

News Release

ST Engineering Posts Higher Year-on-Year Revenue and Profits for 2Q2019

FINANCIAL HIGHLIGHTS For the second quarter ended 30 June 2019						
	2019 2Q	2018 2Q	Growth %	2019 1H	2018 1H	Growth %
Revenue (\$m)	1,780	1,651	8	3,511	3,298	6
Earnings before interest and tax (EBIT) (\$m)	157.9	144.5	9	299.8	266.6	12
Other income, net (\$m)	7.3	19.2	(62)	17.5	27.9	(37)
Finance costs, net (\$m)	(8.4)	(25.8)	68	(9.3)	(28.0)	67
Profit before tax (PBT) (\$m)	169.7	150.4	13	329.6	294.4	12
Profit attributable to shareholders (\$m)	138.2	117.5	18	269.3	235.2	14
Earnings per share (cents)	4.43	3.77	18	8.63	7.55	14

- Record high order book of \$15.6b at end June 2019, of which about \$3.8b is expected to be delivered in the remaining months of 2019
- Commercial sales and defence sales constituted 71% or \$1.3b and 29% or \$0.5b respectively
- Cash and cash equivalents of \$0.3b

N.B.: All currencies are in Singapore dollars

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Singapore, 14 August 2019 - Singapore Technologies Engineering Ltd (ST Engineering) today reported that it registered higher revenue and profits for its second quarter ended 30 June 2019 (2Q2019) compared to the same period a year ago. Quarterly revenue grew 8% y-o-y to \$1.78b from \$1.65b, and Profit before tax (PBT) rose 13% to \$169.7m from \$150.4m and Profit attributable to shareholders (Net Profit) was up 18% to \$138.2m from \$117.5m. Newly acquired MRAS was consolidated from 18 April as part of its Aerospace sector's Engineering & Material Services business group.

At the business sectors, revenue for the Aerospace sector was up 17% y-o-y to \$836m from \$713m, with MRAS as the main contributor, partly offset by the absence of engine sales and Jet Airways revenue. Despite contribution from MRAS, its Net Profit was 4% lower y-o-y at \$64.2m from \$66.6m mainly due to the absence of prior year's profits arising from the divestment of an associated company and opportunistic engine sales. Revenue for the Electronics sector was \$495m, down 3% from \$512m a year ago and Net Profit was 5% lower y-o-y at \$44.3m from \$46.7m, largely due to timing in revenue recognition for projects and higher selling and distribution expenses as a result of increased sales activities to support international expansion. Revenue for the Land Systems sector was up 10% to \$296m from \$270m the year before, driven by broad-based growth across its business groups, and its Net Profit was flat at \$20.3m partly due to increased investments in its Robotics & Autonomous Systems Business division. The Marine sector's revenue was \$139m, down 6% from \$148m a year ago with lower Shipbuilding revenue contribution from Singapore. Notwithstanding the lower revenue, its Net Profit increased 55% y-o-y to \$14.3m driven by improved U.S. shipbuilding performance and contributions from its Engineering business group. "Others" revenue was up 75% to \$14m from \$8m mainly contributed by higher sales from Miltope, its ruggedised computer business, with lower net loss of \$4.9m in the absence of MTN redemption related costs.

Six Months Results: 1H2019 versus 1H2018

First half revenue (1H2019) for the Group reached \$3.51b, up 6% from \$3.30b a year ago. PBT increased 12% to \$329.6m from \$294.4m and Net Profit was up 14% to \$269.3m from \$235.2m a year ago.

The Aerospace sector generated revenue of \$1.46b, up 11% from \$1.31b and its Net Profit was \$127.0m versus \$125.7m a year ago. Revenue for the Electronics sector was 5% lower y-o-y at \$1.06b compared with \$1.12b last year and its Net Profit was flat at \$87.6m. The Land Systems sector revenue increased 22% y-o-y to \$673m from \$551m with Net Profit roughly flat at \$35.6m. Marine sector revenue was 3% lower y-o-y at \$288m compared with \$298m last year, but its Net Profit grew 47% to \$26.3m from \$17.9m a year ago. “Others” revenue was up 59% y-o-y to \$33.8m from \$21.2m, and Net Loss narrowed to \$7.2m against \$31.4m a year ago, helped mainly by the absence of MTN redemption related costs.

“MRAS acquisition was completed in April. It has been accretive to our earnings and its integration into the Group is progressing well.

Our underlying business remains strong and our group’s record high order book of \$15.6b gives us revenue visibility over the next few years.”

Vincent Chong, President & CEO, ST Engineering

Commercial sales and defence sales contributed 71% and 29% respectively to the Group’s revenue in 2Q2019. The Group ended the quarter with \$0.3b cash and cash equivalents.

The order book as at end of June 2019 included the backlog of MRAS post acquisition and excluded the US\$350m (S\$472m) Jet Airways contract secured in 2015 as it is in the process of liquidation. The Group expects to deliver \$3.8b of the order book in the remaining months of 2019.

Interim Dividend

The Board has approved an interim dividend of 5.0 cents per ordinary share, and the dividend payment will be made on 3 September 2019.

New Contracts in 2Q2019

The Group announced about \$2.5b worth of new contracts for 2Q2019, which comprised the \$1b contract for the first Polar Security Cutter, \$809m from the Aerospace sector and \$702m from the Electronics sector.

ST Engineering is a global technology, defence and engineering group specialising in the aerospace, electronics, land systems and marine sectors. The Group employs about 22,000 people across offices in Asia, the Americas, Europe and the Middle East, serving customers in the defence, government and commercial segments in more than 100 countries. With more than 500 smart city projects across 70 cities in its track record, the Group continues to help transform cities through its suite of Smart Mobility, Smart Security and Smart Environment solutions. Headquartered in Singapore, ST Engineering reported revenue of \$6.7b in FY2018 and it ranks among the largest companies listed on the Singapore Exchange. It is a component stock of the FTSE Straits Times Index, MSCI Singapore, SGX ESG Transparency Index and SGX ESG Leaders Index.

