

News Release

ST Engineering posted Stronger Revenue (17% y-o-y) and EBIT despite a drop of \$125m in government support

FINANCIAL HIGHLIGHTS			
For the first half-year ended			
30 June 2022			
	2022 1H	2021 1H	Change
Revenue (\$m)	4,270	3,651	17%
Profit from operations (PFO) (\$m)	360.3	332.2	8%
Earnings before interest and tax (EBIT) (\$m)	384.6	355.1	8%
Finance costs, net (\$m)	(33.5)	(15.3)	119%
Profit before tax (PBT) (\$m)	351.1	339.8	3%
Profit attributable to shareholders (Net Profit) (\$m)	280.0	296.1	(5%)
Earnings per share (cents)	8.99	9.50	(5%)

- Order book was \$22.2b as at end June 2022, of which about \$4.6b is expected to be delivered in the remaining months of 2022
- Commercial sales¹ and defence sales¹ constituted \$2.8b and \$1.5b respectively
- Cash and cash equivalents of \$533m

N.B.: All currencies are in Singapore dollars

Singapore, 12 August 2022 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its first half-year financial results ended 30 June 2022 (1H2022).

Group revenue in the first six months rose 17% year-on-year (y-o-y) to \$4.27b from \$3.65b, driven by higher contributions from all business segments. Group EBIT was \$384.6m, up 8% y-o-y from \$355.1m. This growth was despite a drop of \$125m in government support² and was a result of stronger operating performance, backed by cost savings, including a one-off pension restructuring effect at Commercial Aerospace. Group EBIT for base operating performance³ was 45% higher y-o-y at \$333m. Group Profit before tax (PBT) rose 3% y-o-y to

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\$351.1m from \$339.8m. Group Profit attributable to shareholders (Net Profit) for 1H2022 was \$280.0m. Excluding TransCore transaction and integration expenses of \$16m (net of tax) and tax-exempt effect of JSS⁴ of \$11m, Group Net Profit would have been \$307m, 4% higher y-o-y from \$296m, driven by strong base operating performance and cost savings, which more than offset the substantial reduction in government support.

Business Segments: 1H2022 Revenue and EBIT

Commercial Aerospace: Revenue grew 24%, y-o-y from \$1.14b to \$1.40b as its Aerospace MRO and Aerostructure & Systems sub-segments posted higher revenues driven by increased MRO services and nacelles delivery. 1H2022 EBIT improved 78% y-o-y to \$182.7m from \$102.6m, helped by operational improvement and one-off pension restructuring effect, which more than offset the reduction of \$86m in government support. Comparing 2Q2022 to the same period last year, Commercial Aerospace revenue grew 25% to \$730m from \$584m.

Urban Solutions & Satcom: Revenue rose 43% y-o-y to \$757m from \$528m in 1H2022 because of higher Smart City project deliveries, including contribution from TransCore, offset by lower revenue from Satcom which had an exceptionally strong 1H2021 and continued to be impacted by the global chip shortages. This business segment recorded an EBIT loss of \$12.1m in 1H2022 as compared to an EBIT of \$11.2m a year ago due to TransCore transaction and integration expenses of \$21m, lower government support and the impact of global chip shortages.

Defence & Public Security: Revenue increased 6% y-o-y to \$2.11b from \$1.99b, contributed by Land Systems, Digital Systems & Cyber and Defence Aerospace which posted y-o-y growth of 7%, 8% and 12% respectively. Marine revenue dropped 1% y-o-y due to lower revenue from shipbuilding. Despite stronger operating performance, EBIT for this business segment declined 11% y-o-y to \$214.0m from \$241.3m impacted by the absence of \$36m of government support it received in the prior year same period. Excluding government support received in 1H2021, EBIT would have been 5% higher y-o-y despite challenging conditions in the Marine business area, supply chain disruptions and higher energy costs.

“Despite a challenging operating environment in the first half of 2022, our businesses continued to demonstrate their underlying strengths and resilience. Year-on-year revenue growth and base business profitability, continued cost savings and productivity initiatives more than offset the substantial reduction of \$125m in government support. The TransCore acquisition, which was completed in March this year will accelerate the Group’s Smart City growth. Contract win momentum remains strong, and our robust order book provides healthy revenue visibility for the next few years.”

Vincent Chong, Group President & CEO

In the first half, commercial sales and defence sales accounted for \$2.8b and \$1.5b respectively of Group revenue. As at 30 June 2022, the Group held \$533m in cash and cash equivalents.

New Contract Wins in 1H2022 and Order Book

In May, the Group announced new contract wins of about \$2.4b for 1Q2022. In 2Q2022, it secured new contracts of about \$3.1b, comprising \$1.2b from Commercial Aerospace, \$447m from Urban Solutions & Satcom and \$1.4b from Defence & Public Security. This brings the total contract value secured for 1H2022 to \$5.5b.

Commercial Aerospace clinched new contracts across a spectrum of its aviation manufacturing and MRO businesses. These include passenger-to-freighter (P2F) conversion orders for A330P2F and A321P2F units, an agreement to provide additional airframe heavy maintenance support for United Airlines’ narrowbody aircraft, a five-year agreement with Safran Aircraft Engines to provide engine maintenance offload⁵ for the CFM56-5B and -7B engines, and several component maintenance-by-the-hour extension contracts from regional airlines.

Urban Solutions & Satcom secured contracts from global customers across its business segments. New wins from **Urban Solutions** include rail electronics contracts for metro lines in Singapore, Taiwan and the Middle East; its first Integrated Traffic Management Platform in Thailand; and electronic tolling projects comprising services and system upgrades, and RFID tag sales. Smart utilities and smart security contracts secured include smart lighting control solutions in Brazil and New Zealand, as well as integrated smart security management solutions for customers in Singapore. **Satcom** secured contracts across the broadband,

enterprise, maritime and government & defence segments. These include a network expansion contract with satellite operator MEASAT to enhance connectivity services across Malaysia, as well as a contract with a leading satellite operator to boost capacity on its new GEO HTS satellite.

