



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**FIRST QUARTER ENDED 31 MARCH 2015 FINANCIAL STATEMENTS
& RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2015.

1. CONSOLIDATED INCOME STATEMENT

| | Note | Group | | + / (-) % |
|---|-----------|-------------------|-------------------|---------------|
| | | 1Q 2015 \$'000 | 1Q 2014 \$'000 | |
| Turnover | 2a | 1,303,687 | 1,335,300 | (2.4) |
| Cost of sales | 2a | (1,134,578) | (1,164,684) | (2.6) |
| Gross profit | 2a | 169,109 | 170,616 | (0.9) |
| Other operating income | 2b | 13,222 | 12,446 | 6.2 |
| Other operating expenses | 2b | (13,453) | (1,592) | n.m. |
| General and administrative expenses | 2c | (30,646) | (32,628) | (6.1) |
| Operating profit | | 138,232 | 148,842 | (7.1) |
| Finance income | 2d | 2,432 | 2,972 | (18.2) |
| Finance costs | 2e | (9,533) | (2,477) | n.m. |
| Investment income | 2f | - | 78 | n.m. |
| Non-operating income | 2g | 187 | - | n.m. |
| Non-operating expenses | 2g | (1) | (171) | (99.4) |
| Share of results of associates and joint ventures, net of tax | 2h | 3,868 | 5,645 | (31.5) |
| Profit before tax | | 135,185 | 154,889 | (12.7) |
| Tax expense | 2i | (26,288) | (26,440) | (0.6) |
| Profit for the period | | 108,897 | 128,449 | (15.2) |
| Profit attributable to: | | | | |
| Owners of the Company | | 105,871 | 122,475 | (13.6) |
| Non-controlling interests | | 3,026 | 5,974 | (49.3) |
| Profit for the period | | 108,897 | 128,449 | (15.2) |
| Earnings per share (cents) | 2j | | | |
| Basic | | 5.07 | 5.87 | (13.6) |
| Diluted | | 5.07 | 5.87 | (13.6) |

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

| | | Group | | |
|--------------------------------------|-------|-------------|-------------|---------|
| | | 1Q 2015 | 1Q 2014 | + / (-) |
| | | \$'000 | \$'000 | % |
| Turnover | (i) | 1,303,687 | 1,335,300 | (2.4) |
| Cost of sales | | (1,134,578) | (1,164,684) | (2.6) |
| Gross profit | (ii) | 169,109 | 170,616 | (0.9) |
| <i>Included in cost of sales:</i> | | | | |
| Depreciation and amortisation | (iii) | (29,781) | (26,868) | 10.8 |
| Allowance for inventory obsolescence | | (35) | (34) | 2.9 |

- (i) Group turnover for 1Q 2015 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired, mitigated by higher revenue recognition for offshore and conversion projects.
- (ii) Gross profit for 1Q 2015 decreased mainly due to lower contribution from rig building and repair projects, offset by higher contribution from offshore and conversion projects.
- (iii) Depreciation and amortisation for 1Q 2015 increased mainly due to depreciation charge for Phase I of Sembmarine Integrated Yard @ Tuas and Brazil new yard; and amortisation of intellectual property rights.

2b. Other operating income/(expenses)

| | | Group | | |
|--|-------|----------|---------|---------|
| | | 1Q 2015 | 1Q 2014 | + / (-) |
| | | \$'000 | \$'000 | % |
| Other operating income | | 13,222 | 12,446 | 6.2 |
| Other operating expenses | | (13,453) | (1,592) | n.m. |
| | | (231) | 10,854 | n.m. |
| <i>Included in other operating income/(expenses):</i> | | | | |
| Foreign exchange (loss)/gain, net | (i) | (10,869) | 3,363 | n.m. |
| Changes in fair value of financial instruments | (ii) | (2,158) | (1,520) | 42.0 |
| Gain on disposal of property, plant and equipment, net | | 123 | 38 | n.m. |
| Other income | (iii) | 13,099 | 9,045 | 44.8 |
| Other expenses | | (426) | (72) | n.m. |
| | | (231) | 10,854 | n.m. |

- (i) Foreign exchange loss in 1Q 2015 mainly arose from the revaluation of assets and liabilities denominated in Euro, United States dollar and Brazilian Real.
- (ii) Fair value adjustment on financial instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- (iii) Higher other income in 1Q 2015 was mainly due to higher sales of scrap and rental income.

