

## News Release

### ST Engineering Posts Comparable PBT in 2Q2015 Vs 2Q2014

<b>FINANCIAL HIGHLIGHTS</b> <b>For the quarter ended</b> <b>30 June 2015</b>						
	<b>2015 2Q</b>	<b>2014 2Q</b>	<b>Growth %</b>	<b>2015 1H</b>	<b>2014 1H</b>	<b>Growth %</b>
Revenue (\$m)	1,545	1,586	(3)	3,056	3,138	(3)
Earnings before interest and tax (EBIT) (\$m)	150.4	148.2	1	260.4	281.7	(8)
Other income, net (\$m)	5.4	5.6	(4)	26.2	23.0	14
Finance (costs)/ income, net (\$m)	(11.5)	0.9	<-500	(3.0)	(3.2)	7
Profit before tax (PBT) (\$m)	158.5	163.7	(3)	309.0	331.6	(7)
Profit attributable to shareholders (\$m)	125.0	133.2	(6)	255.0	270.4	(6)
Earnings per share (cents)	4.01	4.28	(6)	8.19	8.68	(6)

- Commercial sales constituted 64% or \$1.0 billion of 2Q2015 revenue
- Order book of \$12.4 billion at end June 2015, of which about \$2.3 billion is expected to be delivered in the remaining months of 2015
- Cash and cash equivalents including funds under management totalled \$1.5 billion
- Advance payments from customers totalled \$1.7 billion
- Economic value added for first half of 2015 was \$173.4 million (1H2014: \$179.8 million)

N.B.: All currencies are in Singapore dollars

**Singapore, 14 August 2015** – Singapore Technologies Engineering Ltd (ST Engineering) announced today financial results for its second quarter ended 30 June 2015 (2Q2015). Group revenue was \$1.55b compared to \$1.59b in the same quarter last year, and profit before tax (PBT) was \$158.5m compared to \$163.7m. Net profit after tax (Net Profit) was 6% down at \$125.0m versus \$133.2m.

Against the same period last year, Aerospace sector recorded comparable revenue and PBT of \$515m and \$70.6m respectively. Revenue for the Electronics sector was 8% higher at \$413m compared to \$380m in the same quarter last year, while its PBT was comparable at \$46.6m due mainly to less favourable sales mix and lower contribution from satellite communication product sales. Though the Land Systems sector saw an 8% increase in revenue from \$293m to \$317m, its PBT was down 11% to \$16.3m from \$18.2m due mainly to higher allowance for inventory obsolescence and impairment of goodwill. Against a 27% lower revenue of \$254m from \$348m, due mainly to lower Shipbuilding revenue from both Singapore and US operations, the Marine sector recorded higher PBT of \$29.6m from \$24.7m, up 20%.

#### **Six Months Results: 1H2015 versus 1H2014**

1H2015 Group revenue of \$3.06b was comparable to that in the same period last year. PBT at \$309.0m was down 7% from \$331.6m, and Net Profit dropped 6% to \$255.0m from \$270.4m. Aerospace sector recorded comparable revenue and PBT of \$1b and \$142.0m respectively. Likewise, the Electronics sector posted comparable revenue and PBT of \$769m and \$81.5m respectively. While revenue for the Land Systems sector grew 7% to \$663m from \$618m, its PBT was down 12% from \$37.1m to \$32.5m. The Marine sector posted revenue of \$534m, down 20% from \$671m and PBT of \$53.0m, down from \$56.2m.

*"In 2Q2015, the Group reported comparable year-on-year Revenue and PBT. 1H2015 Revenue was comparable while PBT was lower compared with 1H2014. The Group secured more new orders to end the quarter with a healthy order book of \$12.4b. Cash and cash equivalents including funds under management remained high at \$1.5b after payment of the final FY2014 dividend of \$342m.*

*The Board of Directors has approved the payment of an interim ordinary dividend of 5.0 cents per share, payable on 3 September 2015. Barring unforeseen circumstances, the Group expects FY2015 Revenue and PBT to be comparable to that of FY2014."*

**~ Lee Fook Sun**  
**Deputy CEO, ST Engineering**

Commercial sales accounted for 64% or \$1b of Group's 2Q2015 revenue. Order book stood at \$12.4b, compared to \$12.2b as at end March 2015. The Group expects to deliver \$2.3b of orders in the remaining months of 2015.

#### **New contracts announced in 2Q2015**

For the second quarter, the Group announced about \$1.34b worth of contracts. Of these, \$920m was from the Aerospace sector and \$424m from the Electronics sector.

New wins for the Aerospace sector included an engine maintenance contract with Jet Airways; component Maintenance-By-the-Hour contract with Flybe; pilot training contract with Tigerair Singapore; heavy maintenance for an international airline and engine maintenance for a low cost carrier. Contracts for the Electronics sector included rail electronics & intelligent transportation projects across China, Taiwan, India, the Middle East, as well as North and South America; satellite and broadband communications contracts from government, telecoms and enterprise users; and Intelligent Security Management System and automated metering solutions for government agencies and commercial businesses.

### **Interim Dividend**

The interim ordinary dividend of 5.0 cents per ordinary share, as approved by the Board will be paid out to shareholders on 3 September 2015.

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**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 \$6.54b in FY2014 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](http://www.stengg.com) for more information.