On **Defence & Public Security**, the Digital Systems and Cyber business secured contracts for its range of digital solutions and services for AI-enabled Mission Critical Command and Control systems, cybersecurity products and cloud managed services. These include the development of the largest Southeast Asian hybrid multi cloud on Nutanix cloud infrastructure and the sales of WiZ-Knight, an ultrasmall IP encryptor developed in-house by Digital Systems. Marine secured several contracts for ship repair in Singapore, and Land Systems secured new orders for munitions from international customers and commercial specialty vehicles in the U.S.

These new contracts less revenue delivery in the first half, brought the Group's order book to a robust level of \$22.2b as at 30 June 2022. The Group expects to deliver about \$4.6b from the order book in the remaining months of 2022.

Interim Dividend

The Board of Directors has approved a second interim dividend of 4 cents per share. Shareholders will receive the payment on 2 September 2022.

Notes:

¹ Refers to Group revenue by products and services type.

² Refers to COVID-19 related government support only (1H2022: \$0.5m; 1H2021: \$125m).

³ Excludes government support, TransCore transaction and integration expenses, and one-time pension restructuring effect.

⁴ Refers to Job Support Scheme, which is not taxable.

⁵ Offload service is provided when an MRO shop helps to take on work from another due to the latter's limited capacity when demand spikes.

ST Engineering is a global technology, defence and engineering group with a diverse portfolio of businesses across the aerospace, smart city, defence and public security segments. The Group harnesses technology and innovation to solve real-world problems, enabling a more secure and sustainable world. Headquartered in Singapore, it has operations spanning across Asia, Europe, the Middle East and the U.S., serving customers in more than 100 countries.

ST Engineering reported revenue of \$7.7b in FY2021 and ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore, iEdge SG ESG Transparency Index and iEdge SG ESG Leaders Index.

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**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF-YEAR
ENDED 30 JUNE 2022**

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022

1 CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022

	GROUP		
	1H2022	1H2021	+ / (-)
	\$'000	\$'000	%
Revenue	4,269,907	3,650,890	17.0
Cost of sales	(3,421,007)	(2,906,424)	17.7
Gross profit	848,900	744,466	14.0
Distribution and selling expenses (refer to para 1.6)	(99,208)	(83,149)	19.3
Administrative expenses (refer to para 1.7)	(347,728)	(285,437)	21.8
Other operating expenses (refer to para 1.8)	(63,997)	(52,651)	21.5
Other income, net (refer to para 1.9)	22,330	9,007	147.9
Profit from operations	360,297	332,236	8.4
Non-operating income/(expenses), net (refer to para 1.10)	13,351	11,275	18.4
Share of results of associates and joint ventures, net of tax	10,934	11,588	(5.6)
Earnings before interest and tax (refer to para 1.1)	384,582	355,099	8.3
Finance income	8,579	9,848	(12.9)
Finance costs	(42,059)	(25,151)	67.2
Finance costs, net (refer to para 1.2)	(33,480)	(15,303)	118.8
Profit before taxation	351,102	339,796	3.3
Taxation	(68,728)	(46,240)	48.6
Profit after taxation	282,374	293,556	(3.8)
Attributable to:			
Shareholders of the Company	279,980	296,095	(5.4)
Non-controlling interests	2,394	(2,539)	NM
	282,374	293,556	(3.8)

NM: Not Meaningful

Note:

Amounts may not add to totals shown due to rounding

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

General

The Company is a public limited company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 1 Ang Mo Kio Electronics Park Road #07-01 ST Engineering Hub, Singapore 567710.

The Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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 2021 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) that are mandatory for financial year beginning on or after 1 January 2022. The adoption of these SFRS(I) has no significant impact on the financial statements.

The financial statements are presented in Singapore dollars (SGD) which is the Company's functional currency.

Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1(a) **BREAKDOWN AND EXPLANATORY NOTES TO CONSOLIDATED INCOME STATEMENT** (cont'd)

	GROUP		
	1H2022	1H2021	+ / (-)
	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:			
Depreciation and amortisation	227,684	187,324	21.5
The higher depreciation and amortisation in 1H2022 was attributable to Commercial Aerospace and Urban Solutions & Satcom segments, partially offset by Defence & Public Security segment.			
(Reversal of)/ impairment loss on trade receivables and contract assets	(3,944)	4,005	NM
The reversal of impairment loss in 1H2022 was due mainly to Commercial Aerospace, partially offset by Urban Solutions & Satcom.			
Allowance for inventory obsolescence, net	8,944	13,369	(33.1)
The lower allowance for inventory obsolescence in 1H2022 as compared to 1H2021 was mainly contributed by Defence & Public Security segment.			
1.2 Finance costs, net comprises:			
Interest income	2,499	1,836	36.1
Foreign exchange gain, net	7,287	6,014	21.2
Fair value changes of financial instruments/ hedged items	(2,682)	(633)	323.7
Interest expenses	(40,584)	(22,520)	80.2
	<u>(33,480)</u>	<u>(15,303)</u>	118.8
The higher finance cost in 1H2022 was due mainly to higher interest expense incurred for acquisition of TransCore.			
1.3 Profit after taxation as a percentage of revenue	6.6%	8.0%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	12.0%	13.1%	
1.5 The Group's tax charge in 1H2022 included adjustments for underprovision of current tax and deferred tax of \$2.0 million and \$0.5 million respectively in respect of prior years. (1H2021: Adjustments for overprovision of current tax of \$1.0 million and \$0.7 million respectively in respect of prior year.)			
1.6 The higher distribution and selling expenses in 1H2022 (by \$16.1 million) was due mainly to Singapore Airshow expenses, as well as higher travelling expenses, exhibition and promotion, business development and other selling expenses.			
1.7 The higher administrative expenses in 1H2022 (by \$62.3 million) was due mainly to higher professional fees, staff related expenses and other administrative expenses.			
1.8 The higher other operating expenses in 1H2022 (by \$11.3 million) was due mainly to higher research and development expenses.			
1.9 The higher other income, net (by \$13.3 million) was mainly attributable to favourable fair value changes and gain on divestment on associate/ investment in the Corporate Venture Fund and gain from sale of property, plant and equipment.			
1.10 The non-operating income, net (\$13.4 million) was mainly attributable to gain on disposal of subsidiaries in 1H2022. In the prior year, a gain was recognised on the receipt of liquidation proceeds of subsidiaries.			
1.11 The Group received COVID-19 related government support of \$0.5 million before tax in 1H2022, lower as compared to 1H2021 by \$125 million. The government support mainly comprised amounts received under the Jobs Support Scheme (JSS) and various COVID-19 related government support received by the Group's subsidiaries in the countries they operate.			

