revenue reported for first quarter	213,516	279,634	(23.6)
(b) Profit for the period reported for first quarter	5,793	21,210	(72.7)
5. (a) There was no over or under provision of current and deferred tax in respect of prior years (1Q2015: There an adjustment of \$400,000 for under provision of current tax in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue		+ / (-) %	Profit before Taxation		+ / (-) %
	1Q2016 \$'000	1Q2015 \$'000		1Q2016 \$'000	1Q2015 \$'000	
<u>By Business Group</u>						
Shipbuilding	114,073	179,059	(36.3)	(11,431)	387	NM
Shiprepair	79,073	82,538	(4.2)	12,172	20,863	(41.7)
Engineering	20,370	18,037	12.9	2,638	2,140	23.3
Total	<u>213,516</u>	<u>279,634</u>	(23.6)	<u>3,379</u>	<u>23,390</u>	(85.6)

By Geographical Areas

Asia	116,792	90,787	28.6
USA	60,793	81,448	(25.4)
Europe	8,017	19,443	(58.8)
Others	27,914	87,956	(68.3)
Total	<u>213,516</u>	<u>279,634</u>	(23.6)

By Country of Incorporation

Asia	152,723	200,482	(23.8)
USA	60,793	79,152	(23.2)
Europe	-	-	-
Others	-	-	-
Total	<u>213,516</u>	<u>279,634</u>	(23.6)

Marine

7. Review of Performance

(a) Revenue

<u>1Q2016 vs 1Q2015</u>	1Q2016	1Q2015	Growth	
	\$214m	\$280m	(\$66m)	(24%)

Revenue for 1Q2016 was lower than 1Q2015 by 24% or \$66 million. The decrease was due mainly to lower revenue recognition from **Shipbuilding** contracts from both the local and US operations.

(b) Profitability

<u>1Q2016 vs 1Q2015</u>	1Q2016	1Q2015	Growth	
	\$3.4m	\$23.4m	(\$20.0m)	(85%)

The current quarter's profit before tax ("PBT") of \$3.4 million was lower than 1Q2015 by 85% or \$20.0 million. The lower PBT was due mainly to lower gross profits due to lower **Shipbuilding** revenue coupled with poor **Shipbuilding** performance from the US operations.

8. Prospects

1H2016

Barring unforeseen circumstances, revenue and PBT for 1H2016 are expected to be lower compared to 1H2015.

9. Balance Sheet

	31-Mar-16	31-Dec-15
	\$'000	\$'000
Property, plant and equipment	320,146	332,533
Joint ventures	8,488	8,229
Intangible assets	145	84
Long-term receivables, non-current	3,471	4,363
Amounts due from related parties, non-current	4,806	4,806
Derivative financial instruments	2,338	2,341
Deferred tax assets	18,862	17,225
Non-current assets	358,256	369,581
Current assets	682,008	633,271
Total assets	1,040,264	1,002,852
Current liabilities	756,710	709,493
Non-current liabilities	94,779	101,234
Total liabilities	851,489	810,727
Share capital and reserves	188,750	192,093
Non-controlling interests	25	32
Total equity and liabilities	1,040,264	1,002,852
Net current assets	(74,702)	(76,222)

Marine

10. Statement of Cash Flows for the first quarter ended 31 March 2016

	1Q2016	1Q2015
	\$'000	\$'000
Net cash from operating activities	60,482	54,334
Net cash used in investing activities	(1,379)	(4,618)
Proceeds from sale of property, plant and equipment	18	120
Purchase of property, plant and equipment	(1,397)	(4,738)
Net cash used in financing activities	(11,838)	(63,486)
Loans to related corporations	(26,000)	(134,128)
Repayment of loans by related corporations	-	70,642
Proceeds from short term bank loans	20,940	-
Repayment of short term bank loans	(6,754)	-
Interest paid	(24)	-
Net increase/(decrease) in cash and cash equivalents	47,265	(13,770)
Cash and cash equivalents at beginning of the period	78,605	224,027
Exchange difference on cash and cash equivalents at beginning of the period	(201)	933
Cash and cash equivalents at end of the period	125,669	211,190

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