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## FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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**SINGAPORE TECHNOLOGIES ENGINEERING LTD**  
**UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	<b>GROUP</b>					
	<b>2Q2015</b>	<b>2Q2014</b>	<b>+ / (-)</b>	<b>1H2015</b>	<b>1H2014</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>1,545,072</b>	<b>1,586,426</b>	<b>(2.6)</b>	<b>3,056,462</b>	<b>3,138,181</b>	<b>(2.6)</b>
Cost of sales	(1,212,140)	(1,245,493)	(2.7)	(2,431,071)	(2,471,411)	(1.6)
<b>Gross profit</b>	<b>332,932</b>	<b>340,933</b>	<b>(2.3)</b>	<b>625,391</b>	<b>666,770</b>	<b>(6.2)</b>
Distribution and selling expenses	(41,904)	(44,583)	(6.0)	(79,768)	(94,367)	(15.5)
Administrative expenses (refer to para 1.6)	(108,842)	(119,798)	(9.1)	(221,825)	(233,418)	(5.0)
Other operating expenses (refer to para 1.7)	(31,807)	(28,347)	12.2	(63,354)	(57,309)	10.5
<b>Profit from operations</b>	<b>150,379</b>	<b>148,205</b>	<b>1.5</b>	<b>260,444</b>	<b>281,676</b>	<b>(7.5)</b>
Other income	5,382	5,958	(9.7)	26,154	23,811	9.8
Other expenses	-	(369)	(100.0)	-	(792)	(100.0)
Other income, net	5,382	5,589	(3.7)	26,154	23,019	13.6
Finance income	8,252	16,550	(50.1)	22,963	24,511	(6.3)
Finance costs	(19,735)	(15,605)	26.5	(25,923)	(27,706)	(6.4)
Finance (costs)/income, net	(11,483)	945	<-500	(2,960)	(3,195)	(7.4)
Share of results of associates and joint ventures, net of tax	14,226	9,016	57.8	25,385	30,128	(15.7)
<b>Profit before taxation</b>	<b>158,504</b>	<b>163,755</b>	<b>(3.2)</b>	<b>309,023</b>	<b>331,628</b>	<b>(6.8)</b>
Taxation	(33,955)	(29,928)	13.5	(52,995)	(60,228)	(12.0)
<b>Profit for the period</b>	<b>124,549</b>	<b>133,827</b>	<b>(6.9)</b>	<b>256,028</b>	<b>271,400</b>	<b>(5.7)</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>124,985</b>	<b>133,158</b>	<b>(6.1)</b>	<b>254,956</b>	<b>270,381</b>	<b>(5.7)</b>
Non-controlling interests	(436)	669	(165.2)	1,072	1,019	5.2
	<b>124,549</b>	<b>133,827</b>	<b>(6.9)</b>	<b>256,028</b>	<b>271,400</b>	<b>(5.7)</b>

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

		GROUP					
		2Q2015	2Q2014	+ / (-)	1H2015	1H2014	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
1.1	Profit from operations is arrived at after charging / (crediting) the following:						
	Depreciation and amortisation	45,439	40,875	11.2	89,851	81,299	10.5
	The higher depreciation and amortisation came from all sectors.						
	Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	468	3,445	(86.4)	(640)	5,289	(112.1)
	The lower allowance for doubtful debts, net in 2Q2015 came mainly from Aerospace, Electronics and Land Systems sectors.						
	Allowance for inventory obsolescence, net	9,799	5,620	74.4	22,767	14,501	57.0
	The higher allowance for inventory obsolescence, net in 2Q2015 came mainly from Land Systems sector.						
1.2	Finance (costs)/income, net comprises:						
	Interest income	5,743	6,562	(12.5)	11,301	12,949	(12.7)
	Foreign exchange (loss)/gain, net	(1,355)	263	<-500	3,090	1,461	111.5
	Fair value changes of financial instruments / hedged items	(6,416)	2,326	(375.8)	1,668	(401)	<-500
	Gain on disposal of investments, net	166	497	(66.6)	172	2,483	(93.1)
	Interest expenses	(9,592)	(8,732)	9.8	(19,132)	(19,766)	(3.2)
	Others	(29)	29	(200.0)	(59)	79	(174.7)
		<u>(11,483)</u>	<u>945</u>	<u>&lt;-500</u>	<u>(2,960)</u>	<u>(3,195)</u>	<u>(7.4)</u>
1.3	Profit for the period as a percentage of revenue	8.1%	8.4%		8.4%	8.6%	
1.4	Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.3%	6.7%		12.8%	13.6%	
1.5	The Group's tax charge in 2Q2015 included adjustments for underprovision of current tax and overprovision for deferred tax of \$0.8 million and \$1.4 million respectively in respect of prior years (2Q2014: Adjustments for overprovision of current tax of \$2.8 million and overprovision of deferred tax of \$1.7 million).						
1.6	Administrative expenses was lower by \$10.9 million due mainly to lower staff related costs and professional fees.						
1.7	The higher other operating expenses in 2Q2015 (by \$3.5 million) arose mainly from impairment of goodwill of \$4.0 million in Land Systems sector.						

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

	<b>GROUP</b>		
	<b>2015</b> \$'000	<b>2014</b> \$'000	<b>+ / (-)</b> %
Revenue reported for first quarter	1,511,390	1,551,755	(2.6)
Profit for the period reported for first quarter	131,479	137,573	(4.4)
Revenue reported for second quarter	1,545,072	1,586,426	(2.6)
Profit for the period reported for second quarter	124,549	133,827	(6.9)
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)

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

	<b>GROUP</b>				
	<b>2Q2015</b>	<b>2Q2014</b>	<b>1H2015</b>	<b>1H2014</b>	<b>FY2014</b>
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	4.01	4.28	8.19	8.68	17.06
(ii) On a fully diluted basis	4.01	4.27	8.18	8.67	17.04



## 2 **BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30-Jun-15</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>31-Dec-14</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,567,724	1,577,523	4,081	4,568
Subsidiaries	-	-	1,187,304	1,197,716
Associates and joint ventures	473,842	478,352	17,657	17,657
Investments	399,893	127,211	-	-
Intangible assets	686,631	671,022	-	-
Long-term receivables, non-current	7,193	2,735	-	-
Finance lease receivables, non-current	799	973	-	-
Deferred tax assets	112,948	106,318	7,000	7,000
Amounts due from related parties, non-current	4,806	4,806	363,087	50,000
Derivative financial instruments, non-current	25,814	24,263	-	81
	<b>3,279,650</b>	<b>2,993,203</b>	<b>1,579,129</b>	<b>1,277,022</b>
<b>Current assets</b>				
Inventories and work-in-progress	1,943,260	1,802,073	-	-
Trade receivables	1,141,282	1,319,101	-	-
Amounts due from related parties, current	42,693	66,382	241,586	497,070
Advances and other receivables	463,150	530,298	3,907	3,597
Long-term receivables, current	7,619	11,375	-	-
Finance lease receivables, current	3,394	6,872	-	-
Short-term investments	294	119,279	-	-
Bank balances and other liquid funds	1,099,278	1,470,723	180,797	404,876
	<b>4,700,970</b>	<b>5,326,103</b>	<b>426,290</b>	<b>905,543</b>
<b>TOTAL ASSETS</b>	<b>7,980,620</b>	<b>8,319,306</b>	<b>2,005,419</b>	<b>2,182,565</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Advance payments from customers, current	766,361	809,637	-	-
Trade payables and accruals, current	1,629,963	1,667,180	17,187	26,961
Amounts due to related parties, current	22,926	29,364	1,840	196,988
Provisions	242,403	245,072	-	-
Progress billings in excess of work-in-progress	621,646	725,347	-	-
Provision for taxation	149,811	164,660	8,112	8,112
Short-term bank loans	41,029	29,820	-	-
Long-term bank loans, current	235,655	43,590	-	-
Lease obligations, current	738	1,126	-	-
Other loans, current	154	148	-	-
	<b>3,710,686</b>	<b>3,715,944</b>	<b>27,139</b>	<b>232,061</b>
<b>NET CURRENT ASSETS</b>	<b>990,284</b>	<b>1,610,159</b>	<b>399,151</b>	<b>673,482</b>