2c. General and administrative expenses

| | | Group | | |
|--|-----|----------|----------|---------|
| | | 1Q 2015 | 1Q 2014 | + / (-) |
| | | \$'000 | \$'000 | % |
| General and administrative expenses | (i) | (30,646) | (32,628) | (6.1) |
| <i>Included in general and administrative expenses:</i> | | | | |
| Depreciation and amortisation | | (1,036) | (784) | 32.1 |
| (Allowance for)/write-back of doubtful debts and bad debts | | (359) | 129 | n.m. |

- (i) Lower general and administrative expenses in 1Q 2015 were mainly due to lower personnel related costs.

2d. Finance income

Lower finance income in 1Q 2015 was mainly due to lower interest income from lower bank balances.

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2e. Finance costs

| | Group | | |
|-----------------------------------|-------------------|-------------------|--------------|
| | 1Q 2015 \$'000 | 1Q 2014 \$'000 | + / (-) % |
| Finance costs | (9,533) | (2,477) | n.m. |
| <i>Included in finance costs:</i> | | | |
| Interest expense (i) | (8,920) | (1,951) | n.m. |
| Commitment and facility fees | (613) | (526) | 16.5 |
| | (9,533) | (2,477) | n.m. |

(i) Higher interest expense in 1Q 2015 was mainly due to higher bank borrowings as compared to the corresponding periods in 2014.

2f. Investment income

Investment income in 1Q 2014 was mainly due to dividend received from investments.

2g. Non-operating income/(expenses)

| | Group | | |
|---|-------------------|-------------------|--------------|
| | 1Q 2015 \$'000 | 1Q 2014 \$'000 | + / (-) % |
| Non-operating income | 187 | - | n.m. |
| Non-operating expenses | (1) | (171) | (99.4) |
| | 186 | (171) | n.m. |
| <i>Included in non-operating income/(expenses):</i> | | | |
| Changes in fair value of other financial assets | 186 | (171) | n.m. |

2h. Share of results of associates and joint ventures, net of tax

The share of results of associates and joint ventures decreased in 1Q 2015 mainly due to lower contribution from associates.

2i. Tax expense

| | Group | | |
|--|-------------------|-------------------|--------------|
| | 1Q 2015 \$'000 | 1Q 2014 \$'000 | + / (-) % |
| Tax expense | (26,288) | (26,440) | (0.6) |
| <i>Included in tax expense:</i> | | | |
| Write-back of tax in respect of prior years, net | 1,609 | 71 | n.m. |

2j. Earnings per ordinary share

| | Group | | |
|---|-----------|-----------|--------------|
| | 1Q 2015 | 1Q 2014 | + / (-) % |
| Earnings per ordinary share of the Group based on net profit attributable to owners of the Company: | | | |
| (i) Based on the weighted average number of shares (cents) | 5.07 | 5.87 | (13.6) |
| Weighted average number of shares ('000) | 2,088,848 | 2,086,803 | 0.1 |
| (ii) On a fully diluted basis (cents) | 5.07 | 5.87 | (13.6) |
| Adjusted weighted average number of shares ('000) | 2,089,268 | 2,087,778 | 0.1 |

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2k. Profitability ratios

| | Group | | |
|--|--------------|--------------|--------------|
| | 1Q 2015 % | 1Q 2014 % | + / (-) % |
| Profit after taxation as a percentage of Turnover | 8.35 | 9.62 | (13.2) |
| Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period | 3.41 | 4.38 | (22.1) |

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Group | | + / (-) % |
|---|---------|-------------------|-------------------|---------------|
| | | 1Q 2015 \$'000 | 1Q 2014 \$'000 | |
| Profit for the period | | 108,897 | 128,449 | (15.2) |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Foreign currency translation differences for foreign operations | 3a(i) | 89,094 | 4,956 | n.m. |
| Net change in fair value of cash flow hedges | 3a(ii) | (36,859) | 5,626 | n.m. |
| Net change in fair value of available-for-sale financial assets | 3a(iii) | 1,247 | (6,882) | n.m. |
| Other comprehensive income for the period, net of tax | | 53,482 | 3,700 | n.m. |
| Total comprehensive income for the period | | 162,379 | 132,149 | 22.9 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | 148,994 | 125,203 | 19.0 |
| Non-controlling interests | | 13,385 | 6,946 | 92.7 |
| Total comprehensive income for the period | | 162,379 | 132,149 | 22.9 |

