

News Release

ST Engineering Reports Higher Profits in 3Q2017 vs 3Q2016

FINANCIAL HIGHLIGHTS						
For the third quarter ended						
30 September 2017						
	2017 3Q	2016 3Q	Growth %	2017 9M	2016 9M	Growth %
Revenue (\$m)	1,622	1,613	1	4,917	4,863	1
Earnings before interest and tax (EBIT) (\$m)	146.1	82.0	78	393.6	316.3	24
Other income, net (\$m)	9.2	10.7	(14)	31.6	57.4	(45)
Finance (costs)/income, net (\$m)	(3.3)	0.6	NM	(11.7)	(14.8)	21
Profit before tax (PBT) (\$m)	162.9	106.6	53	449.7	407.3	10
Profit attributable to shareholders (Net Profit) (\$m)	128.4	76.7	67	343.4	314.1	9
Earnings per share (cents)	4.12	2.47	67	11.03	10.12	9

NM: *Not Meaningful*

- Strong order book of \$13.3b at end September 2017, of which about \$1.2b is expected to be delivered in the remaining months of 2017
- Commercial sales and defence sales constituted 63% or \$1.0b and 37% or \$0.6b respectively
- Cash and cash equivalents including funds under management totalled \$1.1b

N.B.: All currencies are in Singapore dollars

Singapore, 8 November 2017 - Singapore Technologies Engineering Ltd (ST Engineering) today announced that it registered higher year-on-year profits for its third quarter ended 30 September 2017 (3Q2017).

3Q2017 versus 3Q2016

Group revenue of \$1.62b came in with higher Profit before tax (PBT) of \$162.9m, up 53% from \$106.6m, and higher Profit attributable to shareholders (Net Profit) of \$128.4m, up 67% from \$76.7m. Higher profits were largely due to the absence of the \$61.1m one-off charge incurred in 3Q2016 for its Specialty Vehicle business in China.

At the business sector level compared to the same period last year, the Aerospace sector revenue grew 8% to \$608m from \$563m and its PBT was \$66.3m compared to \$65.2m. Revenue for the Electronics sector was 6% higher at \$495m from \$466m, and its PBT was \$55.6m compared to \$52.8m. The Land Systems sector revenue was \$331m versus \$350m and its PBT was at \$15.1m compared to a loss that resulted from the one-off charge for its Specialty Vehicle business in China in 3Q2016. Revenue for the Marine sector dropped 22% to \$164m from \$211m. Its year-on-year PBT was down 45% to \$21.1m from \$38.7m, but was higher when compared to a loss before tax of \$8.1m in 2Q2017.

For 3Q2017, commercial sales and defence sales constituted 63% or \$1.0b, and 37% or \$0.6b respectively of Group revenue. The quarter ended with cash and cash equivalents including funds under management of \$1.1b, after drawing down our cash for the payment of \$156m interim dividend, and to fund the acquisitions of Aethon Inc. (\$50m) and marine repair assets (\$34m) in the US.

9M2017 versus 9M2016

On a nine-month basis against the same period last year, the Group's PBT rose 10% to \$449.7m from \$407.3m on a Group revenue of \$4.9b, while its Net Profit grew 9% to \$343.4m from \$314.1m.

Its Aerospace sector posted comparable revenue of \$1.8b and PBT of \$223.3m versus \$214.5m in 9M2016. Revenue for the Electronics sector was \$1.64b, up 20% from \$1.37b and its PBT was \$149.4m versus \$143.6m in the same period last year. Revenue for the Land Systems sector was \$906m, down 6% from \$964m, and its PBT up 409% to

\$60.7m from \$11.9m in 9M2016. The Marine sector came in with revenue of \$506m, down 25% from \$672m and its PBT down 65% at \$22.0m from \$62.6m in 9M2016.

“We continue to position the Group for long-term sustainable growth and value creation. We acquired a US robotics company, Aethon, and marine repair assets in the US to strengthen our capability and service offerings.

ST Marine is part of a consortium that was named the preferred bidder by PUB to design, build, own and operate Singapore’s fifth desalination plant, the Jurong Island Desalination Plant. This award will give our environmental engineering business a boost. The consortium has since set up a concession company to jointly undertake this Project. Our corporate venture capital unit made its first investment, taking a stake in Janus Technologies, Inc., a US-based endpoint cyber security provider. That led to a collaboration in which ST Electronics launched the Black Computer L100, an industry-first hardware-based cyber security solution.

Our order book continues to be strong, and we maintain our outlook of comparable revenue and PBT for the year.”

Vincent Chong, President & CEO, ST Engineering

Order book and new contract wins announced in 3Q2017

For 3Q2017, the Group announced about \$1.1b worth of contracts. Order book remained high at \$13.3b, of which about \$1.2b will be delivered in the remaining months of 2017.

The Aerospace sector secured contracts of about \$530m for services ranging from heavy airframe and engine maintenance, component repair and overhaul to cabin retrofit, while the Electronics sector clinched about \$585m worth of contracts for Rail Electronics & Intelligent Transportation, Satellite & Broadband Communications, as well as Advanced Electronics and Information Communications Technologies solutions.

In addition to the contracts announced, the Land Systems sector also secured orders for its 40mm munitions as well as for its Road Construction Equipment and Specialty Vehicles from customers in Asia, Latin America and North America. The Marine sector undertook various ship repair projects in its US and Singapore yards.

ST Engineering is an integrated defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. It has global presence with offices in Asia, the Americas, Europe and the Middle East and employs about 22,000 employees. Across the globe, its employees bring innovation and technology together to create smart engineering solutions for its customers in the defence, government and commercial segments. Headquartered in Singapore, ST Engineering reported revenue of S\$6.68b in FY2016 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore and the SGX Sustainability Leaders Index. Please visit www.stengg.com for more information.

