News Release

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

Aerospace

"Lower Profits"

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	**2013 3Q**	**Growth %**
Revenue ($m)	473	511	(7)
Earnings before interest and tax (EBIT) ($m)	64.3	71.6	(10)
Other income/(costs), net ($m)	(3.9)	3.0	(230)
Finance income/(costs), net ($m)	(3.0)	(2.8)	(7)
Profit before tax (PBT) ($m)	63.5	78.5	(19)
Profit attributable to shareholders ($m)	46.4	63.8	(27)

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

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Aerospace sector unaudited results for the third quarter ended 30 September 2014

			3Q2014 $'000	3Q2013 $'000	+ / (-) %
1.	(a)	**Revenue**	**473,199**	**510,944**	**(7.4)**
	(b)	Cost of sales	(375,267)	(403,429)	(7.0)
	(c)	**Gross Profit**	**97,932**	**107,515**	**(8.9)**
	(d)	Distribution and selling expenses	(1,557)	(564)	176.1
	(e)	Administrative expenses	(25,997)	(30,919)	(15.9)
	(f)	Other operating expenses	(6,068)	(4,477)	35.5
	(g)	**Profit from operations**	**64,310**	**71,555**	**(10.1)**
	(h)	Other income	1,110	2,985	(62.8)
	(i)	Other expenses	(4,997)	-	NM
	(j)	Other income/(expenses), net	(3,887)	2,985	(230.2)
	(k)	Finance income	1,339	2,141	(37.5)
	(l)	Finance costs	(4,352)	(4,966)	(12.4)
	(m)	Finance income/(costs), net	(3,013)	(2,825)	6.7
	(n)	Share of results of associates and joint ventures, net of tax	6,144	6,828	(10.0)
	(o)	**Profit before taxation**	**63,554**	**78,543**	**(19.1)**
	(p)	Taxation	(16,270)	(14,221)	14.4
	(q)	**Profit for the period**	**47,284**	**64,322**	**(26.5)**
		Attributable to:			
	(r)	**Shareholders of the Company**	**46,402**	**63,763**	**(27.2)**
	(s)	Non-controlling interests	882	559	**57.8**
			47,284	**64,322**	**(26.5)**

* NM - Not Meaningful

2.	(a)	Profit from operations is arrived at after charging/(crediting) the following:			
		Depreciation and amortisation	14,593	11,454	27.4
		Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	(372)	(859)	(56.7)
		Allowance/(write-back of allowance) for stock obsolescence, net	7,783	206	>500
		Write-off of intangible assets	1,186	-	NM
	(b)	Finance income/(costs), net comprises:			
		Interest income	1,286	728	76.6
		Foreign exchange gain/(loss), net	683	1,072	(36.3)
		Fair value changes of financial instruments/hedged items	(1,147)	608	(288.7)
		Gain/(loss) on disposal of investments, net	-	10	(100.0)
		Interest expenses	(3,835)	(5,243)	(26.9)
			(3,013)	(2,825)	6.7

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			3Q2014 $'000	3Q2013 $'000	+ / (-) %
3.	(a)	Profit for the period [1(q) above] as a percentage of revenue	10.0%	12.6%	
	(b)	Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	5.6%	9.8%	
4.	(a)	Revenue reported for first half year	1,042,104	986,573	5.6
	(b)	Profit for the period reported for first half year	120,391	128,673	(6.4)
	(c)	Revenue reported for third quarter	473,199	510,944	(7.4)
	(d)	Profit for the period reported for third quarter	47,284	64,322	(26.5)
	(e)	Revenue reported for first nine months	1,515,303	1,497,517	1.2
	(f)	Profit for the period reported for first nine months	167,675	192,995	(13.1)