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

4. BALANCE SHEETS

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-2015 \$'000 | 31-Dec-2014 \$'000 | 31-Mar-2015 \$'000 | 31-Dec-2014 \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 3,078,734 | 3,008,909 | 90,923 | 90,805 |
| Investment properties | - | - | 22,011 | 22,535 |
| Investments in subsidiaries | - | - | 504,206 | 502,675 |
| Interests in associates and joint ventures | 497,262 | 470,277 | 107,369 | 107,369 |
| Other financial assets | 95,399 | 90,443 | 63,052 | 59,528 |
| Trade and other receivables | 40,731 | 41,015 | 43,240 | 73,824 |
| Intangible assets | 51,112 | 52,614 | 184 | 184 |
| Deferred tax assets | 8,225 | 8,044 | - | - |
| | <u>3,771,463</u> | <u>3,671,302</u> | <u>830,985</u> | <u>856,920</u> |
| Current assets | | | | |
| Inventories and work-in-progress | 2,830,555 | 3,005,419 | - | - |
| Trade and other receivables | 563,144 | 468,532 | 59,015 | 40,869 |
| Tax recoverable | 903 | 203 | - | - |
| Other financial assets | 39,086 | 14,188 | - | - |
| Cash and cash equivalents | 1,126,591 | 1,078,776 | 13,576 | 22,402 |
| | <u>4,560,279</u> | <u>4,567,118</u> | <u>72,591</u> | <u>63,271</u> |
| Total assets | <u>8,331,742</u> | <u>8,238,420</u> | <u>903,576</u> | <u>920,191</u> |
| Current liabilities | | | | |
| Trade and other payables | 1,543,291 | 1,825,676 | 6,181 | 18,430 |
| Excess of progress billings over work-in-progress | 916,723 | 1,005,353 | - | - |
| Provisions | 19,370 | 15,690 | - | - |
| Other financial liabilities | 25,926 | 46,771 | - | - |
| Current tax payable | 127,070 | 121,259 | 3,586 | 3,682 |
| Interest-bearing borrowings | 724,696 | 433,848 | - | - |
| | <u>3,357,076</u> | <u>3,448,597</u> | <u>9,767</u> | <u>22,112</u> |
| Net current assets | <u>1,203,203</u> | <u>1,118,521</u> | <u>62,824</u> | <u>41,159</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 129,882 | 130,309 | 11,069 | 11,069 |
| Provisions | 82,624 | 100,274 | 27,895 | 27,895 |
| Other financial liabilities | 80,038 | 35,673 | - | - |
| Interest-bearing borrowings | 1,310,024 | 1,307,519 | - | - |
| Other payables | 85,816 | 84,021 | 16,823 | 16,823 |
| | <u>1,688,384</u> | <u>1,657,796</u> | <u>55,787</u> | <u>55,787</u> |
| Total liabilities | <u>5,045,460</u> | <u>5,106,393</u> | <u>65,554</u> | <u>77,899</u> |
| Net assets | <u>3,286,282</u> | <u>3,132,027</u> | <u>838,022</u> | <u>842,292</u> |
| Equity attributable to owners of the Company | | | | |
| Share capital | 484,288 | 484,288 | 484,288 | 484,288 |
| Other reserves | (41,783) | (76,625) | (21,429) | (16,733) |
| Revenue reserve | 2,663,326 | 2,557,455 | 375,163 | 374,737 |
| | <u>3,105,831</u> | <u>2,965,118</u> | <u>838,022</u> | <u>842,292</u> |
| Non-controlling interests | <u>180,451</u> | <u>166,909</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>3,286,282</u> | <u>3,132,027</u> | <u>838,022</u> | <u>842,292</u> |

4. **BALANCE SHEETS** (Cont'd)

4a. **Group's borrowings and debt securities**

| Interest-bearing borrowings: | As at 31-Mar-2015 | As at 31-Dec-2014 |
|---|-------------------|-------------------|
| | \$'000 | \$'000 |
| (i) <u>Amount repayable in one year or less, or on demand</u> Unsecured | 724,696 | 433,848 |
| (ii) <u>Amount repayable after one year</u> Unsecured | 1,310,024 | 1,307,519 |

4b. **Net asset value**

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 31-Mar-2015 | 31-Dec-2014 | 31-Mar-2015 | 31-Dec-2014 |
| Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents) | 148.70 | 141.92 | 40.12 | 40.31 |

4c. **Explanatory notes to Balance Sheets**

(i) **Group**

Non-current assets

'Interests in associates and joint ventures' increased mainly due to contribution from associates and joint ventures.

'Other financial assets' increased mainly due to fair value adjustments of foreign currency forward contracts and quoted equity shares.

Current assets

'Inventories and work-in-progress' decreased mainly due to receipt from completed rig building projects.

'Trade and other receivables' increased mainly due to billings for ongoing projects and timing of receipts.

'Tax recoverable' increased mainly due to payment made during the period.

'Other financial assets' increased mainly due to fair value adjustments on foreign currency forward contracts.

'Cash and cash equivalents' increased mainly due to receipt from completed rig building projects.

Current liabilities

'Trade and other payables' decreased mainly due to payments made during the period.