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FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019
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SINGAPORE TECHNOLOGIES ENGINEERING LTD
UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1 CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	GROUP					
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1,780,037	1,651,126	7.8	3,511,342	3,297,690	6.5
Cost of sales	(1,398,603)	(1,301,209)	7.5	(2,781,147)	(2,621,866)	6.1
Gross profit	381,434	349,917	9.0	730,195	675,824	8.0
Distribution and selling expenses (refer to para 1.6)	(52,736)	(46,388)	13.7	(99,352)	(95,763)	3.7
Administrative expenses	(136,369)	(127,559)	6.9	(269,783)	(249,766)	8.0
Other operating expenses	(34,406)	(31,453)	9.4	(61,249)	(63,657)	(3.8)
Earnings before interest and tax	157,923	144,517	9.3	299,811	266,638	12.4
Other income	7,274	19,221	(62.2)	17,459	32,926	(47.0)
Other expenses	-	-	NM	-	(5,076)	NM
Other income, net (refer to para 1.7)	7,274	19,221	(62.2)	17,459	27,850	(37.3)
Finance income	3,797	16,826	(77.4)	11,554	24,502	(52.8)
Finance costs	(12,154)	(42,633)	(71.5)	(20,825)	(52,502)	(60.3)
Finance costs, net (refer to para 1.2)	(8,357)	(25,807)	(67.6)	(9,271)	(28,000)	(66.9)
Share of results of associates and joint ventures, net of tax	12,854	12,470	3.1	21,637	27,894	(22.4)
Profit before taxation	169,694	150,401	12.8	329,636	294,382	12.0
Taxation	(28,238)	(29,277)	(3.5)	(54,254)	(53,226)	1.9
Profit after taxation	141,456	121,124	16.8	275,382	241,156	14.2
Attributable to:						
Shareholders of the Company	138,161	117,498	17.6	269,282	235,193	14.5
Non-controlling interests	3,295	3,626	(9.1)	6,100	5,963	2.3
	141,456	121,124	16.8	275,382	241,156	14.2

NM: Not Meaningful

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

	GROUP					
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
1.1 Earnings before interest and tax is arrived at after charging the following:						
Depreciation and amortisation	96,214	58,245	65.2	171,631	115,430	48.7
	The higher depreciation and amortisation in 2Q2019 was mainly attributable to the acquisition of MRA Systems, LLC (MRAS) on 18 April 2019 and depreciation of right-of-use assets following the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 - Leases on 1 January 2019.					
Impairment loss on trade receivables and contract assets	1,567	(2,579)	NM	2,001	(1,590)	NM
	The impairment loss in 2Q2019 was due mainly to impairment loss from Electronics and Marine sectors vis-à-vis writeback in 2Q2018 from Electronics, Land Systems and Marine sectors.					
Allowance for inventory obsolescence, net	13,336	10,882	22.6	23,818	21,507	10.7
	The allowance for inventory obsolescence in 2Q2019 was higher as compared to 2Q2018 mainly contributed by Land Systems sector and Miltope, partially offset by Aerospace sector.					
1.2 Finance costs, net comprises:						
Interest income	1,739	7,969	(78.2)	6,321	13,889	(54.5)
Foreign exchange gain/(loss), net	752	(12,162)	NM	2,730	(6,529)	NM
Fair value changes of financial instruments / hedged items	(293)	8,522	NM	(779)	5,659	NM
Loss on disposal of investments, net	-	(4,406)	NM	-	(4,882)	NM
Interest expenses	(10,555)	(25,731)	(59.0)	(17,707)	(36,138)	(51.0)
Others	-	1	NM	164	1	>500
	<u>(8,357)</u>	<u>(25,807)</u>	<u>(67.6)</u>	<u>(9,271)</u>	<u>(28,000)</u>	<u>(66.9)</u>
	The lower interest expense in 2Q2019 was due mainly to the absence of one-time early redemption interest cost of the Notes issued under the Multicurrency Medium Term Note Programme (MTN) and lower interest expense post-MTN redemption, partially offset by higher interest expense on lease obligations under SFRS(I) 16.					
1.3 Profit after taxation as a percentage of revenue	7.9%	7.3%		7.8%	7.3%	
1.4 Profit attributable to shareholders as a percentage of share capital and reserves at end of the period	6.4%	5.5%		12.5%	10.9%	
1.5 The Group's tax charge in 2Q2019 included adjustments for overprovision of both current and deferred tax of \$3.4 million and \$2.0 million respectively in respect of prior years. (2Q2018: Adjustments for underprovision of both current tax and deferred tax of \$1.2 million and \$0.1 million respectively.)						
1.6 The higher selling and distribution expenses in 2Q2019 (by \$6.3 million) was due mainly to higher exhibition and promotion expenses and impairment loss on trade receivables and contract assets vis-à-vis writeback in 2Q2018.						
1.7 The lower other income, net (by \$11.9 million) was mainly attributable to absence of divestment gain arising from portfolio rationalisation activities in 2Q2018 and lower government grants.						
1.8 There was no disposal of property during the period.						

