

News Release

ST Engineering Reports Comparable Year-on-Year PBT For FY2015 Versus FY2014

FINANCIAL HIGHLIGHTS For the year ended 31 December 2015			
	2015 FY	2014 FY	Growth %
Revenue (\$m)	6,335	6,539	(3)
Earnings before interest and tax (EBIT) (\$m)	510.3	555.0	(8)
Other income, net (\$m)	55.5	40.2	38
Finance income/(costs), net (\$m)	6.2	(1.7)	479
Profit before tax (PBT) (\$m)	630.3	650.7	(3)
Profit attributable to shareholders (\$m)	529.0	532.0	(1)
Earnings per share (cents)	17.05	17.06	-
Economic value added (EVA) (\$m)	366.2	344.5	6
Return on equity (%)	24.8	24.9	NM
Dividend per share (cents)	15.0	15.0	-
• Final	10.0	11.0	
- Ordinary	5.0	4.0	
- Special	5.0	7.0	
• Interim -Ordinary	5.0	4.0	

- Commercial sales constituted 64% or \$4.0 billion of revenue
- Order book of \$11.7 billion at end December 2015, of which about \$3.8 billion is expected to be delivered in 2016.
- Cash and cash equivalents including funds under management totalled \$1.4 billion
- Advance payments from customers totalled \$1.6 billion
- Economic value added for FY2015 was \$366.2 million

N.B.: All currencies are in Singapore dollars

Singapore, 26 February 2016 - Singapore Technologies Engineering Ltd (ST Engineering) today reported its full year financial results for the period ended 31 December 2015 (FY2015), with comparable revenue and profits against the same period last year. Group revenue was \$6.34b compared to \$6.54b, profit before tax (PBT) was \$630.3m versus \$650.7m, and net profit after tax (Net Profit) was \$529.0m compared to \$532.0m.

In FY2015 at the business sectors, against the same period last year, revenue and PBT for Aerospace sector were comparable at \$2.09b and \$290.6m respectively. Revenue for Electronics sector was up 8% at \$1.71b compared to \$1.58b while PBT of \$191.0m was comparable. The Land Systems sector posted comparable revenue of \$1.40b with higher PBT of \$65.0m, up 16% from \$56.2m mainly due to lower allowance for inventory obsolescence and lower goodwill impairment. The Marine sector posted revenue of \$0.96b, down 29% from \$1.34b and PBT of \$88.3m, down 28% from \$122.8m due to weaker shipbuilding performance from both Singapore and US operations.

4Q2015 versus 4Q2014

In the fourth quarter ended 31 December 2015 (4Q2015), the Group posted revenue of \$1.78b compared to \$1.85b in the same period last year. The Electronics sector achieved higher revenue of \$511m, up 6%. Both Aerospace and Land Systems sectors posted comparable revenue of \$580m and \$413m respectively, while the Marine sector saw a 34% drop in its revenue from \$334m to \$220m.

Comparing 4Q2015 against 4Q2014, Group PBT and Net Profit were comparable at \$166.6m and \$140.8m respectively.

"For FY2015, the Group reported comparable year-on-year Revenue, Profit Before Tax and Net Profit, of \$6.3b, \$630.3m and \$529.0m respectively.

We made history with the successful launch of Singapore's first Commercial Earth Observation Satellite in December 2015. Strong performance from the Electronics sector, as well as the stronger US dollar, cushioned the weak results from our shipbuilding business. We ended the year with an order book of \$11.7b. Our cash and cash equivalents including funds under management was \$1.4b at the end of FY2015.

Barring unforeseen circumstances, the Group expects FY2016 Revenue to be higher, but PBT to be comparable to FY2015.”

~Tan Pheng Hock
President & CEO, ST Engineering

Commercial sales accounted for 64% or \$4.0b of Group revenue at the end of 2015. Revenue mix of the Group comprised Aerospace sector 33%, Electronics sector 27%, Land Systems sector 22% and Marine sector 15%.

Dividend payout and dividend yield

The Board of Directors proposes a Final Dividend of 10 cents per share, consisting of an Ordinary Dividend of 5 cents per share, and a Special Dividend of 5 cents per share. Together with the Interim Dividend of 5 cents per share paid to shareholders in September 2015, the total dividend for the full year will amount to 15 cents per share, same as FY2014. This translates to a dividend yield of 4.68%, computed using the average closing share price of the last trading day of 2015 and 2014.

2015 New Orders and Business Highlights

The Group ended the year with a healthy order book of \$11.7b, of which \$3.8b is expected to be delivered in 2016.

In 4Q2015, the business sector announced close to \$1.2b of new contracts, bringing the total announced contract value for the Group to about \$4b in FY2015. New orders for 4Q2015 included Aerospace sector's various contracts for airframe, engine and component MRO, pilot training and cabin reconfiguration. The Electronics sector secured orders globally for its rail electronics solutions, satellite communication solutions and advanced electronics and ICT. The Land Systems and Marine sectors, despite facing industry headwinds, also contributed to new order wins, including weapons, and ship repair and conversion respectively.

On the business front, the Group had several notable achievements in 2015. It designed and built, then successfully launched Singapore's first commercial earth observation satellite, TeLEOS-1, into a 550km Near Equatorial Orbit. Separately, the Group's 8X8 armoured vehicle, the Terrex 2, was one of two vehicles selected by the US Marine Corps for the next phase of evaluation for their Amphibious Combat Vehicle 1.1

Program. In addition, the Group's Air+ Smart Mask and Micro Ventilator, introduced to the market during the year, was one of the winners at the President's Design Award 2015.