'Excess of progress billings over work-in-progress' decreased mainly due to timing of billing for rig building projects.

'Provisions' increased mainly due to allowance made for warranty provision.

'Other financial liabilities' decreased mainly due to fair value adjustments on foreign currency forward contracts.

'Current tax payable' increased mainly due to current year tax provision, offset by payments made during the period.

'Interest-bearing borrowings' increased mainly due to borrowings for working capital and capital expenditures for the new yard in Brazil.

Non-current liabilities

'Provisions' decreased mainly due to net write back of allowance made for warranty provision.

'Other financial liabilities' increased mainly due to fair value adjustments on foreign currency forward contracts.

4. BALANCE SHEETS (Cont'd)

4c. Explanatory notes to Balance Sheets (Cont'd)

(i) Group (Cont'd)

Equity

'Other reserves' deficit decreased mainly due to foreign currency translation gain for foreign operations, offset by fair value adjustments on foreign currency forward contracts.

(ii) Company

Non-current assets

'Other financial assets' increased mainly due to fair value adjustments of quoted equity shares.

'Trade and other receivables' decreased mainly due to receipts received.

Current assets

'Trade and other receivables' increased mainly due to timing of receipts.

'Cash and cash equivalents' decreased mainly due to net payments made.

Current liabilities

'Trade and other payables' decreased mainly due to payments made during the period.

Equity

'Other reserves' deficit increased mainly due to treasury shares issued, offset by fair value adjustments on quoted prices of available-for-sale financial assets.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

| | Group | |
|--|------------------|------------------|
| | 1Q 2015 | 1Q 2014 |
| | \$'000 | \$'000 |
| Cash flows from Operating Activities: | | |
| Profit for the period | 108,897 | 128,449 |
| Adjustments for: | | |
| Finance income | (2,432) | (2,972) |
| Finance costs | 9,533 | 2,477 |
| Investment income | - | (78) |
| Depreciation of property, plant and equipment | 29,315 | 26,813 |
| Amortisation of intangible assets | 1,502 | 839 |
| Share of results of associates and joint ventures, net of tax | (3,868) | (5,645) |
| Gain on disposal of property, plant and equipment, net | (123) | (38) |
| Changes in fair value of financial instruments | 2,158 | 1,520 |
| Share-based payment expenses | 2,345 | 2,452 |
| Assets written-off | 6 | 26 |
| Changes in fair value of other financial assets | (186) | 171 |
| Tax expense | 26,288 | 26,440 |
| Operating profit before working capital changes | 173,435 | 180,454 |
| Changes in working capital: | | |
| Inventories and work-in-progress | 86,234 | 507,342 |
| Trade and other receivables | (94,383) | 57,480 |
| Trade and other payables | (181,742) | (42,729) |
| Cash (used in)/generated from operations | (16,456) | 702,547 |
| Investment and interest income received | 2,487 | 3,048 |
| Interest paid | (20,224) | (3,330) |
| Tax paid | (15,492) | (16,542) |
| Net cash (used in)/generated from operating activities | (49,685) | 685,723 |
| Cash flows from Investing Activities: | | |
| Purchase of property, plant and equipment | (221,623) | (138,103) |
| Proceeds from sale of property, plant and equipment | 276 | 226 |
| Capital contribution by non-controlling interests | 157 | - |
| Acquisition of other financial assets | (16) | (19) |
| Net cash used in investing activities | (221,206) | (137,896) |
| Cash flows from Financing Activities: | | |
| Proceeds from borrowings | 320,188 | 246,248 |
| Repayment of borrowings | (4,178) | (200,000) |
| Proceeds from share options exercised | 397 | 141 |
| Purchase of treasury shares | (10,505) | (9,973) |
| Unclaimed dividends | - | 5 |
| Net cash generated from financing activities | 305,902 | 36,421 |
| Net increase in cash and cash equivalents | 35,011 | 584,248 |
| Cash and cash equivalents at beginning of the period | 1,076,783 | 1,694,901 |
| Effect of exchange rate changes on balances held in foreign currencies | 12,795 | 4,082 |
| Cash and cash equivalents at end of the period | 1,124,589 | 2,283,231 |

5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

5a. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

| | 31-Mar-2015 \$'000 | 31-Mar-2014 \$'000 |
|---|-----------------------|-----------------------|
| Fixed deposits | 307 | 98,486 |
| Cash and bank balances | 1,126,284 | 2,184,745 |
| Cash and cash equivalents in balance sheets | 1,126,591 | 2,283,231 |
| Bank overdrafts | (2,002) | - |
| Cash and cash equivalents in consolidated statement of cash flows | 1,124,589 | 2,283,231 |
| | | |

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) First Quarter

Cash flows from operating activities before changes in working capital was \$173.4 million in 1Q 2015. Net cash used in operating activities for 1Q 2015 at \$49.7 million was mainly due to working capital for the ongoing rig building projects.