Note: Defence & Public Security includes "Others"

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

	GROUP		
	2022	2021	+/(-)
	\$'000	\$'000	%
Revenue reported for first half-year	4,269,907	3,650,890	17.0
Profit after taxation reported for first half-year	282,374	293,556	(3.8)

1(c) **RELATED PARTY TRANSACTIONS**

	Group	
	1H2022	1H2021
	\$'000	\$'000
Associates of the Group		
Sales and services rendered	3,766	3,820
Purchases and services received	15,623	4,227
Dividend income	<u>22,237</u>	<u>11,149</u>
Joint ventures of the Group		
Sales and services rendered	31,079	2,028
Purchases and services received	3,832	1,841
Dividend income	<u>5,924</u>	<u>3,194</u>
Other related parties *		
Sales and services rendered	36,179	19,197
Purchases and services received	14,234	10,269
Rental expense	<u>3,128</u>	<u>122</u>

* Other related parties refer to subsidiaries, associates and joint ventures of the immediate holding company.

1(d) **EARNINGS PER ORDINARY SHARE (EPS)**

	GROUP		
	1H2022	1H2021	FY2021
EPS based on profit attributable to shareholders:	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	8.99	9.50	18.30
(ii) On a fully diluted basis	8.93	9.44	18.20

2 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022**

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	GROUP		
	1H2022	1H2021	+/(-)
	\$'000	\$'000	%
Profit after taxation	282,374	293,556	(3.8)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Defined benefit plan remeasurements	4,608	-	NM
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net fair value changes of cash flow hedges reclassified to income statement	5,859	(4,648)	NM
Effective portion of changes in fair value of cash flow hedges	87,842	(8,465)	NM
Share of net fair value changes of cash flow hedges of joint ventures	1,832	1,081	69.5
Foreign currency translation differences	(32,623)	12,415	NM
Share of foreign currency translation differences of associates and joint ventures	485	6,568	(92.6)
Reserves released on disposal of a subsidiary	150	(5,345)	NM
	63,545	1,606	>500
Other comprehensive income for the period, net of tax	68,153	1,606	>500
Total comprehensive income for the period, net of tax	350,527	295,162	18.8
Total comprehensive income attributable to:			
Shareholders of the Company	363,777	305,391	19.1
Non-controlling interests	(13,250)	(10,229)	29.5
	350,527	295,162	18.8

3 **STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,026,891	1,793,811	61	145
Right-of-use assets	535,499	558,559	261	317
Subsidiaries	-	-	1,469,193	1,479,070
Associates and joint ventures	449,035	482,897	-	-
Investments	61,102	36,129	-	-
Intangible assets	5,454,705	1,992,738	-	-
Long-term trade receivables	11,351	1,534	-	-
Deferred tax assets	251,833	207,548	-	-
Amounts due from related parties	26,521	11,609	-	-
Advances and other receivables	88,386	69,863	-	-
Derivative financial instruments	3,528	4,217	-	-
Post-employment benefits	246	257	-	-
	8,909,097	5,159,162	1,469,515	1,479,532
Current assets				
Contract assets	1,909,862	1,726,505	-	-
Inventories	1,458,036	1,261,156	-	-
Trade receivables	1,184,861	1,066,756	-	-
Amounts due from related parties	138,200	113,843	22,383	14,833
Advances and other receivables	473,027	345,141	487	236
Derivative financial instruments	7,956	27,172	-	-
Bank balances and other liquid funds	533,336	815,924	4,733	82,255
	5,705,278	5,356,497	27,603	97,324
TOTAL ASSETS	14,614,375	10,515,659	1,497,118	1,576,856
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	948,709	919,524	-	-
Deposits from customers	42,040	17,078	-	-
Trade payables and accruals	2,621,784	2,612,515	3,766	3,526
Amounts due to related parties	45,123	27,781	7,495	11,878
Provisions	368,560	331,837	-	-
Provision for taxation	192,937	161,208	701	701
Borrowings	3,242,671	559,886	110	110
Deferred Income	8,604	7,665	-	-
Post-employment benefits	5,497	7,640	-	-
Derivative financial instruments	47,361	34,508	-	-
	7,523,286	4,679,642	12,072	16,215
NET CURRENT (LIABILITIES)/ ASSETS	(1,818,008)	676,855	15,531	81,109

3 **STATEMENT OF FINANCIAL POSITION** (cont'd)

	GROUP		COMPANY	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	853,472	832,754	-	-
Trade payables and accruals	66,794	63,482	-	-
Provisions	39,625	39,596	-	-
Deferred tax liabilities	186,889	174,661	-	-
Borrowings	2,925,899	1,555,334	114	113
Deferred income	73,209	73,882	-	-
Post-employment benefits	342,250	409,473	-	-
Derivative financial instruments	31,105	18,620	-	-
	4,519,243	3,167,802	114	113
TOTAL LIABILITIES	12,042,529	7,847,444	12,186	16,328
NET ASSETS	2,571,846	2,668,215	1,484,932	1,560,528
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(24,094)	(33,475)	(24,094)	(33,475)
Capital reserves	100,143	103,940	(15,896)	(12,044)
Other reserves	(29,528)	(101,937)	56,480	65,716
Retained earnings	1,396,556	1,548,308	572,516	644,405
Equity attributable to owners of the Company	2,339,003	2,412,762	1,484,932	1,560,528
Non-controlling interests	232,843	255,453	-	-
	2,571,846	2,668,215	1,484,932	1,560,528
TOTAL EQUITY AND LIABILITIES	14,614,375	10,515,659	1,497,118	1,576,856

3(a) **ANALYSIS OF STATEMENT OF FINANCIAL POSITION**

Compared to 31 December 2021, increase in the Group's property, plant and equipment as at 30 June 2022 was due to investments in aircraft and engines by the Group's Aviation Asset Management business. Increases in intangible assets, contract assets, trade receivables and borrowings during the same period were due largely to the acquisition of TransCore. Increase in activities on the other hand drove increases in inventories as well as advances and other receivables. The reduction in bank balances and other liquid funds was due mainly to dividend payments in the first half of 2022.