For further enquiries, please contact:

Lina Poa
Head, Corporate Communications & Investor Relations
ST Engineering
Tel: (65) 6722 1883
Email: linapoa@stengg.com

Sylvia Lee
Assistant Manager, Investor Relations
ST Engineering
Tel: (65) 6722 1849
Email: lee.ruiting.sylvia@stengg.com

FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017
TABLE OF CONTENTS

<u>Paragraph</u>	<u>Description</u>	<u>Page</u>
	FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT	1 – 23
1	CONSOLIDATED INCOME STATEMENT	1 – 3
2	BALANCE SHEETS	4 – 6
3	CONSOLIDATED STATEMENT OF CASH FLOWS	7 – 9
4	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	9
5	STATEMENT OF CHANGES IN EQUITY	10 – 14
6	AUDIT	14
7	AUDITORS' REPORT	14
8	ACCOUNTING POLICIES	14
9	CHANGES IN ACCOUNTING POLICIES	14
10	REVIEW OF GROUP PERFORMANCE	15 – 16
11	VARIANCE FROM PROSPECTS STATEMENT	17
12	PROSPECTS	17
13	DIVIDENDS	17
14	BUSINESS SEGMENTAL INFORMATION	18 – 21
15	INTERESTED PERSON TRANSACTIONS	22
16	CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)	22
17	CONFIRMATION BY THE BOARD	23

SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017
1 CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	GROUP					
	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,621,828	1,613,024	0.5	4,917,211	4,863,431	1.1
Cost of sales	(1,282,088)	(1,278,568)	0.3	(3,938,415)	(3,907,032)	0.8
Gross profit	339,740	334,456	1.6	978,796	956,399	2.3
Distribution and selling expenses (refer to para 1.6)	(34,707)	(45,581)	(23.9)	(129,987)	(137,706)	(5.6)
Administrative expenses	(123,885)	(120,223)	3.0	(364,744)	(359,871)	1.4
Other operating expenses (refer to para 1.7)	(35,085)	(86,649)	(59.5)	(90,497)	(142,523)	(36.5)
Profit from operations	146,063	82,003	78.1	393,568	316,299	24.4
Other income (refer to para 1.8)	9,232	10,747	(14.1)	31,586	57,418	(45.0)
Other expenses	-	-	-	-	(15)	(100.0)
Other income, net	9,232	10,747	(14.1)	31,586	57,403	(45.0)
Finance income	10,740	6,373	68.5	31,184	25,703	21.3
Finance costs	(14,025)	(5,818)	141.1	(42,891)	(40,467)	6.0
Finance (costs)/income, net	(3,285)	555	NM	(11,707)	(14,764)	(20.7)
Share of results of associates and joint ventures, net of tax	10,901	13,332	(18.2)	36,298	48,379	(25.0)
Profit before taxation	162,911	106,637	52.8	449,745	407,317	10.4
Taxation	(29,007)	(34,199)	(15.2)	(86,200)	(91,124)	(5.4)
Profit for the period	133,904	72,438	84.9	363,545	316,193	15.0
Attributable to:						
Shareholders of the Company	128,394	76,650	67.5	343,392	314,106	9.3
Non-controlling interests	5,510	(4,212)	NM	20,153	2,087	>500
	133,904	72,438	84.9	363,545	316,193	15.0

NM: *Not Meaningful*

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

	GROUP					
	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Profit from operations is arrived at after charging the following:						
Depreciation and amortisation	54,930	64,717	(15.1)	158,691	176,382	(10.0)
The lower depreciation and amortisation in 3Q2017 came mainly from Aerospace and Land Systems sectors and Miltope, partially offset by higher depreciation and amortisation from Electronics and Marine sectors.						
(Write-back)/Allowance for doubtful debts & bad debts written off, net	(217)	10,654	NM	17,296	14,250	21.4
In 3Q2017, Aerospace and Marine sectors wrote-back allowance for doubtful debts vis-à-vis impairment of overdue receivables for Land Systems sector's China subsidiaries in 3Q2016.						
Allowance for inventory obsolescence, net	13,511	25,340	(46.7)	24,079	47,757	(49.6)
The lower allowance for inventory obsolescence in 3Q2017 came mainly from Land Systems sector from absence of writedown of carrying value of China subsidiaries' inventories to net realisable value.						
1.2 Finance (costs)/income, net comprises:						
Interest income	6,005	6,642	(9.6)	18,936	20,325	(6.8)
Foreign exchange gain/(loss), net	3,481	(1,666)	NM	10,182	335	>500
Fair value changes of financial instruments / hedged items	(3,031)	4,559	NM	(10,373)	(5,317)	95.1
Gain on disposal of investments, net	401	695	(42.3)	314	2,154	(85.4)
Impairment loss on investment	-	-	-	(251)	-	NM
Interest expenses	(10,100)	(9,699)	4.1	(30,544)	(32,179)	(5.1)
Others	(41)	24	NM	29	(82)	NM
	<u>(3,285)</u>	<u>555</u>	NM	<u>(11,707)</u>	<u>(14,764)</u>	(20.7)
NM: <i>Not Meaningful</i>						
1.3 Profit for the period as a percentage of revenue	8.3%	4.5%		7.4%	6.5%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.1%	3.9%		16.4%	15.9%	
1.5 The Group's tax charge in 3Q2017 included adjustments for overprovision of current tax of \$3.3 million and underprovision of deferred tax of \$1.1 million in respect of prior years. (3Q2016: Adjustments for overprovision of both current tax and deferred tax of \$1.2 million and \$0.6 million respectively.)						
1.6 Lower distribution and selling expenses in 3Q2017 (by \$10.9 million) arose mainly from the absence of prior year's impairment of overdue receivables for Land Systems sector's China subsidiaries, and lower exhibition and promotion expenses.						
1.7 Lower other operating expenses in 3Q2017 (by \$51.6 million) was due mainly to the absence of prior year's impairment of China subsidiaries' assets and related provision for closure costs.						
1.8 The lower 3Q2017 other income (by \$1.5 million) arose mainly from the absence of prior year's remeasurement gain of a subsidiary in Aerospace sector.						
1.9 There was no disposal of property during the period.						