Net cash used in investing activities for 1Q 2015 was \$221.2 million. The Group spent \$221.6 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 1Q 2015 was \$305.9 million. It relates mainly to net proceeds from borrowings.

(ii) Significant non-cash transactions

Purchase of property, plant and equipment includes net payment of \$17.3 million on prior year's accrued capital expenditure for the Brazil new yard (1Q 2014: excludes accrued capital expenditure of \$33.0 million for the Brazil new yard).

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

| | Attributable to owners of the Company | | | | | | | Non-controlling interests \$'000 | Total Equity \$'000 |
|---|---------------------------------------|----------------------------------|----------------------------|--|--------------------------|---------------------------|------------------|-------------------------------------|------------------------|
| | Share capital \$'000 | Reserve for own shares \$'000 | Capital reserves \$'000 | Currency translation reserve \$'000 | Other reserves \$'000 | Revenue reserve \$'000 | Total \$'000 | | |
| 1Q 2015 | | | | | | | | | |
| At 1 January 2015 | 484,288 | (1,715) | 25,574 | (17,044) | (83,440) | 2,557,455 | 2,965,118 | 166,909 | 3,132,027 |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 105,871 | 105,871 | 3,026 | 108,897 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | 78,735 | - | - | 78,735 | 10,359 | 89,094 |
| Net fair value changes of cash flow hedges | - | - | - | - | (36,859) | - | (36,859) | - | (36,859) |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | 1,247 | - | 1,247 | - | 1,247 |
| Total other comprehensive income | - | - | - | 78,735 | (35,612) | - | 43,123 | 10,359 | 53,482 |
| Total comprehensive income | - | - | - | 78,735 | (35,612) | 105,871 | 148,994 | 13,385 | 162,379 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Purchase of treasury shares | - | (10,505) | - | - | - | - | (10,505) | - | (10,505) |
| Issue of treasury shares | - | 8,823 | - | - | (8,426) | - | 397 | - | 397 |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 1,827 | - | 1,827 | - | 1,827 |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | 157 | 157 |
| Total transactions with owners | - | (1,682) | - | - | (6,599) | - | (8,281) | 157 | (8,124) |
| At 31 March 2015 | 484,288 | (3,397) | 25,574 | 61,691 | (125,651) | 2,663,326 | 3,105,831 | 180,451 | 3,286,282 |
| 1Q 2014 | | | | | | | | | |
| At 1 January 2014 | 484,288 | (7,759) | 25,574 | (67,406) | (26,588) | 2,268,927 | 2,677,036 | 132,476 | 2,809,512 |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 122,475 | 122,475 | 5,974 | 128,449 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | 3,984 | - | - | 3,984 | 972 | 4,956 |
| Net fair value changes of cash flow hedges | - | - | - | - | 5,626 | - | 5,626 | - | 5,626 |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | (6,882) | - | (6,882) | - | (6,882) |
| Total other comprehensive income | - | - | - | 3,984 | (1,256) | - | 2,728 | 972 | 3,700 |
| Total comprehensive income | - | - | - | 3,984 | (1,256) | 122,475 | 125,203 | 6,946 | 132,149 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Purchase of treasury shares | - | (9,973) | - | - | - | - | (9,973) | - | (9,973) |
| Issue of treasury shares | - | 15,310 | - | - | (15,169) | - | 141 | - | 141 |
| Unclaimed dividends | - | - | - | - | - | 5 | 5 | - | 5 |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 1,952 | - | 1,952 | - | 1,952 |
| Total transactions with owners | - | 5,337 | - | - | (13,217) | 5 | (7,875) | - | (7,875) |
| At 31 March 2014 | 484,288 | (2,422) | 25,574 | (63,422) | (41,061) | 2,391,407 | 2,794,364 | 139,422 | 2,933,786 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6b. Statements of Changes in Equity of the Company