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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP		
	FY2015	FY2014	+ / (-)
	\$'000	\$'000	%
Revenue	6,335,023	6,539,433	(3.1)
Cost of sales	(5,052,897)	(5,220,934)	(3.2)
Gross profit	1,282,126	1,318,499	(2.8)
Distribution and selling expenses	(179,444)	(180,309)	(0.5)
Administrative expenses	(469,128)	(467,687)	0.3
Other operating expenses (refer to para 1.7)	(123,283)	(115,530)	6.7
Profit from operations	510,271	554,973	(8.1)
Other income (refer to para 1.8)	55,747	45,175	23.4
Other expenses (refer to para 1.9)	(299)	(5,000)	(94.0)
Other income, net	55,448	40,175	38.0
Finance income	56,191	43,550	29.0
Finance costs	(49,948)	(45,197)	10.5
Finance income/(costs), net	6,243	(1,647)	(479.1)
Share of results of associates and joint ventures, net of tax	58,340	57,182	2.0
Profit before taxation	630,302	650,683	(3.1)
Taxation	(98,659)	(113,693)	(13.2)
Profit for the year	531,643	536,990	(1.0)
Attributable to:			
Shareholders of the Company	529,039	531,952	(0.5)
Non-controlling interests	2,604	5,038	(48.3)
	531,643	536,990	(1.0)

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

		GROUP		
		FY2015	FY2014	+ / (-)
		\$'000	\$'000	%
1.1	Profit from operations is arrived at after charging the following:			
	Depreciation and amortisation	187,292	170,506	9.8
	The higher depreciation and amortisation in FY2015 came mainly from Aerospace sector.			
	Allowance for doubtful debts & bad debts written off, net	12,934	14,867	(13.0)
	The lower allowance for doubtful debts in FY2015 came largely from Land Systems sector of \$2.3 million and Marine sector of \$2.7 million, partially offset by higher allowance of doubtful debt from Electronics sector of \$4.2 million.			
	Allowance for inventory obsolescence, net	53,417	102,671	(48.0)
	The lower allowance for inventory obsolescence in FY2015 came from Aerospace sector of \$22.3 million and Land Systems sector of \$26.1 million.			
	Impairment losses on intangible assets	4,942	14,039	(64.8)
	The lower impairment losses on intangible assets in FY2015 came from Aerospace and Land System sectors.			
1.2	Finance income/(costs), net comprises:			
	Interest income	23,499	23,629	(0.6)
	Foreign exchange gain/(loss), net	7,331	(5,150)	(242.3)
	Fair value changes of financial instruments / hedged items	14,804	15,592	(5.1)
	Gain on disposal of investments, net	343	2,640	(87.0)
	Impairment losses on investments	-	(638)	(100.0)
	Interest expenses	(39,752)	(37,874)	5.0
	Others	18	154	(88.3)
		<u>6,243</u>	<u>(1,647)</u>	(479.1)
1.3	Profit for the year as a percentage of revenue	8.4%	8.2%	
1.4	Profit attributable to shareholders as a percentage of share capital and reserves at end of the year	24.8%	24.9%	
1.5	The Group's tax charge in FY2015 included adjustments for overprovision of current tax of \$15.5 million and underprovision of deferred tax \$7.6 million in respect of prior years. (FY2014: Adjustments for overprovision of current tax of \$15.1 million and underprovision of deferred tax of \$3.5 million).			
1.6	There was a gain on disposal of a property of \$0.7 million from the Marine sector. Land Systems sector relocated a factory with government compensation, with no profit or loss impact in FY2014 and FY2015.			
1.7	The higher other operating expenses in FY2015 (by \$7.8 million) arose mainly from higher research & development expenses of \$17.2 million in Electronics and Land Systems sectors, partially offset by the lower goodwill impairment of \$6.8 million in Aerospace and Land Systems sectors.			
1.8	The higher FY2015 other income (by \$10.6 million) arose from the negative goodwill on acquisition of remaining interest in an associate in Aerospace sector and more wage credit income.			
1.9	The lower FY2015 other expenses (by \$4.7 million) mainly arose from the absence of impairment of an associate in Aerospace sector.			

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

	GROUP		
	2015 \$'000	2014 \$'000	+/(-) %
Revenue reported for first half year	3,056,462	3,138,181	(2.6)
Profit for the period reported for first half year	256,028	271,400	(5.7)
Revenue reported for second half year	3,278,561	3,401,252	(3.6)
Profit for the period reported for second half year	275,615	265,590	3.8

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP	
	FY2015	FY2014
EPS based on profit attributable to shareholders:	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	17.05	17.06
(ii) On a fully diluted basis	17.04	17.04

2 **BALANCE SHEETS**

	GROUP		COMPANY	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,708,779	1,577,523	3,997	4,568
Subsidiaries	-	-	1,194,799	1,197,716
Associates and joint ventures	461,560	478,352	17,657	17,657
Investments	328,684	127,211	-	-
Intangible assets	736,970	671,022	-	-
Long-term receivables, non-current	5,340	2,735	-	-
Finance lease receivables, non-current	523	973	-	-
Deferred tax assets	105,551	106,318	4,700	7,000
Amounts due from related parties, non-current	4,806	4,806	355,028	50,000
Derivative financial instruments, non-current	25,790	24,263	-	81
	3,378,003	2,993,203	1,576,181	1,277,022
Current assets				
Inventories and work-in-progress	1,943,004	1,802,073	-	-
Trade receivables	1,319,714	1,319,101	-	-
Amounts due from related parties, current	56,582	66,382	470,376	497,070
Advances and other receivables	333,811	530,298	5,299	3,597
Long-term receivables, current	354	11,375	-	-
Finance lease receivables, current	3,173	6,872	-	-
Short-term investments	182,969	119,279	-	-
Bank balances and other liquid funds	951,494	1,470,723	82,091	404,876
	4,791,101	5,326,103	557,766	905,543
TOTAL ASSETS	8,169,104	8,319,306	2,133,947	2,182,565
EQUITY AND LIABILITIES				
Current liabilities				
Advance payments from customers, current	871,246	809,637	-	-
Trade payables and accruals, current	1,702,649	1,667,180	20,619	26,961
Amounts due to related parties, current	20,553	29,364	1,742	196,988
Provisions	257,524	245,072	-	-
Progress billings in excess of work-in-progress	568,575	725,347	-	-
Provision for taxation	124,628	164,660	5,528	8,112
Short-term bank loans	65,647	29,820	-	-
Long-term bank loans, current	106,531	43,590	-	-
Lease obligations, current	730	1,126	-	-
Other loans, current	1,778	148	-	-
	3,719,861	3,715,944	27,889	232,061
NET CURRENT ASSETS	1,071,240	1,610,159	529,877	673,482