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

	GROUP		
	2017 \$'000	2016 \$'000	+ / (-) %
Revenue reported for first half year	3,295,383	3,250,407	1.4
Profit for the period reported for first half year	229,641	243,755	(5.8)
Revenue reported for third quarter	1,621,828	1,613,024	0.5
Profit for the period reported for third quarter	133,904	72,438	84.9
Revenue reported for first nine months	4,917,211	4,863,431	1.1
Profit for the period reported for first nine months	363,545	316,193	15.0

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	3Q2017	3Q2016	9M2017	9M2016	FY2016
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	4.12	2.47	11.03	10.12	15.60
(ii) On a fully diluted basis	4.12	2.47	11.03	10.12	15.60

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,714,995	1,670,132	4,683	3,251
Subsidiaries	-	-	1,270,046	1,277,609
Associates and joint ventures	437,499	405,530	17,657	17,657
Investments	376,640	322,051	-	-
Intangible assets	1,077,123	1,019,585	-	-
Long-term trade receivables	980	1,894	-	-
Deferred tax assets	78,613	92,528	4,700	4,813
Amounts due from related parties	4,806	4,806	354,147	507,257
Advances and other receivables	19,398	2,534	-	-
Derivative financial instruments	33,378	32,967	-	-
Employee Benefits	159	151	-	-
	3,743,591	3,552,178	1,651,233	1,810,587
Current assets				
Inventories and work-in-progress	1,912,022	1,898,278	-	-
Trade receivables	1,517,962	1,457,982	-	-
Amounts due from related parties	33,481	24,618	144,781	199,634
Advances and other receivables	298,984	338,217	5,743	2,084
Short-term investments	962	188,890	-	-
Bank balances and other liquid funds	791,291	904,890	451,528	588,862
	4,554,702	4,812,875	602,052	790,580
TOTAL ASSETS	8,298,293	8,365,053	2,253,285	2,601,167
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers	758,784	932,515	-	-
Trade payables and accruals	1,635,842	1,722,488	18,292	24,148
Amounts due to related parties	21,866	28,449	412,621	504,827
Provisions	256,298	274,662	-	-
Progress billings in excess of work-in-progress	777,541	620,331	-	-
Provision for taxation	122,278	133,227	-	-
Borrowings	218,302	87,427	-	-
Employee benefits	2,074	1,916	-	-
	3,792,985	3,801,015	430,913	528,975
NET CURRENT ASSETS	761,717	1,011,860	171,139	261,605

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers	678,345	590,828	-	-
Trade payables and accruals	127,350	137,763	7,894	8,997
Deferred tax liabilities	216,879	216,592	-	-
Borrowings	913,210	992,848	-	-
Employee benefits	92,319	85,200	-	-
Deferred income	79,380	77,159	-	-
Derivative financial instruments	13,734	19,435	-	-
Amounts due to related parties	-	17	667,497	676,417
	2,121,217	2,119,842	675,391	685,414
TOTAL LIABILITIES	5,914,202	5,920,857	1,106,304	1,214,389
NET ASSETS	2,384,091	2,444,196	1,146,981	1,386,778
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(20,037)	(44,081)	(20,037)	(44,081)
Capital reserves	119,813	113,184	3,838	(2,791)
Other reserves	(52,332)	(56,653)	56,402	65,231
Retained earnings	1,150,084	1,273,886	210,852	472,493
	2,093,454	2,182,262	1,146,981	1,386,778
Non-controlling interests	290,637	261,934	-	-
	2,384,091	2,444,196	1,146,981	1,386,778
TOTAL EQUITY AND LIABILITIES	8,298,293	8,365,053	2,253,285	2,601,167

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2016, the decrease in the Group's net assets was due mainly to the payment of FY2016 final dividend (\$312m) and FY2017 interim dividend (\$156m) in May 2017 and Aug 2017 respectively, compared with the profit for the period reported for the first nine months.

2(b) GROUP BORROWINGS

	As at 30-Sep-17 \$'000	As at 31-Dec-16 \$'000
<u>Amount repayable within one year</u>		
Secured	23,061	29,611
Unsecured	195,241	57,816
	<u>218,302</u>	<u>87,427</u>
<u>Amount repayable after one year</u>		
Secured	91,811	75,960
Unsecured	821,399	916,888
	<u>913,210</u>	<u>992,848</u>
 Total	 <u>1,131,512</u>	 <u>1,080,275</u>

2(c) NET ASSET VALUE

	GROUP		
	3Q2017	3Q2016	FY2016
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	67.17	63.39	70.20

	COMPANY		
	3Q2017	3Q2016	FY2016
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	36.80	37.32	44.61