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30-Jun-15</b>	<b>31-Dec-14</b>	<b>30-Jun-15</b>	<b>31-Dec-14</b>
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>				
Advance payments from customers, non-current	885,617	899,279	-	-
Trade payables and accruals, non-current	254,692	274,155	11,686	17,006
Deferred tax liabilities	113,130	108,484	-	-
Bonds	671,440	658,424	-	-
Long-term bank loans, non-current	91,126	267,532	-	-
Lease obligations, non-current	17,674	17,547	-	-
Other loans, non-current	372	441	-	-
Deferred income	93,604	98,759	-	-
Other long-term payables, non-current	1,000	1,000	-	-
Derivative financial instruments, non-current	25,104	11,260	-	-
Amounts due to related parties, non-current	1,068	1,871	647,186	407,413
	<b>2,154,827</b>	<b>2,338,752</b>	<b>658,872</b>	<b>424,419</b>
<b>TOTAL LIABILITIES</b>	<b>5,865,513</b>	<b>6,054,696</b>	<b>686,011</b>	<b>656,480</b>
<b>NET ASSETS</b>	<b>2,115,107</b>	<b>2,264,610</b>	<b>1,319,408</b>	<b>1,526,085</b>
<b>Share capital and reserves</b>				
Share capital	895,926	889,426	895,926	889,426
Treasury shares	(42,532)	(6,529)	(42,532)	(6,529)
Capital reserves	114,007	116,323	(2,336)	-
Other reserves	(120,368)	(92,057)	62,438	74,865
Retained earnings	1,137,911	1,225,040	405,912	568,323
	<b>1,984,944</b>	<b>2,132,203</b>	<b>1,319,408</b>	<b>1,526,085</b>
Non-controlling interests	130,163	132,407	-	-
	<b>2,115,107</b>	<b>2,264,610</b>	<b>1,319,408</b>	<b>1,526,085</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,980,620</b>	<b>8,319,306</b>	<b>2,005,419</b>	<b>2,182,565</b>

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

Compared to 31 December 2014, the decrease in net current assets was mainly attributable to decrease in bank balances and other liquid funds, decrease in trade receivables, maturity of bonds classified under short-term investments and long-term bank loans reclassified from non-current to current. These were partially offset by an increase in inventories and work-in-progress, as well as a decrease in progress billings in excess of work-in-progress, net.

Funds from the maturity of bonds were reinvested for longer term, resulting in an increase in non-current assets.

**2(b) GROUP BORROWINGS**

	<b>As at 30-Jun-15 \$'000</b>	<b>As at 31-Dec-14 \$'000</b>
<b><u>Amount repayable within one year</u></b>		
Secured	26,739	18,161
Unsecured	250,837	56,523
	<u>277,576</u>	<u>74,684</u>
<b><u>Amount repayable after one year</u></b>		
Secured	41,748	47,650
Unsecured	738,864	896,294
	<u>780,612</u>	<u>943,944</u>
 Total	 <u>1,058,188</u>	 <u>1,018,628</u>

**2(c) NET ASSET VALUE**

	<b>GROUP</b>		
	<b>2Q2015</b>	<b>2Q2014</b>	<b>FY2014</b>
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	63.83	63.86	68.38

	<b>COMPANY</b>		
	<b>2Q2015</b>	<b>2Q2014</b>	<b>FY2014</b>
	Cents	Cents	Cents
Net asset value per ordinary share at end of the financial period/year	42.43	42.25	48.94

**3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

	<b>GROUP</b>			
	<b>2Q2015</b>	<b>2Q2014</b>	<b>1H2015</b>	<b>1H2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	158,504	163,755	309,023	331,628
Adjustments:				
Share of results of associates and joint ventures, net of tax	(14,226)	(9,016)	(25,385)	(30,128)
Depreciation charge	41,768	37,458	82,626	74,420
Property, plant and equipment written off	26	42	4,595	85
Gain on disposal of property, plant and equipment	(128)	(135)	(248)	(497)
Gain on disposal of investments	(166)	(497)	(172)	(2,483)
Impairment losses on goodwill	4,000	-	4,000	-
Write-back of impairment losses of property, plant and equipment	(25)	-	(25)	-
Write-back of impairment losses on progressive payments to contractor	(283)	-	(283)	-
Share-based payment expense	6,772	5,704	5,796	8,464
Changes in fair value of financial instruments and hedged items	6,416	(2,326)	(1,668)	401
Changes in fair value of financial instruments held for trading	29	(28)	60	(78)
Interest expenses	9,592	8,732	19,132	19,766
Interest income	(5,743)	(6,562)	(11,301)	(12,949)
Dividends from investments	-	(1)	(1)	(1)
Amortisation of other intangible assets	3,671	3,417	7,225	6,879
Operating profit before working capital changes	210,207	200,543	393,374	395,507
Changes in:				
Inventories and work-in-progress	(104,649)	(113,502)	(140,313)	(138,884)
Progress billings in excess of work-in-progress	(153,880)	47,137	(103,701)	133,634
Trade receivables	(9,170)	88,932	171,861	214,046
Advance payments to suppliers	58,027	15,713	51,905	(52,793)
Other receivables, deposits and prepayments	13,225	26,563	26,447	(4,791)
Amount due from holding company and related corporations balances	14,618	(12,105)	25,692	(9,490)
Amount due to holding company and related corporations balances	757	19,348	(1,869)	13,252
Amount due from associates	(4,824)	909	(1,794)	(443)
Amount due from joint ventures	(3,505)	558	(5,853)	(8,091)
Trade payables	30,076	27,587	35,600	25,221
Advance payments from customers	(67,666)	60,975	(56,938)	21,388
Other payables, accruals and provisions	(4,614)	(19,643)	(116,301)	(123,699)
Loans to staff and third parties	5,613	6,172	5,349	6,342
Deferred income	(54)	(4,372)	3,581	(1,384)
Foreign currency translation of foreign operations	6,061	(6,858)	1,649	(624)
Cash generated from operations	(9,778)	337,957	288,689	469,191
Interest received	6,098	7,646	14,973	15,992
Income tax paid	(67,241)	(44,189)	(72,048)	(87,292)
<b>Net cash (used in)/from operating activities</b>	<b>(70,921)</b>	<b>301,414</b>	<b>231,614</b>	<b>397,891</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (cont'd)**