2 **BALANCE SHEETS** (cont'd)

	GROUP		COMPANY	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Advance payments from customers, non-current	700,908	899,279	-	-
Trade payables and accruals, non-current	229,535	274,155	11,538	17,006
Deferred tax liabilities	134,815	108,484	-	-
Bonds	705,567	658,424	-	-
Long-term bank loans, non-current	293,962	267,532	-	-
Lease obligations, non-current	18,706	17,547	-	-
Other loans, non-current	310	441	-	-
Deferred income	92,052	98,759	-	-
Other long-term payables, non-current	700	1,000	-	-
Derivative financial instruments, non-current	11,615	11,260	-	-
Amounts due to related parties, non-current	146	1,871	644,274	407,413
	2,188,316	2,338,752	655,812	424,419
TOTAL LIABILITIES	5,908,177	6,054,696	683,701	656,480
NET ASSETS	2,260,927	2,264,610	1,450,246	1,526,085
Share capital and reserves				
Share capital	895,926	889,426	895,926	889,426
Treasury shares	(66,870)	(6,529)	(66,870)	(6,529)
Capital reserves	113,277	116,323	(3,073)	-
Other reserves	(65,495)	(92,057)	72,512	74,865
Retained earnings	1,255,214	1,225,040	551,751	568,323
	2,132,052	2,132,203	1,450,246	1,526,085
Non-controlling interests	128,875	132,407	-	-
	2,260,927	2,264,610	1,450,246	1,526,085
TOTAL EQUITY AND LIABILITIES	8,169,104	8,319,306	2,133,947	2,182,565

2(a) **ANALYSIS OF BALANCE SHEETS**

Compared to 31 December 2014, the decrease in net current assets for both Group and Company Balance Sheets was mainly attributable to utilisation of cash for share buyback of \$90 million, additional investment in bonds of \$259 million to enhance yield and acquisition of property, plant and equipment of \$273 million for the Group.

Increase in property, plant and equipment was mainly due to acquisition of aircraft as the Group commenced its aircraft leasing business.

2(b) GROUP BORROWINGS

	As at 31-Dec-15 \$'000	As at 31-Dec-14 \$'000
<u>Amount repayable within one year</u>		
Secured	25,592	18,161
Unsecured	149,094	56,523
	<u>174,686</u>	<u>74,684</u>
<u>Amount repayable after one year</u>		
Secured	97,959	47,650
Unsecured	920,586	896,294
	<u>1,018,545</u>	<u>943,944</u>
Total	<u>1,193,231</u>	<u>1,018,628</u>

2(c) NET ASSET VALUE

	GROUP	
	FY2015	FY2014
	Cents	Cents
Net asset value per ordinary share at end of the financial year	68.74	68.38

	COMPANY	
	FY2015	FY2014
	Cents	Cents
Net asset value per ordinary share at end of the financial year	46.76	48.94

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP	
	FY2015	FY2014
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	630,302	650,683
Adjustments:		
Share of results of associates and joint ventures, net of tax	(58,340)	(57,182)
Depreciation charge	170,394	154,318
Property, plant and equipment written off	6,216	885
Gain on disposal of property, plant and equipment	(1,190)	(1,310)
Gain on disposal of subsidiaries	-	(519)
Gain on disposal of investments	(343)	(2,640)
Remeasurement loss on fair value of pre-existing interest in acquiree	299	-
Gain on disposal of an associate and a joint venture	(59)	(2,797)
Bargain purchase arising from business combinations	(10,529)	(47)
Impairment losses on goodwill	4,000	10,829
Impairment losses on other intangible assets	942	3,210
(Writeback)/impairment losses on property, plant and equipment	(212)	1,087
Impairment losses on quoted and unquoted investments	-	638
Impairment loss on an associate	-	2,108
(Writeback)/impairment losses on loan to an associate	(272)	2,892
(Writeback)/impairment losses on progressive payments to contractor	(283)	7,109
Share-based payment expense	16,582	21,670
Changes in fair value of financial instruments and hedged items	(14,804)	(15,592)
Changes in fair value of financial instruments held for trading	(15)	(152)
Interest expenses	39,752	37,874
Interest income	(23,499)	(23,629)
Dividends from investments	(3)	(2)
Amortisation of other intangible assets	16,898	16,188
Other intangible assets written off	143	-
Operating profit before working capital changes	775,979	805,621
Changes in:		
Inventories and work-in-progress	(99,619)	17,475
Progress billings in excess of work-in-progress	(156,772)	10,809
Trade receivables	36,405	(91,592)
Advance payments to suppliers	174,200	(27,658)
Other receivables, deposits and prepayments	13,057	34,891
Amount due from holding company and related corporations balances	15,765	(21,499)
Amount due to holding company and related corporations balances	(13,285)	12,065
Amount due from associates	(8,973)	(4,508)
Amount due from joint ventures	(2,506)	(9,122)
Trade payables	(27,855)	43,767
Advance payments from customers	(138,130)	(19,001)
Other payables, accruals and provisions	(33,656)	(37,263)
Loans to staff and third parties	12,873	12,191
Deferred income	2,078	7,224
Foreign currency translation of foreign operations	(875)	52
Cash generated from operations	548,686	733,452
Interest received	27,857	23,662
Income tax paid	(111,093)	(132,792)
Net cash from operating activities	465,450	624,322