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

	GROUP		
	2019 \$'000	2018 \$'000	+ / (-) %
Revenue reported for first quarter	1,731,305	1,646,564	5.1
Profit after taxation reported for first quarter	133,926	120,032	11.6
Revenue reported for second quarter	1,780,037	1,651,126	7.8
Profit after taxation reported for second quarter	141,456	121,124	16.8
Revenue reported for first half year	3,511,342	3,297,690	6.5
Profit after taxation reported for first half year	275,382	241,156	14.2

1(c) EARNINGS PER ORDINARY SHARE (EPS)

	GROUP				
	2Q2019	2Q2018	1H2019	1H2018	FY2018
EPS based on profit attributable to shareholders:	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares on issue	4.43	3.77	8.63	7.55	15.85
(ii) On a fully diluted basis	4.40	3.75	8.58	7.50	15.76

2 BALANCE SHEETS

	GROUP		COMPANY	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,834,335	1,742,742	22,814	18,129
Right-of-use assets	481,763	-	208	-
Subsidiaries	-	-	1,318,970	1,328,153
Associates and joint ventures	450,509	455,703	17,657	17,657
Investments	16,245	16,392	-	-
Intangible assets	1,659,840	1,151,238	-	-
Long-term trade receivables	1,228	1,172	-	-
Deferred tax assets	75,675	72,136	365	365
Amounts due from related parties	4,806	4,806	-	-
Advances and other receivables	10,611	20,074	-	-
Derivative financial instruments	13,983	11,483	-	-
	4,548,995	3,475,746	1,360,014	1,364,304
Current assets				
Contract assets	1,307,964	1,070,396	-	-
Inventories	1,291,247	1,183,510	-	-
Trade receivables	1,144,884	1,137,816	-	-
Amounts due from related parties	19,640	35,392	56,916	46,382
Advances and other receivables	267,645	253,961	2,981	9,170
Short-term investments	645	422	-	-
Bank balances and other liquid funds	322,477	415,780	4,190	273,456
	4,354,502	4,097,277	64,087	329,008
TOTAL ASSETS	8,903,497	7,573,023	1,424,101	1,693,312
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	1,272,848	1,324,093	-	-
Deposits from customers	4,730	4,219	-	-
Trade payables and accruals	1,845,311	1,829,758	10,734	21,337
Amounts due to related parties	82,863	85,445	59,862	210,275
Provisions	224,526	212,935	-	-
Provision for taxation	156,085	163,232	1,400	4,518
Borrowings	1,012,829	225,416	6,414	-
Deferred Income	2,692	3,761	-	-
Employee benefits	2,369	2,401	-	-
	4,604,253	3,851,260	78,410	236,130
NET CURRENT (LIABILITIES) / ASSETS	(249,751)	246,017	(14,323)	92,878

2 BALANCE SHEETS (cont'd)

	GROUP		COMPANY	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Contract liabilities	593,082	495,453	-	-
Trade payables and accruals	60,000	80,345	7,195	8,706
Amounts due to related parties	-	-	991	964
Provisions	16,521	-	-	-
Deferred tax liabilities	167,212	170,726	-	-
Borrowings	626,548	270,363	203	-
Deferred income	35,471	42,405	-	-
Employee benefits	343,060	108,016	-	-
Derivative financial instruments	26,455	19,842	-	-
	1,868,349	1,187,150	8,389	9,670
TOTAL LIABILITIES	6,472,602	5,038,410	86,799	245,800
NET ASSETS	2,430,895	2,534,613	1,337,302	1,447,512
Share capital and reserves				
Share capital	895,926	895,926	895,926	895,926
Treasury shares	(6,647)	(9,030)	(6,647)	(9,030)
Capital reserves	112,908	118,174	(3,071)	2,199
Other reserves	(125,661)	(72,054)	56,841	65,054
Retained earnings	1,270,346	1,313,361	394,253	493,363
Equity attributable to owners				
of the Company	2,146,872	2,246,377	1,337,302	1,447,512
Non-controlling interests	284,023	288,236	-	-
	2,430,895	2,534,613	1,337,302	1,447,512
TOTAL EQUITY AND LIABILITIES	8,903,497	7,573,023	1,424,101	1,693,312

2(a) ANALYSIS OF BALANCE SHEETS

Compared to 31 December 2018, the Group's total assets and total liabilities increased due mainly to the acquisition of MRAS on 18 April 2019 and the recognition of right-of-use assets with effect from 1 January 2019 in accordance with SFRS(I) 16 *Leases*. The acquisition of MRAS was funded by short term bridging loans. The lease liabilities arising from SFRS(I) 16 adoption are included as part of borrowings.

2(b) BORROWINGS

	GROUP	
	As at 30-Jun-19 \$'000	As at 31-Dec-18 \$'000
<u>Amount repayable within one year</u>		
Secured	67,140	18,185
Unsecured	945,689	207,231
	<u>1,012,829</u>	<u>225,416</u>
<u>Amount repayable after one year</u>		
Secured	418,406	77,341
Unsecured	208,142	193,022
	<u>626,548</u>	<u>270,363</u>
Total	<u>1,639,377</u>	<u>495,779</u>

2(c) NET ASSET VALUE

	GROUP		
	2Q2019	2Q2018	FY2018
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	68.79	68.89	72.00

	COMPANY		
	2Q2019	2Q2018	FY2018
	Cents	Cents	Cents
Net asset value per ordinary share at end of the period/year	42.85	39.13	46.40