3(b) **BORROWINGS**

	GROUP		COMPANY	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year</u>				
Secured	85,703	73,010	110	110
Unsecured	3,156,968	486,876	-	-
	<u>3,242,671</u>	<u>559,886</u>	<u>110</u>	<u>110</u>
<u>Amount repayable after one year</u>				
Secured	491,244	517,994	114	113
Unsecured	2,434,655	1,037,340	-	-
	<u>2,925,899</u>	<u>1,555,334</u>	<u>114</u>	<u>113</u>
Total	<u>6,168,570</u>	<u>2,115,220</u>	<u>224</u>	<u>223</u>

3(c) **FINANCIAL ASSETS AND LIABILITIES**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	GROUP	
	30-Jun-22	31-Dec-21
	\$'000	\$'000
<u>Financial assets</u>		
Investments	61,102	36,129
Associates	15,980	34,215
Derivative financial instruments	11,484	31,389
Trade receivables	1,196,212	1,068,290
Amount due from related parties	164,721	125,452
Advances and other receivables	274,530	164,144
Bank balances and other liquid funds	533,336	815,924
	<u>2,257,365</u>	<u>2,275,543</u>
<u>Financial liabilities</u>		
Derivative financial instruments	78,466	53,128
Trade payables and accruals	2,688,578	2,675,997
Amount due to related parties	45,123	27,781
Borrowings	6,168,570	2,115,220
	<u>8,980,737</u>	<u>4,872,126</u>

3(d) **FAIR VALUE HIERARCHY**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table shows the levels of fair value hierarchy and the respective valuation technique used in measuring the fair values, as well as significant unobservable inputs:

	Types of financial instruments	Valuation method
Level 1	FVOCI - Equity investments (quoted)	Determined by reference to their quoted bid prices for these investments as at reporting date.
Level 2	FVOCI - Equity investments (unquoted)	Determined by reference to the most recent purchase price.
	Derivatives - Forward currency contracts - Interest rate swaps - Embedded derivatives	Determined based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
	FVTPL - Investment in associates	Determined by reference to the most recent purchase price.
Level 3	FVOCI - Equity investment (unquoted)	Determined based on latest funding round.
	FVTPL - Investment in associates	Determined based on valuation performed using adjusted market multiples. Changing one or more of the inputs to reasonable alternative assumptions is not expected to have a material impact on the changes in fair value.

3(d) **FAIR VALUE HIERARCHY** (cont'd)

The following table presented the assets and liabilities measured at fair value:

30-Jun-22 Group	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	-	61,102	61,102
Associates	-	15,980	15,980
Derivative financial instruments	11,484	-	11,484
	<u>11,484</u>	<u>77,082</u>	<u>88,566</u>
Financial liabilities measured at fair value			
Derivative financial instruments	78,466	-	78,466
	<u>78,466</u>	<u>-</u>	<u>78,466</u>
31-Dec-21 Group			
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Investments	-	36,129	36,129
Associates	-	34,215	34,215
Derivative financial instruments	31,389	-	31,389
	<u>31,389</u>	<u>70,344</u>	<u>101,733</u>
Financial liabilities measured at fair value			
Derivative financial instruments	53,128	-	53,128
	<u>53,128</u>	<u>-</u>	<u>53,128</u>

3(e) **NET ASSET VALUE**

	GROUP		
	30-Jun-22	30-Jun-21	31-Dec-21
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	75.06	72.70	77.49

	COMPANY		
	30-Jun-22	30-Jun-21	31-Dec-21
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	47.65	35.20	50.12

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022**

	GROUP	
	1H2022	1H2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	351,102	339,796
Adjustments:		
Share of results of associates and joint ventures, net of tax	(10,934)	(11,588)
Share-based payment expense	9,380	8,471
Depreciation charge	154,449	146,227
Property, plant and equipment written off	833	785
Amortisation of other intangible assets	73,235	41,097
Gain on disposal of property, plant and equipment	(7,229)	(1,438)
Gain on disposal of an associate	(3,176)	-
Gain on disposal of subsidiaries, net	(13,351)	(11,275)
Loss on disposal of right-of-use assets	-	278
Changes in fair value of financial instruments and hedged items	2,682	633
Changes in fair value of associates	(1,643)	-
Changes in fair value of investments	(1,402)	-
Interest expense	40,584	22,520
Interest income	(2,499)	(1,836)
Impairment of property, plant and equipment	11,986	9,000
Amortisation of deferred income	(3)	(3)
Operating cash flow before working capital changes	<u>604,014</u>	<u>542,667</u>
Changes in:		
Inventories	(120,873)	94,407
Contract assets	57,000	(57,056)
Trade receivables	(33,213)	(27,441)
Advance payments to suppliers	22,819	22,863
Other receivables, deposits and prepayments	(132,106)	(20,271)
Amount due from holding company and related corporations balances	2,761	(4,235)
Amount due to holding company and related corporations balances	2,381	(7,449)
Amount due from associates	9,823	365
Amount due from joint ventures	8,714	(1,950)
Contract liabilities	34,571	(79,748)
Trade payables	(68,930)	178,073
Deposits from customers	23,193	9,123
Other payables, accruals and provisions	(42,000)	(141,777)
Deferred income	(3,864)	(20,108)
Foreign currency translation of foreign operations	4,411	5,701
Cash generated from operations	<u>368,701</u>	<u>493,164</u>
Interest received	1,994	1,836
Income tax paid	<u>(49,878)</u>	<u>(69,316)</u>
Net cash from operating activities	<u>320,817</u>	<u>425,684</u>