| | Share capital \$'000 | Reserve for own shares \$'000 | Capital reserves \$'000 | Other reserves \$'000 | Revenue reserve \$'000 | Total Equity \$'000 |
|---|-------------------------|----------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| 1Q 2015 | | | | | | |
| At 1 January 2015 | 484,288 | (1,715) | 960 | (15,978) | 374,737 | 842,292 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | 426 | 426 |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | 3,524 | - | 3,524 |
| Total other comprehensive income | - | - | - | 3,524 | - | 3,524 |
| Total comprehensive income | - | - | - | 3,524 | 426 | 3,950 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (10,505) | - | - | - | (10,505) |
| Issue of treasury shares | - | 8,823 | - | (8,426) | - | 397 |
| Cost of share-based payment | - | - | - | 357 | - | 357 |
| - charged to profit or loss | - | - | - | 1,531 | - | 1,531 |
| - issued to employees of subsidiaries | - | - | - | - | - | - |
| Total transactions with owners | - | (1,682) | - | (6,538) | - | (8,220) |
| At 31 March 2015 | 484,288 | (3,397) | 960 | (18,992) | 375,163 | 838,022 |
| 1Q 2014 | | | | | | |
| At 1 January 2014 | 484,288 | (7,759) | 960 | 2,748 | 409,509 | 889,746 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | 3,070 | 3,070 |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | (5,433) | - | (5,433) |
| Total other comprehensive income | - | - | - | (5,433) | - | (5,433) |
| Total comprehensive income | - | - | - | (5,433) | 3,070 | (2,363) |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (9,973) | - | - | - | (9,973) |
| Issue of treasury shares | - | 15,310 | - | (15,169) | - | 141 |
| Unclaimed dividends | - | - | - | - | 5 | 5 |
| Cost of share-based payment | - | - | - | 395 | - | 395 |
| - charged to profit or loss | - | - | - | 1,557 | - | 1,557 |
| - issued to employees of subsidiaries | - | - | - | - | - | - |
| Total transactions with owners | - | 5,337 | - | (13,217) | 5 | (7,875) |
| At 31 March 2014 | 484,288 | (2,422) | 960 | (15,902) | 412,584 | 879,508 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 31 March 2015, the Company's issued and paid up capital, excluding treasury shares, comprises 2,088,665,620 (31 December 2014: 2,089,343,860) ordinary shares.

(ii) Share Options

During 1Q 2015, there was no (1Q 2014: 86,050 exercised and settled by way of issuance of treasury shares) share options exercised under the Company's Share Option Plan ("SOP").

As at 31 March 2015, there were 1,676,502 (31 March 2014: 2,074,129) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

During 1Q 2015, there was no (1Q 2014: 162,060) performance shares released under the Company's Performance Share Plan ("PSP") and no (1Q 2014: 62,225) performance shares lapsed.

In 1Q 2015, 675,000 (1Q 2014: 360,715) performance shares lapsed due to the under achievement of performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2015 was 2,135,000 (31 March 2014: 1,330,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,202,500 (31 March 2014: 1,995,000) performance shares.

(iv) Restricted Shares

During 1Q 2015, 2,821,760 (1Q 2014: 3,333,805) restricted shares were released under the Company's Restricted Share Plan ("RSP") and 101,647 (1Q 2014: 124,819) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

In 1Q 2015, there were additional 198,159 (1Q 2014: 508,977) restricted shares awarded for the over-achievement of the performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 March 2015 was 5,537,553 (31 March 2014: 5,595,503). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2015 was 2,895,200 (31 March 2014: 2,595,340). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,342,800 (31 March 2014: 3,893,010) restricted shares.

(v) Treasury Shares

During 1Q 2015, the Company acquired 3,500,000 (1Q 2014: 2,350,000) ordinary shares in the Company by way of on-market purchases.

In 1Q 2015, 2,821,760 treasury shares were issued pursuant to the RSP (1Q 2014: 3,581,915 treasury shares were issued pursuant to the SOP, PSP and RSP).

As at 31 March 2015, 1,094,487 (31 March 2014: 566,847) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 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 compared with the audited financial statements as at 31 December 2014.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2015:

Amendments to FRS 19 Employee Benefit Plans: Employee Contributions

Improvements to FRSs (January 2014)

- FRS 16 Property, Plant and Equipment
- FRS 38 Intangible Assets
- FRS 24 Related Party Disclosures
- FRS 102 Share-based Payment
- FRS 103 Business Combinations
- FRS 108 Operating Segments

Improvements to FRSs (February 2014)

- FRS 103 Business Combinations
- FRS 113 Fair Value Measurements
- FRS 40 Investment Property

The adoption of the above FRSs (including consequential amendments) does not have any significant impact on the financial statements.

11. REVIEW OF GROUP PERFORMANCE

(i) Group Turnover

| | 1Q 2015 | 1Q 2014 | + / (-) | + / (-) |
|--------------------------------|----------------|----------------|---------------|--------------|
| | \$'m | \$'m | \$'m | % |
| Rig Building | 753.0 | 796.1 | (43.1) | (5.4) |
| Offshore and Conversion | 431.1 | 361.8 | 69.3 | 19.2 |
| Repair | 100.1 | 157.7 | (57.6) | (36.5) |
| Other Activities | 19.5 | 19.7 | (0.2) | (1.0) |
| | 1,303.7 | 1,335.3 | (31.6) | (2.4) |

Group turnover for 1Q 2015 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired, mitigated by higher revenue recognition for offshore and conversion projects.

