News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Land Systems

"Comparable profit before tax"

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	**2013 3Q**	**Growth %**
Revenue ($m)	358	351	2
Earnings before interest and tax (EBIT) ($m)	10.5	16.2	(35)
Other income, net ($m)	5.2	0.3	>500
Finance costs, net ($m)	(1.5)	(2.4)	36
Profit before tax (PBT) ($m)	18.1	17.5	3
Profit attributable to shareholders ($m)	15.9	14.5	9

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

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Land Systems sector unaudited results for the third quarter ended 30 September 2014

			3Q2014 $'000	3Q2013 $'000	+ / (-) %
1.	(a)	**Revenue**	**358,355**	**351,468**	**2.0**
	(b)	Cost of sales	(291,522)	(280,801)	3.8
	(c)	**Gross Profit**	**66,833**	**70,667**	**(5.4)**
	(d)	Distribution and selling expenses	(16,957)	(18,169)	(6.7)
	(e)	Administrative expenses	(23,304)	(27,354)	(14.8)
	(f)	Other operating expenses	(16,094)	(8,946)	79.9
	(g)	**Profit from operations**	**10,478**	**16,198**	**(35.3)**
	(h)	Other income	5,631	2,885	95.2
	(i)	Other expenses	(390)	(2,556)	(84.7)
	(j)	Other income, net	5,241	329	>500
	(k)	Finance income	1,620	679	138.6
	(l)	Finance costs	(3,166)	(3,091)	2.4
	(m)	Finance costs, net	(1,546)	(2,412)	(35.9)
	(n)	Share of results of associates and joint ventures, net of tax	3,924	3,391	15.7
	(o)	**Profit before taxation**	**18,097**	**17,506**	**3.4**
	(p)	Taxation	(4,153)	(2,983)	39.2
	(q)	**Profit for the period**	**13,944**	**14,523**	**(4.0)**
		Attributable to:			
	(r)	**Shareholders of the Company**	**15,873**	**14,505**	**9.4**
	(s)	Non-controlling interests	(1,929)	18	<-500
			13,944	**14,523**	**(4.0)**

2.	(a)	Profit from operations is arrived at after charging/(crediting) the following:			
		Depreciation and amortisation	8,934	9,571	(6.7)
		Allowance for doubtful debts & bad debts written off, net	5,446	4,116	32.3
		Allowance for stock obsolescence, net	8,794	1,590	453.1
		Impairment losses on intangible assets	6,292	-	NM
	(b)	Finance costs, net comprises:			
		Interest income	577	593	(2.7)
		Foreign exchange gain/(loss) net	894	(77)	<-500
		Fair value changes of financial instruments/hedged items	(329)	(303)	8.6
		Interest expenses	(2,688)	(2,625)	2.4
			(1,546)	(2,412)	(35.9)

* NM - Not Meaningful

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			3Q2014 $'000	3Q2013 $'000	+ / (-) %
3.	(a)	Profit for the period [1(q) above] as a percentage of revenue	3.9%	4.1%	
	(b)	Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	4.0%	3.4%	
4.	(a)	Revenue reported for first half year	622,926	742,605	(16.1)
	(b)	Profit for the period reported for first half year	31,413	45,119	(30.4)
	(c)	Revenue reported for third quarter	358,355	351,468	2.0
	(d)	Profit for the period reported for third quarter	13,944	14,523	(4.0)
	(e)	Revenue reported for first nine months	981,281	1,094,073	(10.3)
	(f)	Profit for the period reported for first nine months	45,357	59,642	(24.0)

5. (a) There was an over-provision of current tax of $1,000 and under-provision of deferred tax of $9,000 in respect of prior year.
(3Q2013: There was an under-provision of current tax of $1,984,000 and over-provision of deferred tax of $2,806,000 in respect of prior years.)

(b) There was no disposal of property during the third quarter.