4 **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022** (cont'd)

	GROUP	
	1H2022	1H2021
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	10,473	4,784
Dividends from associates and joint ventures	28,161	14,343
Purchase of property, plant and equipment	(367,637)	(119,828)
Purchase of investments	(8,249)	-
Investment in associates and joint ventures	(750)	(992)
Loans to joint ventures	(48,668)	(13,282)
Repayment of loan by associate	3,062	-
Additions to other intangible assets	(108,754)	(28,682)
Acquisition of controlling interests in a subsidiary, net of cash acquired	(3,630,314)	(11,735)
Disposal of subsidiaries, net of cash disposed	(3,434)	9,135
Net cash used in investing activities	(4,126,110)	(146,257)
Cash flows from financing activities		
Proceeds from bank loans	266,811	-
Proceeds from issuance of medium term notes	1,385,000	-
Proceeds from issuance of commercial papers	2,756,358	369,903
Proceeds from other loans	-	10,881
Proceeds from finance lease receivables	120	752
Repayment of bank loans	(5,298)	(6,852)
Repayment of commercial papers	(360,100)	(403,530)
Repayment of lease obligations	(31,992)	(31,107)
Purchase of treasury shares	(13,555)	(11,542)
Acquisition of non-controlling interests in a subsidiary	-	(15,485)
Dividends paid to shareholders of the Company	(436,323)	(311,922)
Dividends paid to non-controlling interests	(8,000)	(8,554)
Interest paid	(28,420)	(21,983)
Net cash from/ (used in) financing activities	3,524,601	(429,439)
Net decrease in cash and cash equivalents	(280,692)	(150,012)
Cash and cash equivalents at beginning of the period	815,924	729,479
Exchange difference on cash and cash equivalents at beginning of the period	(1,896)	3,187
Cash and cash equivalents at end of the period	533,336	582,654

4(a) **ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group ended the first half-year of 2022 with cash and cash equivalents (CCE) of \$533 million, \$283 million lower than end of 2021. In 1H2022, the Group generated net cash of \$321 million from its operating activities as compared to \$426 million in 1H2021, due largely to increase in working capital to support projects.

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

Net cash used in investing activities of \$4,126 million in 1H2022 was attributable mainly to the Group's acquisition of TransCore (\$3,630 million), investment in property, plant and equipment (\$368 million) and additions to intangible assets (\$109 million).

Net cash from financing activities of \$3,525 million in 1H2022 was mainly attributable to proceeds from medium-term note issuance (\$1,385 million), net proceeds from issuance of commercial papers (\$2,396 million), and proceeds from banks loans (\$267 million), partially offset by the payment of dividends (\$436 million).

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022**

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 January 2021	895,926	(23,743)	107,034	(89,017)	1,402,414	2,292,614	282,175	2,574,789
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	296,095	296,095	(2,539)	293,556
Other comprehensive income								
Net fair value changes on cash flow hedges reclassified to income statement	-	-	-	(2,357)	-	(2,357)	(2,291)	(4,648)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(3,731)	-	(3,731)	(4,734)	(8,465)
Share of net fair value changes of cash flow hedges of joint ventures	-	-	-	1,081	-	1,081	-	1,081
Foreign currency translation differences	-	-	-	13,080	-	13,080	(665)	12,415
Share of foreign currency translation differences of associates and joint ventures	-	-	-	6,568	-	6,568	-	6,568
Reserves released on disposal of a subsidiary	-	-	-	(5,345)	-	(5,345)	-	(5,345)
Other comprehensive income for the period, net of tax	-	-	-	9,296	-	9,296	(7,690)	1,606
Total comprehensive income for the period, net of tax	-	-	-	9,296	296,095	305,391	(10,229)	295,162
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	(1,982)	-	(1,982)	9	(1,973)
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	8,438	-	8,438	33	8,471
Purchase of treasury shares	-	(11,542)	-	-	-	(11,542)	-	(11,542)
Treasury shares reissued pursuant to share plans	-	21,827	(2,882)	(18,870)	-	75	(75)	-
Dividends paid	-	-	-	-	(311,922)	(311,922)	-	(311,922)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8,554)	(8,554)
Total contributions by and distributions to owners of the Company	-	10,285	(2,882)	(10,432)	(311,922)	(314,951)	(8,596)	(323,547)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(13,551)	-	(13,551)	(1,934)	(15,485)
Total transactions with owners of the Company	-	10,285	(2,882)	(23,983)	(311,922)	(328,502)	(10,530)	(339,032)
Balance at 30 June 2021	895,926	(13,458)	104,152	(105,686)	1,386,587	2,267,521	261,425	2,528,946