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 (cont'd)

	GROUP	
	FY2015	FY2014
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	2,736	4,543
Proceeds from sale of an investment property	-	22,000
Proceeds from sale and maturity of investments	81,228	147,057
Proceeds from unwinding of cross currency interest rate swaps (CCIRS)	14,300	-
Repayment of loan from joint ventures	272	3,887
Proceeds from disposal of a joint venture	-	3,280
Proceeds from insurance settlement	-	5,220
Loan to associates	-	(640)
Loan to a joint venture	-	(272)
Dividends from associates and joint ventures	51,393	38,840
Dividends from investments	3	2
Purchase of property, plant and equipment	(273,040)	(223,771)
Purchase of investments	(345,182)	(90,172)
Investment in a joint venture	-	(622)
Acquisition of other intangible assets	(22,499)	(30,878)
Acquisition of controlling interests in subsidiaries, net of cash acquired	13,441	(67)
Deconsolidation of a subsidiary	-	(35,896)
Net cash used in investing activities	(477,348)	(157,489)
Cash flows from financing activities		
Capital contribution from non-controlling interests of subsidiaries	639	9,368
Repayment of other loans	(156)	(369)
Repayment of bank loans	(113,122)	(471,990)
Repayment of lease obligations	(1,125)	(1,550)
Repayment of loan to a joint venture	-	(824)
Proceeds from issue of shares	5,356	17,256
Proceeds from share options exercised with issue of treasury shares	8,571	-
Purchase of treasury shares	(89,776)	(6,529)
Proceeds from bank loans	216,445	80,435
Proceeds from other loans	1,615	-
Proceeds from a loan from a joint venture	5,000	-
Acquisition of non-controlling interests in subsidiaries	(7,600)	(194)
Dividends paid to shareholders of the Company	(497,604)	(498,857)
Dividends paid to non-controlling interests	(10,813)	(18,193)
Interest paid	(37,322)	(34,504)
Deposit discharged	736	1,105
Net cash used in financing activities	(519,156)	(924,846)
Net decrease in cash and cash equivalents	(531,054)	(458,013)
Cash and cash equivalents at beginning of the year	1,462,612	1,920,924
Exchange difference on cash and cash equivalents at beginning of the year	12,561	(299)
Cash and cash equivalents at end of the year	944,119	1,462,612

3(a) ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS

Compared to FY2014, net cash from operating activities of \$465 million in FY2015 was lower by \$159 million. This was mainly due to unfavourable working capital movements from inventories and work-in-progress, progress billings in excess of work-in-progress, partially offset by favourable working capital movement from trade receivables.

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

The Group's net cash used in investing activities of \$477 million in FY2015 was higher than that of FY2014 by \$320 million. The higher cash outflow was due to increased purchases of property, plant and equipment, including aircraft for leasing (by \$49 million) and investments in bonds, net (by \$259 million).

The Group's net cash used in financing activities of \$519 million for FY2015 was lower than that of FY2014 by \$406 million, mainly attributable to net drawdown of bank loans in FY2015 (by \$103 million) vis-à-vis net repayment of bank loans in FY2014 (by \$391 million), partially offset by more treasury shares purchased (by \$83 million).

Resulting from the above, the cash and cash equivalents as at FY2015 was \$944 million, \$518 million lower than FY2014.

4 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	GROUP		
	FY2015	FY2014	+ / (-)
	\$'000	\$'000	%
Profit for the year	531,643	536,990	(1.0)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net fair value changes on available-for-sale financial assets	(3,883)	(2,020)	92.2
Net fair value changes on cash flow hedges	4,050	(58,327)	(106.9)
Share of net fair value changes on cash flow hedges of an associate	(2,805)	(9,891)	(71.6)
Foreign currency translation differences	36,372	19,968	82.2
Share of foreign currency translation differences of associates and joint ventures	(860)	1,336	(164.4)
Reclassification of foreign currency translation reserve to profit or loss arising from disposal of foreign entities	-	50	(100.0)
Other comprehensive income for the year, net of tax	32,874	(48,884)	(167.2)
Total comprehensive income for the year, net of tax	564,517	488,106	15.7
Total comprehensive income attributable to:			
Shareholders of the Company	559,078	482,522	15.9
Non-controlling interests	5,439	5,584	(2.6)
	564,517	488,106	15.7