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	GROUP			
	3Q2017	3Q2016	9M2017	9M2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	162,911	106,637	449,745	407,317
Adjustments:				
Share of results of associates and joint ventures, net of tax	(10,901)	(13,332)	(36,298)	(48,379)
Share-based payment expense	5,160	3,208	8,852	1,548
Depreciation charge	46,533	47,756	135,847	144,505
Property, plant and equipment written off	15	29	200	117
Amortisation of other intangible assets	8,397	16,961	22,844	31,877
Gain on disposal of property, plant and equipment	(141)	(42)	(257)	(974)
Gain on disposal of investments	(401)	(695)	(314)	(2,154)
Remeasurement gain on fair value of pre-existing interest in an acquiree	-	(1,364)	-	(2,697)
Gain on disposal of an associate	-	-	-	(731)
Gain on disposal of subsidiaries	-	(238)	-	(10,642)
Loss on disposal of a subsidiary	-	-	-	15
Changes in fair value of financial instruments and hedged items	3,031	(4,559)	10,373	5,317
Changes in fair value of financial instruments held for trading	41	(22)	(24)	86
Interest expenses	10,100	9,699	30,544	32,179
Interest income	(6,005)	(6,642)	(18,936)	(20,325)
(Write-back)/impairment of property, plant and equipment	(142)	28,170	(79)	28,170
Impairment losses on goodwill and other intangible assets	11	9,322	11	9,322
Impairment of investments	-	-	251	-
Dividends from investments	-	(2)	(5)	(4)
Amortisation of deferred income	(15)	(186)	(45)	(671)
Operating profit before working capital changes	218,594	194,700	602,709	573,876
Changes in:				
Inventories and work-in-progress	(146,571)	3,714	(24,359)	(36,291)
Progress billings in excess of work-in-progress	(23,567)	(37,222)	158,456	42,888
Trade receivables	42,013	32,401	(80,004)	95,292
Advance payments to suppliers	18,691	17,438	41,930	5,352
Other receivables, deposits and prepayments	(4,658)	10,853	12,840	(20,566)
Amount due from holding company and related corporations balances	(10,887)	(7,069)	(11,716)	8,254
Amount due to holding company and related corporations balances	(3,299)	(4,875)	776	(6,338)
Amount due from associates	(1,006)	(5,746)	(491)	18,667
Amount due from joint ventures	(2,054)	(9,573)	(21,948)	(4,932)
Trade payables	26,632	(27,931)	(47,966)	(54,304)
Advance payments from customers	(32,020)	(20,023)	(79,242)	(44,198)
Other payables, accruals and provisions	64,554	47,515	(2,308)	(18,636)
Loans to staff and third parties	(5,701)	1,070	(7,998)	(3,434)
Deferred income	4,323	(1,343)	2,266	(11,695)
Foreign currency translation of foreign operations	5,774	7,665	223	5,067
Cash generated from operations	150,818	201,574	543,168	549,002
Interest received	6,681	8,377	22,337	21,995
Income tax paid	(45,496)	(37,545)	(104,795)	(94,658)
Net cash from operating activities	112,003	172,406	460,710	476,339

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017
 (cont'd)

	GROUP			
	3Q2017	3Q2016	9M2017	9M2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	872	870	2,200	3,295
Proceeds from disposal of an associate	-	-	-	731
Proceeds from sale and maturity of investments	98,787	32,649	273,074	202,139
Dividends from associates and joint ventures	31,539	8,373	68,397	34,301
Dividends from investments	-	2	5	4
Purchase of property, plant and equipment	(96,788)	(48,842)	(214,896)	(136,429)
Purchase of investments	(18,363)	(61,776)	(142,479)	(189,864)
Investment in joint ventures and an associate	(13,958)	(363)	(74,133)	(35,139)
Additions to other intangible assets	(14,229)	(21,598)	(44,476)	(40,110)
Acquisition of controlling interests in subsidiaries, net of cash acquired	(49,875)	-	(49,875)	9,127
Disposal of subsidiaries, net of cash disposed	-	10,911	8,324	29,526
Net cash used in investing activities	(62,015)	(79,774)	(173,859)	(122,419)
Cash flows from financing activities				
Proceeds from bank loans	129,523	73,505	161,345	161,215
Proceeds from a loan from a joint venture	6,000	-	26,463	2,000
Repayment of bank loans	(12,736)	(11,772)	(51,598)	(156,208)
Repayment of other loans	(41)	(39)	(137)	(117)
Repayment of lease obligations	(311)	(125)	(652)	(757)
Repayment of loan to a joint venture	(3,547)	-	(8,547)	(7,000)
Proceeds from share options exercised with issuance of treasury shares	8,177	5,824	24,916	9,207
Purchase of treasury shares	(11,924)	(303)	(11,924)	(3,141)
Capital contribution from non-controlling interests of subsidiaries	-	-	397	448
Return of capital to non-controlling interests of a subsidiary	-	-	-	(1,178)
Acquisition of non-controlling interests in a subsidiary	(220)	-	(220)	(167)
Dividends paid to shareholders of the Company	(155,996)	(155,412)	(467,641)	(465,930)
Dividends paid to non-controlling interests	-	(2,605)	(7,713)	(3,281)
Interest paid	(16,735)	(16,852)	(37,992)	(38,100)
Deposit (pledged)/discharged	(1)	66	-	6,129
Net cash used in financing activities	(57,811)	(107,713)	(373,303)	(496,880)
Net decrease in cash and cash equivalents	(7,823)	(15,081)	(86,452)	(142,960)
Cash and cash equivalents at beginning of the period	803,632	799,954	903,632	944,119
Exchange difference on cash and cash equivalents at beginning of the period	(5,775)	4,261	(27,146)	(12,025)
Cash and cash equivalents at end of the period	790,034	789,134	790,034	789,134

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Group ended the quarter with cash and cash equivalents (“CCE”) of \$790 million. In the quarter, the Group generated net cash of \$112 million compared to \$172 million in 3Q2016 from its operating activities. The decrease was due to working capital changes arising from an increase in inventories and work-in-progress and utilization of advances from customers, partially offset by lower trade payables and accruals.