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022** (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 January 2022	895,926	(33,475)	103,940	(101,937)	1,548,308	2,412,762	255,453	2,668,215
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	279,980	279,980	2,394	282,374
Other comprehensive income								
Net fair value changes of cash flow hedges reclassified to income statement	-	-	-	3,768	-	3,768	2,091	5,859
Effective portion of changes in fair value of cash flow hedges	-	-	-	103,056	-	103,056	(15,214)	87,842
Share of net fair value changes on cash flow hedges of joint ventures	-	-	-	1,832	-	1,832	-	1,832
Foreign currency translation differences	-	-	-	(30,085)	-	(30,085)	(2,538)	(32,623)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	485	-	485	-	485
Reserves released on disposal of a subsidiary	-	-	-	150	-	150	-	150
Defined benefit plan remeasurements	-	-	-	-	4,591	4,591	17	4,608
Other comprehensive income for the period, net of tax	-	-	-	79,206	4,591	83,797	(15,644)	68,153
Total comprehensive income for the period, net of tax	-	-	-	79,206	284,571	363,777	(13,250)	350,527
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	1,223	-	1,223	(3)	1,220
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	9,339	-	9,339	41	9,380
Purchase of treasury shares	-	(13,555)	-	-	-	(13,555)	-	(13,555)
Treasury shares reissued pursuant to share plans	-	22,936	(3,797)	(19,051)	-	88	(88)	-
Dividends paid	-	-	-	-	(436,323)	(436,323)	-	(436,323)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners of the Company	-	9,381	(3,797)	(9,712)	(436,323)	(440,451)	(8,047)	(448,498)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	1,692	-	1,692	-	1,692
Disposal of subsidiary	-	-	-	-	-	-	(1,310)	(1,310)
Total transactions with owners of the Company	-	9,381	(3,797)	(8,020)	(436,323)	(438,759)	(9,357)	(448,116)
Balance at 30 June 2022	895,926	(24,094)	100,143	(29,528)	1,396,556	2,339,003	232,843	2,571,846

5 **STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2022** (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2021	895,926	(23,743)	(8,940)	64,054	488,276	1,415,573
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	(2,664)	(2,664)
Total comprehensive income for the period	-	-	-	-	(2,664)	(2,664)
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	8,471	-	8,471
Purchase of treasury shares	-	(11,542)	-	-	-	(11,542)
Treasury shares reissued pursuant to share plans	-	21,827	(2,889)	(18,938)	-	-
Dividends paid	-	-	-	-	(311,922)	(311,922)
Total contributions by and distributions to owners of the Company	-	10,285	(2,889)	(10,467)	(311,922)	(314,993)
Balance at 30 June 2021	895,926	(13,458)	(11,829)	53,587	173,690	1,097,916
At 1 January 2022	895,926	(33,475)	(12,044)	65,716	644,405	1,560,528
Total comprehensive income for the period						
Profit after taxation	-	-	-	-	364,434	364,434
Total comprehensive income for the period	-	-	-	-	364,434	364,434
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	9,849	-	9,849
Purchase of treasury shares	-	(13,555)	-	-	-	(13,555)
Treasury shares reissued pursuant to share plans	-	22,936	(3,851)	(19,085)	-	-
Dividends paid	-	-	-	-	(436,323)	(436,323)
Total contributions by and distributions to owners of the Company	-	9,381	(3,851)	(9,236)	(436,323)	(440,029)
Balance at 30 June 2022	895,926	(24,094)	(15,895)	56,480	572,516	1,484,932

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

Issued and paid up capital

As at 30 June 2022, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2021: 3,122,495,197 ordinary shares) of which 6,266,903 were held by the Company as treasury shares (31 December 2021: 8,826,399).

	Number of Shares
	30-Jun-22
As at beginning and end of the first half-year (including treasury shares)	3,122,495,197
As at end of the first half-year (excluding treasury shares)	3,116,228,294
As at 30 June 2021 (excluding treasury shares)	3,118,814,296
As at 31 December 2021 (excluding treasury shares)	3,113,668,798

Performance Share Plan

Singapore Technologies Engineering Performance Share Plan (PSP)

As at 30 June 2022, the total number of outstanding awards was 6,070,762 (30 June 2021: 5,698,652) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 10,320,295 (30 June 2021: 9,687,707) ordinary shares of the Company.

Restricted Share Plan

Singapore Technologies Engineering Restricted Share Plan (RSP)

As at 30 June 2022, the total number of outstanding awards was 14,829,392 (30 June 2021: 13,727,248) ordinary shares of the Company.

Treasury Shares

During the first half-year, the Company purchased 3,500,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (1H2021: 3,000,000).

During the first half-year, 6,059,496 treasury shares were utilised pursuant to the RSP and PSP (1H2021: 6,283,159).

As at 30 June 2022, the number of treasury shares held by the Company represented 0.20% (30 June 2021: 0.12%) of the total number of issued shares (excluding treasury shares).

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

<u>Group and Company</u>	Number of Treasury Shares for the half-year ended 30 June 2022
As at beginning of the year	8,826,399
Purchase of treasury shares	3,500,000
Treasury shares transferred on vesting of RSP	(5,369,088)
Treasury shares transferred on vesting of PSP	(690,408)
As at end of the first half-year	6,266,903

6 **AUDIT**

The condensed consolidated statement of financial position of Singapore Technologies Engineering Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

7 **AUDITORS' REPORT**

Not applicable.

8 REVIEW OF GROUP PERFORMANCE

8(a) Revenue

1H2022 vs 1H2021

\$m	1H2022	1H2021	Increase/(Decrease)	
Commercial Aerospace	1,404	1,136	268	24%
Urban Solutions & Satcom	757	528	229	43%
Defence & Public Security	2,108	1,987	121	6%
Total	4,270	3,651	619	17%

The Group generated revenue of \$4,270 million in 1H2022, an increase of 17% or \$619 million as compared to 1H2021. The increase was contributed by all business segments.

Commercial Aerospace's revenue of \$1,404 million for 1H2022 was higher by 24% or \$268 million as compared to 1H2021, attributable to continued business recovery.

Urban Solutions & Satcom delivered revenue of \$757 million in 1H2022, 43% or \$229 million higher as compared to 1H2021, contributed by Smart Mobility (including TransCore), partially offset by Satcom due to semiconductor chip shortages.

Defence and Public Security's revenue increased by 6% or \$121 million to \$2,108 million in 1H2022, contributed by Digital Systems & Cyber, Land Systems and Defence Aerospace, partially offset by lower revenue from Marine.

8 **REVIEW OF GROUP PERFORMANCE** (cont'd)

8(b) **Profitability – Earnings before interest and tax**

1H2022 vs 1H2021

\$m	1H2022	1H2021	Increase/(Decrease)	
Commercial Aerospace	182.7	102.6	80.1	78%
Urban Solutions & Satcom	(12.1)	11.2	(23.3)	NM
Defence & Public Security	214.0	241.3	(27.3)	(11%)
Total	384.6	355.1	29.5	8%

The Group's earnings before interest and tax (EBIT) of \$384.6 million for 1H2022 was higher than 1H2021 by 8% or \$29.5 million. Growth and cost savings in 1H2022 more than offset the substantial reduction of \$125 million in government support.