(ii) Group Profit

Group operating profit for 1Q 2015 declined mainly due to lower contribution from rig building and repair projects.

Group profit before tax and net profit for 1Q 2015 decreased mainly due to lower operating profit, higher finance costs and lower associates and joint ventures contributions.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The ongoing cutback in global exploration and production expenditure has resulted in the scarcity of new orders for the industry this year. Customers strive to conserve cash and consolidate their offshore fleet operations as charters are not renewed or are renewed at significantly lower rates. New rigs face the prospect of not securing charters despite their higher technical specifications and superior capabilities. As a result, the Group faces a challenging year ahead.

Meanwhile, Brazil's oil and gas industry continues to be mired in uncertainty. We continue to engage with our customers to find the best way forward for our drillship projects and are exploring all options including slowing down the construction.

The Group's net orderbook to-date stands at \$10.6 billion with deliveries stretching into 2019. Competition for new projects remains intense. The Group will focus on cost and capital management and will continue to leverage on its strong track record, expanded product capabilities and alliance partnerships.

This release may contain forward-looking statements that involve risks and uncertainties. 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, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. 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. DIVIDEND

There is no dividend recommended for the period ended 31 March 2015.

15. SEGMENTAL REPORTING

1Q 2015

(i) Business Segments:

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|--|--|------------------------------|------------------|------------------------|------------------|
| Turnover | | | | | |
| Sales to external parties | 1,284,866 | 13,748 | 5,073 | - | 1,303,687 |
| Inter-segment sales | - | - | 58,510 | (58,510) | - |
| Total | 1,284,866 | 13,748 | 63,583 | (58,510) | 1,303,687 |
| Results | | | | | |
| Segment results | 131,298 | 4,651 | 2,283 | - | 138,232 |
| Finance income | 2,385 | - | 47 | - | 2,432 |
| Finance costs | (8,800) | (733) | - | - | (9,533) |
| Non-operating income | 187 | - | - | - | 187 |
| Non-operating expenses | (1) | - | - | - | (1) |
| Share of results of associates and joint ventures, net of tax | 1,532 | 1,937 | 399 | - | 3,868 |
| Profit before tax | 126,601 | 5,855 | 2,729 | - | 135,185 |
| Tax expense | (25,870) | - | (418) | - | (26,288) |
| Profit for the period | 100,731 | 5,855 | 2,311 | - | 108,897 |
| Assets | | | | | |
| Segment assets | 7,442,575 | 256,880 | 125,897 | - | 7,825,352 |
| Investments in associates and joint ventures | 429,187 | 61,612 | 6,463 | - | 497,262 |
| Deferred tax assets | 8,225 | - | - | - | 8,225 |
| Tax recoverable | 903 | - | - | - | 903 |
| Total assets | 7,880,890 | 318,492 | 132,360 | - | 8,331,742 |
| Liabilities | | | | | |
| Segment liabilities | 4,650,122 | 130,744 | 7,642 | - | 4,788,508 |
| Deferred tax liabilities | 129,470 | - | 412 | - | 129,882 |
| Current tax payable | 123,890 | - | 3,180 | - | 127,070 |
| Total liabilities | 4,903,482 | 130,744 | 11,234 | - | 5,045,460 |
| Capital expenditure | | | | | |
| | 204,311 | - | 36 | - | 204,347 |
| Significant non-cash item | | | | | |
| Depreciation and amortisation | 28,348 | 2,245 | 224 | - | 30,817 |
| Assets written-off | 6 | - | - | - | 6 |

(ii) Geographical Segments:

| | Turnover from external customers \$'000 | Non-current assets ⁽¹⁾ \$'000 | Total assets \$'000 | Capital expenditure \$'000 |
|----------------------------------|--|--|------------------------|----------------------------------|
| Singapore | 223,094 | 2,026,823 | 6,561,221 | 95,082 |
| China | - | 420,845 | 420,922 | - |
| Rest of ASEAN, Australia & India | 87,622 | 156,231 | 185,212 | 4,665 |
| Middle East & Africa | 2,545 | - | - | - |
| Norway | 332,293 | - | - | - |
| The Netherlands | 193,780 | 240,505 | 256,831 | - |
| Rest of Europe | 133,555 | 6,620 | 20,430 | 144 |
| Brazil | 18,472 | 812,585 | 881,000 | 104,440 |
| U.S.A. | 262,307 | 4,185 | 6,126 | 16 |
| Other Countries | 50,019 | - | - | - |
| Total | 1,303,687 | 3,667,794 | 8,331,742 | 204,347 |