	GROUP			
	2Q2015	2Q2014	1H2015	1H2014
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	197	252	1,476	1,137
Proceeds from sale of an investment property	-	-	-	22,000
Proceeds from sale and maturity of investments	31,659	40,660	48,915	116,906
Dividends from associates and joint ventures	8,826	7,653	26,752	23,482
Dividends from investments	-	1	1	1
Purchase of property, plant and equipment	(32,784)	(51,820)	(80,233)	(112,008)
Purchase of investments	(157,617)	(13,188)	(192,805)	(20,419)
Acquisition of other intangible assets	(2,412)	(4,071)	(14,375)	(16,233)
Acquisition of controlling interests in subsidiaries and business, net of cash acquired	-	(1,008)	-	(1,008)
Repayment of loan from a joint venture	-	3,136	272	3,136
<b>Net cash (used in)/from investing activities</b>	<b>(152,131)</b>	<b>(18,385)</b>	<b>(209,997)</b>	<b>16,994</b>
<b>Cash flows from financing activities</b>				
Capital contribution from non-controlling interests of subsidiaries	588	2,477	639	2,477
Repayment of other loans	(45)	(35)	(79)	(73)
Repayment of bank loans	(27,838)	(68,585)	(212,541)	(380,262)
Repayment of lease obligations	(251)	(95)	(620)	(593)
Proceeds from issue of shares	-	4,869	5,355	13,299
Proceeds from share options exercised with issue of treasury shares	3,796	-	4,154	-
Purchase of treasury shares	(1,931)	-	(59,571)	-
Proceeds from bank loans	24,700	6,281	233,393	6,281
Proceeds from other loans	3	1	3	1
Acquisition of non-controlling interests in a subsidiary	(3,000)	-	(3,000)	-
Dividends paid to shareholders of the Company	(342,085)	(374,082)	(342,085)	(374,082)
Dividends paid to non-controlling interests	(2,531)	(3,308)	(2,531)	(5,348)
Interest paid	(175)	(703)	(16,649)	(19,161)
Deposit (pledged)/discharged	(1,007)	(2,056)	784	(2,129)
<b>Net cash used in financing activities</b>	<b>(349,776)</b>	<b>(435,236)</b>	<b>(392,748)</b>	<b>(759,590)</b>
Net decrease in cash and cash equivalents	(572,828)	(152,207)	(371,131)	(344,705)
Cash and cash equivalents at beginning of the period	1,671,284	1,722,529	1,462,612	1,920,924
Exchange difference on cash and cash equivalents at beginning of the period	(6,505)	(2,943)	470	(8,840)
<b>Cash and cash equivalents at end of the period</b>	<b>1,091,951</b>	<b>1,567,379</b>	<b>1,091,951</b>	<b>1,567,379</b>

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

The Group had net cash used in operating activities of \$71 million in 2Q2015 as compared to net cash from operating activities in 2Q2014 of \$301 million. This was due mainly to unfavourable working capital movements with lower progress billings in excess of work-in-progress and advance payments from customers.

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

The Group's net cash used in investing activities in 2Q2015 was higher than that for 2Q2014 by \$134 million. This was mainly attributed to the purchase of bonds, net (\$126 million) in 2Q2015 vis-à-vis net proceeds from sale and maturity of investments (\$27 million) in 2Q2014 which was partially offset by lower cash outflow for the purchase of property, plant and equipment (by \$19 million).

The Group's net cash used in financing activities of \$350 million in 2Q2015 was lower than that in 2Q2014 by \$85 million. The lower cash outflow was largely due to a lower net repayment of bank loans of \$59 million and lower dividends paid to shareholders.

Compared to end 1Q2015, the cash and cash equivalents as at end of 2Q2015 at \$1,092 million was \$579 million lower, following the payment of the 2014 final dividends in May 2015.

### 4 **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

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

	<b>GROUP</b>					
	<b>2Q2015</b>	<b>2Q2014</b>	<b>+ / (-)</b>	<b>1H2015</b>	<b>1H2014</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Profit for the period	124,549	133,827	(6.9)	256,028	271,400	(5.7)
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Net fair value changes on available-for-sale financial assets	498	951	(47.6)	148	126	17.5
Net fair value changes on cash flow hedges	20,079	(10,152)	(297.8)	(13,914)	(13,226)	5.2
Share of net fair value changes on cash flow hedges of an associate	4,283	(838)	<-500	(3,785)	(1,129)	235.3
Foreign currency translation differences	(18,295)	(14,029)	30.4	2,621	(28,726)	(109.1)
Share of foreign currency translation differences of associates and joint ventures	(3,319)	1,824	(282.0)	642	(1,338)	(148.0)
Other comprehensive income for the period, net of tax	3,246	(22,244)	(114.6)	(14,288)	(44,293)	(67.7)
<b>Total comprehensive income for the period, net of tax</b>	<b>127,795</b>	<b>111,583</b>	<b>14.5</b>	<b>241,740</b>	<b>227,107</b>	<b>6.4</b>
<b>Total comprehensive income attributable to:</b>						
Shareholders of the Company	128,567	111,204	15.6	239,229	227,484	5.2
Non-controlling interests	(772)	379	(303.7)	2,511	(377)	<-500
	<b>127,795</b>	<b>111,583</b>	<b>14.5</b>	<b>241,740</b>	<b>227,107</b>	<b>6.4</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