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Share capital \$'000	Treasury Shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.1.2014	852,611	-	116,323	(44,651)	1,191,958	2,116,241	143,673	2,259,914
Total comprehensive income for the year								
Profit for the year	-	-	-	-	531,952	531,952	5,038	536,990
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	(2,020)	-	(2,020)	-	(2,020)
Net fair value changes on cash flow hedges	-	-	-	(57,327)	-	(57,327)	(1,000)	(58,327)
Share of net fair value changes on cash flow hedges of an associate	-	-	-	(9,891)	-	(9,891)	-	(9,891)
Foreign currency translation differences	-	-	-	18,422	-	18,422	1,546	19,968
Share of foreign currency translation difference of associates and joint ventures	-	-	-	1,336	-	1,336	-	1,336
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from disposal of a foreign entity	-	-	-	50	-	50	-	50
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	(49,430)	-	(49,430)	546	(48,884)
Total comprehensive income for the year, net of tax	-	-	-	(49,430)	531,952	482,522	5,584	488,106
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Issue of shares	36,815	-	-	(19,559)	-	17,256	-	17,256
Capital contribution by non-controlling interests	-	-	-	-	-	-	9,368	9,368
Cost of share-based payment	-	-	-	21,574	-	21,574	96	21,670
Purchase of treasury shares	-	(6,529)	-	-	-	(6,529)	-	(6,529)
Dividends paid	-	-	-	-	(498,857)	(498,857)	-	(498,857)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(18,193)	(18,193)
<i>Total contributions by and distributions to owners of the Company</i>	<i>36,815</i>	<i>(6,529)</i>	<i>-</i>	<i>2,015</i>	<i>(498,857)</i>	<i>(466,556)</i>	<i>(8,729)</i>	<i>(475,285)</i>
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in subsidiaries without a change in control	-	-	-	-	-	-	(194)	(194)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	729	729
Deconsolidation of a subsidiary	-	-	-	-	-	-	(8,656)	(8,656)
Disposal of subsidiaries	-	-	-	(4)	-	(4)	-	(4)
Total transactions with owners of the Company	36,815	(6,529)	-	2,011	(498,857)	(466,560)	(16,850)	(483,410)
Transfer from retained earnings to statutory reserve	-	-	-	13	(13)	-	-	-
At 31.12.2014	889,426	(6,529)	116,323	(92,057)	1,225,040	2,132,203	132,407	2,264,610

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 (cont'd)

Group	Share capital \$'000	Treasury Shares \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1.1.2015	889,426	(6,529)	116,323	(92,057)	1,225,040	2,132,203	132,407	2,264,610
Total comprehensive income for the year								
Profit for the year	-	-	-	-	529,039	529,039	2,604	531,643
Other comprehensive income								
Net fair value changes on available-for-sale financial assets	-	-	-	(3,883)	-	(3,883)	-	(3,883)
Net fair value changes on cash flow hedges	-	-	-	3,658	-	3,658	392	4,050
Share of net fair value changes on cash flow hedges of an associate	-	-	-	(2,805)	-	(2,805)	-	(2,805)
Foreign currency translation differences	-	-	-	33,929	-	33,929	2,443	36,372
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(860)	-	(860)	-	(860)
<i>Other comprehensive income for the year, net of tax</i>	-	-	-	30,039	-	30,039	2,835	32,874
Total comprehensive income for the year, net of tax	-	-	-	30,039	529,039	559,078	5,439	564,517
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Issue of shares	6,500	-	-	(1,144)	-	5,356	-	5,356
Capital contribution by non-controlling interests	-	-	-	-	-	-	639	639
Cost of share-based payment	-	-	-	16,501	-	16,501	81	16,582
Purchase of treasury shares	-	(89,776)	-	-	-	(89,776)	-	(89,776)
Treasury shares reissued pursuant to share plans	-	29,435	(3,046)	(17,689)	-	8,700	(129)	8,571
Dividends paid	-	-	-	-	(497,604)	(497,604)	-	(497,604)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(10,813)	(10,813)
<i>Total contributions by and distributions to owners of the Company</i>	6,500	(60,341)	(3,046)	(2,332)	(497,604)	(556,823)	(10,222)	(567,045)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary without a change in control	-	-	-	(2,406)	-	(2,406)	(5,194)	(7,600)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	6,445	6,445
Total transactions with owners of the Company	6,500	(60,341)	(3,046)	(4,738)	(497,604)	(559,229)	(8,971)	(568,200)
Transfer from retained earnings to statutory reserve	-	-	-	1,261	(1,261)	-	-	-
At 31.12.2015	895,926	(66,870)	113,277	(65,495)	1,255,214	2,132,052	128,875	2,260,927

5 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.1.2014	852,611	-	72,754	-	564,416	1,489,781
Total comprehensive income for the year						
Profit for the year	-	-	-	-	502,764	502,764
Total comprehensive income for the year	-	-	-	-	502,764	502,764
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of shares	36,815	-	(19,559)	-	-	17,256
Cost of share-based payment	-	-	21,670	-	-	21,670
Purchase of treasury shares	-	(6,529)	-	-	-	(6,529)
Dividends paid	-	-	-	-	(498,857)	(498,857)
<i>Total contributions by and distributions to owners of the Company</i>	36,815	(6,529)	2,111	-	(498,857)	(466,460)
At 31.12.2014	889,426	(6,529)	74,865	-	568,323	1,526,085
At 1.1.2015	889,426	(6,529)	74,865	-	568,323	1,526,085
Total comprehensive income for the year						
Profit for the year	-	-	-	-	481,032	481,032
Total comprehensive income for the year	-	-	-	-	481,032	481,032
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of shares	6,500	-	(1,144)	-	-	5,356
Cost of share-based payment	-	-	16,582	-	-	16,582
Dividends paid	-	-	-	-	(497,604)	(497,604)
Purchase of treasury shares	-	(89,776)	-	-	-	(89,776)
Treasury shares reissued pursuant to share plans	-	29,435	(17,791)	(3,073)	-	8,571
<i>Total contributions by and distributions to owners of the Company</i>	6,500	(60,341)	(2,353)	(3,073)	(497,604)	(556,871)
At 31.12.2015	895,926	(66,870)	72,512	(3,073)	551,751	1,450,246

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

As at 31 December 2015, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2014: 3,120,004,716 ordinary shares) of which 20,966,968 were held by the Company as treasury shares (31 December 2014: 2,034,000).