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	GROUP			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	169,694	150,401	329,636	294,382
Adjustments:				
Share of results of associates and joint ventures, net of tax	(12,854)	(12,470)	(21,637)	(27,894)
Share-based payment expense	6,775	5,970	11,208	7,449
Depreciation charge	71,119	48,067	132,842	95,168
Property, plant and equipment written off	146	95	376	281
Amortisation of other intangible assets	25,095	10,178	38,789	20,262
Write-back of impairment loss on other intangible assets	-	-	-	(3)
Gain on disposal of property, plant and equipment	(557)	(2,103)	(847)	(2,211)
Loss on disposal of investments, net	-	4,406	-	4,882
Gain on disposal of an associates	(648)	(8,984)	(648)	(8,660)
Loss on disposal of subsidiaries	-	-	-	4,752
Changes in fair value of financial instruments and hedged items	293	(8,523)	779	(5,660)
Interest expense	10,555	25,731	17,707	36,138
Interest income	(1,739)	(7,969)	(6,321)	(13,889)
Dividends from investments	-	-	(164)	-
Amortisation of deferred income	(17)	(17)	(33)	(33)
Operating cash flow before working capital changes	<u>267,862</u>	<u>204,782</u>	<u>501,687</u>	<u>404,964</u>
Changes in:				
Inventories	(4,758)	(72,285)	41,187	(45,163)
Contract assets	(108,533)	(175,419)	(79,483)	(223,801)
Trade receivables	15,304	59,474	60,375	116,664
Advance payments to suppliers	(11,944)	26,861	(14,964)	22,821
Other receivables, deposits and prepayments	(13,006)	(99,435)	(10,617)	(113,472)
Amount due from holding company and related corporations balances	5,114	685	187	13,422
Amount due to holding company and related corporations balances	(151)	(646)	(2,578)	953
Amount due from associates	(4,299)	(3,490)	3,544	5,019
Amount due from joint ventures	1,100	1,373	16,017	(3,913)
Contract liabilities	(65,282)	51,523	42,053	198,616
Trade payables	47,852	55,077	12,633	123,793
Deposits from customers	1,684	2,900	511	3,565
Other payables, accruals and provisions	(23,476)	(41,043)	(79,265)	(60,872)
Loans to staff and third parties	(2,733)	(2,554)	(3,007)	(2,559)
Deferred income	(662)	(14,754)	(1,294)	(7,362)
Foreign currency translation of foreign operations	1,712	534	(1,643)	(847)
Cash generated from operations	<u>105,784</u>	<u>(6,417)</u>	<u>485,343</u>	<u>431,828</u>
Interest received	1,166	12,950	3,996	19,476
Income tax paid	(53,419)	(45,018)	(66,507)	(59,071)
Net cash from/(used in) operating activities	<u>53,531</u>	<u>(38,485)</u>	<u>422,832</u>	<u>392,233</u>

3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

	GROUP			
	2Q2019	2Q2018	1H2019	1H2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	603	5,456	935	6,077
Proceeds from disposal of an associate	648	14,246	648	14,246
Proceeds from sale and maturity of investments	-	301,784	-	329,184
Proceeds from unwinding of cross currency interest rate swaps	-	13,210	-	13,210
Dividends from associates and joint ventures	6,754	33,292	23,083	39,248
Dividends from investments	-	-	164	-
Purchase of property, plant and equipment	(61,310)	(50,245)	(108,260)	(94,975)
Purchase of investments	-	(15,752)	-	(34,084)
Investment in associates and joint ventures	(2,597)	(11,680)	(4,233)	(14,680)
Additions to other intangible assets	(28,041)	(26,241)	(46,763)	(38,337)
Acquisition of controlling interests in a subsidiary	(688,905)	-	(688,905)	-
Net cash (used in)/from investing activities	(772,848)	264,070	(823,331)	219,889
Cash flows from financing activities				
Proceeds from bank loans	863,842	21,521	998,114	50,442
Proceeds from a loan from a joint venture	-	10,925	-	10,925
Repayment of bank loans	(41,267)	(75,478)	(248,599)	(161,450)
Repayment of other loans	-	(6)	-	(148)
Repayment of lease obligations	(58,092)	(190)	(70,195)	(352)
Repayment of loan from a joint venture	-	(12,853)	(4,000)	(16,853)
Purchase of treasury shares	(4,319)	(1,107)	(22,117)	(1,107)
Capital contribution from non-controlling interests of subsidiaries	-	-	375	432
Dividends paid to shareholders of the Company	(312,164)	(312,036)	(312,164)	(312,036)
Dividends paid to non-controlling interests	(4,535)	(1,506)	(9,135)	(2,111)
Interest paid	(12,035)	(475)	(24,042)	(16,406)
Deposits pledged	(3)	(15)	(6)	(13)
Net cash from/(used in) financing activities	431,427	(371,220)	308,231	(448,677)
Net (decrease)/increase in cash and cash equivalents	(287,890)	(145,635)	(92,268)	163,445
Cash and cash equivalents at beginning of the period	608,510	1,302,895	414,400	997,614
Exchange difference on cash and cash equivalents at beginning of the period	471	8,729	(1,041)	4,930
Cash and cash equivalents at end of the period	321,091	1,165,989	321,091	1,165,989

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

The Group ended the quarter with cash and cash equivalents (CCE) of \$321 million, \$845 million lower than 2Q2018. In 2Q2019, the Group generated net cash of \$54 million from its operating activities as compared to net cash used in operating activities of \$38 million in 2Q2018. The higher net cash from operating activities was due to higher earnings before interest and tax, depreciation and amortisation (EBITDA) and working capital movements.

Net cash used in investing activities of \$773 million in 2Q2019 was attributable mainly to the acquisition of MRAS (\$689 million) and the Group's investment in property, plant and equipment by Aerospace (\$30 million), Electronics (\$17 million), Land Systems (\$6 million), Marine (\$3 million) sectors and Others (\$5 million), and additions to intangible assets (\$28 million).

Net cash from financing activities of \$431 million in 2Q2019 was mainly attributable to the net drawdown of bank loans (\$823 million) partially offset by repayment of lease obligations (\$58 million) and payment of FY2018 final dividend (\$312 million).

4 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019

The Statement of Comprehensive Income included as part of the results announcement is in compliance with the SFRS(I).