Group	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>At 1.4.2014</b>	<b>877,760</b>	<b>116,323</b>	<b>(79,564)</b>	<b>1,329,181</b>	<b>2,243,700</b>	<b>140,888</b>	<b>2,384,588</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	133,158	133,158	669	133,827
<b>Other comprehensive income</b>							
Net fair value changes on available-for-sale financial assets	-	-	951	-	951	-	951
Net fair value changes on cash flow hedges	-	-	(10,359)	-	(10,359)	207	(10,152)
Share of net fair value changes on cash flow hedges of an associate	-	-	(838)	-	(838)	-	(838)
Foreign currency translation differences	-	-	(13,532)	-	(13,532)	(497)	(14,029)
Share of foreign currency translation difference of associates and joint ventures	-	-	1,824	-	1,824	-	1,824
<i>Other comprehensive income for the period, net of tax</i>	-	-	(21,954)	-	(21,954)	(290)	(22,244)
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>(21,954)</b>	<b>133,158</b>	<b>111,204</b>	<b>379</b>	<b>111,583</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<b>Contributions by and distributions to owners of the Company</b>							
Issue of shares	6,814	-	(1,945)	-	4,869	-	4,869
Capital contribution by non-controlling interests	-	-	-	-	-	2,477	2,477
Cost of share-based payment	-	-	5,675	-	5,675	29	5,704
Dividends paid	-	-	-	(374,082)	(374,082)	-	(374,082)
Dividends paid to non-controlling interests	-	-	-	-	-	(3,308)	(3,308)
<i>Total contributions by and distributions to owners of the Company</i>	<b>6,814</b>	<b>-</b>	<b>3,730</b>	<b>(374,082)</b>	<b>(363,538)</b>	<b>(802)</b>	<b>(364,340)</b>
<b>Total transactions with owners of the Company</b>	<b>6,814</b>	<b>-</b>	<b>3,730</b>	<b>(374,082)</b>	<b>(363,538)</b>	<b>(802)</b>	<b>(364,340)</b>
<b>At 30.6.2014</b>	<b>884,574</b>	<b>116,323</b>	<b>(97,788)</b>	<b>1,088,257</b>	<b>1,991,366</b>	<b>140,465</b>	<b>2,131,831</b>

**5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 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
<b>At 1.4.2015</b>	<b>895,162</b>	<b>(46,585)</b>	<b>114,296</b>	<b>(127,907)</b>	<b>1,355,011</b>	<b>2,189,977</b>	<b>135,726</b>	<b>2,325,703</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	124,985	124,985	(436)	124,549
<b>Other comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	498	-	498	-	498
Net fair value changes on cash flow hedges	-	-	-	18,698	-	18,698	1,381	20,079
Share of net fair value changes on cash flow hedges of an associate	-	-	-	4,283	-	4,283	-	4,283
Foreign currency translation differences	-	-	-	(16,578)	-	(16,578)	(1,717)	(18,295)
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(3,319)	-	(3,319)	-	(3,319)
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	3,582	-	3,582	(336)	3,246
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,582</b>	<b>124,985</b>	<b>128,567</b>	<b>(772)</b>	<b>127,795</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Issue of shares	764	-	-	(764)	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	588	588
Cost of share-based payment	-	-	-	6,732	-	6,732	40	6,772
Purchase of treasury shares	-	(1,931)	-	-	-	(1,931)	-	(1,931)
Treasury shares reissued pursuant to share plans	-	5,984	(289)	(1,786)	-	3,909	(113)	3,796
Dividends paid	-	-	-	-	(342,085)	(342,085)	-	(342,085)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,531)	(2,531)
<i>Total contributions by and distributions to owners of the Company</i>	<b>764</b>	<b>4,053</b>	<b>(289)</b>	<b>4,182</b>	<b>(342,085)</b>	<b>(333,375)</b>	<b>(2,016)</b>	<b>(335,391)</b>
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of non-controlling interests in a subsidiary representing total change in ownership interests in a subsidiary that does result in a loss of control	-	-	-	(225)	-	(225)	(2,775)	(3,000)
<b>Total transactions with owners of the Company</b>	<b>764</b>	<b>4,053</b>	<b>(289)</b>	<b>3,957</b>	<b>(342,085)</b>	<b>(333,600)</b>	<b>(4,791)</b>	<b>(338,391)</b>
<b>At 30.6.2015</b>	<b>895,926</b>	<b>(42,532)</b>	<b>114,007</b>	<b>(120,368)</b>	<b>1,137,911</b>	<b>1,984,944</b>	<b>130,163</b>	<b>2,115,107</b>



**5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2015 (cont'd)**

Company	Share capital \$'000	Treasury Shares \$'000	Share-based payment reserve \$'000	Capital reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1.4.2014</b>	<b>877,760</b>	<b>-</b>	<b>58,795</b>	<b>-</b>	<b>539,764</b>	<b>1,476,319</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	204,745	204,745
Total comprehensive income for the period	-	-	-	-	204,745	204,745
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Issue of shares	6,814	-	(1,945)	-	-	4,869
Cost of share-based payment	-	-	5,704	-	-	5,704
Dividends paid	-	-	-	-	(374,082)	(374,082)
<i>Total contributions by and distributions to owners of the Company</i>	6,814	-	3,759	-	(374,082)	(363,509)
<b>At 30.6.2014</b>	<b>884,574</b>	<b>-</b>	<b>62,554</b>	<b>-</b>	<b>370,427</b>	<b>1,317,555</b>
<b>At 1.4.2015</b>	<b>895,162</b>	<b>(46,585)</b>	<b>58,309</b>	<b>(2,027)</b>	<b>567,510</b>	<b>1,472,369</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	180,487	180,487
Total comprehensive income for the period	-	-	-	-	180,487	180,487
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Issue of shares	764	-	(764)	-	-	-
Cost of share-based payment	-	-	6,772	-	-	6,772
Dividends paid	-	-	-	-	(342,085)	(342,085)
Purchase of treasury shares	-	(1,931)	-	-	-	(1,931)
Treasury shares reissued pursuant to share plans	-	5,984	(1,879)	(309)	-	3,796
<i>Total contributions by and distributions to owners of the Company</i>	764	4,053	4,129	(309)	(342,085)	(333,448)
<b>At 30.6.2015</b>	<b>895,926</b>	<b>(42,532)</b>	<b>62,438</b>	<b>(2,336)</b>	<b>405,912</b>	<b>1,319,408</b>

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

### Issued and paid up capital

As at 30 June 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 12,546,825 were held by the Company as treasury shares (31 December 2014: 2,034,000).