In 1H2022, Commercial Aerospace's EBIT increased by 78% or \$80.1 million to \$182.7 million as compared to 1H2021. Business recovery and one-off pension restructuring effect of \$72 million in 1H2022 more than offset the reduction in government support of \$86 million.

Urban Solutions & Satcom (USS) recorded a loss of \$12.1 million in 1H2022 as compared to EBIT of \$11.2 million in 1H2021. Excluding TransCore transaction and integration expenses of \$21 million and reduction in government support of \$3 million in 1H2022, EBIT for USS would be \$1 million higher, despite weaker performance from Satcom which had an exceptionally strong 1H2021 and continued to be impacted by semiconductor chip shortages.

Defence and Public Security's EBIT of \$214.0 million was 11% or \$27.3 million lower as compared to 1H2021. Excluding the reduction in government support of \$36 million, EBIT would be 5% higher despite challenging conditions in the Marine business area, supply chain disruptions and higher energy costs.

8(b) **Profitability – Net Profit**

1H2022 vs 1H2021

\$m	1H2022	1H2021	Increase/(Decrease)	
Net Profit	280.0	296.1	(16.1)	(5%)

The Group's net profit of \$280.0 million in 1H2022 was lower than 1H2021 by 5% or \$16.1 million. Excluding TransCore transaction and integration expenses and tax-exempt effect of JSS, the Group's net profit would be \$307 million, 4% higher year-on-year.

9 **SEASONAL OPERATIONS**

Based on historical trends, the Group's half-yearly revenue is not significantly affected by seasonal factors. The average ratio of the Group's revenue for the first half to the second half of the year is 47:53¹, excluding the effects of acquisitions.

10 **VARIANCE FROM PROSPECTS STATEMENT**

No forecast for 1H2022 was previously provided.

11 **PROSPECTS**

Group

Despite a challenging operating environment in the first half of 2022, the Group's businesses continued to demonstrate their underlying strengths and resilience. Year-on-year revenue growth and base business profitability, continued cost savings and productivity initiatives more than offset the substantial reduction of \$125 million in government support.

The TransCore acquisition which was completed in March this year will accelerate the Group's Smart City growth. Contract win momentum remains strong, and the Group's robust order book provides healthy revenue visibility for the next few years.

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.

¹ Based on the average of the past three financial years of 2019 – 2021, excluding the effect of acquisitions.

12 DIVIDENDS

On 25 February 2022, the Company announced a dividend policy to declare dividends every quarter instead of twice a year previously. For 1Q2022, a first interim dividend of 4.0 cents per ordinary share was declared and subsequently paid on 7 June 2022. On 11 August 2022, the Directors approved a second interim dividend of 4.0 cents per ordinary share for 2Q2022 to be paid on 2 September 2022.

The financial statements for the first half-year ended, and as at 30 June 2022, include the 1Q2022 interim tax exempt (1-tier) cash dividend of 4.0 cents per ordinary share, paid on 7 June 2022. The 2Q2022 interim dividend will be accounted for in shareholders' equity as an appropriation of Retained Earnings in the financial year ending 31 December 2022.

(a) Current Financial Period Reported On

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

Name of Dividend	First interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share (paid on 7 June 2022)

Name of Dividend	Second interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share (to be paid on 2 September 2022)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	5.0 cents per ordinary share

(c) Record and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT The Register of Members and Share Transfer Books will be closed on 24 August 2022 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company together with all relevant documents of title received by the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 23 August 2022 will be registered to determine members' entitlements to the interim dividend. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 23 August 2022 will be entitled to the interim dividend. The interim dividend will be paid on 2 September 2022.

13 BUSINESS SEGMENTAL INFORMATION

By Business Activity

	1H2022				
	Commercial Aerospace	Urban Solutions & Satcom	Defence & Public Security	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External sales	1,404,236	757,259	2,108,412	-	4,269,907
Inter-segment sales	28,662	26,963	20,050	(75,675)	-
	<u>1,432,898</u>	<u>784,222</u>	<u>2,128,462</u>	<u>(75,675)</u>	<u>4,269,907</u>
Reportable segment profit from operations	174,920	(9,697)	195,074	-	360,297
Non-operating (expenses)/income	327	-	13,024	-	13,351
Share of results of associates and joint ventures, net of tax	7,407	(2,369)	5,896	-	10,934
Earnings before interest and tax	<u>182,654</u>	<u>(12,066)</u>	<u>213,994</u>	<u>-</u>	<u>384,582</u>
Finance income					8,579
Finance costs					<u>(42,059)</u>
Profit before taxation					351,102
Taxation					(68,728)
Non-controlling interests					<u>(2,394)</u>
Profit attributable to shareholders					<u>279,980</u>
Other assets	4,364,732	6,213,839	6,419,252	(3,617,652)	13,380,171
Associates and joint ventures	297,809	49,423	101,803	-	449,035
Segment assets	<u>4,662,541</u>	<u>6,263,262</u>	<u>6,521,055</u>	<u>(3,617,652)</u>	<u>13,829,206</u>
Deferred tax assets					251,833
Bank balances and other liquid funds					533,336
Total Assets					<u>14,614,375</u>
Segment liabilities	1,721,902	1,044,253	4,431,887	(1,703,909)	5,494,133
Provision for taxation					192,937
Deferred tax liabilities					186,889
Borrowings					6,168,570
Total Liabilities					<u>12,042,529</u>
Capital expenditure	398,758	32,673	56,929	(3,962)	484,398
Depreciation and amortisation	86,257	71,904	69,794	(271)	227,684
Impairment losses	3,681	-	8,305	-	11,986
Other non-cash expenses	687	9	137	-	833