5. (a) There was an adjustment of $1,110,000 for overprovision of current tax and underprovision of $2,545,000 for deferred tax in respect of prior years.
(3Q2013:There was an adjustment of $4,394,000 for overprovision of current tax and underprovision of $4,957,000 for deferred tax 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						
Aircraft Maintenance & Modification	243,881	250,813	(2.8)	41,374	43,265	(4.4)
Component/Engine Repair & Overhaul	143,622	182,565	(21.3)	2,403	13,997	(82.8)
Engineering & Material Services	85,696	77,566	10.5	19,777	21,281	(7.1)
Total	473,199	510,944	(7.4)	63,554	78,543	(19.1)
Nine Months Ended 30 September						
Aircraft Maintenance & Modification	820,487	815,033	0.7	144,358	143,748	0.4
Component/Engine Repair & Overhaul	443,778	469,863	(5.6)	22,912	42,116	(45.6)
Engineering & Material Services	251,038	212,621	18.1	43,856	45,406	(3.4)
Total	1,515,303	1,497,517	1.2	211,126	231,270	(8.7)

	Revenue		
	3Q2014 $'000	**3Q2013** $'000	
By Geographical Areas			
Asia	277,523	263,895	5.2
USA	139,027	149,758	(7.2)
Europe	33,211	33,214	(0.0)
Others	23,438	64,077	(63.4)
Total	473,199	510,944	(7.4)
By Country of Incorporation			
Asia	349,981	387,360	(9.6)
USA	109,110	102,346	6.6
Europe	13,641	20,920	(34.8)
Others	467	318	46.9
Total	473,199	510,944	(7.4)

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7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$473m	$511m	($38m)	(7%)

Revenue for 3Q2014 was $38 million or 7% lower compared to that of 3Q2013 due mainly to lower revenue in the **Component/Engine Repair & Overhaul (CERO)** business group.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$63.5m	$78.5m	($15.0m)	(19%)

The current quarter's PBT of $63.5 million was lower compared to 3Q2013 PBT of $78.5 million. This was a result of the weaker performance from the European operations, restructuring costs and impairment for an associate, with a total amounting to $12.0 million.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable, whilst profit before tax is expected to be lower compared to FY2013.

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9. Balance Sheet

	30-Sep-14 $'000	31-Dec-13 $'000
Property, plant and equipment	651,079	679,552
Associates and joint ventures	314,212	328,017
Investments	12	43
Intangible assets	126,965	108,546
Long-term receivables, non-current	8,622	14,900
Deferred tax assets	14,313	17,778
Non-current assets	1,115,203	1,148,836
Current assets	1,475,212	1,600,632
Total assets	**2,590,415**	**2,749,468**
Current liabilities	1,107,640	1,519,751
Non-current liabilities	667,790	703,080
Total liabilities	**1,775,430**	**2,222,831**
Share capital and reserves	740,514	453,316
Non-controlling interests	74,471	73,321
Total equity and liabilities	**2,590,415**	**2,749,468**
Net current assets	**367,572**	**80,881**

The increase in share capital and reserves was due mainly to a capital injection of $216 million by the immediate holding company for the repayment of the company's bank loans in the first quarter of 2014.

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

	3Q2014 $'000	3Q2013 $'000
Net cash from operating activities	**65,675**	**111,535**
Net cash used in investing activities	**(1,999)**	**(25,339)**
Proceeds from sale of property, plant and equipment	1,096	3,082
Dividends from associated companies	6,100	5,919
Proceeds from sale and maturity of investments	-	10
Purchase of property, plant and equipment	(8,573)	(32,555)
Investment in jointly controlled entity	(622)	(1,795)
Net cash used in financing activities	**(97,166)**	**(8,942)**
Repayment of short-term loans from related corporation,net	(84,955)	(3,382)
Repayment of lease obligations	(88)	-
Dividend paid to shareholder of the Company	(4,514)	-
Dividend paid to non-controlling interests	(3,926)	-
Interest paid	(3,683)	(5,560)
Net (decrease)/increase in cash and cash equivalents	**(33,490)**	**77,254**
Cash and cash equivalents at beginning of period	361,004	347,986
Exchange difference on cash and cash equivalents	(1,551)	2,087
Cash and cash equivalents at end of period	**325,963**	**427,327**

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