	<b>Number of shares for the quarter ended 30.6.2015</b>
As at beginning of the quarter (including treasury shares)	3,122,283,297
Issue of shares under the Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)	211,900
<b>As at end of the quarter (including treasury shares)</b>	<b>3,122,495,197</b>
<b>As at end of the quarter (excluding treasury shares)</b>	<b>3,109,948,372</b>
<b>As at 31 December 2014 (excluding treasury shares)</b>	<b>3,117,970,716</b>

### Share Option Plan

As at 30 June 2015, there were 19,595,686 (30 June 2014: 25,329,604) 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 30 June 2015, the total number of contingent shares granted conditionally but not released was 3,955,515 (30 June 2014: 3,753,995). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 6,724,375 (30 June 2014: 6,381,791) ordinary shares of the Company.

### Restricted Stock Plan

#### *Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)*

As at 30 June 2015, the total number of contingent shares granted conditionally but not released was 9,726,360 (30 June 2014: 10,332,172). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 14,539,040 (30 June 2014: 14,762,647) ordinary shares.

As at 30 June 2015, the total number of awards released but not vested was 3,027,632 (30 June 2014: 3,492,084) ordinary shares of the Company.

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

Treasury Shares

During the quarter, the Company purchased 588,500 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (30 June 2014: Nil).

During the quarter, 1,762,715 treasury shares were utilised pursuant to the ESOP and RSP 2010.

<b><u>Group and Company</u></b>	<b><u>Number of shares for the quarter ended 30.6.2015</u></b>
As at beginning of the quarter	13,721,040
Purchase of treasury shares	588,500
Treasury shares transferred on exercise of share options	(1,373,711)
Treasury shares transferred on vesting of RSP 2010	(389,004)
<b>As at end of the quarter</b>	<b><u>12,546,825</u></b>

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 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

#### 2Q2015 vs 2Q2014

\$m	2Q2015	2Q2014	Growth	
Aerospace	515	537	(22)	(4%)
Electronics	413	380	33	8%
Land Systems	317	293	24	8%
Marine	254	348	(94)	(27%)
Others	46	28	18	63%
<b>Total</b>	<b>1,545</b>	<b>1,586</b>	<b>(41)</b>	<b>(3%)</b>

Group's revenue of \$1,545 million for 2Q2015 was comparable to that of 2Q2014. Lower revenue posted by Marine sector was partially offset by higher revenue from Electronics and Land Systems sectors while Aerospace sector generated comparable revenue.

Aerospace sector's 2Q2015 revenue of \$515 million was comparable to that of 2Q2014. Lower output in the engines division was recorded by **Component/Engine Repair & Overhaul** business group.

2Q2015 revenue of \$413 million for the Electronics sector was 8% or \$33 million higher than that of 2Q2014. Both **Large-Scale Systems Group** and **Software Systems Group** generated more revenue from higher value project milestone completions while **Communication & Sensor Systems Group** had comparable revenue.

Land Systems sector's 2Q2015 revenue of \$317 million was higher than that of 2Q2014 by 8% or \$24 million. Higher revenue from **Automotive** business group achieved on the back of more project deliveries was partially offset by lower revenue recorded by both **Munitions & Weapon** and **Services, Trading and Others** business groups.

Revenue of Marine sector in 2Q2015 of \$254 million was lower than that of 2Q2014 by 27% or \$94 million, due mainly to lower **Shipbuilding** revenue from both local and US operations and lower **Engineering** revenue.

The higher revenue under "Others" was due mainly to more revenue from Miltope.

## 10 REVIEW OF GROUP PERFORMANCE (cont'd)

### 10(b) Profitability

#### 2Q2015 vs 2Q2014

\$m	2Q2015	2Q2014	Growth	
Aerospace	70.6	72.9	(2.3)	(3%)
Electronics	46.6	48.2	(1.6)	(3%)
Land Systems	16.3	18.2	(1.9)	(11%)
Marine	29.6	24.7	4.9	20%
Others	(4.6)	(0.3)	(4.3)	<-500%
<b>Total</b>	<b>158.5</b>	<b>163.7</b>	<b>(5.2)</b>	<b>(3%)</b>

Group's profit before tax (PBT) for 2Q2015 of \$158.5 million was comparable to that of 2Q2014. Lower PBT from Land Systems sector was partially offset by higher PBT from Marine sector while both Aerospace and Electronics sectors recorded comparable PBT.

Aerospace sector's PBT of \$70.6 million in 2Q2015 was comparable to that achieved in 2Q2014. Lower gross profit which arose from lower revenue and unfavourable sales mix was partially offset by lower operating expenses and finance costs, net, as well as higher contribution from associates.

PBT for Electronics sector in 2Q2015 of \$46.6 million was comparable to that posted in 2Q2014. Despite higher revenue and lower operating expenses, the Sector reported comparable PBT due mainly to less favourable sales mix and lower contribution from satellite communication product sales.

Land Systems sector's 2Q2015 PBT of \$16.3 million was lower than that of 2Q2014 by 11% or \$1.9 million. PBT was lower in spite of higher revenue due mainly to higher allowance for inventory obsolescence and impairment of goodwill.

PBT of Marine sector in 2Q2015 of \$29.6 million was higher than that of 2Q2014 by 20% or \$4.9 million. This was mainly attributable to higher gross profit from better shipbuilding performance.