	GROUP					
	2Q2019	2Q2018	+ / (-)	1H2019	1H2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after taxation	141,456	121,124	16.8	275,382	241,156	14.2
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Equity investments at FVOCI - net change in fair value	109	93	17.2	223	81	175.3
Items that are or may be reclassified subsequently to profit or loss						
Debt investments at FVOCI - reclassified to income statement	-	1,912	NM	-	(2,465)	NM
Net fair value changes of cash flow hedges reclassified to income statement	164	(84)	NM	(13,416)	(2,697)	397.4
Effective portion of changes in fair value of cash flow hedges	(1,497)	(21,751)	(93.1)	(11,379)	(15,340)	(25.8)
Share of net fair value changes of cash flow hedges of joint ventures	(3,350)	(231)	>500	(6,153)	(32)	>500
Foreign currency translation differences	7,240	18,980	(61.9)	(15,348)	12,919	NM
Share of foreign currency translation differences of associates and joint ventures	(3,301)	4,194	NM	(2,678)	3,592	NM
Reserves released on disposal of subsidiaries	-	1,042	NM	-	5,794	NM
Other comprehensive (loss)/income for the period, net of tax	(635)	4,155	NM	(48,751)	1,852	NM
Total comprehensive income for the period, net	140,821	125,279	12.4	226,631	243,008	(6.7)
Total comprehensive income attributable to:						
Shareholders of the Company	135,148	129,840	4.1	222,035	243,882	(9.0)
Non-controlling interests	5,673	(4,561)	NM	4,596	(874)	NM
	140,821	125,279	12.4	226,631	243,008	(6.7)

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 1.4.2018	895,926	(7,231)	118,230	(83,593)	1,403,657	2,326,989	284,781	2,611,770
Total comprehensive income for the period								
Profit after taxation for the period	-	-	-	-	117,498	117,498	3,626	121,124
Other comprehensive income								
Net change in fair value -								
Equity investments at FVOCI	-	-	-	93	-	93	-	93
Reclassified to income statement -								
Debt investments at FVOCI	-	-	-	1,912	-	1,912	-	1,912
Net fair value changes on cash flow hedges	-	-	-	287	-	287	(371)	(84)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(14,680)	-	(14,680)	(7,071)	(21,751)
Share of net fair value changes of cash flow hedges of a joint venture	-	-	-	(231)	-	(231)	-	(231)
Foreign currency translation differences	-	-	-	19,725	-	19,725	(745)	18,980
Share of foreign currency translation differences of associates and joint ventures	-	-	-	4,194	-	4,194	-	4,194
Reserves released on disposal of subsidiaries	-	-	-	1,042	-	1,042	-	1,042
<i>Other comprehensive income for the period, net of tax</i>	-	-	-	12,342	-	12,342	(8,187)	4,155
Total comprehensive income for the period, net of tax	-	-	-	12,342	117,498	129,840	(4,561)	125,279
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	5,949	-	5,949	21	5,970
Purchase of treasury shares	-	(1,107)	-	-	-	(1,107)	-	(1,107)
Treasury shares reissued pursuant to share plans	-	864	7	(875)	-	(4)	-	(4)
Dividends paid	-	-	-	-	(312,036)	(312,036)	-	(312,036)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,506)	(1,506)
<i>Total contributions by and distributions to owners of the Company</i>	-	(243)	7	5,074	(312,036)	(307,198)	(1,485)	(308,683)
Total transactions with owners of the Company	-	(243)	7	5,074	(312,036)	(307,198)	(1,485)	(308,683)
Transfer from retained earnings to statutory reserve	-	-	-	(968)	968	-	-	-
At 30.06.2018	895,926	(7,474)	118,237	(67,145)	1,210,087	2,149,631	278,735	2,428,366

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (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 1.4.2019	895,926	(3,325)	112,898	(129,498)	1,444,482	2,320,483	282,866	2,603,349
Total comprehensive income for the period								
Profit after taxation for the period	-	-	-	-	138,161	138,161	3,295	141,456
Other comprehensive income								
Net change in fair value -								
Equity investments at FVOCI	-	-	-	109	-	109	-	109
Reclassified to income statement -								
Net fair value changes on cash flow hedges	-	-	-	58	-	58	106	164
Effective portion of changes in fair value of cash flow hedges	-	-	-	(3,165)	-	(3,165)	1,668	(1,497)
Share of net fair value changes of cash flow hedges of joint ventures	-	-	-	(3,350)	-	(3,350)	-	(3,350)
Foreign currency translation differences	-	-	-	6,636	-	6,636	604	7,240
Share of foreign currency translation differences of associates and joint ventures	-	-	-	(3,301)	-	(3,301)	-	(3,301)
<i>Other comprehensive loss for the period, net of tax</i>	-	-	-	(3,013)	-	(3,013)	2,378	(635)
Total comprehensive income for the period, net of tax	-	-	-	(3,013)	138,161	135,148	5,673	140,821
Hedging gains and losses and cost of hedging transferred to the cost of inventory	-	-	-	967	-	967	-	967
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Cost of share-based payment	-	-	-	6,756	-	6,756	19	6,775
Purchase of treasury shares	-	(4,319)	-	-	-	(4,319)	-	(4,319)
Treasury shares reissued pursuant to share plans	-	997	10	(1,006)	-	1	-	1
Dividends paid	-	-	-	-	(312,164)	(312,164)	-	(312,164)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,535)	(4,535)
<i>Total contributions by and distributions to owners of the Company</i>	-	(3,322)	10	5,750	(312,164)	(309,726)	(4,516)	(314,242)
Total transactions with owners of the Company	-	(3,322)	10	5,750	(312,164)	(309,726)	(4,516)	(314,242)
Transfer from retained earnings to statutory reserve	-	-	-	133	(133)	-	-	-
At 30.06.2019	895,926	(6,647)	112,908	(125,661)	1,270,346	2,146,872	284,023	2,430,895