	Number of Shares	
	FY2015	4Q2015
As at beginning of the year/quarter (including treasury shares)	3,120,004,716	3,122,495,197
Issue of shares under the terminated Singapore Technologies Engineering Share Option Plan (ESOP)	2,167,749	-
Issue of shares under the Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)	322,732	-
As at end of the year (including treasury shares)	3,122,495,197	3,122,495,197
As at end of the year (excluding treasury shares)	3,101,528,229	3,101,528,229
As at 31 December 2014 (excluding treasury shares)	3,117,970,716	3,117,970,716

Share Option Plan

As at 31 December 2015, there were 17,636,741 (31 December 2014: 23,472,008) unexercised options of unissued ordinary shares under the terminated Singapore Technologies Engineering Share Option Plan (ESOP).

Performance Share Plan
Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 31 December 2015, the total number of contingent shares granted conditionally but not released was 3,955,515 (31 December 2014: 3,433,537). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 6,724,375 (31 December 2014: 5,837,012) ordinary shares of the Company.

Restricted Stock Plan
Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 31 December 2015, the total number of contingent shares granted conditionally but not released was 9,504,083 (31 December 2014: 9,916,027). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 14,205,624 (31 December 2014: 14,183,430) ordinary shares.

As at 31 December 2015, the total number of awards released but not vested was 2,933,999 (31 December 2014: 3,224,660) ordinary shares of the Company.

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

Treasury Shares

During the financial year, the Company purchased 27,616,900 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (31 December 2014: 2,034,000).

During the year, 8,683,932 treasury shares were utilised pursuant to the ESOP, PSP 2010 and RSP 2010.

	FY2015 (number of shares)
<u>Group and Company</u>	
As at beginning of the year	2,034,000
Purchase of treasury shares	27,616,900
Treasury shares transferred on exercise of share options	(3,192,638)
Treasury shares transferred on vesting of PSP 2010	(1,529,222)
Treasury shares transferred on vesting of RSP 2010	(3,962,072)
As at end of the year	20,966,968

6 **AUDIT**

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

7 **AUDITORS' REPORT**

See attached auditors' report

8 **ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2014 except for the adoption of FRS and INT FRS that are mandatory for financial year beginning on or after 1 January 2015. 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

FY2015 vs FY2014

\$m	FY2015	FY2014	Growth	
Aerospace	2,090	2,061	29	1%
Electronics	1,709	1,583	126	8%
Land Systems	1,396	1,397	(1)	-
Marine	958	1,341	(383)	(29%)
Others	182	157	25	16%
Total	6,335	6,539	(204)	(3%)

Group's revenue of \$6,335 million for FY2015 was comparable to that of FY2014. Lower revenue from Marine sector was largely offset by higher revenue from Electronics sector and "Others". Aerospace and Land Systems sectors reported comparable revenue.

Aerospace sector's FY2015 revenue of \$2,090 million was comparable to that of FY2014. Higher revenue from stronger US Dollar and more Maintenance by the Hour (MBH™) programmes in **Engineering & Materials Services** business group, together with higher engines output in **Component/Engine Repair & Overhaul** business group, were partially offset by lower revenue from the **Aircraft Maintenance & Modification** business group.

FY2015 revenue of \$1,709 million for the Electronics sector was 8% or \$126 million higher than that of FY2014 arising from higher value project milestone completions from **Software Systems Group**, and higher value project milestone completions and increased sales of satellite communication products from **Communication & Sensor Systems Group**. **Large-Scale Systems Group** revenue was comparable to FY2014.

Land Systems sector's FY2015 revenue of \$1,396 million was comparable to FY2014. Lower revenue from **Munitions & Weapon** and **Services, Trading & Others** was largely offset by higher revenue from **Automotive** business group.

Revenue of Marine sector in FY2015 of \$958 million was lower than that of FY2014 by 29% or \$383 million, due mainly to lower revenue recognition from **Shipbuilding** contracts from both local and US operations.

Higher revenue from Miltope, ST Synthesis, ST Dynamics and Innosparks contributed to the higher year-on-year increase in revenue under "Others".

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability

FY2015 vs FY2014

\$m	FY2015	FY2014	Growth	
Aerospace	290.6	283.0	7.6	3%
Electronics	191.0	184.0	7.0	4%
Land Systems	65.0	56.2	8.8	16%
Marine	88.3	122.8	(34.5)	(28%)
Others	(4.6)	4.7	(9.3)	(198%)
Total	630.3	650.7	(20.4)	(3%)

Group's profit before tax (PBT) for FY2015 of \$630.3 million was comparable to that of FY2014. Lower PBT of Marine sector and "Others" were partially offset by higher PBT from Land Systems sector. Both Aerospace and Electronics sectors reported comparable PBT.

Aerospace sector's PBT of \$290.6 million in FY2015 was comparable to that achieved in FY2014. This was mainly due to lower operating expenses, negative goodwill from acquisition of remaining interest in an associate, lower interest expense, favourable foreign exchange impact and higher contributions from associates, partially offset by lower gross profit from fewer airframe maintenance work and provision of liquidated damages for B757 15-Pallet programme.

PBT for Electronics sector in FY2015 of \$191.0 million was comparable to that posted in FY2014 mainly due to higher revenue and other income, partially offset by less favourable sales mix and higher operating expenses.

Land Systems sector's FY2015 PBT of \$65.0 million was higher than that of FY2014 by 16% or \$8.8 million mainly due to lower allowance for inventory obsolescence and lower goodwill impairment, partially offset by unfavourable product mix.

PBT of Marine sector in FY2015 of \$88.3 million was lower than that of FY2014 by 28% or \$34.5 million, due to weaker Shipbuilding performance from local and US operations.

PBT under "Others" for FY2015 was lower than that for FY2014, mainly due to lower performance of Miltope, absence of contribution from an associate, Experia Events Pte. Ltd., the organiser of Singapore Airshow 2014, partially offset by contributions from better performance of ST Synthesis.