Net cash used in investing activities of \$62 million in 3Q2017 was primarily for acquisition of a new subsidiary, Aethon (\$50 million) and investment in property, plant and equipment by Aerospace (\$26 million), Electronics (\$20 million), Land Systems (\$7 million) and Marine (\$38 million) sectors.

Net cash used in financing activities of \$58 million in 3Q2017 was mainly attributable to payment of FY2017 interim dividend (\$156 million), partially offset by higher loans drawdown (\$130 million) to fund the acquisition of Aethon and the Group’s investment in property, plant and equipment.

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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

	GROUP					
	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	133,904	72,438	84.9	363,545	316,193	15.0
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan remeasurements	977	(6,987)	NM	977	(6,987)	NM
Items that are or may be reclassified subsequently to profit or loss						
Net fair value changes on available-for-sale financial assets	979	549	78.3	9,054	8,402	7.8
Net fair value changes on cash flow hedges	12,887	9,241	39.5	60,658	17,924	238.4
Share of net fair value changes on cash flow hedges of an associate and joint venture	(512)	8	NM	(526)	8	NM
Reclassification of cash flow hedge reserve arising from disposal of an associate	-	-	-	-	11,368	(100.0)
Foreign currency translation differences	(1,743)	17,318	NM	(32,262)	(44,213)	(27.0)
Share of foreign currency translation differences of associates and joint ventures	(1,781)	2,695	NM	(9,539)	685	NM
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	927	(100.0)	851	(2,606)	NM
Other comprehensive gain/(loss) for the period, net of tax	10,807	23,751	(54.5)	29,213	(15,419)	NM
Total comprehensive income for the period, net of tax	144,711	96,189	50.4	392,758	300,774	30.6
Total comprehensive income attributable to:						
Shareholders of the Company	135,257	100,547	34.5	356,979	297,653	19.9
Non-controlling interests	9,454	(4,358)	NM	35,779	3,121	>5.0
	144,711	96,189	50.4	392,758	300,774	30.6

NM: *Not Meaningful*

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1.7.2016	895,926	(52,209)	112,803	(125,838)	1,185,548	2,016,230	269,229	2,285,459
Total comprehensive income for the period								
Profit for the period	-	-	-	-	76,650	76,650	(4,212)	72,438
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	549	-	549	-	549
Net fair value changes on cash flow hedges	-	-	-	8,072	-	8,072	1,169	9,241
Share of net fair value changes on cash flow hedge of an associate	-	-	-	8	-	8	-	8
Foreign currency translation differences	-	-	-	15,489	-	15,489	1,829	17,318
Share of foreign currency translation differences of associates and joint ventures	-	-	-	2,695	-	2,695	-	2,695
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	-	-	927	-	927	-	927
Defined benefit plan remeasurements	-	-	-	-	(3,843)	(3,843)	(3,144)	(6,987)
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	27,740	(3,843)	23,897	(146)	23,751
Total comprehensive income for the period, net of tax	-	-	-	27,740	72,807	100,547	(4,358)	96,189
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	3,188	-	3,188	20	3,208
Treasury shares reissued pursuant to share plans	-	7,026	307	(1,503)	-	5,830	(6)	5,824
Dividends paid	-	-	-	-	(155,412)	(155,412)	-	(155,412)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,605)	(2,605)
<i>Total contributions by and distributions to owners of the Company</i>	-	7,026	307	1,685	(155,412)	(146,394)	(2,591)	(148,985)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	4,097	4,097
Total transactions with owners of the Company	-	7,026	307	1,685	(155,412)	(146,394)	1,506	(144,888)
At 30.9.2016	895,926	(45,183)	113,110	(96,413)	1,102,943	1,970,383	266,377	2,236,760

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)

Group	Share capital	Treasury Shares	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1.7.2017	895,926	(15,867)	117,001	(61,395)	1,177,149	2,112,814	280,899	2,393,713
Total comprehensive income for the period								
Profit for the period	-	-	-	-	128,394	128,394	5,510	133,904
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	979	-	979	-	979
Net fair value changes on cash flow hedges	-	-	-	10,004	-	10,004	2,883	12,887
Share of net fair value changes on cash flow hedges of an associate and joint venture	-	-	-	(512)	-	(512)	-	(512)
Foreign currency translation differences	-	-	-	(2,364)	-	(2,364)	621	(1,743)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(1,781)	-	(1,781)	-	(1,781)
Defined benefit plan remeasurements	-	-	-	-	537	537	440	977
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	6,326	537	6,863	3,944	10,807
Total comprehensive income for the period, net of tax	-	-	-	6,326	128,931	135,257	9,454	144,711
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	5,140	-	5,140	20	5,160
Purchase of treasury shares	-	(11,924)	-	-	-	(11,924)	-	(11,924)
Treasury shares reissued pursuant to share plans	-	7,754	2,812	(2,403)	-	8,163	14	8,177
Dividends paid	-	-	-	-	(155,996)	(155,996)	-	(155,996)
<i>Total contributions by and distributions to owners of the Company</i>	-	(4,170)	2,812	2,737	(155,996)	(154,617)	34	(154,583)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	-	-	-	250	250
Total transactions with owners of the Company	-	(4,170)	2,812	2,737	(155,996)	(154,617)	284	(154,333)
At 30.9.2017	895,926	(20,037)	119,813	(52,332)	1,150,084	2,093,454	290,637	2,384,091