5 STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (cont'd)

Company	Share capital \$'000	Treasury Shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1.4.2018	895,926	(7,231)	2,251	48,547	476,002	1,415,495
Total comprehensive income for the period						
Profit after taxation for the period	-	-	-	-	112,765	112,765
Total comprehensive income for the period	-	-	-	-	112,765	112,765
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	5,970	-	5,970
Purchase of treasury shares	-	(1,107)	-	-	-	(1,107)
Treasury shares reissued pursuant to share plans	-	864	7	(875)	-	(4)
Dividends paid	-	-	-	-	(312,036)	(312,036)
<i>Total contributions by and distributions to owners of the Company</i>	-	(243)	7	5,095	(312,036)	(307,177)
At 30.06.2018	895,926	(7,474)	2,258	53,642	276,731	1,221,083
At 1.4.2019	895,926	(3,325)	(3,100)	51,091	526,642	1,467,234
Total comprehensive income for the period						
Profit after taxation for the period	-	-	-	-	179,775	179,775
Total comprehensive income for the period	-	-	-	-	179,775	179,775
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Cost of share-based payment	-	-	-	6,775	-	6,775
Purchase of treasury shares	-	(4,319)	-	-	-	(4,319)
Treasury shares reissued pursuant to share plans	-	997	29	(1,025)	-	1
Dividends paid	-	-	-	-	(312,164)	(312,164)
<i>Total contributions by and distributions to owners of the Company</i>	-	(3,322)	29	5,750	(312,164)	(309,707)
At 30.06.2019	895,926	(6,647)	(3,071)	56,841	394,253	1,337,302

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

As at 30 June 2019, the Company has an issued share capital of 3,122,495,197 ordinary shares (31 December 2018: 3,122,495,197 ordinary shares) of which 1,756,352 were held by the Company as treasury shares (31 December 2018: 2,701,198).

	Number of Shares 2Q2019
As at beginning and end of the quarter (including treasury shares)	3,122,495,197
As at end of the quarter (excluding treasury shares)	3,120,738,845
As at 31 December 2018 (excluding treasury shares)	3,119,793,999

Singapore Technologies Engineering Performance Share Plan 2010 (PSP 2010)

As at 30 June 2019, the total number of outstanding awards was 4,930,958 (30 June 2018: 4,840,058) ordinary shares of the Company. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 8,382,628 (30 June 2018: 8,228,098) ordinary shares of the Company.

Singapore Technologies Engineering Restricted Share Plan 2010 (RSP 2010)

As at 30 June 2019, the total number of outstanding awards was 14,024,908 (30 June 2018: 12,546,958) ordinary shares of the Company.

Treasury Shares

During the quarter, the Company purchased 1,100,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (2Q2018: 321,400).

During the quarter, 272,469 treasury shares were utilised pursuant to the RSP 2010 (2Q2018: 255,881).

As at 30 June 2019, the number of treasury shares held by the Company represented 0.06% (30 June 2018: 0.07%) of the total number of issued shares (excluding treasury shares).

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

<u>Group and Company</u>	Number of Treasury Shares for the Quarter ended 30.06.2019
As at beginning of the quarter	928,821
Purchase of treasury shares	1,100,000
Treasury shares transferred on vesting of RSP 2010	(272,469)
As at end of the quarter	1,756,352

6 **AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

7 **AUDITORS' REPORT**

Not applicable.

8 **ACCOUNTING POLICIES**

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2018.

9 **CHANGES IN ACCOUNTING POLICIES**

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) 16 *Leases*, effective for the annual periods beginning on or after 1 January 2019.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessee. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group applied the modified retrospective approach with no restatement of comparative information and the practical expedient for recognition exemptions for short-term leases and leases of low-value items.

On 1 January 2019, the Group recognised right-of-use assets of \$432 million and lease liabilities of \$404 million. The right-of-use assets included an amount of \$28 million pertaining to reinstatement costs and prepaid leases.

The Group's activities as a lessor are not material.

10 REVIEW OF GROUP PERFORMANCE

10(a) Revenue

2Q2019 vs 2Q2018

\$m	2Q2019	2Q2018	Increase/(Decrease)	
Aerospace	836	713	123	17%
Electronics	495	512	(17)	(3%)
Land Systems	296	270	26	10%
Marine	139	148	(9)	(6%)
Others	14	8	6	75%
Total	1,780	1,651	129	8%

The Group delivered revenue of \$1,780 million in 2Q2019, an increase of 8% or \$129 million as compared to 2Q2018. Aerospace and Land Systems sectors and “Others” reported higher revenue, partially offset by lower revenue from Electronics and Marine sectors.

In 2Q2019, Aerospace sector revenue increased to \$836 million, an increase of 17% or \$123 million as compared to 2Q2018. The increase was mainly attributable to **Engineering & Material Services** business group from acquisition of MRAS, partially offset by lower revenue from **Aircraft Maintenance & Modification** and **Component/Engine Repair and Overhaul (CERO)** business groups. Lower revenue from CERO business group was mainly attributable to absence of opportunistic engine asset sale and Jet Airways revenue.

2Q2019 revenue for Electronics sector declined by 3% or \$17 million to \$495 million due mainly to lower revenue from **Communication & Sensor Systems Group**, partially offset by higher revenue from **Large-Scale Systems Group** and **Software Systems Group**.

Land Systems sector revenue of \$296 million increased by 10% or \$26 million as compared to 2Q2018, contributed by all three business groups.

Revenue for Marine sector in 2Q2019 came in 6% or \$9 million lower as compared to 2Q2018, ending the quarter at \$139 million. The decrease in revenue was mainly attributable to **Shipbuilding**, partially offset by better performance from **Shiprepair** and **Engineering** business groups.

Higher revenue under “Others” was mainly attributable to higher sales from Miltope.