13 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

By Business Activity

	1H2021				Group \$'000
	Commercial Aerospace \$'000	Urban Solutions & Satcom \$'000	Defence & Public Security \$'000	Elimination \$'000	
Revenue					
External sales	1,136,127	527,775	1,986,988	-	3,650,890
Inter-segment sales	30,444	25,239	20,545	(76,228)	-
	<u>1,166,571</u>	<u>553,014</u>	<u>2,007,533</u>	<u>(76,228)</u>	<u>3,650,890</u>
Reportable segment profit from operations	89,679	16,155	226,402	-	332,236
Non-operating (expenses)/income	(1,043)	-	12,318	-	11,275
Share of results of associates and joint ventures, net of tax	13,932	(4,951)	2,607	-	11,588
Earnings before interest and tax	<u>102,568</u>	<u>11,204</u>	<u>241,327</u>	<u>-</u>	<u>355,099</u>
Finance income					9,848
Finance costs					(25,151)
Profit before taxation					<u>339,796</u>
Taxation					(46,240)
Non-controlling interests					2,539
Profit attributable to shareholders					<u>296,095</u>
Other assets	3,619,302	2,112,005	5,198,585	(2,704,820)	8,225,072
Associates and joint ventures	295,251	57,730	121,456	-	474,437
Segment assets	<u>3,914,553</u>	<u>2,169,735</u>	<u>5,320,041</u>	<u>(2,704,820)</u>	<u>8,699,509</u>
Deferred tax assets					163,713
Bank balances and other liquid funds					583,800
Total Assets					<u>9,447,022</u>
Segment liabilities	1,528,688	786,630	3,905,927	(1,650,679)	4,570,566
Provision for taxation					153,867
Deferred tax liabilities					158,745
Borrowings					2,034,898
Total Liabilities					<u>6,918,076</u>
Capital expenditure	58,773	61,471	59,645	-	179,889
Depreciation and amortisation	79,979	40,424	67,099	(178)	187,324
Impairment losses	9,000	-	-	-	9,000
Other non-cash expenses	375	200	210	-	785

13 **BUSINESS SEGMENTAL INFORMATION** (cont'd)

Disaggregation of Revenue

<u>Major products/service lines</u>	1H2022		1H2021	
	\$'000	%	\$'000	%
Sale of goods	1,435,328	33.6	1,292,904	35.4
Service income	1,094,439	25.6	832,496	22.8
Contract revenue	1,740,140	40.8	1,525,490	41.8
Total	<u>4,269,907</u>	<u>100</u>	<u>3,650,890</u>	<u>100</u>

Timing of revenue recognition

	1H2022		1H2021	
	\$'000	%	\$'000	%
Transferred at a point in time	1,979,622	46.4	1,616,365	44.3
Transferred over time	2,290,285	53.6	2,034,525	55.7
Total	<u>4,269,907</u>	<u>100</u>	<u>3,650,890</u>	<u>100</u>

By Geographical Areas

	Revenue			
	1H2022		1H2021	
	\$'000	%	\$'000	%
Asia	2,216,278	51.9	2,149,042	58.9
U.S.	997,039	23.4	757,810	20.8
Europe	804,293	18.8	567,134	15.5
Others	252,297	5.9	176,904	4.8
Total	<u>4,269,907</u>	<u>100</u>	<u>3,650,890</u>	<u>100</u>

By Country of Incorporation

	Revenue			
	1H2022		1H2021	
	\$'000	%	\$'000	%
Asia	2,524,963	59.1	2,338,352	64.0
U.S.	1,286,007	30.1	987,648	27.1
Europe	428,253	10.0	305,547	8.4
Others	30,684	0.7	19,343	0.5
Total	<u>4,269,907</u>	<u>100</u>	<u>3,650,890</u>	<u>100</u>

	Non-Current Assets ⁺			
	30-Jun-22		30-Jun-21	
	\$'000	%	\$'000	%
Asia	1,910,093	22.1	1,871,705	38.8
U.S.	5,135,468	59.3	1,638,110	33.9
Europe	1,507,895	17.4	1,216,843	25.2
Others	100,034	1.2	99,709	2.1
Total	<u>8,653,490</u>	<u>100</u>	<u>4,826,367</u>	<u>100</u>

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* excludes derivative financial instruments, post-employment benefits and deferred tax assets.

14 **INTERESTED PERSON TRANSACTIONS** (unaudited)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		1H2022 \$'000	1H2021 \$'000	1H2022 \$'000	1H2021 \$'000
Transactions for the Sale of Goods and Services					
SATS Ltd. and its Associates	Temasek Holdings	-	-	678	611
SembCorp Industries Ltd and its Associates	(Private) Limited is	-	-	3,685	45,638
Singapore Airlines Limited and its Associates	a controlling	-	-	611	937
SIA Engineering Company Limited and its Associates	shareholder of the	-	-	143	-
Singapore Telecommunications Limited and its Associates	Company. The	-	-	3,248	2,702
StarHub Ltd and its Associates	other named	-	-	369	430
Temasek Holdings (Private) Limited and its Associates (non-listed)	interested persons are its associates.	-	-	11,912	6,144
		-	-	20,646	56,463
Transactions for the Purchase of Goods and Services					
CapitaLand Limited and its Associates	Temasek Holdings	-	-	-	110
SATS Ltd. and its Associates	(Private) Limited is	-	-	182	94
SembCorp Industries Ltd and its Associates	a controlling	-	-	392	199
Singapore Telecommunications Limited and its Associates	shareholder of the	-	-	1,872	837
StarHub Ltd and its Associates	Company. The	-	-	966	482
Temasek Holdings (Private) Limited and its Associates (non-listed)	other named interested persons are its associates.	-	-	8,211	7,513
		-	-	11,623	9,236
Total Interested Person Transactions		-	-	32,269	65,699

15 **SUBSEQUENT EVENTS**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

16 **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 statement of financial position (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 half-year ended 30 June 2022 to be false or misleading in any material respect.

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

LOW MENG WAI
Company Secretary
12 August 2022

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