11 **VARIANCE FROM PROSPECTS STATEMENT**

Compared to the Prospects Statement for the 3Q2015 results announced in November 2015; there are variances as highlighted below:

- (a) the Group forecasted PBT for FY2015 to be lower than FY2014. The Group is pleased to report that PBT for FY2015 is comparable to FY2014, due mainly to favourable fair value movement of CCIRS and lower expenses than forecasted; and
- (b) Land Systems sector forecasted PBT for FY2015 to be comparable to FY2014. The Sector is pleased to report that the PBT for FY2015 is higher than that of FY2014, due mainly to higher revenue and lower expenses than was forecasted.

Other than the variances mentioned above, there are no other variances from the 3Q2015 Prospects Statement

12 **PROSPECTS**

Group

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

Sectors

For Aerospace and Electronics sectors, Revenue is expected to be higher, while PBT for FY2016 is expected to be comparable to FY2015.

For Land Systems sector, Revenue is expected to be comparable, while PBT for FY2016 is expected to be lower than FY2015.

For Marine sector, Revenue is expected to be higher, while PBT for FY2016 is expected to be lower than FY2015.

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

13 DIVIDENDS

The Directors are pleased to announce that a final dividend of 10.0 cents per share has been recommended for the year ended 31 December 2015. The recommended final dividend consists of an Ordinary Dividend of 5.0 cents per share and a Special Dividend of 5.0 cents per share. Together with the interim ordinary dividend of 5.0 cents per share paid on 3 September 2015, the total dividend for the year ended 31 December 2015 will be 15.0 cents per share and amounts to \$467.7 million. The recommended dividends take into consideration the Group's FY2015 profit after tax, present cash position, positive cash flow generated from operations and projected capital requirements. Payment of the final dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

(a) Current Financial Period Reported On

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

Name of Dividend	Interim Ordinary tax exempt (one-tier)	Final Ordinary tax exempt (one-tier)	Special Dividend tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash	Cash
Dividend Per Share	5.0 cents per ordinary share	5.0 cents per ordinary share	5.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$155.5m	\$156.1m	\$156.1m	\$467.7m

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim Ordinary tax exempt (one-tier)	Final Ordinary tax exempt (one-tier)	Special Dividend tax exempt (one-tier)	Total
Dividend Type	Cash	Cash	Cash	Cash
Dividend Per Share	4.0 cents per ordinary share	4.0 cents per ordinary share	7.0 cents per ordinary share	15.0 cents per ordinary share
Annual Dividend	\$124.8m	\$124.9m	\$218.5m	\$468.2m

(c) Books Closure and Dividend Payment Dates

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 28 April 2016 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 27 April 2016 will be registered to determine members' entitlements to the proposed dividends, subject to approval of members to the proposed dividends at the Nineteenth Annual General Meeting to be convened on 21 April 2016. 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 27 April 2016 will be entitled to the proposed dividends. The proposed dividends, if so approved by members, will be paid on 10 May 2016.

14 BUSINESS SEGMENTAL INFORMATION

By Business Activity

	FY2015						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	2,089,772	1,708,959	1,395,587	958,028	182,677	-	6,335,023
Inter-segment sales	5,842	34,215	5,432	345	27,191	(73,025)	-
	<u>2,095,614</u>	<u>1,743,174</u>	<u>1,401,019</u>	<u>958,373</u>	<u>209,868</u>	<u>(73,025)</u>	<u>6,335,023</u>
Reportable segment profit from operations	222,013	178,699	47,189	71,795	(70,129)	60,704	510,271
Other income	23,856	14,654	13,239	7,482	560,949	(564,433)	55,747
Other expenses	(578)	-	(1,645)	(115)	-	2,039	(299)
Finance income	25,596	3,683	2,880	3,716	77,185	(56,869)	56,191
Finance costs	(19,157)	(6,122)	(13,252)	(103)	(103,835)	92,521	(49,948)
Share of results of associates and joint ventures, net of tax	<u>38,870</u>	<u>38</u>	<u>16,590</u>	<u>5,500</u>	<u>-</u>	<u>(2,658)</u>	<u>58,340</u>
Profit before taxation	290,600	190,952	65,001	88,275	464,170	(468,696)	630,302
Taxation	(56,900)	(27,191)	(14,395)	(2,558)	7,385	(5,000)	(98,659)
Non-controlling interests	<u>(6,981)</u>	<u>(761)</u>	<u>5,130</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>(2,604)</u>
Profit attributable to shareholders	<u>226,719</u>	<u>163,000</u>	<u>55,736</u>	<u>85,725</u>	<u>471,555</u>	<u>(473,696)</u>	<u>529,039</u>
Other assets	2,328,622	1,860,634	1,855,080	994,623	4,579,005	(3,910,420)	7,707,544
Associates and joint ventures	<u>311,473</u>	<u>1,397</u>	<u>121,781</u>	<u>8,229</u>	<u>17,657</u>	<u>1,023</u>	<u>461,560</u>
Segment assets	<u>2,640,095</u>	<u>1,862,031</u>	<u>1,976,861</u>	<u>1,002,852</u>	<u>4,596,662</u>	<u>(3,909,397)</u>	<u>8,169,104</u>
Segment liabilities	<u>1,874,224</u>	<u>1,637,723</u>	<u>1,713,471</u>	<u>810,727</u>	<u>2,510,204</u>	<u>(2,638,172)</u>	<u>5,908,177</u>
Capital expenditure ⁺	219,757	52,878	23,247	18,866	18,244	-	332,992
Depreciation and amortisation	71,470	39,871	38,981	29,609	7,404	(43)	187,292
Impairment losses	-	-	4,447	-	-	-	4,447
Other non-cash expenses	5,956	8	393	-	2	-	6,359