10 REVIEW OF GROUP PERFORMANCE (cont'd)

10(b) Profitability
2Q2019 vs 2Q2018

\$m	2Q2019	2Q2018	Increase/(Decrease)	
Aerospace	64.2	66.6	(2.4)	(4%)
Electronics	44.3	46.7	(2.4)	(5%)
Land Systems	20.3	20.4	(0.1)	-
Marine	14.3	9.2	5.1	55%
Others	(4.9)	(25.4)	20.5	NM
Total	138.2	117.5	20.7	18%

The Group ended the quarter with profit attributable to shareholders (Net Profit) of \$138.2 million, an increase of 18% or \$20.7 million as compared to 2Q2018. The increase was contributed by Marine sector and "Others". Aerospace, Electronics and Land Systems sectors came in lower.

Aerospace sector's Net Profit of \$64.2 million in 2Q2019 was 4% or \$2.4 million lower than 2Q2018 mainly due to non-recurrence of gain from portfolio rationalisation, sale of engines and absence of contribution from Jet Airways, partially offset by contribution from MRAS, a new income stream.

Electronics sector 2Q2019 Net Profit decreased by 5% or \$2.4 million to \$44.3 million. The decrease was largely due to lower revenue from timing in revenue recognition of projects and higher selling and distribution expenses as a result of increased sales activities to support international expansion, partly offset by favourable sales mix.

Land Systems sector's Net Profit of \$20.3 million was flat as compared to 2Q2018, despite higher revenue. This was due mainly to less favourable sales mix and higher operating expenses of robotics business, partially offset by higher other income.

In 2Q2019, Marine sector's Net Profit increased by 55% or \$5.1 million to \$14.3 million, largely due to improved U.S. shipbuilding performance and higher revenue from Engineering business group.

"Others" incurred lower losses in 2Q2019 due mainly to absence of MTN early redemption costs and MTN interest expense.

11 **VARIANCE FROM PROSPECTS STATEMENT**

No forecast was previously provided.

12 **PROSPECTS**

Group

MRAS acquisition was completed in April. It has been accretive to the Group's earnings and its integration into the Group is progressing well.

The Group's underlying business remains strong and the Group's record high order book of \$15.6b gives the Group revenue visibility over the next few years.

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

On 13 August 2019, the Directors approved an interim dividend of 5.0 cents per ordinary share for the financial year ending 31 December 2019.

The financial statements for the quarter ended, and as at 30 June 2019, 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 2019.

(a) Current Financial Period Reported On

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

Name of Dividend	Interim Tax Exempted (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 Exempted (1-tier)
Dividend Type	Cash
Dividend Per Share	5.0 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 23 August 2019 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 22 August 2019 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 22 August 2019 will be entitled to the interim dividend. The interim dividend will be paid on 3 September 2019.

14 BUSINESS SEGMENTAL INFORMATION
By Business Activity

	2Q2019						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	836,350	494,519	295,607	139,291	14,270	-	1,780,037
Inter-segment sales	990	6,294	5,067	2	431	(12,784)	-
	<u>837,340</u>	<u>500,813</u>	<u>300,674</u>	<u>139,293</u>	<u>14,701</u>	<u>(12,784)</u>	<u>1,780,037</u>
Reportable segment earnings before interest and tax	79,890	53,775	21,602	15,907	(13,251)	-	157,923
Other income	1,681	3,880	3,108	1,540	876	(3,811)	7,274
Other expenses	(2,097)	(8)	(15)	(31)	(146)	2,297	-
Finance income	4,444	1,257	814	961	52,740	(56,419)	3,797
Finance costs	(13,331)	(4,675)	(2,296)	(1,382)	(46,889)	56,419	(12,154)
Share of results of associates and joint ventures, net of tax	11,252	91	1,206	17	288	-	12,854
Profit before taxation	81,839	54,320	24,419	17,012	(6,382)	(1,514)	169,694
Taxation	(13,993)	(9,946)	(4,477)	(2,727)	2,905	-	(28,238)
Non-controlling interests	(3,602)	(89)	396	-	-	-	(3,295)
Profit attributable to shareholders	<u>64,244</u>	<u>44,285</u>	<u>20,338</u>	<u>14,285</u>	<u>(3,477)</u>	<u>(1,514)</u>	<u>138,161</u>
Other assets	4,564,890	2,394,114	1,672,583	813,487	5,382,655	(6,374,741)	8,452,988
Associates and joint ventures	254,688	61,865	87,706	3,796	42,454	-	450,509
Segment assets	<u>4,819,578</u>	<u>2,455,979</u>	<u>1,760,289</u>	<u>817,283</u>	<u>5,425,109</u>	<u>(6,374,741)</u>	<u>8,903,497</u>
Segment liabilities	<u>3,874,701</u>	<u>2,048,147</u>	<u>1,396,720</u>	<u>802,712</u>	<u>3,278,068</u>	<u>(4,927,746)</u>	<u>6,472,602</u>
Capital expenditure	94,911	29,232	9,602	2,561	5,766	-	142,072
Depreciation and amortisation	52,989	19,168	13,059	8,978	2,853	(833)	96,214
Other non-cash expenses	144	-	2	-	-	-	146