5 STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.7.2016	895,926	(52,209)	56,536	(3,172)	380,148	1,277,229
Total comprehensive income for the period						
Profit for the period	-	-	-	-	29,290	29,290
Total comprehensive income for the period	-	-	-	-	29,290	29,290
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	3,208	-	-	3,208
Dividends paid	-	-	-	-	(155,412)	(155,412)
Treasury shares reissued pursuant to share plans	-	7,026	(1,509)	307	-	5,824
<i>Total contributions by and distributions to owners of the Company</i>	-	7,026	1,699	307	(155,412)	(146,380)
At 30.9.2016	895,926	(45,183)	58,235	(2,865)	254,026	1,160,139
At 1.7.2017	895,926	(15,867)	53,631	1,026	306,370	1,241,086
Total comprehensive income for the period						
Profit for the period	-	-	-	-	60,478	60,478
Total comprehensive income for the period	-	-	-	-	60,478	60,478
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	5,160	-	-	5,160
Purchase of treasury shares	-	(11,924)	-	-	-	(11,924)
Treasury shares reissued pursuant to share plans	-	7,754	(2,389)	2,812	-	8,177
Dividends paid	-	-	-	-	(155,996)	(155,996)
<i>Total contributions by and distributions to owners of the Company</i>	-	(4,170)	2,771	2,812	(155,996)	(154,583)
At 30.9.2017	895,926	(20,037)	56,402	3,838	210,852	1,146,981

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

As at 30 September 2017, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2016: 3,122,495,197 ordinary shares) of which 5,929,540 were held by the Company as treasury shares (31 December 2016: 13,888,757).

	Number of Shares for the Quarter ended 30.9.2017
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,116,565,657
As at 31 December 2016 (excluding treasury shares)	3,108,606,440

Singapore Technologies Engineering Share Option Plan (ESOP)

As at 30 September 2017, there was no outstanding balance of unexercised options of unissued ordinary shares under the terminated ESOP (30 September 2016: 10,155,956). All options have expired as of September 2017.

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 September 2017, the total number of contingent shares granted conditionally but not released was 5,051,656 (30 September 2016: 4,914,514). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,587,815 (30 September 2016: 8,354,673) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 September 2017, the total number of contingent shares granted conditionally but not released was 5,126,602 (30 September 2016: 5,457,171). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,487,534 (30 September 2016: 8,081,738) ordinary shares.

As at 30 September 2017, the total number of unvested awards was 5,655,685 (30 September 2016: 5,291,077) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased 3,363,500 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (30 September 2016: Nil).

During the quarter, 2,433,286 treasury shares were utilised pursuant to the ESOP and RSP 2010 (30 September 2016: 2,213,902).

As at 30 September 2017, the number of treasury shares held by the Company represented 0.19% (30 September 2016: 0.46%) of the total number of issued shares (excluding treasury shares).

<u>Group and Company</u>	Number of Shares for the Quarter ended 30.9.2017
As at beginning of the quarter	4,999,326
Purchase of treasury shares	3,363,500
Treasury shares transferred on exercise of share options	(2,265,176)
Treasury shares transferred on vesting of RSP 2010	(168,110)
As at end of the quarter	5,929,540

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 2016 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2017. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

9 **CHANGES IN ACCOUNTING POLICIES**

There are no changes to the accounting policies.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

3Q2017 vs 3Q2016

\$m	3Q2017	3Q2016 Restated*	Increase/(Decrease)	
Aerospace	608	563	45	8%
Electronics	495	466	29	6%
Land Systems	331	350	(19)	(5%)
Marine	164	211	(47)	(22%)
Others	24	23	1	4%
Total	1,622	1,613	9	1%

Group's revenue of \$1,622 million for 3Q2017 was comparable to that of 3Q2016. Higher revenue was contributed by Aerospace and Electronics sectors, while Marine sector recognised lower revenue. Land Systems sector and "Others" reported comparable revenue.

Revenue of Aerospace sector in 3Q2017 of \$608 million was 8% or \$45 million higher than that of 3Q2016, mainly from **Component/Engine Repair and Overhaul** business group. **Engineering & Materials Services** and **Aircraft Maintenance & Modification** business groups reported comparable revenue.

In 3Q2017, Electronics sector revenue of \$495 million was 6% or \$29 million higher than that of 3Q2016, arising from higher project revenue recognition for **Software Systems Group** and increased sales of satellite communication products for **Communication & Sensor Systems Group**, partially offset by lower project revenue recognition from **Large-Scale Systems Group**.

Land Systems sector's revenue of \$331 million was comparable to that of 3Q2016. Lower revenue from **Automotive** and **Munitions & Weapon** business groups was partially offset by higher revenue from **Services, Trading and Others** business group.

Revenue of Marine sector in 3Q2017 of \$164 million was 22% or \$47 million lower than 3Q2016 from all three business groups.

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 3Q2016 figures in the income statement and segmental information were restated.

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability
3Q2017 vs 3Q2016

\$m	3Q2017	3Q2016 Restated*	Increase/(Decrease)	
Aerospace	66.3	65.2	1.1	2%
Electronics	55.6	52.8	2.8	5%
Land Systems	15.1	(37.0)	52.1	NM
Marine	21.1	38.7	(17.6)	(45%)
Others	4.8	(13.1)	17.9	NM
Total	162.9	106.6	56.3	53%

Group's profit before tax (PBT) for 3Q2017 of \$162.9 million was higher than that of 3Q2016 by 53% or \$56.3 million. Higher PBT instead of losses for Land Systems sector and "Others" were partially offset by lower PBT from Marine sector. Aerospace and Electronics sectors reported comparable PBT.