PBT under "Others" for 2Q2015 was lower than that for 2Q2014 due mainly to unfavourable fair value change in respect of the cross currency interest rate swaps which was partially offset by better performance of Miltope.

11 **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 second quarter ended 30 June 2015 to be false or misleading in any material respect.

12 **VARIANCE FROM PROSPECTS STATEMENT**

No variance from the previous prospects statement.

13 **PROSPECTS**

**Group**

Barring unforeseen circumstances, the Group expects 2H2015 Revenue and PBT to be higher than that of 1H2015. For FY2015, the Group expects Revenue and PBT to be comparable to FY2014.

**Sectors**

For Aerospace sector, both Revenue and PBT for 2H2015 are expected to be comparable to that of 1H2015.

For Electronics sector, both Revenue and PBT for 2H2015 are expected to be higher than that of 1H2015.

For 2H2015, Land Systems sector's Revenue is expected to be higher, while PBT is expected to be comparable to that of 1H2015.

For Marine sector, both Revenue and PBT for 2H2015 are expected to be lower than that of 1H2015.

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.

**14 DIVIDENDS**

On 13 August 2015, the Directors approved an interim dividend of 5.0 cents per ordinary share for the financial year ending 31 December 2015.

The financial statements for the quarter ended, and as at 30 June 2015, do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of Retained Earnings in the quarter ending 30 September 2015.

**(a) Current Financial Period Reported On**

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

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Name of Dividend	Interim
	tax exempt (1-tier)
Dividend Type	Cash
Dividend Per Share	4.0 cents per ordinary share

**(c) Books Closure and Dividend Payment Dates**

NOTICE IS HEREBY GIVEN THAT The Register of Members and Share Transfer Books will be closed on 24 August 2015 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 21 August 2015 will be registered to determine members' entitlements to the interim dividend. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 21 August 2015 will be entitled to the interim dividend. The interim dividend will be paid on 3 September 2015.

## 15 **BUSINESS SEGMENTAL INFORMATION**

### By Business Activity

	<b>2Q2015</b>						
	<b>Aerospace</b>	<b>Electronics</b>	<b>Land Systems</b>	<b>Marine</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue							
External sales	514,699	412,601	317,447	253,881	46,444	-	1,545,072
Inter-segment sales	2,009	8,254	1,159	12	6,423	(17,857)	-
	<u>516,708</u>	<u>420,855</u>	<u>318,606</u>	<u>253,893</u>	<u>52,867</u>	<u>(17,857)</u>	<u>1,545,072</u>
Reportable segment profit from operations	61,019	45,141	14,602	26,162	(12,821)	16,276	150,379
Other income	1,121	2,714	1,561	970	193,689	(194,673)	5,382
Other expenses	(110)	-	(445)	(33)	-	588	-
Finance income	2,786	836	1,152	1,224	8,903	(6,649)	8,252
Finance costs	(3,684)	(1,779)	(4,335)	(136)	(7,636)	(2,165)	(19,735)
Share of results of associates and joint ventures, net of tax	9,458	(357)	3,752	1,411	-	(38)	14,226
Profit before taxation	70,590	46,555	16,287	29,598	182,135	(186,661)	158,504
Taxation	(12,982)	(8,228)	(6,623)	(6,106)	1,970	(1,986)	(33,955)
Non-controlling interests	(893)	(352)	1,681	-	-	-	436
Profit attributable to shareholders	<u>56,715</u>	<u>37,975</u>	<u>11,345</u>	<u>23,492</u>	<u>184,105</u>	<u>(188,647)</u>	<u>124,985</u>
Other assets	2,226,759	1,722,231	1,899,349	1,010,064	4,400,723	(3,752,348)	7,506,778
Associates and joint ventures	321,373	9,274	112,309	10,618	17,657	2,611	473,842
Segment assets	<u>2,548,132</u>	<u>1,731,505</u>	<u>2,011,658</u>	<u>1,020,682</u>	<u>4,418,380</u>	<u>(3,749,737)</u>	<u>7,980,620</u>
Segment liabilities	<u>1,757,888</u>	<u>1,519,104</u>	<u>1,741,330</u>	<u>870,385</u>	<u>2,459,914</u>	<u>(2,483,108)</u>	<u>5,865,513</u>
Capital expenditure <sup>+</sup>	14,486	8,038	3,841	8,985	488	-	35,838
Depreciation and amortisation	16,924	9,885	9,470	7,102	2,068	(10)	45,439
Impairment losses	-	-	3,692	-	-	-	3,692
Other non-cash expenses	17	2	5	-	2	-	26

<sup>+</sup> Capital expenditure consists of additions of property, plant and equipment and intangible assets.



**15 BUSINESS SEGMENTAL INFORMATION (cont'd)**
By Business Activity

	<b>2Q2014</b>						
	<b>Aerospace</b>	<b>Electronics</b>	<b>Land Systems</b>	<b>Marine</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue							
External sales	536,667	380,662	292,959	347,626	28,512	-	1,586,426
Inter-segment sales	2,633	7,538	3,556	265	5,615	(19,607)	-
	<u>539,300</u>	<u>388,200</u>	<u>296,515</u>	<u>347,891</u>	<u>34,127</u>	<u>(19,607)</u>	<u>1,586,426</u>
Reportable segment profit from operations	69,209	47,122	16,320	21,225	(18,503)	12,832	148,205
Other income	1,486	1,563	1,703	1,341	221,263	(221,398)	5,958
Other expenses	(1)	(5)	(361)	(2)	-	-	(369)
Finance income	438	1,259	976	9,163	22,665	(17,951)	16,550
Finance costs	(4,563)	(1,716)	(2,684)	(7,786)	(16,960)	18,104	(15,605)
Share of results of associates and joint ventures, net of tax	6,322	(10)	2,280	706	-	(282)	9,016
Profit before taxation	72,891	48,213	18,234	24,647	208,465	(208,695)	163,755
Taxation	(15,320)	(8,754)	(866)	(3,883)	(1,105)	-	(29,928)
Non-controlling interests	(2,179)	(225)	1,724	(1)	-	12	(669)
Profit attributable to shareholders	<u>55,392</u>	<u>39,234</u>	<u>19,092</u>	<u>20,763</u>	<u>207,360</u>	<u>(208,683)</u>	<u>133,158</u>
Other assets	2,380,922	1,696,531	2,018,249	1,184,466	3,980,463	(3,519,586)	7,741,045
Associates and joint ventures	323,251	830	107,790	4,749	17,681	8,339	462,640
Segment assets	<u>2,704,173</u>	<u>1,697,361</u>	<u>2,126,039</u>	<u>1,189,215</u>	<u>3,998,144</u>	<u>(3,511,247)</u>	<u>8,203,685</u>
Segment liabilities	<u>1,921,603</u>	<u>1,497,981</u>	<u>1,834,715</u>	<u>1,006,081</u>	<u>2,054,304</u>	<u>(2,242,830)</u>	<u>6,071,854</u>
Capital expenditure <sup>+</sup>	14,110	14,990	16,717	9,302	6,421	-	61,540
Depreciation and amortisation	14,639	8,993	9,106	6,539	1,609	(11)	40,875
Other non-cash expenses	32	3	8	-	-	(1)	42