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

	2Q2018						Group \$'000
	Aerospace \$'000	Electronics \$'000	Land Systems \$'000	Marine \$'000	Others \$'000	Elimination \$'000	
Revenue							
External sales	712,622	512,107	269,522	148,034	8,841	-	1,651,126
Inter-segment sales	3,903	3,458	4,233	157	602	(12,353)	-
	<u>716,525</u>	<u>515,565</u>	<u>273,755</u>	<u>148,191</u>	<u>9,443</u>	<u>(12,353)</u>	<u>1,651,126</u>
Reportable segment earnings before interest and tax	63,309	56,596	21,768	8,908	(6,064)	-	144,517
Other income	14,781	3,191	1,972	1,244	60	(2,027)	19,221
Other expenses	(342)	(17)	(64)	(42)	(15)	480	-
Finance income	2,636	814	538	741	31,719	(19,622)	16,826
Finance costs	(3,935)	(2,050)	(1,658)	(1,033)	(66,824)	32,867	(42,633)
Share of results of associates and joint ventures, net of tax	11,288	(491)	2,055	269	(651)	-	12,470
Profit before taxation	87,737	58,043	24,611	10,087	(41,775)	11,698	150,401
Taxation	(17,404)	(11,353)	(4,340)	(831)	4,651	-	(29,277)
Non-controlling interests	(3,766)	(24)	164	-	-	-	(3,626)
Profit attributable to shareholders	<u>66,567</u>	<u>46,666</u>	<u>20,435</u>	<u>9,256</u>	<u>(37,124)</u>	<u>11,698</u>	<u>117,498</u>
Other assets	3,003,920	1,929,063	1,545,913	832,428	4,873,731	(4,574,259)	7,610,796
Associates and joint ventures	248,179	64,082	88,993	11,037	30,720	6,676	449,687
Segment assets	<u>3,252,099</u>	<u>1,993,145</u>	<u>1,634,906</u>	<u>843,465</u>	<u>4,904,451</u>	<u>(4,567,583)</u>	<u>8,060,483</u>
Segment liabilities	<u>2,253,300</u>	<u>1,613,760</u>	<u>1,271,887</u>	<u>758,827</u>	<u>2,851,628</u>	<u>(3,117,285)</u>	<u>5,632,117</u>
Capital expenditure	41,857	21,316	7,719	2,953	2,699	-	76,544
Depreciation and amortisation	26,456	13,644	9,134	7,418	1,603	(10)	58,245
Other non-cash expenses	82	-	13	-	-	-	95

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

For Revenue and Net Profit of 2Q2019 vis-à-vis 2Q2018, please refer to paragraph 10.

	Profit Before Tax		
	2Q2019	2Q2018	+/(-)
	\$'000	\$'000	%
Aerospace	81,839	87,737	(6.7)
Electronics	54,320	58,043	(6.4)
Land Systems	24,419	24,611	(0.8)
Marine	17,012	10,087	68.7
Others	(7,896)	(30,077)	NM
Group	169,694	150,401	12.8

	Revenue			Profit Before Tax		
	1H2019	1H2018	+/(-)	1H2019	1H2018	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Aerospace	1,458,436	1,311,233	11.2	158,459	164,016	(3.4)
Electronics	1,057,677	1,116,575	(5.3)	106,509	106,380	0.1
Land Systems	673,022	550,718	22.2	42,238	41,650	1.4
Marine	288,384	297,956	(3.2)	31,478	19,333	62.8
Others	33,823	21,208	59.5	(9,048)	(36,997)	NM
Group	3,511,342	3,297,690	6.5	329,636	294,382	12.0

	Profit Attributable to Shareholders		
	1H2019	1H2018	+/(-)
	\$'000	\$'000	%
Aerospace	126,954	125,744	1.0
Electronics	87,642	86,977	0.8
Land Systems	35,587	36,023	(1.2)
Marine	26,317	17,946	46.6
Others	(7,218)	(31,497)	NM
Group	269,282	235,193	14.5

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

	Revenue				Revenue			
	2Q2019		2Q2018		1H2019		1H2018	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	873,219	49.1	1,008,825	61.1	1,929,629	55.0	2,084,420	63.2
U.S.	428,060	24.0	342,304	20.7	770,033	21.9	650,488	19.7
Europe	370,202	20.8	172,471	10.5	586,001	16.7	347,606	10.6
Others	108,556	6.1	127,526	7.7	225,679	6.4	215,176	6.5
Total	1,780,037	100	1,651,126	100	3,511,342	100	3,297,690	100

By Country of Incorporation

	Revenue				Revenue			
	2Q2019		2Q2018		1H2019		1H2018	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Asia	1,073,698	60.3	1,205,824	73.0	2,322,432	66.1	2,439,411	74.0
U.S.	548,883	30.8	296,407	18.0	858,555	24.5	563,445	17.1
Europe	137,824	7.8	129,970	7.9	287,221	8.2	256,557	7.8
Others	19,632	1.1	18,925	1.1	43,134	1.2	38,277	1.1
Total	1,780,037	100	1,651,126	100	3,511,342	100	3,297,690	100

	Non-Current Assets ⁺			
	2Q2019		2Q2018	
	\$'000	%	\$'000	%
Asia	1,860,108	41.7	1,677,382	51.3
U.S.	1,671,939	37.5	912,428	27.9
Europe	828,540	18.6	583,160	17.8
Others	98,750	2.2	96,892	3.0
Total	4,459,337	100	3,269,862	100

⁺ Non-current assets for the purpose of SFRS(I) 8 *Operating Segments* excludes derivative financial instruments, employee benefits and deferred tax assets.

15 INTERESTED PERSON TRANSACTIONS (unaudited)

	Aggregate value of all transactions conducted under a shareholders mandate pursuant to Rule 920 of the SGX Listing Manual	
	2Q2019	2Q2018
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
SATS Ltd. and its Associates	1,745	-
Singapore Airlines Limited and its Associates	1,355	249
Singapore Telecommunications Limited and its Associates	290	132
StarHub Ltd and its Associates	234	131
Temasek Holdings (Private) Limited and its Associates (non-listed)	22,100	3,035
	<u>25,724</u>	<u>3,547</u>
Transactions for the Purchase of Goods and Services		
SATS Ltd. and its Associates	1,673	981
SembCorp Industries Ltd and its Associates	4,385	2,700
Singapore Telecommunications Limited and its Associates	337	3,807
StarHub Ltd and its Associates	-	451
Temasek Holdings (Private) Limited and its Associates (non-listed)	3,712	3,287
	<u>10,107</u>	<u>11,226</u>
Total Interested Person Transactions	<u>35,831</u>	<u>14,773</u>

16 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 2019 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

KAREN NG KWEE LIAN

Company Secretary

14 August 2019

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