Aerospace sector's PBT of \$66.3 million in 3Q2017 was comparable to that achieved in 3Q2016 due mainly to higher revenue, partially offset by higher operating expenses and lower other income.

Electronics sector generated PBT of \$55.6 million in 3Q2017, comparable to 3Q2016. The higher revenue and lower operating expenses were partially offset by less favourable sales mix and lower other income.

Land Systems sector generated PBT of \$15.1 million in 3Q2017 compared to loss before tax recognised in 3Q2016, due mainly to the absence of prior year's impairment of asset carrying values and the provision of closure costs of subsidiaries located in China.

Marine sector's PBT of \$21.1 million in 3Q2017 was 45% or \$17.6m lower than 3Q2016, due mainly to weaker performance from all three business groups.

"Others" have shown a profit for 3Q2017 compared to a loss in 3Q2016 due mainly to higher contribution from Miltope.

NM: *Not Meaningful*

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 3Q2016 figures in the income statement and segmental information were restated.

11 **VARIANCE FROM PROSPECTS STATEMENT**

No third quarter forecast was previously provided.

12 **PROSPECTS**

Group

Barring unforeseen circumstances, the Group's Revenue and PBT for FY2017 are expected to be comparable to FY2016.

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

13 **DIVIDENDS**

No interim dividend for the quarter ended 30 September 2017 is recommended.

14 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	3Q2017						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	607,256	494,776	331,396	164,360	24,040	-	1,621,828
Inter-segment sales	905	7,388	4,965	75	1,105	(14,438)	-
	<u>608,161</u>	<u>502,164</u>	<u>336,361</u>	<u>164,435</u>	<u>25,145</u>	<u>(14,438)</u>	<u>1,621,828</u>
Reportable segment profit from operations	56,007	55,448	11,519	19,882	(22,099)	25,306	146,063
Other income	4,147	2,736	1,945	1,066	78,875	(79,537)	9,232
Other expenses	(2,821)	-	(364)	(44)	-	3,229	-
Finance income	1,559	474	1,156	773	28,514	(21,736)	10,740
Finance costs	(2,095)	(2,532)	(1,416)	(850)	(24,422)	17,290	(14,025)
Share of results of associates and joint ventures, net of tax	9,457	(517)	2,229	299	-	(567)	10,901
Profit before taxation	66,254	55,609	15,069	21,126	60,868	(56,015)	162,911
Taxation	(11,785)	(12,258)	(2,762)	(1,458)	(430)	(314)	(29,007)
Non-controlling interests	(5,572)	220	(158)	-	-	-	(5,510)
Profit attributable to shareholders	<u>48,897</u>	<u>43,571</u>	<u>12,149</u>	<u>19,668</u>	<u>60,438</u>	<u>(56,329)</u>	<u>128,394</u>
Other assets	2,872,732	2,134,870	1,583,137	962,063	4,553,979	(4,245,987)	7,860,794
Associates and joint ventures	245,149	55,662	107,631	8,948	17,657	2,452	437,499
Segment assets	<u>3,117,881</u>	<u>2,190,532</u>	<u>1,690,768</u>	<u>971,011</u>	<u>4,571,636</u>	<u>(4,243,535)</u>	<u>8,298,293</u>
Segment liabilities	<u>2,095,665</u>	<u>1,817,662</u>	<u>1,401,627</u>	<u>821,617</u>	<u>2,619,238</u>	<u>(2,841,607)</u>	<u>5,914,202</u>
Capital expenditure ⁺	37,480	22,895	7,135	37,723	4,609	-	109,842
Depreciation and amortisation	26,315	12,416	7,725	7,636	849	(11)	54,930
Impairment losses ⁺	11	-	-	-	-	-	11
Write-back of impairment losses	(142)	-	-	-	-	-	(142)
Other non-cash expenses	6	6	3	-	-	-	15

⁺ These relate to additions to or impairment of property, plant and equipment and intangible assets.

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

	3Q2016						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000 (Restated)*	Marine \$'000	Others \$'000 (Restated)*	Elimination \$'000	
Revenue							
External sales	562,605	465,999	350,367	210,939	23,114	-	1,613,024
Inter-segment sales	3,149	7,676	5,061	5	1,220	(17,111)	-
	<u>565,754</u>	<u>473,675</u>	<u>355,428</u>	<u>210,944</u>	<u>24,334</u>	<u>(17,111)</u>	<u>1,613,024</u>
Reportable segment							
profit from operations	51,565	49,429	(43,527)	36,182	(24,196)	12,550	82,003
Other income	4,036	3,806	3,464	1,356	54,279	(56,194)	10,747
Other expenses	(994)	-	(317)	(31)	-	1,342	-
Finance income	2,912	1,319	1,287	979	8,845	(8,969)	6,373
Finance costs	(1,479)	(1,891)	(1,785)	(60)	(13,740)	13,137	(5,818)
Share of results of associates and joint ventures, net of tax	9,113	146	3,829	307	-	(63)	13,332
Profit before taxation	65,153	52,809	(37,049)	38,733	25,188	(38,197)	106,637
Taxation	(13,063)	(7,723)	(10,052)	(6,882)	1,441	2,080	(34,199)
Non-controlling interests	(3,526)	101	7,638	(1)	-	-	4,212
Profit attributable to shareholders	<u>48,564</u>	<u>45,187</u>	<u>(39,463)</u>	<u>31,850</u>	<u>26,629</u>	<u>(36,117)</u>	<u>76,650</u>
Other assets	2,690,428	1,873,348	1,591,601	959,192	4,678,210	(4,209,860)	7,582,919
Associates and joint ventures	231,896	1,507	123,871	8,329	17,657	7,694	390,954
Segment assets	<u>2,922,324</u>	<u>1,874,855</u>	<u>1,715,472</u>	<u>967,521</u>	<u>4,695,867</u>	<u>(4,202,166)</u>	<u>7,973,873</u>
Segment liabilities	<u>1,910,741</u>	<u>1,583,599</u>	<u>1,499,053</u>	<u>786,725</u>	<u>2,767,330</u>	<u>(2,810,335)</u>	<u>5,737,113</u>
Capital expenditure [†]	35,519	18,601	24,486	2,338	361	-	81,305
Depreciation and amortisation	28,302	11,383	9,226	7,079	8,737	(10)	64,717
Impairment losses [†]	-	-	37,492	-	-	-	37,492
Other non-cash expenses	24	-	5	-	-	-	29