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

15. SEGMENTAL REPORTING (Cont'd)

1Q 2014

(i) Business Segments:

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|--|--|------------------------------|------------------|------------------------|------------------|
| Turnover | | | | | |
| Sales to external parties | 1,315,903 | 12,253 | 7,144 | - | 1,335,300 |
| Inter-segment sales | - | - | 47,540 | (47,540) | - |
| Total | 1,315,903 | 12,253 | 54,684 | (47,540) | 1,335,300 |
| Results | | | | | |
| Segment results | 142,006 | 3,520 | 3,316 | - | 148,842 |
| Finance income | 2,952 | - | 20 | - | 2,972 |
| Finance costs | (2,477) | - | - | - | (2,477) |
| Investment income | 78 | - | - | - | 78 |
| Non-operating expenses | (171) | - | - | - | (171) |
| Share of results of associates and joint ventures, net of tax | 4,318 | 898 | 429 | - | 5,645 |
| Profit before tax | 146,706 | 4,418 | 3,765 | - | 154,889 |
| Tax expense | (26,031) | - | (409) | - | (26,440) |
| Profit for the period | 120,675 | 4,418 | 3,356 | - | 128,449 |
| Assets | | | | | |
| Segment assets | 6,768,784 | 235,243 | 138,934 | - | 7,142,961 |
| Investments in associates and joint ventures | 394,618 | 50,190 | 4,833 | - | 449,641 |
| Deferred tax assets | 7,018 | - | - | - | 7,018 |
| Tax recoverable | 274 | - | - | - | 274 |
| Total assets | 7,170,694 | 285,433 | 143,767 | - | 7,599,894 |
| Liabilities | | | | | |
| Segment liabilities | 4,394,320 | 5,629 | 21,739 | - | 4,421,688 |
| Deferred tax liabilities | 129,691 | - | 551 | - | 130,242 |
| Current tax payable | 111,336 | - | 2,842 | - | 114,178 |
| Total liabilities | 4,635,347 | 5,629 | 25,132 | - | 4,666,108 |
| Capital expenditure | 171,082 | - | 13 | - | 171,095 |
| Significant non-cash item | | | | | |
| Depreciation and amortisation | 25,368 | 2,091 | 193 | - | 27,652 |
| Assets written-off | 26 | - | - | - | 26 |

(ii) Geographical Segments:

| | Turnover from external customers \$'000 | Non-current assets ⁽¹⁾ \$'000 | Total assets \$'000 | Capital expenditure \$'000 |
|----------------------------------|--|--|------------------------|----------------------------------|
| Singapore | 153,538 | 1,786,324 | 6,220,645 | 34,832 |
| China | 858 | 380,860 | 381,106 | 13 |
| Rest of ASEAN, Australia & India | 169,737 | 139,719 | 185,698 | 2,841 |
| Middle East & Africa | 6,722 | - | - | - |
| Norway | 360,796 | - | - | - |
| The Netherlands | 212,952 | 226,767 | 235,256 | - |
| Rest of Europe | 46,957 | 7,615 | 22,949 | 448 |
| Brazil | - | 521,066 | 549,185 | 132,961 |
| U.S.A. | 256,563 | 3,794 | 5,055 | - |
| Other Countries | 127,177 | - | - | - |
| Total | 1,335,300 | 3,066,145 | 7,599,894 | 171,095 |

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

15. **SEGMENTAL REPORTING** (Cont'd)

15a. **Explanatory notes to Segmental Reporting**

(i) Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) ship and rig repair, building, conversion and offshore and (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

(ii) Geographical segments

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

(iii) Review of segment performance

Please refer to paragraph 11.

16. INTERESTED PERSON TRANSACTIONS

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)

| | 1Q 2015 \$'000 | 1Q 2014 \$'000 |
|---|---------------------------|---------------------------|
| Transaction for the Sales of Goods and Services | | |
| PSA International Pte Ltd and its associates | 955 | 744 |
| Sembcorp Industries Limited and its associates | - | 108 |
| Transaction for the Purchase of Goods and Services | | |
| Sembcorp Industries Limited and its associates | - | 662 |
| Singapore Technologies Engineering Ltd and its associates | - | 3,107 |
| Management and Support Services | | |
| Sembcorp Industries Limited | 63 | 63 |
| Total Interested Person Transactions | 1,018 | 4,684 |

17. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the first quarter ended 31 March 2015 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

**TAN YAH SZE/KEM HUEY LEE SHARON
JOINT COMPANY SECRETARIES**

27 April 2015