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	2014 $'000	**2013** $'000	**+ / (-)** %	**2014** $'000	**2013** $'000	**+ / (-)** %
Third Quarter						
Automotive	273,319	283,175	(3.5)	3,041	9,004	(66.2)
Munitions & Weapon	64,936	45,280	43.4	7,857	1,850	324.7
Services, Trading & Others	20,100	23,013	(12.7)	7,199	6,652	8.2
Total	358,355	351,468	2.0	18,097	17,506	3.4
Nine Months Ended 30 September						
Automotive	738,735	887,664	(16.8)	5,127	39,787	(87.1)
Munitions & Weapon	180,921	124,447	45.4	27,400	10,563	159.4
Services, Trading & Others	61,625	81,962	(24.8)	22,627	21,801	3.8
Total	981,281	1,094,073	(10.3)	55,154	72,151	(23.6)

	Revenue		
	3Q2014 $'000	**3Q2013** $'000	
By Geographical Areas			
Asia	266,144	258,590	2.9
USA	60,964	64,560	(5.6)
Europe	5,574	3,004	85.6
Others	25,673	25,314	1.4
Total	358,355	351,468	2.0
By Country of Incorporation			
Asia	287,022	282,404	1.6
USA	63,937	64,850	(1.4)
Europe	-	-	-
Others	7,396	4,214	75.5
Total	358,355	351,468	2.0

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7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$358m	$351m	$7m	2%

3Q2014 revenue compared to 3Q2013 increased by 2% or $7 million to $358 million. This was due mainly to higher revenue from **Munitions & Weapon (M&W)** business group attributable mainly to higher project deliveries, partially offset by lower revenue from **Automotive (Auto)** business group.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$18.1m	$17.5m	$0.6m	3%

3Q2014 profit before tax (PBT) compared to 3Q2013 increased by 3% or $0.6 million to $18.1 million attributable mainly to higher profits of the **M&W** business group due mainly to higher revenue, largely offset by lower profits of the **Auto** business group. The lower profits of the **Auto** business group were due mainly to lower revenue, higher allowance for inventory obsolescence and higher operating expenses including goodwill impairment, partially offset by favourable product mix and gain on disposal of a joint venture.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable to FY2013, while PBT is expected to be lower.

9. Balance Sheet

	30-Sep-14 $'000	**31-Dec-13** $'000
Property, plant and equipment	359,944	330,063
Associates and joint ventures	108,876	110,972
Investments	335	349
Intangible assets	208,307	213,942
Long-term receivables, non-current	20	58
Amounts due from related parties, non-current	5,450	5,420
Finance lease receivables, non-current	1,912	2,679
Derivative financial instruments	1,159	9,208
Deferred tax assets	14,881	8,898
Non-current assets	700,884	681,589
Current assets	1,402,729	1,420,861
Total assets	**2,103,613**	**2,102,450**
Current liabilities	869,522	898,168
Non-current liabilities	938,744	880,972
Total liabilities	**1,808,266**	**1,779,140**
Share capital and reserves	245,911	265,486
Non-controlling interests	49,436	57,824
Total equity and liabilities	**2,103,613**	**2,102,450**
Net current assets	**533,207**	**522,693**

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10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 $'000	3Q2013 $'000
Net cash (used in)/from operating activities	**(59,515)**	**2,276**
Net cash used in investing activities	**(18,666)**	**(20,439)**
Proceeds from disposal of property, plant and equipment	929	178
Proceeds from disposal of a subsidiary	2	-
Dividends from an associate	118	-
Purchase of property, plant and equipment	(19,715)	(18,379)
Purchase of intangible assets	-	(1,645)
Acquisition of a subsidiary, net of cash acquired	-	(593)
Net cash used in financing activities	**(15,924)**	**(5,995)**
Capital contribution from non-controlling interest	84	6,901
Acquisition of non-controlling interests in a subsidiary	(194)	-
Proceeds from long-term bank loan	-	275
Repayment of long-term loans	-	(29)
Repayment of short-term loans	(151)	-
Repayment of short-term immediate holding company loans	(10,000)	(3,054)
Repayment of short-term related party loans	(1,703)	(4,637)
Proceeds from short-term bank loans	8,802	-
Repayment of short-term bank loans	(9,731)	(3,492)
Dividends paid to non-controlling interest	(106)	-
Interest paid	(2,688)	(2,625)
Deposits pledged	(237)	666
Net decrease in cash and cash equivalents	(94,105)	(24,158)
Cash and cash equivalents at beginning of the period	277,100	225,822
Exchange difference on cash and cash equivalents at beginning of the period	814	(103)
Cash and cash equivalents at end of the period	**183,809**	**201,561**

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