<sup>+</sup> Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

By Business Activity

For Revenue and Profit Before Tax of 2Q2015 vis-à-vis 2Q2014, please refer to paragraph 10.

	<b>Profit Attributable to Shareholders</b>		
	<b>2Q2015</b>	<b>2Q2014</b>	<b>+/(-)</b>
	\$'000	\$'000	%
Aerospace	56,715	55,392	2.4
Electronics	37,975	39,234	(3.2)
Land Systems	11,345	19,092	(40.6)
Marine	23,492	20,763	13.1
Others	(4,542)	(1,323)	243.3
Group	<u>124,985</u>	<u>133,158</u>	(6.1)

	<b>Revenue</b>			<b>Profit Before Tax</b>		
	<b>1H2015</b>	<b>1H2014</b>	<b>+/(-)</b>	<b>1H2015</b>	<b>1H2014</b>	<b>+/(-)</b>
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,003,879	1,037,577	(3.2)	142,074	147,572	(3.7)
Electronics	769,093	749,131	2.7	81,465	80,518	1.2
Land Systems	663,449	618,340	7.3	32,506	37,057	(12.3)
Marine	533,379	670,732	(20.5)	52,988	56,179	(5.7)
Others	86,662	62,401	38.9	(10)	10,302	(100.1)
Group	<u>3,056,462</u>	<u>3,138,181</u>	(2.6)	<u>309,023</u>	<u>331,628</u>	(6.8)

	<b>Profit Attributable to Shareholders</b>		
	<b>1H2015</b>	<b>1H2014</b>	<b>+/(-)</b>
	\$'000	\$'000	%
Aerospace	113,985	115,864	(1.6)
Electronics	68,765	67,850	1.3
Land Systems	26,829	35,673	(24.8)
Marine	44,709	45,875	(2.5)
Others	668	5,119	(87.0)
Group	<u>254,956</u>	<u>270,381</u>	(5.7)

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

By Geographical Areas

	Revenue				Revenue			
	2Q2015		2Q2014		1H2015		1H2014	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	930,048	60.2	867,065	54.7	1,826,574	59.8	1,732,409	55.2
USA	406,854	26.3	408,570	25.7	740,060	24.2	805,453	25.7
Europe	70,831	4.6	67,625	4.3	160,411	5.2	140,653	4.5
Others	137,339	8.9	243,166	15.3	329,417	10.8	459,666	14.6
Total	<u>1,545,072</u>	<u>100</u>	<u>1,586,426</u>	<u>100</u>	<u>3,056,462</u>	<u>100</u>	<u>3,138,181</u>	<u>100</u>

By Country of Incorporation

	Revenue				Revenue			
	2Q2015		2Q2014		1H2015		1H2014	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,115,530	72.2	1,183,324	74.6	2,263,706	74.0	2,364,649	75.4
USA	399,621	25.9	371,825	23.4	729,466	23.9	711,610	22.7
Europe	18,461	1.2	18,463	1.2	36,114	1.2	36,059	1.1
Others	11,460	0.7	12,814	0.8	27,176	0.9	25,863	0.8
Total	<u>1,545,072</u>	<u>100</u>	<u>1,586,426</u>	<u>100</u>	<u>3,056,462</u>	<u>100</u>	<u>3,138,181</u>	<u>100</u>

	Non-Current Assets *			
	1H2015		1H2014	
	\$'000	%	\$'000	%
Asia	2,195,358	69.9	1,929,710	68.4
USA	811,119	25.8	731,968	26.0
Europe	38,988	1.3	58,634	2.1
Others	95,423	3.0	99,973	3.5
Total	<u>3,140,888</u>	<u>100</u>	<u>2,820,285</u>	<u>100</u>

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

## 16 INTERESTED PERSON TRANSACTIONS

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

	<b>2Q2015</b> \$'000	<b>2Q2014</b> \$'000
<b>Transactions for the Sale of Goods and Services</b>		
Singapore Airlines Limited and its Associates	2,943	-
SMRT Corporation Ltd and its Associates	7,442	120,130
SembCorp Industries Ltd and its Associates	354	-
SembCorp Marine Ltd and its Associates	(178) *	-
Temasek Holdings (Private) Limited and its Associates (non-listed)	1,753	100
	<b>12,314</b>	<b>120,230</b>
<b>Transactions for the Purchase of Goods and Services</b>		
SATS Ltd. and its Associates	907	-
SembCorp Industries Ltd and its Associates	2,069	610
Singapore Airlines Limited and its Associates	-	5,839
Singapore Telecommunications Limited and its Associates	-	205
Temasek Holdings (Private) Limited and its Associates (non-listed)	956	2,507
	<b>3,932</b>	<b>9,161</b>
<b>Total Interested Person Transactions</b>	<b>16,246</b>	<b>129,391</b>

\* This relates to a credit note

## 17 ECONOMIC VALUE ADDED (EVA)

EVA for 1H2015 was \$173.4 million, a decrease of 4% or \$6.4 million over 1H2014. The weighted average cost of capital for 2015 was 5.5% (2014: 5.6%).

BY ORDER OF THE BOARD

CHUA SU LI / NG KWEE LIAN  
Company Secretaries  
14 August 2015

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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.*