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

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

	FY2014						
	Aerospace	Electronics	Land Systems	Marine	Others	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External sales	2,061,225	1,583,288	1,396,880	1,341,084	156,956	-	6,539,433
Inter-segment sales	10,239	30,791	8,252	867	24,069	(74,218)	-
	<u>2,071,464</u>	<u>1,614,079</u>	<u>1,405,132</u>	<u>1,341,951</u>	<u>181,025</u>	<u>(74,218)</u>	<u>6,539,433</u>
Reportable segment profit from operations	261,471	174,371	38,727	100,835	(76,109)	55,678	554,973
Other income	7,059	10,402	14,525	12,115	628,530	(627,456)	45,175
Other expenses	(5,035)	(6)	(1,570)	(37)	(24)	1,672	(5,000)
Finance income	11,894	4,867	3,124	3,931	115,809	(96,075)	43,550
Finance costs	(24,670)	(6,136)	(11,655)	-	(112,961)	110,225	(45,197)
Share of results of associates and joint ventures, net of tax	32,280	470	13,050	5,936	-	5,446	57,182
Profit before taxation	<u>282,999</u>	<u>183,968</u>	<u>56,201</u>	<u>122,780</u>	<u>555,245</u>	<u>(550,510)</u>	<u>650,683</u>
Taxation	(53,892)	(30,614)	(11,001)	(14,695)	(3,491)	-	(113,693)
Non-controlling interests	(8,963)	(1,211)	5,123	1	-	12	(5,038)
Profit attributable to shareholders	<u>220,144</u>	<u>152,143</u>	<u>50,323</u>	<u>108,086</u>	<u>551,754</u>	<u>(550,498)</u>	<u>531,952</u>
Other assets	2,202,519	1,783,773	2,091,015	1,106,096	4,250,300	(3,592,749)	7,840,954
Associates and joint ventures	322,508	10,297	112,750	8,159	17,657	6,981	478,352
Segment assets	<u>2,525,027</u>	<u>1,794,070</u>	<u>2,203,765</u>	<u>1,114,255</u>	<u>4,267,957</u>	<u>(3,585,768)</u>	<u>8,319,306</u>
Segment liabilities	<u>1,779,360</u>	<u>1,596,964</u>	<u>1,931,326</u>	<u>955,383</u>	<u>2,102,832</u>	<u>(2,311,169)</u>	<u>6,054,696</u>
Capital expenditure ⁺	87,674	61,893	86,318	37,581	10,635	-	284,101
Depreciation and amortisation	60,166	38,362	38,053	27,098	6,869	(42)	170,506
Impairment losses	6,186	638	21,049	-	-	-	27,873
Other non-cash expenses	807	56	20	-	3	(1)	885

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

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

By Business Activity

For Revenue and Profit Before Tax of FY2015 vis-à-vis FY2014, please refer to paragraph 10.

	Profit Attributable to Shareholders		
	FY2015	FY2014	+/(-)
	\$'000	\$'000	%
Aerospace	226,719	220,144	3.0
Electronics	163,000	152,143	7.1
Land Systems	55,736	50,323	10.8
Marine	85,725	108,086	(20.7)
Others	(2,141)	1,256	(270.5)
Group	529,039	531,952	(0.5)

By Geographical Areas

	Revenue			
	FY2015		FY2014	
	\$'000	%	\$'000	%
Asia	3,940,047	62.2	3,780,770	57.8
USA	1,503,208	23.7	1,525,088	23.3
Europe	311,526	4.9	290,317	4.5
Others	580,242	9.2	943,258	14.4
Total	6,335,023	100	6,539,433	100

By Country of Incorporation

	Revenue				Non-Current Assets*			
	FY2015		FY2014		FY2015		FY2014	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	4,695,163	74.1	4,981,137	76.2	2,095,321	64.5	1,785,853	62.4
USA	1,498,855	23.7	1,420,462	21.7	878,105	27.1	781,302	27.3
Europe	81,354	1.3	75,513	1.2	175,000	5.4	194,450	6.8
Others	59,651	0.9	62,321	0.9	98,236	3.0	101,017	3.5
Total	6,335,023	100	6,539,433	100	3,246,662	100	2,862,622	100

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

15 **ECONOMIC VALUE ADDED (EVA)**

EVA for FY2015 was \$366.2 million, an increase of 6% or \$21.7 million over FY2014. The weighted average cost of capital for 2015 was 5.5% (2014: 5.6%).

16 INTERESTED PERSON TRANSACTIONS (unaudited)

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

	FY2015 \$'000	FY2014 \$'000
Transactions for the Sale of Goods and Services		
CapitaLand Limited and its Associates	657	215
SembCorp Industries Ltd and its Associates	645	190
SembCorp Marine Ltd and its Associates	(178) *	13,236
Singapore Telecommunications Limited and its Associates	4,239	130
Singapore Airlines Limited and its Associates	4,554	-
SMRT Corporation Ltd and its Associates	31,137	120,535
StarHub Ltd and its Associates	591	2,296
Temasek Holdings (Private) Limited and its Associates (non-listed)	4,083	4,490
	45,728	141,092
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	2,169	2,599
SembCorp Industries Ltd and its Associates	8,082	-
SembCorp Marine Ltd and its Associates	180	-
Singapore Airlines Limited and its Associates	143	11,977
Singapore Telecommunications Limited and its Associates	2,174	2,775
SMRT Corporation Ltd and its Associates	180	-
Temasek Holdings (Private) Limited and its Associates (non-listed)	7,048	23,036
	19,976	40,387
Total Interested Person Transactions	65,704	181,479

* This relates to a credit note.

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

Pursuant to Rule 704(13) of the SGX Listing Manual, as at 31 December 2015, no person occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

CHUA SU LI / KAREN NG KWEE LIAN
Company Secretaries
26 February 2016

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