[†] These relate to additions or impairment of property, plant and equipment and intangible assets.

* Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 3Q2016 figures in the income statement and segmental information were restated.

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

For Revenue and Profit Before Tax of 3Q2017 vis-à-vis 3Q2016, please refer to paragraph 10.

	Profit Attributable to Shareholders					
	3Q2017	3Q2016	+ / (-)			
	\$'000	Restated* \$'000	%			
Aerospace	48,897	48,564	0.7			
Electronics	43,571	45,187	(3.6)			
Land Systems	12,149	(39,463)	NM			
Marine	19,668	31,850	(38.2)			
Others	4,109	(9,488)	NM			
Group	128,394	76,650	67.5			

	Revenue			Profit Before Tax		
	9M2017	9M2016	+ / (-)	9M2017	9M2016	+ / (-)
	\$'000	Restated* \$'000	%	\$'000	Restated* \$'000	%
Aerospace	1,795,554	1,804,154	(0.5)	223,299	214,491	4.1
Electronics	1,639,467	1,368,047	19.8	149,368	143,623	4.0
Land Systems	905,698	964,242	(6.1)	60,659	11,917	409.0
Marine	506,228	672,305	(24.7)	22,028	62,558	(64.8)
Others	70,264	54,683	28.5	(5,609)	(25,272)	NM
Group	4,917,211	4,863,431	1.1	449,745	407,317	10.4

	Profit Attributable to Shareholders					
	9M2017	9M2016	+ / (-)			
	\$'000	Restated* \$'000	%			
Aerospace	157,688	158,545	(0.5)			
Electronics	123,120	119,932	2.7			
Land Systems	44,868	(1,615)	NM			
Marine	26,376	54,363	(51.5)			
Others	(8,660)	(17,119)	NM			
Group	343,392	314,106	9.3			

NM: *Not Meaningful*

- * Pursuant to the transfer of ST Synthesis to Land Systems sector with effect from 1 January 2017 as part of the business rationalisation to provide a one stop integrated solution to Land Systems sector customers, comparative 3Q2016 and 9M2016 figures in the income statement and segmental information were restated.

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

	Revenue				Revenue			
	3Q2017		3Q2016		9M2017		9M2016	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,003,327	61.9	986,600	61.1	3,069,311	62.4	2,899,447	59.6
USA	357,527	22.0	397,699	24.7	1,046,321	21.3	1,203,406	24.7
Europe	164,782	10.2	133,416	8.3	512,839	10.4	435,974	9.0
Others	96,192	5.9	95,309	5.9	288,740	5.9	324,604	6.7
Total	1,621,828	100	1,613,024	100	4,917,211	100	4,863,431	100

By Country of Incorporation

	Revenue				Revenue			
	3Q2017		3Q2016		9M2017		9M2016	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,172,865	72.3	1,112,675	69.0	3,564,815	72.5	3,293,021	67.7
USA	314,565	19.4	375,848	23.3	933,280	19.0	1,167,297	24.0
Europe	121,422	7.5	105,253	6.5	383,813	7.8	355,686	7.3
Others	12,976	0.8	19,248	1.2	35,303	0.7	47,427	1.0
Total	1,621,828	100	1,613,024	100	4,917,211	100	4,863,431	100

	Non-Current Assets ⁺			
	9M2017		9M2016	
	\$'000	%	\$'000	%
Asia	2,079,887	57.3	1,973,878	59.7
USA	924,439	25.5	816,071	24.7
Europe	535,616	14.7	422,057	12.8
Others	91,499	2.5	91,896	2.8
Total	3,631,441	100	3,303,902	100

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

15 INTERESTED PERSON TRANSACTIONS (unaudited)

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

	3Q2017	3Q2016
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
SembCorp Industries Ltd and its Associates	106	-
SembCorp Marine Ltd and its Associates	-	754
StarHub Ltd and its Associates	-	5,915
Singapore Airlines Limited and its Associates	-	197
Singapore Telecommunications Limited and its Associates	290	439
Temasek Holdings (Private) Limited and its Associates (non-listed)	3,836	722
	<u>4,232</u>	<u>8,027</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	1,491	233
Singapore Telecommunications Limited and its Associates	2,994	717
Mapletree Industrial Trust	1,068	-
Temasek Holdings (Private) Limited and its Associates (non-listed)	1,882	3,192
	<u>7,435</u>	<u>4,142</u>
Total Interested Person Transactions	<u>11,667</u>	<u>12,169</u>

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

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

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

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the third quarter ended 30 September 2017 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN
Company Secretaries
8 November 2017

Media Contact:
Lina Poa
Head, Corporate Communications & Investor Relations
Tel: (65) 6722 1883
Fax: (65) 6720 2293
Email: linapoa@stengg.com